

# Big Lottery Fund

Annual Report  
and Accounts

2016/17



BIG  
LOTTERY  
FUND

**NATIONAL  
LOTTERY FUNDED**



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# **Big Lottery Fund**

## **Annual Report and Accounts**

For the financial year ended 31 March 2017

Presented to Parliament pursuant to section 34 of, and paragraph 21 of Schedule 4A to, the National Lottery etc. Act 1993 (as amended by the National Lottery Act 1998 and the National Lottery Act 2006).

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# Part 1:

# A year in review

Introduction

Our year in numbers

People in the Lead

A view across our programmes and portfolios





Oxford City Farm, England



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# A message from the Chair

Our purpose is to ensure that the money raised thanks to National Lottery players goes back to communities across the UK and makes a real difference to the quality of life of millions of people.

The National Lottery was set up not only so that people could have the chance of winning life-changing prizes for themselves and their families, but also to support projects (whether in sport, the arts, heritage or charities) which might not otherwise be able to secure government funding. None of the National Lottery distributor family works for any profit other than to see the positive impact of our work across the UK. The National Lottery is a national asset.

At the Big Lottery Fund our focus is principally on supporting charities and people with great ideas, local or national, large or small, which will either alleviate existing problems or create opportunities. The range of what we do is astounding. Over the past year we have helped one of Scotland's top community football clubs, The Spartans, continue to change lives in Edinburgh with innovative programmes in youth work and education, as well as exciting new initiatives to increase people's digital skills right across society.

It's always a joy to visit the projects we fund. So many of them are small-scale organisations and it's inspiring to see what they achieve. Take Landworks in Devon, for example – a charity that offers current and recent prisoners the opportunity to get involved in horticulture and creative arts and crafts. It changes the lives of people who have, for whatever reason, taken a wrong turn and gives them back a sense of purpose and engagement with their local community. The project has a wonderful track record of reducing reoffending rates and leading people into worthwhile employment.



It is grassroots projects like this that make me proud to be part of the Big Lottery Fund.

But we also know that there is a need for long-term investment in programmes which, over time, may bring positive solutions to deep-seated problems in society. That's why, for example, we are investing in early years learning and in projects which address the growing demands of an ageing population.

We will never be able to act as a substitute for government funding but we are very happy to work with government and the charitable, voluntary and private sectors, and other funders, to understand where our funding might be most effectively deployed. We can make a difference; especially if we listen, learn and work collaboratively with others.

We have achieved a lot this year, further developing our strategic funding aims and making smaller awards more accessible.

Thanks are due to our Chief Executive, Dawn Austwick, the Board and the Senior Management Team for their continued hard work. The Fund continues to flourish, and this is in no small part due to great leadership. It's great to see everyone contributing so much to our important social purpose.



**Peter Ainsworth**



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# A message from the Chief Executive

The power of people is at the heart of the Big Lottery Fund, and forms the basis of our strategic framework, People in the Lead. We believe vibrant communities are built and renewed by the people living in them. This drives our work and it's helping shape the future of our funding.

As the largest funder of communities in the UK, the Big Lottery Fund plays a vital role in community life. This year we've made more than 13,000 National Lottery grants, totalling in excess of £712 million, and reaching every local authority across the UK.

In autumn the Board and Senior Management Team met in North Wales, visiting a range of brilliant projects such as the Glyn Wylfa Community Enterprise and Heritage Centre in Chirk. I was lucky enough to present a surprise Celebrate grant to RainbowBiz in Wrexham, serenaded by Tenovus Cancer Care Choir and filmed by students from Wrexham Glyndŵr University: a great example of four National Lottery projects coming together to support each other. One reason we are increasing our local engagement is to create more opportunities for groups to join together, and build closer ties within and across communities.

We are also working more in partnership with other funders and organisations – notably developing schemes with the Lloyds Bank Foundation, building on our existing partnership with Comic Relief and launching joint programmes with the Office for Civil Society that focus on young people. The #iwill fund, developed to achieve the #iwill campaign objectives, is working with a range of match funders. And Invisible Walls is a project run by HMP Parc that has seen our funding provide tailored support to offenders and their families to address the causes of reoffending. Proving a real success, the project has attracted further



investment, building a sustainable future for the programme. We see partnerships as a route to create added value, reduce demands on applicants and increase impact.

We have also spent time exploring the 'Future of Doing Good' and developing the idea of Generous Leadership, partly to stimulate a conversation across civil society (we are delighted that the Inquiry into the Future of Civil Society will take forward many of these issues) but also to help us identify how we can best support the community groups and charities that we fund – be it through building skills, resilience, or alliances.

We are not, however, immune to changes in the external environment, and we have seen a reduction in our income in the last twelve months. The National Lottery is an extraordinary gift to the nation and it's thanks to National Lottery players that we can support such a wide range of good causes and communities across the UK.

I'd like to conclude by thanking the fantastic colleagues I have at the Fund for continuing to work so hard and care so passionately about our work.

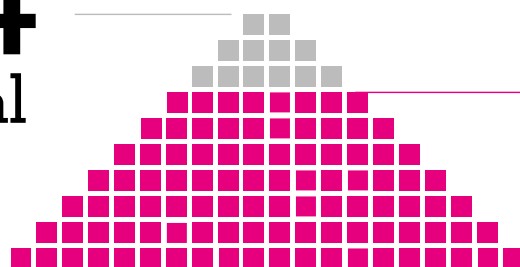
A handwritten signature in black ink, which appears to read 'Dawn Austwick'. The signature is stylized with a large, sweeping 'D' and a long horizontal line extending from the end.

**Dawn Austwick**

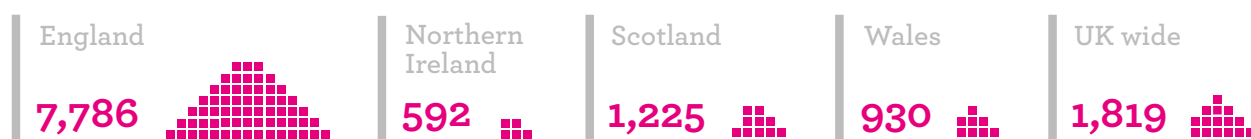
## Our year in numbers

**6.2 million people**  
reached with **£712.7m\*** of funding

**13,814**  
Grants in total



Grants under 10k  
**12,352**  
(89.4%)



**Number of charities funded in the UK**  
(organisations classed as voluntary and community sector)

**10,657**

## Here are some examples of beneficiaries supported by our funding

**0–24**  
years

**£164.3m**

Awarded to projects  
supporting children  
and young people



**£75.3m**

Awarded to projects  
supporting older people

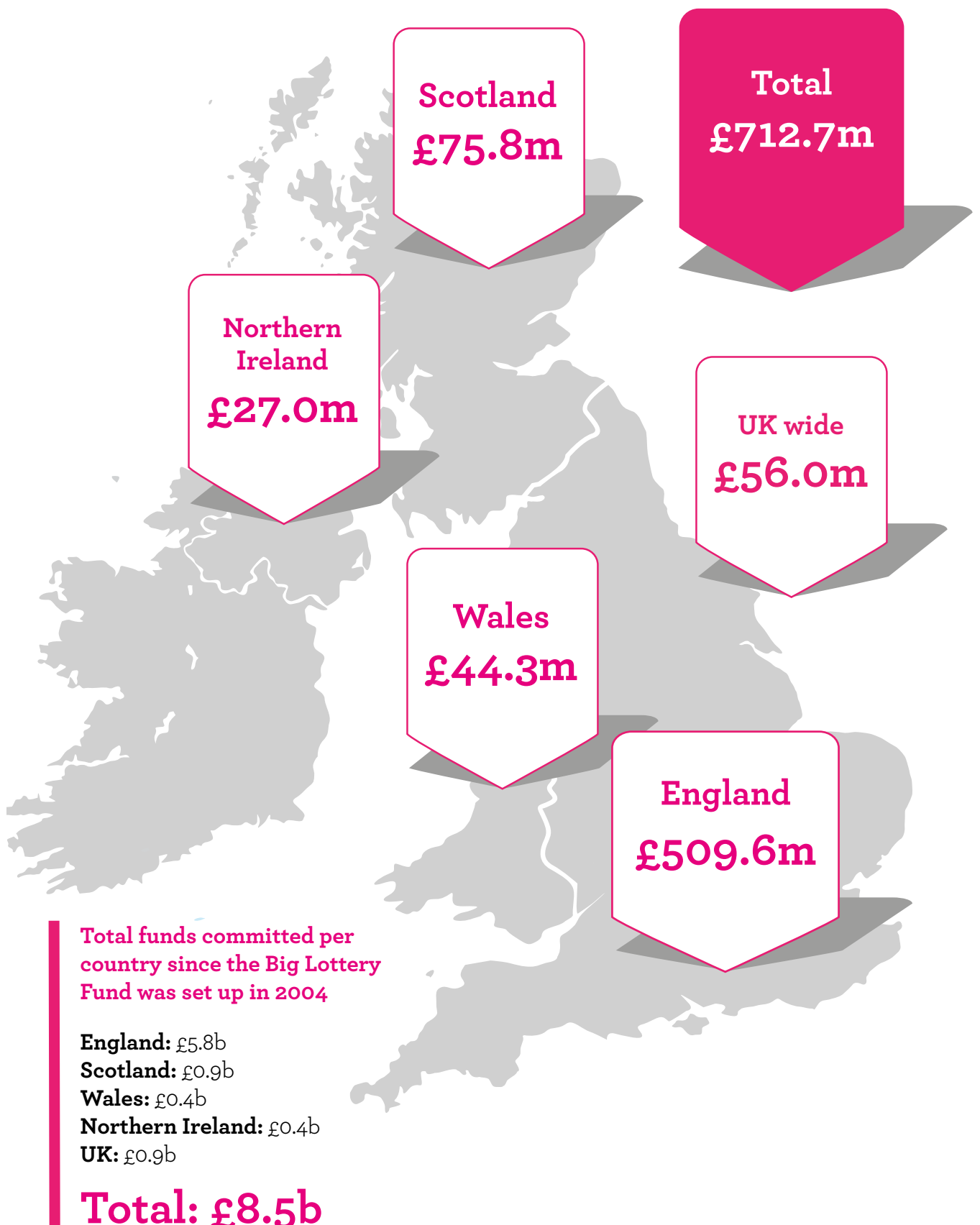


**£81.2m**

Awarded to projects  
supporting people  
with disabilities

# Our year in numbers

Money awarded in 2016/17





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# People in the Lead

**Our Strategic Framework runs to 2021 and sets out six principles for how we will work with partners and make funding decisions. This year, we've been working hard to put the principles of People in the Lead into action:**

- In England, we are working in partnership with the Office for Civil Society on the Youth Investment Fund and the #iwill Fund. These are two new programmes that have each committed £40 million to support young people.
- In Northern Ireland, through People and Communities and other funding programmes, we worked closely with local people, councils and other stakeholders to develop our local knowledge and get to know our communities better. We're bringing grant holders together through round table events, celebration events and funding clinics, enabling them to network and share learning.
- A new Community Assets Fund in Scotland, which was designed to create strong, resilient communities through acquiring, managing or developing buildings. This fund doesn't require an application, relying instead on developing strong officer/applicant relationships.
- A new Create Your Space programme in Wales, giving communities the opportunity to come together and use their strengths to conserve or transform their local environment.
- The Accelerating Ideas UK programme focussed on ageing, developing transformational ideas centred on involving and benefitting older people, and influencing practice across the UK.
- The People's Project initiative, delivered in partnership with Camelot and ITV, saw a 32 per cent increase in public votes this year. This meant that even more members of the UK public got involved and voted for small grant holders in the in their area to receive additional money for their work, showcasing a range of outstanding community projects in the process.

Over the coming year we plan to build on these achievements, and move towards even more accessible funding, driven by communities UK wide.



# Our six key principles

Quotes from grant holders and partners that illustrate our core themes

## 1. Confidence not control

**“It’s 100 per cent confidence.**

Supporting people to take control of their lives and not be controlled, and to feel empowered and confident. That’s our ethos as an organisation.”

Liz Wright, project manager,  
People First Tameside

## 2. Simple processes, good judgements

**“By using our own project reporting instead of Big Lottery Fund templates, we felt empowered and trusted and it saved us six weeks of management time a year!”**

Circle Housing, an ‘Improving Financial Confidence’ grantholder

## 3. The strengths people bring

**“We’ve found that theatre can bring people together and make them feel like part of the same community. We’re not changing the world, but for these people it really matters.”**

Matthew Blacklock, co-director,  
The Ragroof Players

## 4. Catalyst for change

**“The funding was a real catalyst. We now know we can roll out our roadshow, we can equip the local people to do it themselves and then we’ll take the roadshow to the next community, and start growing the charity.”**

Ged Flynn, chief executive, Papyrus

## 5. Shared direction, diverse approaches

**“The project is based on peer support, reducing isolation and empowering LGBTI refugees to reclaim control over their life aspirations and stand up against the discrimination, inequality, isolation and exclusion that LGBTI refugees often experience.”**

Sebastian Rocca, founder and CEO,  
Micro Rainbow

## 6. Using resources well

**“The Early Action Neighbourhood Fund, led by the Big Lottery Fund, Comic Relief and the Esmée Fairbairn Foundation, has enabled community work that is changing people’s lives. The Fund is committed to learning through independent evaluation and building meaningful relationships with its partners.”**

Clare Kiely, UK strategic lead: health, wellbeing and communities, Comic Relief

# England

Our focus this year has been to put People in the Lead. We've listened to the great ideas of the people we fund about how to bring their communities together and support them to make their visions a reality.

8,704

Total grants  
in England





### **New ways of working**

We are taking the opportunity to work more closely with the communities we fund by piloting new ways of working. Our offices in Yorkshire and Humberside, London and the South East are helping us get closer to the organisations we fund, strengthening our relationships with communities and improving our understanding of the issues that matter most to them.

### **Responsive funding**

As the largest funder of community activity in England, we have awarded more than £509 million to community projects in the last year. Through Awards for All, in 2016/17 we gave out £67.6 million to more than 7,000 projects, providing grants for amazing initiatives led by local people. These projects make people feel positive about their environment, strengthen their communities and help them to thrive.

Coping with Anxiety, a user-led community organisation in Nottingham, is using Awards for All funding to continue activities for people living with a range of mental health conditions. And Swindon Children's Scrapstore is expanding its services to teach boxing to people with disabilities, using its platform to build mutual respect and trust in new relationships.

Through our Reaching Communities programme, we provided £212 million to more than 600 projects that will enable people across England to make lasting and sustainable changes to their communities. We have supported a range of projects, from transforming unloved spaces in London into kitchen gardens, to supporting rugby, arts and comedy in the North of England. We've been inspired by a project in Selby that tapped into the potential of people with learning disabilities who have turned scrap materials into a business opportunity.

### **Strategic programmes**

Our strategic programmes are tackling some of England's most complex social issues and have invested £635 million over 10 years across 58 partnerships in England. With the first programme funded in 2014,

they continue to teach us and our partners valuable lessons we can share and apply to our future funding.

HeadStart focusses on children from the ages of 10 to 16 and the improvement of their mental wellbeing. HeadStart Newham is reducing the risk of mental health issues developing during teenage years. Parents and teachers are supported to help children deal with the challenges life will inevitably bring.

### **Working in partnership**

Through our match funding programme with the European Social Fund, Building Better Opportunities, we are working with 38 local partnerships to help people who are furthest from the labour market find employment. Overall, £224 million has been awarded to 90 projects supporting a wide range of activities and addressing local priorities. In Cornwall, for instance, the Real Ideas Organisation will be working with young people aged 15-24 to support them into long-term learning and work.

We are also working more closely with other funders and partners such as government so that we can be more effective on the issues that we have in common. Working with Comic Relief using technology to tackle domestic abuse, and with the Office for Civil Society on the Youth Investment Fund, will open up opportunities for young people to get involved in their communities and help them succeed in the future.

### **People in the Lead**

Looking ahead we will continue to ensure that National Lottery money provides life-changing opportunities for communities across England.

**£509.6m**  
awarded through  
**8,704**  
**grants in England**

# England

## Ageing Better Middlesbrough

Part of the Big Lottery Fund's Ageing Better strategic programme, Ageing Better Middlesbrough (ABM) teamed up with students from Cleveland College of Art and Design to raise awareness of the initiative and change attitudes to ageing.

ABM members wanted to emphasise that age is not a barrier to new skills and designed a marketing campaign to reflect this.

Together, they made A3 posters for display in libraries and public spaces.

Information and Marketing Officer for ABM, Rebecca Hughes, explains: "Intergenerational work is essential in tackling the stigma around older people in Middlesbrough and the students were inspired by the four people photographed."



Ageing Better Middlesbrough

**"The photos are great and it was lovely working with the students. I wish I had the same chance to go to college!"**

Janet Pyle (pictured above right), member, Ageing Better Middlesbrough

## b-side

b-side received support from the Big Lottery Fund to help share the experiences of the LGBTQ community through art, including a festival featuring Shame Chorus. They have also created a film with the LGBTQ community. b-side team member Molly Scarborough, says: **"We want to open discussions so both young people and adults are aware of the differences all around us and they don't feel alienated any more."**



Shame Chorus

## Ignition Autos

An award winning community garage near Doncaster, Ignition Autos, teaches motor vehicle maintenance.

Funded by the Big Lottery Fund, the project provides work experience and qualifications to its participants. Dave Blakey, who runs the project, says: **"Some of the guys took an engine out of one [car] and put it into another, it fired up straight away. They had a fantastic sense of achievement."**



Ignition Autos



## People First Tameside

Funded by the Big Lottery Fund, People First Tameside's new Apartment is designed to teach independent living skills to adults with learning disabilities. From cooking and gardening, to washing clothes and changing sheets, all activities are user led, right down to choosing the Apartment's homeware.

**“What we do at People First is give people a voice, give them the confidence to do what they want to do, and let them know that they can achieve their full potential.”**

Elisha English, staff member,  
People First Tameside

## Bluebell

Launched in January 2017 by Bristol based charity Bluebell and funded through the Big Lottery Fund's Reaching Communities programme, Dads in Mind supports dads directly experiencing mental health issues related to pregnancy and parenthood.

Louis Dunn suffered severe anxiety after the birth of his son. “My anxiety was debilitating and the intrusive thoughts I had made me think I was a danger to my son. When I discovered Bluebell, they offered a non-judgemental space to talk.”

Once recovered and having benefitted from Bluebell's care, Louis helped launch Dads in Mind.

**“At Bluebell we offer a wide range of help for parents finding it difficult to manage life with a new baby. We wanted to have the ability to support men and are delighted to have launched Dads in Mind, with the help of the Big Lottery Fund.”**

Ruth Jackson, founder and CEO, Bluebell



**“I wanted to help others and be part of normalising perinatal problems for dads.”**

Louis Dunn, founder, Dads in Mind

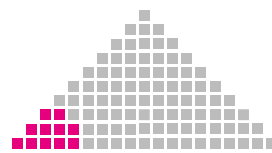


# Scotland

Putting people at the heart of our work means the scope of community activity we are able to support is ever-changing and always exciting. Last year more than 80% of our awards were made to Scotland's voluntary and community sector.

1,511

Total grants  
in Scotland



### **New ways of working**

In March 2016, we made the first grants through our new funding offer, introducing more flexibility, shorter forms and faster decisions. In total this year, we awarded £75.8 million in Scotland.

Proving that the smallest amounts of money can also make the biggest difference, £9.5 million has gone to more than 1,000 groups that received up to £10,000 through our small grants programmes.

We have funded everything from community gardens and healthy eating projects, to befriending and mentoring projects for disengaged young people, and arts initiatives for people with mental health difficulties.

The last 12 months have seen demand flourish for our single stage application (for amounts up to £150,000) with £20 million awarded to 143 groups.

It is exciting reaching out to communities who have not applied for funding from us before and in the last year – almost a quarter of all our grants were made to groups that we have never worked with.

**83.6%**  
of our  
**grants**  
went to  
**voluntary &  
community  
sector**  
organisations  
in Scotland

### **Responsive funding**

We have exciting plans to deliver more over the coming year. Our Young Start programme continues to support projects to help young people reach their potential. We will dedicate support to early action systems change. We will strengthen our approach to delivering locally in different places across Scotland, and we look forward to making grants of under £10,000 even easier to access.

### **Working in partnership**

The Scottish Land Fund, which we distribute on behalf of the Scottish Government, alongside the Highlands and Islands Enterprise, continues to have a deeply felt impact on communities, providing new opportunities to own land and buildings that matter to them. Over 3,250 acres of community owned land have been purchased through the Scottish Land Fund in the last 12 months, totalling £3.8 million.

### **People in the Lead**

We're working more closely with groups that involve the people they work with, building on strengths and assets that already exist in communities, and understanding how they link together. In July 2016, we introduced Community Assets, building on our history, knowledge and experience of working with communities to develop their land and buildings for community use.

**£75.8m**  
through  
**1,511**  
**grants**

# Scotland

## Social Bite

A Scottish coffee and sandwich shop chain, Social Bite, not only supports homeless people by offering free food, but is committed to ensuring that 25 per cent of their staff are those who have struggled with homelessness in the past. The aim is to provide them with a steady, secure job as well as skills and training to individuals.

The team have even branched out into the restaurant business with partner venture Home, a concept that follows the Social Bite ethos and was famously visited by actor Leonardo DiCaprio (pictured).

Supported by the Big Lottery Fund, Social Bite is now extending their support to homeless people with mental health problems and helping them move away from homelessness for good.



## Ocean Youth Trust

The Ocean Youth Trust gives opportunities to young people between the ages of 12 and 25 to learn to sail, taking over 550 young people on trips each year.

Supported by the Big Lottery Fund, the Trust will offer a five day, respite ocean voyage to young carers. With ten young carers on each voyage, the young people will help plan the voyage and learn skills such as navigation and boat handling.



## Glasgow Life

The 2016 Glasgow Homeless World Cup, saw teams from around the globe taking part. A volunteer programme led by Glasgow Life and funded by the Big Lottery Fund trained 100 volunteers to help run the event. The project ensured that the volunteers, all of whom had experienced homelessness, gained skills through volunteering and had the chance to build their confidence and boost social connections.







**“People from all parts of our community want to get involved. For some it’s a chance to socialise more and others are recovering from illness.”**

Geraldine O’Riordan, volunteer co-ordinator , Greener Kirkcaldy

## **Soul Food Sisters / Greener Kirkcaldy**

Across Scotland, the Big Lottery Fund is supporting projects that are breaking down barriers, reducing isolation and bringing people from all walks of life together to unite through food: in its creation, preparation and distribution.

Soul Food Sisters, for example, helps raise the aspirations, self-esteem and employability of black, Asian, minority ethnic and refugee women in Glasgow through catering.

In Fife, Greener Kirkcaldy is using our support to expand and extend their community orchard.

## **The Autism Awareness Association**

The Autism Awareness Association in Aberdeen, known as the Triple As, is an entirely autism led peer support charity for people on the autistic spectrum.

The Big Lottery Fund has helped provide people with autism a place where they can interact with others and learn how to develop friendship groups.

**“The best thing about Triple As is that it takes people who feel like they have been abandoned and helps them to learn that they can recover and be social.”**

Alastair Meek, social coordinator, The Autism Awareness Association



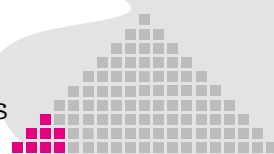
**“A lot of us have felt judged in the past, even by those who are trying to help. But if everyone in the room is autistic, there’s a lot less pressure to try to perform to some mythical set of confusing standards.”**

Members, The Autism Awareness Association

# Wales

1,033

Total grants  
in Wales



Our year was defined by creating opportunities for people and communities to come together to achieve remarkable things, while also launching a national conversation on what the future of doing good looks like for Wales.



### **New ways of working**

Through our open funding programmes Awards for All and People and Places, we have invested £29 million in more than 900 projects. People came to us with a diverse range of ideas to enhance people's lives and communities. Disability Powys received £4,590 to support groups coming together to share skills. And Fishguard and Goodwick Young Persons Trust received £400,000 to work with young people to increase their employability.

### **Responsive funding**

The scale and reach of our open funding gives us an excellent insight into the challenges and opportunities faced by communities, enabling us to develop targeted funding streams.

For example, through Create Your Space, we have supported local communities in enhancing their local spaces. This £8.8 million fund combines National Lottery good causes funding with dormant account funding, to enable communities to work together on improving their environment for future generations. Grants have ranged from £500,000 to £2 million.

Following extensive consultation, we launched the first stage of our Rural Programme. A £2 million community development grant will support communities to find ways to tackle rural poverty.

We've also been surprising projects the length and breadth of Wales with news of their successful grant applications. We have captured the delight of projects in receipt of varying amounts, such as RainbowBiz in Flintshire who received £1,893 through Celebrate, to the Royal Voluntary Service who received £932,766 for a new Positive Steps service.

### **Working in partnership**

An investment of £3 million through Third Sector Skills has helped us address the obstacles facing voluntary and community organisations. Grants have ranged from £100,000 to £500,000.

### **People in the Lead**

We are grateful for those who contributed to our national conversation around what the future of doing good looks like for Wales. Through a mix of national and regional events, we have been able to build a picture of the difficulties and opportunities that Wales' voluntary and community organisations face.

Looking ahead, ensuring our customers' needs are at the forefront of our Awards for All and People and Places programmes will be key, as we work to refresh these important community-led grants, whilst continuing to support communities through targeted themes.

# £2m

## Rural Programme

## tackling poverty



## Bridges Centre

Through the Big Lottery Fund, the Bridges Community Centre has been supporting young disabled people across Monmouthshire, helping them to overcome social and physical isolation, allowing them to take part in a range of activities.

**“My confidence has improved. I’ve been learning how to cook which is a challenge in itself when you can only fully use one side of your body. It’s an essential skill that I have to master if I want to leave home and live independently. This project is helping me to do that.”**

Lewis Venner, beneficiary, Bridges Centre



## Valleys Steps

Supported by the Big Lottery Fund, Valleys Steps has introduced alternative therapies to individuals experiencing emotional distress or ill mental health across Rhondda Cynon Taff and Merthyr Tydfil. Supporting people managing stress and anxiety, Valleys Steps integrates services to break down social barriers and improve access to non-prescription treatments, such as stress control and mindfulness courses.



## Dyfi Land Share

Groups of organic growers in Machynlleth have come together to grow fruit and vegetables for their local community. Dyfi Land Share and The Green Isle Growers started a vegetable box scheme and are now a growers cooperative with a show allotment, funded by the Big Lottery Fund. One of the growers, Sharon Girardi, says: **“We are growing food locally for local people and in doing so, massively reducing carbon footprints.”**







Hanes Llandoch Community Charity

**“The local community are very excited about the project and to have this level of support right from the start, it really has made such a difference”**

Nia Siggins, project officer, Hanes Llandoch Community Charity

## Hanes Llandoch Community Charity

The Hanes Llandoch Community Charity based in St Dogmaels, aims to improve the local community through the creation of a communal hub at the heart of the village. As well as creating a meeting space, the charity also focusses on preserving and sharing the heritage of the historic Abbey, with a museum and gallery due to feature in the main building.

Through the Big Lottery Fund, the group will recreate an historical apple orchard on the site and run educational and horticultural conservation activities.

## Welsh Refugee Council

Fleeing from an area now known as Iraqi Kurdistan, refugee Salah Rasool started a new life in Wales thanks to the Welsh Refugee Council (WRC). Salah had to leave his home with nothing after civil war broke out.

“It took nine months to get from Kurdistan to Wales,” says Salah. “When I eventually reached Wales, it felt like going home.”

Working across Wales, the WRC protects the rights of refugees, influences policy and practice and offers specialist support services to asylum seekers.

**“I am proud to be the recipient of two Big Lottery Fund grants, ensuring we have capacity to meet the needs of growing numbers of asylum seekers and refugees.”**

Salah Mohamed, chief executive, Welsh Refugee Council



**“I started volunteering at the WRC before getting a receptionist job there and my life changed. I owe the WRC so much, and that’s why I’m still working there 10 years later.”**

Salah Rasool, staff member, Welsh Refugee Council

# Northern Ireland

641

Total grants in  
Northern Ireland



Over the past year we have changed lives. We have strengthened and connected communities by developing our local knowledge and putting people in the lead.



### **New ways of working**

To support and inform our grant making, our staff are developing their knowledge of local communities by visiting projects and seeing first hand the work they do. We held over 20 events, speaking to more than 570 different groups and 600 people over the past year. We're working more with community workers, local councils and organisations in the heart of communities and bringing groups together so that they can continue to share the great work they are doing.

### **Responsive funding**

Through Awards for All, we have supported hundreds of grassroots projects to do great things with small amounts of funding. Last year we awarded £4.8 million to 592 organisations and projects. Our simpler programme, with a shorter application form and faster turnaround time for decisions, continues to be popular with groups across Northern Ireland.

### **Working in partnership**

Through our outreach work, we are creating opportunities for groups to network and share learnings with others. These relationships allow us to work together more effectively so communities can access funding to make the changes they want.

We delivered media training for many of our projects, and to young people supported by groups who have benefitted from our funding, so that they can tell their stories to new audiences.

We have continued our successful partnership with the Daily Mirror and Belfast Live. Both media outlets promoted the People's Projects by featuring stories from them throughout the campaign. We have also worked with Northern Ireland tabloid Sunday Life, consumer magazine Local Women, and each of Northern Ireland's major newspapers to help projects tell stories about the difference they are making to people's lives.

### **People in the Lead**

Through our People and Communities programme, we have awarded £6.7 million to 29 projects, funding schemes that have been developed by local people, building on strengths and connecting communities.

Projects like Youth Action's Everyday Life, work with young men who are involved in, or at risk of becoming involved in violence, to make better choices and improve their lives.

We have also engaged a pool of young people to act as ambassadors in the delivery of this programme, and young people sit alongside Northern Ireland Committee members as equals in the decision making process.

Staff held  
**>20**  
meet & greet  
events

and spoke to  
**>570**  
different  
groups



# Northern Ireland

## Cruse Bereavement Care

Cruse Bereavement Care supported Enya and mum Andrea Nicholl (pictured) after their dad and husband, Gerry, passed away.

With funding from the Big Lottery Fund, Enya, her two sisters and Andrea were sent on a residential weekend to Corrymeela. Andrea, says: "It was a weekend where the children had fun while still remembering their Daddy. They were able to remember him in a happy way."

Enya is now a volunteer, helping other young people with similar experiences to her own.

**"The weekend in Corrymeela was the first time my children and I really laughed in a long time."**

Andrea Nicholl, parent,  
Cruse Bereavement Care



Cruse Bereavement Care

## Oasis Caring in Action

Helping young people aged 12-19 who are facing bullying, caring responsibilities and eating disorders, Oasis Caring in Action is using funding from the Big Lottery Fund to offer an alternative education programme and help get their studies back on track.

Paige Floyd (pictured) is one of the young people they have helped: **"Oasis saw potential in me. I came out with good qualifications and I finally started to feel like I was getting somewhere in life."**



Oasis Caring in Action

## The Coast Office

The Coast Office's B.U.I.L.D. project will give the people of Portballintrae opportunities to learn about their coastline's heritage through funding from the Big Lottery Fund. The Coast Office is working with schools and youth groups to increase their understanding of the natural environment. They are teaching the community new skills such as sailing through a series of talks and workshops.



The Coast Office





**“People are finding so much solace in the experiences of others. While they are working, there are conversations taking place about addiction, recovery and sobriety that are amazing.”**

Sheila Smyth, development officer,  
The Right Key

## The Right Key

The Recovery Café, is a project by The Right Key that uses music and crafts to help ex-offenders and people recovering from addiction to rebuild their lives.

Funded by the Big Lottery Fund, the project is helping people reconnect with the community. They’re learning guitar making and coming together with others for support and friendship.

Tony Donovan became involved with The Recovery Café after a period in rehabilitation for alcohol addiction. He says: “Drink took everything from me – it nearly took my life. I love coming here to the workshop. We have a purpose in life, and something to look forward to.”

## Foyle Down Syndrome Trust

Healthy Hearts and Minds is a project run by Foyle Down Syndrome Trust Limited. It works with children and young people aged 8-25.

Funded through the Big Lottery Fund’s Empowering Young People project, activities include outdoor pursuits, health workshops and a mentoring support programme.

Adam Morrison, 10, has been supported by Foyle Down Syndrome Trust since he was a baby.

**“Having Down Syndrome means it can take a longer time for Adam to learn new things and get comfortable with new situations. I spent so many years in hospitals, but now, thanks to Foyle, I’m on the side lines of his football games or watching him swimming.”**

Kevin Morrison, parent, Foyle Down Syndrome Trust



**“Knowing that Foyle Down Syndrome Trust has funding for a five year project which Adam will benefit from is very reassuring.”**

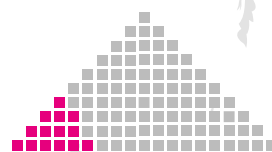
Kevin Morrison (pictured above with son),  
parent, Foyle Down Syndrome Trust

# UK

It's been an exciting year of change for the UK portfolio. We have focussed our work against key aims which are to bring people together, grow great ideas and support the voluntary and community sector to take new approaches.

1,925

Total grants  
UK wide



### **New ways of working**

Developing a conversational approach to applications, we realise the importance of creating opportunities for people to spend time together and celebrate what matters to them and their local community. By testing and nurturing great ideas, we can fund projects with the potential to help other organisations learn and improve.

In addition to these priorities, we have made sure that we pay attention to our international impact which now sees us enabling disabled people in Uganda and Tanzania to improve their livelihoods.

### **Responsive funding**

This year has seen us being more reflective of the needs of the voluntary and community sector, and in the coming year we look forward to developing the UK portfolio to keep adding value to the work of our country portfolios.

### **Working in partnership**

Making over 1,900 grants and awarding more than £55 million in 2016, this portfolio gives us the opportunity to increase our number of meaningful partnerships across the UK, addressing some of the common opportunities and challenges faced by the people and communities we serve.

First, as part of our strand that grows great ideas, we delivered our Accelerating Ideas initiative, which focussed on ageing. It developed ideas that involve and benefit older people, and influence practice across the UK. As part of this programme we supported the work of The Age of No Retirement, which sets out to challenge approaches to ageing (see case study on page 32). We also supported The Campaign to End Loneliness, which focusses on changing public perceptions with positive messaging about ageing.

Our second strand, which aims to bring people together, saw the launch of Celebrate last year, a small grants programme that awarded up to £10,000 to communities that wanted to hold one-off events or activities which celebrated their local community. We made

over £9.5 million available to 1,714 projects across the UK.

This year we have also been developing our partnership approach to community support. Illustrating this is the People's Projects. In its second year, our partnership with ITV and Camelot continues to highlight how small grants are putting people in the lead and changing lives across the UK, while giving the public a chance to decide how £3 million will make a difference in their local area. We saw a 32 per cent increase in public votes from last year as a result of an integrated campaign by all those in the partnership.

### **People in the Lead**

Third, we worked at enabling the sector to put people in the lead. It's important to look at the contribution we make to our wider environment when making decisions. Social tech projects we have funded such as The Centre for Accelerating Social technology (CAST) are designed to help traditional voluntary and community sector organisations use digital skills to transform service delivery. The unique collaboration One Digital was created to achieve one common goal – delivering sustainable digital skills to people right across society.

**32%**  
increase in  
**People's  
Projects**  
public votes this year



## The Age of No Retirement

The Age of No Retirement brings together businesses, government, the media and citizens to generate ideas, develop new solutions and share stories to create a society where people are not defined by their age. It will be supported by an online crowdsourcing platform and events to help develop practical solutions.

**“The aim is to eradicate the stereotypes that surround ageing. The young today are not the young of tomorrow and we need to live more age inclusive lives.”**

Jonathan Collie, co-founder,  
The Age of No Retirement



## Design Council

Design Council, a leading authority on the use of strategic design, is leading a new initiative to help improve the experience of ageing, funded by the Big Lottery Fund. Clare Devine, executive director, Design Council, says: **“We’re proud to have worked with partners to devise and develop this design-led, user-centred programme. Through first class research, collaborative working and rigorous design, Transform Ageing will enable local communities to take charge of their care needs.”**



## Oxford City Farm

Oxford City Farm received just over £3,000 from the Big Lottery Fund to run an autumn Fun on the Farm community event. Celebrating the work of volunteers, the event showcased the changes being made to the brownfield site. Sally Mullard, volunteer fundraising coordinator, Oxford City Farm, says: **“We’re delighted to have received this funding. It was a great opportunity for local people to see the site and share their ideas about how the farm will develop.”**







The Ragroof Players

## The Ragroof Players

Bringing local communities in south-east England together using theatre workshops and shows, the Ragroof Players held a nonstop dance-a-thon of different dance styles from the last 100 years.

Based in Brighton, the group celebrate cultural diversity, tolerance and respect. Through their Celebrate grant for the dance-a-thon, they were able to work with other local groups to help break down barriers between age groups and cultures through theatre and dance. Co-director, Matthew Blacklock, says: "We've found that theatre brings people together and makes them feel like part of the same community."

**"Accessibility, integration and participation are not an 'outreach' aspect of our work – they are our work"**

Matthew Blacklock, co-director,  
The Ragroof Players

## Papyrus

Preventing youth suicide across the UK, Papyrus offers help, advice and support to young people with suicidal thoughts and to their friends and family.

Harry Biggs-Davison is a trustee at the charity, becoming involved shortly after losing his 25 year old son, Patrick, to suicide in 2015.

Through the Big Lottery Fund, Papyrus was able to meet more of their members this year through a series of 'game-changing' events.

**"The events enabled us to bring our founding families together with those newly bereaved by suicide, to raise awareness across their communities and demonstrate how, with support, young suicide can be prevented."**

Ged Flynn, chief executive, Papyrus



**"Patrick was a good looking, intelligent boy, but with a range of issues. He suffered from frustration and depression, but it was still a great shock when he took his own life."**

Harry Biggs-Davison, trustee, Papyrus

# Part 2:

# Performance Review

Our performance report

Our governance

Our accounts

Our statutory background







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# Our performance report

## Our purpose and activities

The Big Lottery Fund is responsible for distributing money raised for good causes through the National Lottery. We receive 40 per cent of the total sums raised and distribute this through grant awards to support projects with a community focus. Since 2004 we have distributed over £8.5 billion in awards. We have a range of funding programmes from small grants of between £300 and £10,000 to large scale, multi-million pound strategic programmes.

We also work with other public bodies to manage and distribute their funding through grants programmes we run on their behalf. Examples of this type of activity include our distribution of money released from dormant bank and building society accounts and the Coastal Communities Fund.

## Key issues and risks

Our income is dependent on the revenue generated through the National Lottery, a portion of which is allocated to good causes and passed to Lottery distributors. We manage our grant awards, budgets and policies over a number of years in order to mitigate against potential variations in National Lottery revenue and ensure we can meet our commitments as they fall due.

We provide a balance of responsive and targeted funding programmes to meet the demands of our grant applicants in a manner which is consistent with the principles set out in our Strategic Framework. We are changing the way we work to deliver the vision of People in the Lead, for example we have launched our Scottish and Welsh funding programmes for the coming period with a new approach and updated the Northern Ireland Awards for All programme. Our new approach to our England programme of awards will be introduced during 2017. In making awards and setting grant programmes we also act in accordance with the requirements of the policy directions from the Department for Culture, Media and Sport and the devolved administrations.

Our integrated programme of risk management provides us with the means of assessing our key risk exposures and establishing appropriate controls to mitigate these. We face financial risks in relation to our income and also with regard to our exposure to potential fraud in grant-making activities. An 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. During 2016/17 we met four of the five KPI measures we had identified.

We do not seek to deliver any specific operating surplus or deficit as our key measure of control. We manage our financial performance in order to maximise our ability to make grants from the monies received and receivable from the National Lottery. We recognise grant awards in full when they are approved although the cash payments may be in later years. For the financial year we recorded a deficit of £114 million following a surplus of £105 million in 2015/16.

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

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

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# Our corporate objectives

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

The 2016/17 corporate plan identified three corporate objectives to shape our priorities and set five key performance indicators to measure success. Our performance has been monitored against our published targets and reported to the Board throughout the year.

## **Corporate objective one:**

We will deliver the Strategic Framework through implementing an organisational change programme that incorporates six enabling strategies, whilst continuing to embed our guiding principles at every level of our business planning, decision making and delivery.

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

We have established the programme of activity through which we are delivering change. We have identified a series of 43 specific targets due for delivery over the period to mid-2018. We are on schedule to deliver the majority of these on time, including significant changes in 2017.

## **Corporate objective two:**

We will better demonstrate the difference that our funding makes to people and communities and we will pilot a range of measures to support this. This objective will be underpinned by a grant making approach that focuses on being clear, simple, and proportionate and guided by appropriate data and evaluation requirements and learning.

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

We have published data on the numbers of people our funding reaches and we are working on data that better identifies the locations and themes that our funding supports. We have piloted new shorter application forms aimed at gathering essential core data while being accessible for our applicants. We have work underway to deliver an online grant application process during the 2017/18 financial year.

## **Corporate objective three:**

We will maximise the impact of our funding by being flexible and efficient in managing our resources to ensure that we are an effective grant maker.

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

We have delivered our plans within the budget we set, and in line with our cost ratio set as a KPI, despite lower than anticipated incomes. Each of our portfolios has delivered a range of programmes to meet the needs of our stakeholders. Small grants programmes continue to be at the heart of the Fund's approach in meeting the aspirations of local communities.

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# Our key performance indicators

Alongside our objectives we identified five KPIs which assess our performance in a number of operational performance areas

KPI	Result	End of year report
We will deliver an organisational change programme to support the strategic framework	<b>Key performance indicator met</b> We have put in place a <b>transformation team</b> to deliver the planned changes. We identified 43 specific targets to support this plan.	We are making good progress in delivering the changes identified. We expect to deliver almost all the 26 targets set for July 2017 completion.
<b>≥ 77%</b> At least 77 per cent of customers are satisfied with our service.	<b>Key performance indicator met</b> <b>80.8 per cent</b> of our customers expressed satisfaction with our service, based on our customer satisfaction survey.	Although the outcome is a slight reduction on the previous year, we met the Key Performance Indicator. Four out of five customers, including unsuccessful applications, expressed satisfaction with our service.  The Fund handled more than 80,000 applications and enquiries this year. We recorded 34 complaints through our formal complaints procedure, the same as in 2015/16.



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**≥ 85%**

At least 85% of the total agreed grant budget for 2016/17 is committed.

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**Key performance indicator met**

**89.7 per cent** of the total agreed grant budget for 2016/17 was committed.

We set out a grant award budget of £808 million in our corporate plan for 2016/17. The actual value of awards made was £725 million. The reduced awards value was largely because we varied our UK programme budget with a number of programmes being re-profiled across a longer timeframe.

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**≤ 7%**

Operating cost expenditure (core and front-line cost) is within 7 per cent of National Lottery income.

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**Key performance indicator met**

Our operating costs were **7.0 per cent** of National Lottery income.

Our total qualifying operating costs were £47.0 million – £2.1m higher than last year but below the budget we set. Revenue was lower than budgeted but our reduced costs compared to budget offset the effect of this, enabling us to meet the cost:income ratio target.

Government sets a limit of 8 per cent of National Lottery income as our operating cost threshold, but we budgeted to achieve 7 per cent.

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**≥ 95%**

We will process at least 95 per cent of our responsive funding applications within our published turnaround times.

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**Key performance indicator not met**

We processed **93.0 per cent** of applications within our published turnaround times.

We set a new, more challenging target for this KPI in 2016/17 but fell slightly short of this. The shortfall is due to extra time lost on applications, when we have queries and need more data from customers. We conclude that reducing this time to meet the KPI would have a negative impact on the customer.

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# Our performance analysis: financial

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

Our key measure of financial efficiency is the proportion of our Lottery income that we spend on distributing grants. We exclude from this measure costs that we recharge to other people, for example the costs of distributing non-Lottery funds. We also exclude certain other costs, for example one-off costs that are investments or restructures to achieve future efficiencies (see page 81).

## What we achieved in 2016/17

During the year we successfully delivered against the 8 per cent total operating cost target set by government. We set our own target in the budget approved by Board at 7 per cent. Total qualifying operating costs were £47.0m, £2.1m higher than in 2015/16. National Lottery income was lower than budgeted but because we were able to operate within the budget we set, we still met our performance indicator. Our actual operating costs were 6.98 per cent of Lottery income substantially lower than the 8 per cent maximum required by government of Lottery distributors.

Within the 8 per cent cost target core operating costs must be no more than 5 per cent of total National Lottery income. This mainly relates to processing applications and managing grants, including all support costs. Our core operating costs in 2016/17 were 4.8 per cent of Lottery income. We ended the year within the threshold set despite reduced income as we made savings against our operating cost budget. Total National Lottery operating costs include front line support to grant applicants and recipients and to the public. For example, the provision of advice and assistance to organisations applying for

National Lottery funding and activities to involve the public in National Lottery decision making are defined as front line support costs.

Certain operating costs, most significantly business rates, are excluded from qualifying operating costs for the purpose of the financial performance measure.

Staff costs form a significant proportion of our operating costs. Our staff numbers have reduced further during 2016/17 with a full time equivalent (FTE) of 851 (2015/16 870). We have continued to reduce numbers through restructuring action and in preparation for delivering further change in 2017.

## What we are planning to achieve in 2017/18

We have budgeted to deliver total operating costs within the 8 per cent cost threshold in 2017/18 despite reduced income and to be within the core operating cost target of 5 per cent. The target is based on National Lottery income of £637 million, from our forecast of revenues projected for 2016/17 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, setting out a programme of change and efficiencies while maintaining sufficient contingencies to allow for unplanned events and to resource and deliver investment activities that will support delivery of the Strategic Framework.

In March 2017 our total FTE was 851 (a reduction from 870 in March 2016). We are not planning any significant change from this level over the 2017/18 financial year, although we continue to work towards efficiencies in our grant-making plans. We expect some reductions in numbers through greater efficiency in our small grants work

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as we adopt more digital ways of working but there will also be some increases in work associated with our European matched funding programmes and more localised grant making work in England.

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

We had a deficit for the year 2016/17 of £114 million (2015/16 surplus of £105 million).

Our cumulative deficit at 31 March 2017 was £901 million (31 March 2016 £787m)

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

During 2016/17 our income was lower than budgeted but we did not reduce awards to the same extent leading to a greater deficit than anticipated.

### **Our funding strategy**

Our strategy is to award the maximum amount of funding that we can safely commit to over a five year period considering 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 protected from any unexpected changes in income.

At 31 March 2017 we had £1,366 million (2015/16 £1,255 million) of outstanding commitments compared to £399 million (2015/16 £414 million) held in the National Lottery Distribution Fund with which to meet them. This means we had made excess

commitments of £967 million (2015/16 £841 million) which is equivalent to about 18 months of future income based on our current projections.

### **Non-Lottery funding programmes**

In addition to our core business of distributing National Lottery good causes income we manage non-Lottery funded programmes (or Third Party Grants) using powers given to us by the National Lottery Act 2006. These powers give us scope to work with others to distribute funds on behalf of, or alongside, other organisations where this falls within the funding areas set by the National Lottery Act for our work and is in accordance with our mission. During the year we distributed funding totalling £203 million in this way for other funders. Included within this sum is £160 million distributed through matched funding programmes through the European Social Fund. Our own contribution to matched funding activity on these programmes is recorded in Lottery programme expenditure.

We also distribute funding received from Reclaim Fund Ltd under the arrangements in the Dormant Bank and Building Society Accounts Act 2008 and these activities are included within our Financial Statements. This has enabled banks and building societies to transfer money held in dormant accounts to a central fund for reinvestment in the community. This amounted to £94 million in 2016/17 (2015/16 £37 million). We deposit funds until required and received interest of £162,000 (2015/16 £79,000) in relation to these funds. A memorandum set of annual accounts in relation to these activities appears on pages 99 to 101.



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

The net good causes proceeds of the National Lottery are held in the NLDF, which is under the stewardship of the Secretary of State for Culture, Media and Sport, until drawn down by National Lottery distributors. The Big Lottery Fund receives investment income in addition to the Lottery proceeds and in the same shares as for proceeds from the National Lottery receipts (40 per cent). In 2016/17 this was £2.1 million (2015/16 £3.1 million).

**OUR NLDF BALANCE WAS  
£399 MILLION AT 31 MARCH  
2017 (2015/16 £414 MILLION).**

Our balance in the NLDF has reduced during the year by £15 million. This is as a result of reductions in Lottery receipts over the course of the year while continuing to meet our commitments from awards. We take account of the reduction in setting future grant award budgets alongside projections of future revenues and the timing of outstanding commitments. We do not set a specific target for our NLDF balances. Since we do not control National Lottery income it is not possible for us to manage the balance in the short-term. Our funding strategy is to make the maximum value of grant commitments that we can make over a five year period. We predict our future cash inflows and outflows to assess a safe minimum balance in the NLDF in order to ensure we can meet our commitments as they fall due. The actual level will vary according to the structure and timing of our programmes at any particular time and the income generated through the National Lottery.

## **Auditors**

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

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

## **Public sector information holder**

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

# Our performance analysis: equalities and employees

Our equality strategy sets out our priorities in this area as an employer and as a funder. In the last year, we have focused our efforts on promoting greater staff involvement in, and awareness of, equality considerations across the organisation. Our equalities principles and guidance for applicants and grant-holders is on our website: [www.biglotteryfund.org.uk/about-big/our-approach/equalities](http://www.biglotteryfund.org.uk/about-big/our-approach/equalities)

The table below highlights the equality monitoring of our grants programmes. We continue to assess how we ensure our funding reaches communities in a way that fully reflects the UK population.

Ethnicity	Number of applications and application rate		Number of awards and application success rate		Requested amount and per cent of requested amount		Awarded amount and per cent of awarded amount	
	No.	%	No.	%	£000	%	£000	%
No specific ethnicity	17,307	71	10,709	62	850,126	79	448,311	78
Asian/Asian UK	1,005	4	610	61	30,037	3	20,608	4
Black/African/Caribbean/Black UK	1,055	4	609	58	28,459	3	19,559	3
Mixed/ multiple ethnic groups	1,103	5	683	62	32,095	3	18,918	3
Other ethnic group	564	2	364	65	17,426	2	12,685	2
White Other	1,225	5	716	58	50,619	4	24,449	4
White UK	2,124	9	1,348	63	63,974	6	33,630	6

Applicants are asked if their project will mostly benefit people from a specific ethnic background. They can select up to three categories therefore these responses incorporate double and triple counting.

Age	Number of applications and application rate		Number of awards and application success rate		Requested amount and per cent of requested amount		Awarded amount and per cent of awarded amount	
	No.	%	No.	%	£000	%	£000	%
0 - 24	8,880	34	5,350	60	459,287	37	218,275	35
25 - 64	4,263	17	2,804	66	260,465	21	113,930	18
65+	2,337	9	1,677	72	96,640	8	63,596	10
No specific age	10,331	40	6,221	60	422,342	34	231,971	37

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

	Number of applications and application rate		Number of awards and application success rate		Requested amount and per cent of requested amount		Awarded amount and per cent of awarded amount	
	No.	%	No.	%	£000	%	£000	%
<b>Gender</b>								
Male	526	2	320	61	22,861	2	14,678	3
Female	1,347	6	867	64	51,782	5	33,928	6
No specific gender	19,887	92	12,210	61	927,497	93	479,336	91

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

	Number of applications and application rate		Number of awards and application success rate		Requested amount and per cent of requested amount		Awarded amount and per cent of awarded amount	
	No.	%	No.	%	£000	%	£000	%
<b>Community Background</b>								
Both Catholic and Protestant	1,046	58	501	48	62,210	49	21,259	37
Mainly Catholic	286	16	159	56	10,975	9	2,963	5
Mainly Protestant	338	19	167	49	9,083	7	1,506	3
Neither Catholic or Protestant	125	7	78	62	44,055	35	32,065	55

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

	Number of applications and application rate		Number of awards and application success rate		Requested amount and per cent of requested amount		Awarded amount and per cent of awarded amount	
	No.	%	No.	%	£000	%	£000	%
<b>Welsh Language</b>								
Mainly Non-Welsh	1,005	62	789	79	54,949	64	31,271	73
Mainly Welsh	428	27	332	78	9,916	11	4,205	10
No Welsh	182	11	114	63	21,340	25	7,332	17

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



Religion	Number of applications and application rate		Number of awards and application success rate		Requested amount and per cent of requested amount		Awarded amount and per cent of awarded amount	
	No.	%	No.	%	£000	%	£000	%
Buddhist	1	<1	-	-	483	<1	-	-
Christian	705	3	370	52	17,181	2	4,015	1
Hindu	18	<1	12	67	157	<1	98	<1
Jewish	189	1	104	55	3,727	<1	2,497	<1
Muslim	174	1	122	70	4,733	1	4,155	1
No religion	67	<1	40	60	1,012	<1	762	<1
Other religion	18	<1	9	50	158	<1	72	<1
Religion or belief - answered no	20,572	95	12,731	62	974,227	97	515,962	98
Sikh	11	<1	6	55	109	<1	59	<1

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

Disability	Number of applications and application rate		Number of awards and application success rate		Requested amount and per cent of requested amount		Awarded amount and per cent of awarded amount	
	No.	%	No.	%	£000	%	£000	%
Not disabled	19,002	87	11,505	61	869,442	87	438,968	83
Disabled	2,758	13	1,892	69	132,698	13	88,974	17

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

Sexual Orientation	Number of applications and application rate		Number of awards and application success rate		Requested amount and per cent of requested amount		Awarded amount and per cent of awarded amount	
	No.	%	No.	%	£000	%	£000	%
Lesbians/ gay men/ bisexual	244	1	155	64	16,212	2	14,627	3
Not specific to Lesbians/ gay men/ bisexual	21,516	99	13,242	62	985,928	98	513,316	97

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

Note: The data above do not always sum to the same totals for all grant awards activity. This is because the classifiers in our grant data are not mandatory when application data is completed and some applications may only complete a sub-set of the total.

## Equality in employment

The table below highlights the equality monitoring across our employees.

Disability Status	Big Lottery Fund	Civil Service	UK economically active population
Staff with disability	5.7 %	4%	13%
Staff without disability	94.3%	96%	87%

Gender	Big Lottery Fund	Civil Service	UK economically active population
Female	65%	52%	44%
Male	35%	48%	56%

Gender	Board	Directors	Fund Senior staff (Bands D & E)
Female	58%	41%	63%
Male	42%	59%	37%

Ethnic Group	Big Lottery Fund	UK economically active population
Asian	5.6%	3.0%
Black	3.6%	1.4%
Chinese	0.2%	0.3%
Mixed	1.2%	1.5%
Other	0.6%	0.4%
White Other	3.8%	3.4%
Total Black and minority ethnic (BME)	15.0%	10.0%
White UK	83.7%	90%
Not Known	0.7%	
Do not want to declare	0.6%	

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## **Section 75, Northern Ireland Act 1998**

Equality is central to all of our work and we continue to deliver the requirements of the statutory duties under Section 75 of the Northern Ireland Act 1998. We submitted our equality annual report to the Equality Commission for Northern Ireland in August 2016.

## **Welsh Language Scheme**

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

As a result of the Welsh Language Standards and our proactive approach as an organisation, some services offered by the Big Lottery Fund to its staff are available in Welsh for the first time. We have also been working in partnership with Welsh media organisations such as Mudiad Meithrin to promote our funding and funded projects and we will continue with this work over the coming year.

## **Employee involvement**

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

## **Staff sickness absence**

We are committed to the health and wellbeing of our staff. The Fund has a comprehensive sickness absence policy and is also undertaking an employee-led wellbeing project. During 2016/17, the average number of days of sickness absence was 9.1 days per employee (8.8 days in 2015/16).

## **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 2016/17, 86 per cent (94 per cent in 2015/16) of all creditors were paid within 30 days of receiving an invoice.

The percentage of suppliers paid within 10 days under the government's prompt payment challenge was 58 per cent during 2016/17 (69 per cent in 2015/16).

Our overall creditor days (the total value of our creditors at 31 March 2017 divided by total creditor payments during 2016/17, expressed in days) was 21 days (9 days in 2015/16).

## **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. We use 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 2016/17 were consistent with this definition of additionality. In addition to this definition we also take account of the following provision on additionality set out in our policy directions. "ADDITIONALITY AND COMPLEMENTARITY – the development of programmes and funding of projects should complement, add value and be distinct from the work of other funders and parties working towards the Big Lottery Fund's goals."



# Our performance analysis: sustainability report

## Emissions, waste and consumption

The Fund committed to meeting the targets for carbon emissions and waste production set out in the “Greening Government” policy paper issued by the Department for Environment Food and Rural Affairs.

In the four years to 2015/16 we met and exceeded each of the four targets. We reduced our total CO<sub>2</sub> emissions by 773

tCO<sub>2</sub> e compared to a target of 480 tCO<sub>2</sub> e. We also significantly exceeded the target reductions for waste output. We have not restated the targets here but we continue to seek reductions in each of these areas in line with our environmental policies.

Further analysis of our performance this year is shown below.

Greenhouse gas emissions		2016/17	2015/16
Non-financial indicators (tCO <sub>2</sub> e)(tCO <sub>2</sub> e)	Total gross for Scopes 1 and 2	800	1,056
	Total net for Scopes 1 and 2	800	1,056
	(less reductions i.e. Green tariffs)		
	Gross emissions for Scope 3 (business travel)	294	254
	Other Scope 3 emissions measured	–	–
Related energy consumption (kWh)	Electricity: non-renewable	1,336,531	1,602,362
	Electricity: renewable	–	–
	Gas	1,355,859	1,709,684
	LPG	–	–
	Other	–	–
Financial indicators (£000s)	Expenditure on energy	378	447
	Expenditure on official business travel	1,036	867

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

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

Scope 3 refers to emissions from business travel. Our emissions under this category have increased during 2016/17 and did so in 2015/16. This has been a result of travel associated with our aims to be more connected to our customers throughout the UK. In order to manage this we are seeking to improve the use of technology in order to reduce travel demand when this is practical.

<b>Waste</b>		<b>2016/17</b>	<b>2015/16</b>
<b>Non-financial indicators</b> <b>(t)</b>	Total waste	106	96
	Hazardous Waste	-	-
	Landfill	10	10
	Re-used/Recycled	96	86
	Incinerated energy from waste	-	-
<b>Financial indicators</b> <b>(£000s)</b>	Total disposal cost	40	40
	Hazardous waste – total disposal cost	-	-
	Landfill	1	2
	Re-used/Recycled	39	38
	Incinerated energy from waste	-	-

Although there has been an increase in the amount of waste we produce we have increased the proportion we recycle to around 90 per cent. Looking forward we are aiming to focus on reducing paper use.

<b>Finite Resource – consumption/water</b>		<b>2016/17</b>	<b>2015/16</b>
<b>Non-financial indicators (m3)</b>	Water consumption supplied	5,278	5,563
<b>Financial indicators (£000)</b>	Water supply costs	22	36

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# Our governance:

## Statement of Accounting Officer's Responsibilities

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

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

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

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

## Delegated responsibilities

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

## Joint schemes

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

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

During 2016/17 the Big Lottery Fund has participated in the following joint scheme:

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



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## Award partners

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

I retain responsibility for the overall safeguarding of the public funds provided to the Big Lottery Fund and for ensuring that award partners operate within our agreed terms and in line with the financial and policy directions provided to me.

## Our award partners

As part of our People Powered Change outcomes:

- The Foundation for Social Entrepreneurs

As part of the Social Investment programme

- School for Social Entrepreneurs

As part of the International Communities programme:

- Basic Needs
- Action Village India

As part of the Accelerator Fund:

- First Port for Social Entrepreneurs Scotland

As part of the Growth Fund

- Access – The Foundation for Social Investment
- Resonance Health & Wellbeing
- Key Fund Investments Ltd
- Big Issue Access Limited
- First Ark Social Investment Limited

As part of the #iwill Fund programme

- Virgin Money Foundation
- Sport Scotland

As part of the People and Places programme

- Severn Wye Energy Agency Ltd

## Dawn Austwick

Chief Executive and Accounting Officer  
5 July 2017

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## **The governance statement**

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

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

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

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

As Accounting Officer, I am responsible for the preparation of the annual report and accounts and any adjustments required in doing so. I confirm, that in my opinion, this annual report and accounts as a whole represents a fair and balanced view of the activities of the Big Lottery Fund.

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

The Fund operates across the UK and was created by the National Lottery Act 2006, which set out the primary rules under which it operates. It has also been given functions under the Dormant Bank and Building Society Accounts Act 2008.

The Fund is a non-departmental public body (NDPB) and I am fully accountable for our funds to Parliament. Certain orders relating to Lottery and dormant account money are

made by the UK or Scottish Parliaments, but the main government oversight of the Fund is exercised through directions issued by ministers.

The Secretary of State for Culture, Media and Sport is accountable for the National Lottery Distribution Fund (NLDF) and therefore 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 Culture, Media and Sport having changed from the Cabinet Office during the year. 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. The current policy directions were issued by the Minister for the Cabinet Office prior to the transfer of responsibilities to the Department for Culture, Media and Sport.

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

## **Review of non-executive governance**

The Fund is governed by a Board comprising the Chair, the four chairs of the country committees and up to seven other members. The Board has appointed one of its members as Vice Chair. During 2016/17 there were 12 members of the Board.

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

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

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

The Board receives reports on the programmes in each country portfolio, so that it can ensure that they conform to the Strategic Framework and that learning is shared.

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

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

### **Data quality**

The Board receives relevant and regular data from systems across the Fund to provide assurance on performance, controls and risk. It is satisfied that the quality and accuracy of this data is appropriate to its needs in assessing the effectiveness of the funding programmes, the risk management regime, 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 a Senior Management Team (SMT) which currently has 11 members.

SMT meet weekly with a formal meeting each month. SMT considers key policy, strategic and operational matters, provides advice to the Board on matters requiring its approval and oversees the operating and financial performance and risk management of the Fund as a whole.

The members of SMT and their areas of responsibility are set out in the next section of this report.

Four members of SMT left the Fund during the year and have been replaced with new appointments albeit with some adjustment to the range of responsibilities.

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

During the year I visited the Fund's offices across the UK to talk with staff and managers on implementing the new Strategic Framework and other matters. I have also attended country committee meetings, engaged with stakeholders across the UK and have met with officials from the Department for Culture, Media and Sport, the Cabinet Office and attended the Lottery Distributors' Forum.

### **Risk management**

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



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

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

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

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

A programme of internal audit work is prepared annually by the Head of Internal Audit and agreed with SMT and the Audit and Risk Committee. This programme is designed to give assurance that appropriate controls have been designed and are operating correctly in relation to all the significant risks faced by the Fund. Over the course of the year, we have addressed a significant number of risks within the following key risk themes; the key risks we have addressed relate to: leadership and culture, resources, stakeholders, impact and outcomes, external environment and financial matters.

The findings of internal audit reports are considered by me, the managers concerned and the Audit and Risk Committee. Greater scrutiny is given to any reports

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

A number of internal audit reviews were completed over the course of the year and no significant weaknesses that could cause the control framework to become inadequate and ineffective were found. A review of the Fund's European matched funding programme identified limited assurance with regard to controls design and their operation. This is being addressed through a series of actions to improve operations on this important programme.

Each SMT director has provided me with an assurance statement on the areas for which they are responsible. Drawing on these and the results of internal audit reviews the Head of Internal Audit has provided me with an annual assurance report. The assurance report assesses the Fund to have 'adequate assurance' in relation to its framework of governance, risk management and control, a position with which I concur. 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 the Department for Culture, Media and Sport.

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.

### **Funding management system (FMS)**

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

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We have continued to assess its performance, particularly in the light of the demands of the Strategic Framework. Last year we concluded that it does not fully support the ways of working we need to deliver the key principles set out in the Strategic Framework and more specifically the ways of working and ambitions set out in the grant-making strategy. Last year we made an impairment adjustment to the carrying value of the intangible asset totalling £9.5 million. We have reviewed this assessment and have concluded that no further impairment is necessary this year. We have however determined that the system is unlikely to remain in operation for the full 10 year life it was assigned in accordance with our accounting policies. Consequently we have made an adjustment to its useful economic life to reflect our best estimate of its continued use. We have amended our accounting policy as a result to reflect the need to regularly assess the useful life of all assets.

### **Fraud**

The Fund inevitably faces the risk of fraud. The greatest such risk comes from organised criminal attacks on our small grants system. We have an investigations team that supports our funding staff in carrying out risk assessment, and follows through all suspected cases of fraud or any other wrongdoing. Other controls on fraud include: a clear fraud policy; a whistle blowing policy together with means for the public to directly refer concerns to our investigations team; clear reporting arrangements for suspected frauds, with material frauds being reported to me, the Audit and Risk Committee and to the Department for Culture, Media and Sport; and close working with the police, Charity Commission and other agencies. The Fund is engaged in cross-governmental anti-fraud initiatives. The number and value of suspected irregularities is monitored at all Audit and Risk Committee meetings.

### **Operating cost target risk**

We budgeted to achieve an operating cost ratio of 7 per cent in 2016/17. We met this target for the year despite reduced Lottery

incomes. Our operating cost expenditures ended the year sufficiently below the budget we set to offset the extent to which income fell below our expectations. We are required by government to operate within a cost threshold of 8 per cent. We continue to seek efficiencies and there have been further functional restructures during the year designed both to improve services and deliver savings. The budget for 2017/18 has been set to continue to operate within the 8 per cent threshold but the lower base for income and the need to continue to invest in changes to our approach to grant-making and operations means we are unlikely to achieve the 7 per cent target we set in each of the last 2 years.

### **Cash Flow Risk**

The Fund makes award commitments on the basis of meeting the obligations that arise from future receipts from the National Lottery. We manage the risk of fluctuations in income through robust cash forecasting. Income declined in 2016/17 and is unlikely to recover in 2017/18. Managing future liabilities and cash flow in these circumstances is an area which is receiving greater attention.

### **Other risks**

In addition to those noted above, other risks we face are common to most organisations of similar size and complexity. No significant issues have arisen in these areas, and the Fund has effective systems, controls and contingency plans that I am satisfied manage such risks acceptably.

### **Effectiveness of non-executive governance**

The current arrangements for governance were developed following an independent review in 2010. They were designed to enable the Board to focus more effectively on the strategic oversight of the organisation. During the year we commissioned an independent governance review. There were a number of recommendations in this report designed to improve the effective operation of Board matters and these have been implemented. For example, Board meetings have been

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separated into two distinct elements. One focusing on strategic discussions while the second part deals with operational matters and decision making enabling the Board to provide stronger support to the Executive.

Funding programme matters within strategic parameters set by the Board are fully devolved to the five portfolio committees.

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

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

### Triennial Review

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

We have made significant progress in implementing the recommendations identified in the review. These were fully considered in the development of the Strategic Framework and many of the matters identified have been fully addressed, particularly through the grant-making strategy and in matters relating to governance.

One example of this is the recommendation to review our grant application process so that it is proportionate for smaller groups and first time applicants. In implementing the Strategic Framework we have created much

simpler application forms, digitised some of the application process, introduced simpler terms and conditions and are beginning to work more directly with applicants rather than in processing centres. Over the course of the next year we expect to have launched a fully online application process for small grants and to have re-invigorated and relaunched the England portfolio.

The 3 year review period ends in June 2017. We have a number of actions still in progress and will be reporting our progress in full at that point.

### Corporate planning and performance management

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

The corporate plan for 2016/17 included two financial and three non-financial key performance indicators (KPIs). These were monitored regularly and reported on a monthly basis to SMT and quarterly to the Board, with corrective action being agreed wherever necessary.

We failed to meet one of the KPI targets for the year. This was in relation to our published turnaround times for grant applications. We set ourselves a target of achieving these times for 95 per cent of applications on our responsive grant programmes. This represented an increase of 5 percentage points from the target in the previous year. Our actual performance was 93 per cent which was similar to last year. The reasons for this are largely associated with applications which require further data from applicants where our handling of the request and the customer response time add to the turnaround time.

Additional key management information (KMI) is also collated and analysed for SMT throughout the year in a performance dashboard. This presents data on such

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matters as employment statistics, service delivery and other financials such as our balance in the NLDF. This has been higher than our original forecast for most of the year despite reduced incomes. However it fell towards the end of the year as we continued to meet existing liabilities and so our total outflows on awards and operating costs exceeded our income for the year.

### **Third party funding**

The Board is actively engaged in decisions about third party work that it is appropriate for the Fund to take on, consistent with our third party funding strategy and the principles in the Strategic Framework. We apply a risks and control regime to each opportunity consistent with the task set by the client, ensuring that there is no question of Lottery money being put at risk or cross subsidising of non-Lottery work. We regularly review activities and opportunities to identify learning from the delivery of third party activities.

During the year Government Crown Commercial Services completed a tender process to procure Grant & Programme Services in relation to the assessment and award of grant schemes. The Fund submitted a response to the tender documents and has been listed under certain lots within the framework. We have yet to contract for any third party activity under these arrangements.

### **Delegated and trust arrangements**

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

The Fund also makes awards as endowments to trusts, normally created specifically for the purpose of the award, for example, the Power to Change trust was set up in 2014/15 to support community enterprises across

England, from inspiring and nurturing ideas to helping communities scale up and expand their businesses.

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

### **Data quality and protection**

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

During 2016/17 there were no reportable losses of personal data.

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

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

### **Dawn Austwick**

Chief Executive and Accounting Officer  
5 July 2017



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

### UK Board members

Name	Role	Attendance 2016/17	Remuneration 2016/17	Remuneration 2015/16
Peter Ainsworth	Chair, UK Board	4/4	40,000	40,000
	Chair, Remuneration Committee	1/1	-	-
	Chair, UK Funding Committee	5/5	-	-
Tony Burton CBE	Vice Chair, UK Board	4/4	12,208	10,464
	Chair, Audit and Risk	4/4	-	-
	Member, Remuneration Committee	1/1	-	-
	Member, UK Funding Committee	5/5	-	-
Astrid Bonfield CBE	Member, UK Board	3/4	7,848	7,848
	Member, UK Funding Committee	4/5	-	-
Natalie Campbell	Member, UK Board	3/4	7,848	6,540
Perdita Fraser	Member, UK Board	4/4	7,848	7,848
	Member, Audit and Risk Committee	4/4	-	-
Julie Harrison	Chair, Northern Ireland Committee (from 1 January 2017)	1/1	6,000	-
	Member, UK Board (from 1 January 2017)	1/1	-	-
Frank Hewitt	Chair, Northern Ireland Committee (until 30 November 2016)	4/4	16,000	24,000
	Member, UK Board	4/4	-	-
David Isaac CBE	Member, UK Board	4/4	7,848	7,848
	Member, Remuneration Committee	1/1	-	-
Maureen McGinn	Chair, Scotland Committee	10/10	24,000	24,000
	Member, UK Board	4/4	-	-
	Member, UK Funding Committee	5/5	-	-
Elizabeth Passey	Member, UK Board	4/4	7,848	7,848
Rachael Robathan	Member, UK Board	4/4	7,848	6,540
Nat Sloane CBE	Chair, England Committee	6/6	24,000	24,000
	Member, UK Board	4/4	-	-
Sir Adrian Webb	Chair, Wales Committee	4/4	24,000	18,000
	Member, UK Board	4/4	-	-
	Member, Audit and Risk Committee	4/4	-	-

## Other members

Name	Role	Attendance 2016/17	Remuneration 2016/17	Remuneration 2015/16
<b>England committee</b>				
Geeta Gopalan	Vice Chair, England Committee	5/6	8,698	11,295
	Member, Audit and Risk Committee	4/4	-	-
Scott Greenhalgh	Member, England Committee (until 31 December 2016)	5/5	5,886	12,184
Charlie Howard	Member, England Committee	5/6	10,000	5,000
Margaret Jones	Member, England Committee	6/6	7,848	1,308
Tarn Lamb	Member, England Committee	6/6	10,000	11,147
Steve Richards	Member, England Committee (until 30 June 2015)	-	-	2,500
Jane Robinson	Member, England Committee	6/6	10,000	10,000
	Member, UK Funding Committee	3/5	-	-
Nalini Varma	Member, England Committee (until 30 September 2015)	-	-	5,436
<b>Scotland committee</b>				
Elizabeth Cameron	Member, Scotland Committee (until 11 March 2015)	-	-	600
Grant Carson	Member, Scotland Committee (from 1 January 2016)	9/10	5,232	1,308
Stella Everingham	Member, Scotland Committee	10/10	5,232	5,232
Iain Gordon	Member, Scotland Committee (from 1 January 2016)	8/10	5,232	1,308
John McDonald	Member, Scotland Committee (until 31 January 2016)	-	-	4,360
Alan McGregor	Member, Scotland Committee (until 30 June 2015)	-	-	1,308
Shalani Raghavan	Member, Scotland Committee	9/10	5,232	5,232
Deirdre Robertson	Member, Scotland Committee	9/10	5,232	5,232
John Watt	Member, Scotland Committee	8/10	5,232	5,232
<b>Wales committee</b>				
Rona Aldrich	Member, Wales Committee	3/4	5,232	5,232
Sian Callaghan	Member, Wales Committee	4/4	5,232	5,232
	Member, UK Funding Committee	3/5	-	-
Simon Jones	Member, Wales Committee	3/4	5,232	5,232

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**Other members**

<b>Name</b>	<b>Role</b>	<b>Attendance 2016/17</b>	<b>Remuneration 2016/17</b>	<b>Remuneration 2015/16</b>
<b>Rob Pickford OBE</b>	Member, Wales Committee	4/4	5,232	5,232
<b>Gaynor Richards</b>	Member, Wales Committee	2/4	5,232	5,232
<b>Rita Singh</b>	Member, Wales Committee	4/4	5,232	5,232
<b>Fran Targett OBE</b>	Member, Wales Committee (until 31 May 2015)	-	-	436

**Northern Ireland  
committee**

<b>Geraldine Campbell</b>	Member, Northern Ireland Committee (until 31 October 2015)	-	-	3,052
<b>Dr Michael Dobbins</b>	Member, Northern Ireland Committee	6/6	5,232	5,232
	Member, UK Funding Committee	5/5		
<b>Tony Doherty</b>	Member, Northern Ireland Committee	6/6	5,232	5,232
<b>Julie Harrison</b>	Member, Northern Ireland Committee (until 31 October 2015)	-	-	3,052
<b>Charles Mack</b>	Member, Northern Ireland Committee	6/6	5,232	2,180
<b>Sandra MacNamee</b>	Member, Northern Ireland Committee	5/6	5,232	2,180
<b>Eileen Mullan</b>	Member, Northern Ireland Committee	5/6	5,232	5,232

**Audit and Risk  
committee**

<b>Linda Farrant</b>	Member, Audit and Risk Committee	4/4	1,744	1,744
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## Register of interests

All our Board and committee members, assessors, advisers and members of any advisory panel 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 Board Secretariat.

If the Board or a committee takes any decisions which could reasonably be seen as giving rise to a conflict of interest, principally over grants to organisations but also any commercial relationships, the chair of the meeting makes sure 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 2016/17		Withdrew from award decision <sup>1</sup>	Outstanding grant award at 31 March 2017 (£)
			No	£		
Adrian Webb	Mid Glamorgan Area Scout Council	Close Relative Connected	1	5,000	N/A	-
	RSPB	Committee Member	2	512,558	N/A	470,863
	Tenovus	Chair	1	50,000	N/A	-
Alan McGregor	North Ayrshire Council – Economy and Communities	Chair	1	30,000	N/A	-
Charlie Howard	MAC-UK	Fellow	-	-	N/A	369,483
David Isaac	Stonewall	Chair	1	4,792	N/A	-
Deirdre Robertson	Castle Rock Edinvar Housing Association	Board Member	-	-	N/A	82,595
Eileen Mullan	Age NI	Chair	1	9,767	Yes	187,236
Elizabeth Passey	The University of Glasgow	Convener	1	9,000	N/A	-
Frank Hewitt	Home-Start	Close Relative Connected	1	93,139	Yes	46,569
Geeta Gopalan	Beyond Youth CIC	Mentor	1	9,984	N/A	61,526
Iain Gordon	SCVO	Member	2	508,850	N/A	375,000
Jane Robinson	Gateshead Council	Chief Executive	1	10,000	N/A	-
	Live Theatre	Director	-	-	N/A	44,798
	Newcastle University Development Trust	Trustee	1	17,600	N/A	-



Name	Organisation Name	Nature of relationship	Awards made in 2016/17		Withdrew from award decision <sup>1</sup>	Outstanding grant award at 31 March 2017 (£)
			No	£		
John McDonald	Apex Scotland	Close Relative Connected	-	-	N/A	28,170
	Pain Association Scotland	Close Relative Connected	1	31,414	N/A	21,446
	Perth & Kinross Association of Voluntary Service	Board Member	2	478,515	N/A	478,515
	Perth College UHI	Board Member	1	4,000	N/A	-
John Watt	Highland Multicultural Friends	Close Relative Connected	1	7,860	N/A	-
	Urras Energy Society	Shareholder	1	4,870	N/A	-
Julie Harrison	Building Change Trust Limited	Director	-	-	Yes	100,000
Maggie Jones	Foundation Leeds	Chief Executive	1	395,433	N/A	247,994
	Leeds City Council Community Board	Member	4	3,369,686	N/A	3,330,966
	PossAbilities Rochdale	Director	1	10,000	N/A	159,135
	Womens Health Matters Leeds	Close Relative Connected	-	-	N/A	285,037
	YourConsortium	Connected with related organisation	-	-	N/A	6,318,718
Maureen McGinn	The Broomhouse Centre	Close Relative Connected	1	1,200,000	Yes	1,467,412
	Independence from Drugs and Alcohol Scotland	Close Relative Connected	1	10,000	N/A	10,000
Michael Dobbins	Liberty Consortium	Director	1	600,000	Yes	484,694
	Liberty Consortium	Director	1	4,965	N/A	-
Nalini Varma	Comic Relief	Trustee	1	305,000	N/A	305,000
Nat Sloane	The Social Investment Business Limited	Chair – connected org.	1	698,970	N/A	-
	Social Finance	Committee Member	-	-	N/A	3,469,350
	We Cook to Eat	Close Relative Connected	1	2,340	N/A	-
Natalie Campbell	UNLTD - The Foundation for Social Entrepreneurs	Trustee	-	-	N/A	470,191
Rachael Robathan	Imperial College	Member	-	-	N/A	1,246,394
Rita Singh	Common Cause Foundation	Director	1	9,999	N/A	-

Name	Organisation Name	Nature of relationship	Awards made in 2016/17		Withdrew from award decision <sup>1</sup>	Outstanding grant award at 31 March 2017 (£)
			No	£		
Rob Pickford	Cardiff University	Fellow	1	50,000	N/A	50,000
	Multiple Sclerosis Society	Close Relative Connected	1	447,293	Yes	454,784
	RSPB	Member	2	512,558	Yes	470,863
Sandra McNamee	Womens Aid ABCLN	Consultant	1	600,000	Yes	1,157,959
	Women's Aid Federation	Consultant	-	-	N/A	25,000
	Greenlight Gateway	Consultant	-	-	N/A	75,000
	Limavady Community Development Initiative Limited.	Consultant	1	5,860	N/A	-
Shalani Raghavan	Neighbourhood Networks	Trustee	1	10,000	N/A	-
Sian Callaghan	Cadwyn Housing Association Limited	Shareholder	-	-	N/A	55,934
	Welsh Housing Aid Limited	Committee Member	-	-	N/A	152,344
Simon Jones	Keep Wales Tidy	Close Relative Connected	1	14,600	N/A	-
	Marie Curie	Director	2	668,072	N/A	267,809
Stella Everingham	Children 1st	Board Member	-	-	N/A	168,827
	Children in Scotland Ltd	Member	1	365,300	No <sup>2</sup>	308,420
	Scottish Borders Council	Employee	1	414,085	Yes	988,875
Tarn Lamb	Carefree Fostering Independence Cornwall	Trustee	2	9,910	N/A	323,780
	The Learning Partnership for Cornwall and the Isles of Scilly	Director	5	798,954	N/A	598,954
Tony Burton	Design Council	Ex-employee	1	3,651,508	N/A	3,262,166
	The Marylebone Forum	Advisor	1	10,000	N/A	-
	Mitcham Cricket Green Community & Heritage	Trustee	1	7,100	N/A	-
	Renaissi	Consultant	2	1,008,944	N/A	958,007
	The Conservation Volunteers	Trustee	3	27,050	N/A	268,616
Tony Doherty	Bogside and Brandywell Initiative Ltd	Director	1	5,000	Yes	-
	Dove House Community Trust	Chair	1	4,700	Yes	24,594
	Cairde na Gaelscoile	Board Member	1	7,665	Yes	-

Notes: 1. Where recorded as not applicable ("N/A") the individual has declared a connection with the organisation but has not been party to any decision with regard to grants 2. This connection was declared in committee. It represents a paid subscription to a member organisation. Committee concluded that the connection held no influence over governance or business and that the connection was not relevant to the application.

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## The senior management team

### **Dawn Austwick**

Chief Executive

### **Gemma Bull**

Portfolio Development Director for England

### **Martin Cawley**

Director, Scotland (from September 2016)

### **Lyn Cole**

Grant-making Director for England  
(until February 2017)

### **Joe Ferns**

UK Knowledge and Portfolio Director

### **James Harcourt**

Director – England Grant Making  
(from March 2017)

### **Ben Harrison**

Director of Engagement (from November 2016)

### **Danny Homan**

Chief of Staff (until November 2016)

### **Ian Hughes**

Finance Director

### **Jackie Killeen**

Director, Scotland (until April 2016)

### **Joanne McDowell**

Director, Northern Ireland

### **John Rose**

Director, Wales

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

### **Milly Camley**

Interim Director Communications and External Relations (until October 2016)

### **Dianne Hughes**

HR Director

### **Beth Lawton**

Technology Director

## The remuneration and staff report: Remuneration of executive directors

### **Governance**

The Remuneration Committee of the Board has responsibility to:

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

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

The decisions of the Committee are subject to:

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

### **Remuneration policy for executive directors**

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

Directors including the Chief Executive receive a basic salary and a performance related payment (except in respect of one Director). Their other terms and conditions of employment are the same as for other Fund

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employees. They are entitled to be members of the Principal Civil Service Pension Scheme. All directors are on permanent contracts (except where 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 2016/17 this was 1 per cent. Annual increases to the other directors' salaries are approved by the Chief Executive reflecting the outcome of the overall staff pay award.

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

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

Three directors left during the year. One of these was a result of ill health while one resulted in a termination payment which is included in the remuneration tables on pages 66-67.

Details of the basic salary, performance-related payments and pension benefits of directors are set out in the table on pages 66-67. Details of their expenses can be found on the website: [www.biglotteryfund.org.uk/management-expenses](http://www.biglotteryfund.org.uk/management-expenses)

### **Pay multiples (audited information)**

We are required to disclose the relationship between the remuneration of our highest-paid director (which is the Chief Executive)

and the median remuneration of Big Lottery Fund's employees.

Total remuneration includes salary, performance related pay, 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 the year of the highest paid director was £155,000 to £160,000 (2015/16 £155,000 to £160,000), the median salary of the Big Lottery Fund's employees was £27,343 (2015/16 £26,940). The median has increased at the same rate as the increase in the pay of the highest paid director and therefore the ratio has remained unchanged from 2015/16 at 5.8:1.

### **Staff**

Details of staff numbers, their composition and any exit packages are shown in note 7 to the financial statements. Staff sickness absence is reported in the Performance Report.

During the year the Fund has engaged eleven individuals through off payroll contracts. Eight of these were in respect of interim cover for vacant staff positions while the remainder were for specialist services not generally engaged by the Fund. In all cases our contracts are set to ensure that the appropriate tax and National Insurance obligations are met. The total cost of these arrangement was £483,969.

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

The Fund is required to report to government its performance under the Gender Pay Gap regulations. Full details are available on the relevant website. Across the Fund as a whole the Fund reports a gender pay gap of -0.54 per cent. In other words the mean hourly rate of female staff is 0.54% higher than that of male staff.



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

Executives	2016/17 Salary £000	2016/17 Performance related payments £000	2016/17 Value of pension benefits £000	2016/17 Single total figure for remuneration £000	2015/16 Salary £000	2015/16 Performance related payments £000	2015/16 Value of pension benefits £000	2015/16 Single total figure for remuneration £000
Dawn Austwick (Chief Executive)	140-145	10-15	56	210-215	140-145	10-15	56	205-210
Gemma Bull (Director, England Portfolio Development)	80-85	0-5	32	110-115	35-40 (Annual Equiv. 80-85)	N/A	15	50-55
Martin Cawley (Director, Scotland) from 1 September 2016	45-50 (Annual equivalent 80-85)	0-5	19	65-70	N/A	N/A	N/A	N/A
Lyn Cole (Director, England Grant-making) until 28 February 2017	80-85 (Annual equivalent 85-90)	0-5	30	115-120	80-85 (Annual Equiv. 85-90)	0-5	81	170-175
Joe Ferns (Director UK Knowledge and Portfolio) from 1 December 2016	85-90 (Full year earnings)	0-5	13	100-105	N/A	N/A	N/A	N/A
James Harcourt (Director – England Grant Making) from 1 March 2017	70-75 (Annual equivalent 80-85)	0-5	3	75-80	N/A	N/A	N/A	N/A
Ben Harrison (Director of Engagement) from 14 November 2016	30-35 (Annual equivalent 75-80)	0-5	12	40-45	N/A	N/A	N/A	N/A
Danny Homan (Chief of Staff) until 30 November 2016	65-70 (Annual equivalent 100-105)	0-5	27	100-105	100-105	0-5	40	145-150
Ian Hughes (Finance Director)	105-110	5-10	41	150-155	105-110	5-10	41	150-155
Jackie Killeen (Director, Scotland) until 29 April 2016	5-10 (Annual equivalent 70-75)	0-5	2	10-15	70-75	0-5	31	105-110
Joanne McDowell (Director, Northern Ireland)	70-75	0-5	27	100-105	65-70	0-5	27	100-105
John Rose (Director ,Wales)	75-80	0-5	28	105-110	70-75	0-5	28	100-105

## Executives' remuneration – pensions (audited information)

	Accrued pension at pensionable age as at 31/03/17 and related lump sum	Real increase in pension and lump sum at pension	Cash Equivalent Transfer Values (CETV) at 31/03/2017	Cash Equivalent Transfer Values (CETV) at 31/03/2016	Real increase in CETV
Executives	£000	£000	£000	£000	£000
Dawn Austwick (Chief Executive)	10-15 plus 0 lump sum	2.5-5 plus 0 lump sum	161	114	34
Gemma Bull (Director, England Portfolio Development)	0-5 plus 0 lump sum	0-2.5 plus 0 lump sum	19	6	7
Martin Cawley (Director, Scotland) from 1 September 2016	0-5 plus 0 lump sum	0-2.5 plus 0 lump sum	13	0	10
Lyn Cole (Director, England Grant-making) until 28 February 2017	20-25 plus 55-60 lump sum	2.5-5 plus 2.5-5 lump sum	393	340	35
Joe Ferns (Director, UK Knowledge and Portfolio) from 1 December 2016	N/A	N/A	N/A	N/A	N/A
James Harcourt (Director – England Grant Making) from 1 March 2017	0-5 plus 0 lump sum	0-2.5 plus 0 lump sum	14	13	1
Ben Harrison (Director of Engagement) from 14 November 2016	0-5 plus 0 lump sum	0-2.5 plus 0 lump sum	5	0	3
Danny Homan (Chief of Staff) until 30 November 2016	5-10 plus 0 lump sum	0-2.5 plus 0 lump sum	66	47	13
Ian Hughes (Finance Director)	0-5 plus 0 lump sum	0-2.5 plus 0 lump sum	70	34	27
Jackie Killeen (Director, Scotland) until 29 April 2016	15-20 plus 40-45 lump sum	0-2.5 plus 0-2.5 lump sum	224	223	1
Joanne McDowell (Director, Northern Ireland)	25-30 plus 20-25 lump sum	0-2.5 plus 0 lump sum	384	358	8
John Rose (Director, Wales)	15-20 plus 0 lump sum	0-2.5 plus 0 lump sum	258	234	11

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## **Cash equivalent transfer values (CETV)**

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

### **Real increase in CETV**

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

## **Remuneration of Board and Committee members**

The remuneration of Board and Committee members of the Big Lottery Fund is determined by the Secretary of State for the Department of Culture, Media and Sport having transferred from the Minister for the Cabinet Office during the year.

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

The total amounts they received are shown in the table on pages 58 to 60.

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

### **Dawn Austwick**

Chief Executive and Accounting Officer  
5 July 2017

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# Our accounts: Financial statements

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

I certify that I have audited the financial statements of the Big Lottery Fund for the year ended 31 March 2017 under the National Lottery etc Act 1993 and the Dormant Bank and Building Society Accounts Act 2008. The financial statements comprise: the Statements of Comprehensive Income, Financial Position, Cash Flows, Changes in Equity and the related note. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration and Staff Report that is described in that report as having been audited.

### **Respective responsibilities of the Board, Accounting Officer and auditor**

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Chief Executive, as the Accounting Officer, is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the National Lottery etc Act 1993. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Big Lottery Fund's circumstances and have been consistently applied and adequately disclosed;

the reasonableness of significant accounting estimates made by the Big Lottery Fund; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

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

### **Opinion on regularity**

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

### **Opinion on financial statements**

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 2017 and of the deficit for the year then ended; and
- the financial statements have been properly prepared in accordance with the National Lottery etc Act 1993., the Dormant Bank and Building Society Accounts Act 2008 and Secretary of State directions issued thereunder.



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## Opinion on other matters

In my opinion:

- the parts of the Remuneration and Staff Report to be audited have been properly prepared in accordance with Secretary of State directions made under the National Lottery etc Act 1993; and
- in the information given in Section 5 and Section 6 of the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which I report by exception

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

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

## Report

I have no observations to make on these financial statements.

**Sir Amyas C E Morse**

**14 July 2017**

Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace Road Victoria

London SW1W 9SP

## Statement of comprehensive income

		Year ended 31 March 2017	Year ended 31 March 2016
	Note	£000	£000
<b>Income</b>			
<b>Lottery income</b>			
Proceeds from the National Lottery	13	651,977	769,330
Investment income from the National Lottery Distribution Fund	13	2,125	3,140
Bank and other interest receivable	2	65	105
Recoveries of grant	2	2,282	5,145
		<u>656,449</u>	<u>777,719</u>
<b>Dormant account money income</b>			
Transfers from Reclaim Fund Ltd		94,450	37,170
Bank interest receivable on dormant account income		162	79
		<u>94,612</u>	<u>37,249</u>
<b>Other income</b>	2	10,995	5,242
<b>TOTAL INCOME</b>		<u><u>762,056</u></u>	<u><u>820,210</u></u>
<b>Expenditure</b>			
<b>Lottery programme expenditure</b>			
Grant expenditure	3	717,377	593,425
Less lapsed or revoked grant expenditure	3	(4,486)	(8,165)
Direct expenditure in support of programmes	4	20,857	22,980
		<u>733,748</u>	<u>608,239</u>
<b>Dormant account money programme expenditure</b>			
Grant expenditure		85,909	45,108
<b>Operating costs</b>			
Operating costs for distributing Lottery Income	5	51,508	47,991
Operating costs for distributing dormant account money	5	294	663
Recharged operating costs	5	3,558	3,207
		<u>55,360</u>	<u>51,861</u>
<b>Restructuring and investment</b>	8	1,299	10,246
		<u>56,659</u>	<u>62,107</u>
<b>TOTAL EXPENDITURE</b>		<u><u>876,316</u></u>	<u><u>715,454</u></u>
<b>(Deficit)/Surplus before taxation</b>		(114,260)	104,756
Taxation	9	(14)	(21)
<b>Total comprehensive net (expenditure)/income</b>		<u>(114,274)</u>	<u>104,735</u>

All income and expenditure relates to continuing activities

## Statement of changes in equity

	Year ended 31 March 2017			Year ended 31 March 2016		
	Lottery Accounts	Dormant Accounts	Total	Lottery Accounts	Dormant Accounts	Total
	£000	£000	£000	£000	£000	£000
Overall reserves						
Opening reserve position	(783,130)	(3,637)	(786,767)	(879,343)	(12,159)	(891,502)
Transferred from Statement of Comprehensive Income	(105,865)	(8,409)	(114,274)	96,213	8,522	104,735
Closing reserve position	(888,995)	(12,046)	(901,041)	(783,130)	(3,637)	(786,767)

## Statement of financial position

	Note	Year ended 31 March 2017 £000	Year ended 31 March 2016 £000
<b>Non-current assets</b>			
Property, plant and equipment	10	4,414	3,277
Intangible assets	11	5,883	7,785
		<u>10,297</u>	<u>11,062</u>
<b>Current assets</b>			
Trade and other receivables	12	24,031	8,244
Cash at bank and in hand		40,508	47,159
Investment balance in National Lottery Distribution Fund	13	398,756	414,033
		<u>463,295</u>	<u>469,437</u>
<b>Total assets</b>		<b>473,592</b>	<b>480,499</b>
<b>Current liabilities</b>			
Trade and other payables	14	(556,848)	(466,540)
<b>Total assets less net current liabilities</b>		<u>(83,256)</u>	<u>13,959</u>
<b>Non-current liabilities</b>			
Trade and other payables	14	(816,346)	(795,761)
<b>Provisions</b>	15	(1,439)	(4,965)
<b>Assets less liabilities</b>		<u><b>(901,041)</b></u>	<u><b>(786,767)</b></u>
<b>Represented by:</b>			
Lottery funds reserve		(913,087)	(790,404)
Dormant account money reserve		12,046	3,637
		<u><b>(901,041)</b></u>	<u><b>(786,767)</b></u>

Signed on behalf of the Big Lottery Fund Board on 5 July 2017.

**Dawn Austwick**  
Chief Executive and Accounting Officer

**Peter Ainsworth**  
Chair

The notes on pages 74 to 98 form part of these accounts.

## Statement of cash flows

		Year ended 31 March 2017	Year ended 31 March 2016
	Note	£000	£000
<b>Cashflows from operating activities</b>			
Funds drawn down from the National Lottery Distribution Fund	13	669,379	682,548
Transfers from Reclaim Fund Ltd (dormant account money)		94,612	37,170
Payments relating to dormant account money		(85,292)	(38,190)
Recoveries of grant and cash from other sources		2,282	5,145
Other income		9,371	4,293
Interest received		65	105
Payments to suppliers		(22,471)	(20,817)
Payments to and on behalf of employees		(34,235)	(32,058)
Payments to grant recipients		(624,693)	(632,623)
Cash paid and held by third parties		(13,989)	1,780
Tax paid on interest received		(19)	(27)
Net cashflow from operating activities	19	(4,991)	7,326
<b>Cashflows from investing activities</b>			
Payments to acquire property, plant and equipment		(1,660)	(932)
<b>(Decrease)/Increase in cash</b>		<b>(6,651)</b>	<b>6,394</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>			
Cash balances carried forward		40,508	47,159
Less cash balances brought forward		(47,159)	(40,765)
<b>(Decrease)/Increase in cash</b>		<b>(6,651)</b>	<b>6,394</b>

The notes on pages 74 to 98 form part of these accounts.



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# Notes to the accounts

## 1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2016/17 Government Financial Reporting Manual (FReM) issued by HM Treasury, and the Accounts Directions issued by the Secretary of State for Culture, Media and Sport in accordance with Section 36A (2) of the National Lottery etc Act 1993 (as amended by the National Lottery Acts 1998 and 2006) and the Dormant Accounts and Building Society Act 2008. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Big Lottery Fund for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Big Lottery Fund for 2016/17 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 Culture, Media and Sport. However, the share of these balances attributable to the Fund is as shown in the accounts and, at 31 March 2017, has been certified by the Secretary of State for Culture, Media and Sport as being available for distribution by the Fund in respect of current and future commitments.

### 1.4 Property, plant and equipment

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

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

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

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## 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:

<b>Funding system software</b>	10 years or remaining useful economic life where revised
<b>Website</b>	5 years

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

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

## 1.6 Pension fund

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

## 1.7 Operating leases

### Lessee

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

At 31 March 2017 all of the Fund's property leases are classified as operating leases. The lease payments for property cannot be reliably allocated between the land and building components. However it is clear that both elements of the lease arrangements do not transfer substantially all of the risks and rewards of ownership to the Fund and therefore both elements have been classified as operating leases.

### Lessor

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

## 1.8 Expenditure on programmes

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

### Grant awards

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

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

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

### **Development awards**

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

### **Performance based awards**

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

### **Multi-stage awards**

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

### **Classification of liabilities**

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

### **Grants repaid and recovered**

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

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

### **Direct expenditure on programmes**

We record as 'direct expenditure on programmes' those costs incurred in delivering services directly to beneficiaries or grant recipients as arrangements under s43 of the National Lottery etc Act. For example, provision of grant applicant and recipient support structures and quality assurance for the direct benefit of grant recipients.

### **Lapsed or revoked grant expenditure**

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

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## 1.9 Taxation

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

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

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

## 1.10 Cash and cash equivalents

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

## 1.11 Provisions

The Fund recognises a provision where:

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

Currently we have provisions for restructuring costs, onerous lease transactions and dilapidations.

## 1.12 Grant management

### Delegated partners

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

### Trusts

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

### Joint schemes

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

## 1.13 Third party assets

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

## 1.14 Financial instruments

The Fund reviews all contracts against IAS 39 in respect of recognition and measurement of financial instruments. The assets and liabilities considered to be financial in nature are set out in note 20. We do not hold any complex financial instruments.

### 1.15 Segmental reporting

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

### 1.16 Dormant account funds

Dormant account funds have been accounted for under the same policies as Lottery funds, with the amounts forming a part of these financial statements and being subject to audit opinion. For clarity, memorandum financial statements relating only to dormant account money are included on pages 99 to 101.

### 1.17 Accounting Standards that have been issued but not yet adopted

The Treasury FReM does not require the following Standards and Interpretations to be applied in 2016/17. The application of the Standards as revised would not have a material impact on the accounts for 2016/17, were they applied in that year:

IFRS 9 Financial Instruments – effective 2017-18

IFRS 15 Revenue from contracts with customers effective 2018-19

IFRS 16 Leases effective 2019-20

## 2. Income

	Year ended 31 March 2017 £000	Year ended 31 March 2016 £000
<b>Bank and other interest receivable</b>		
Bank interest receivable	65	105
	<b>65</b>	<b>105</b>
<b>Greenwich Peninsula land sale</b>		
Greenwich Peninsula land sale	4,041	-
	<b>4,041</b>	<b>-</b>
<b>Other income</b>		
Income from delivering non-Lottery funding	3,414	3,066
Income from delivering Lottery Funding on behalf of other distributors	144	76
Rental income	2,515	1,763
Sundry income	881	337
	<b>6,954</b>	<b>5,242</b>
<b>Recoveries of grant from grant holders</b>		
Recoveries of grant	2,282	5,145
	<b>2,282</b>	<b>5,145</b>



### 3. Programme expenditure

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

We do not allocate income but manage each geographical share through determination of grant budgets. As set out in section four of the annual report, grant budgets are set based on available cash resources. The Board has allocated funding for the 2015–2021 strategic plan along with indicative funding in the period to 2022/23 to each country after a share of budget, up to 10 per cent, is top sliced for UK programmes. Shares between the remaining country portfolios are determined by a Budget Allocation Formula. This is based on population adjusted by a number of factors relating to relative deprivation and relative resource availability. The shares have recently been adjusted to take account of the population data in the 2011 Census. As a result, of the remaining budgets after UK share, England receives 78.0 per cent; Scotland 11.0 per cent; Wales 6.35 per cent and Northern Ireland 4.65 per cent.

Over the plan period each country committee has discretion, within certain constraints, on the phasing of grant decisions. The table below sets out grant expenditure 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	56,527	511,882	77,366	44,420	27,182	717,377
Less lapsed and revoked grant expenditure	(409)	(2,316)	(1,563)	(48)	(150)	(4,486)
Net grant expenditure made 2016/17	<b>56,118</b>	<b>509,566</b>	<b>75,803</b>	<b>44,372</b>	<b>27,032</b>	<b>712,891</b>
Net grant expenditure made 2015/16	95,160	380,010	60,516	18,848	30,725	585,260

### 4. Direct expenditure in support of programmes

Costs relating to expenditure for the direct benefit of third party recipients made under contract rather than a grant award.

	Year ended 31 March 2017	Year ended 31 March 2016
	£000	£000
Support provided directly to grant applicants and recipients	20,857	22,980
	<b>20,857</b>	<b>22,980</b>

## 5. Operating Costs

	Operating costs for distributing Lottery income	Recharged operating costs	Operating costs for distributing dormant accounts money	Year ended 31 March 2017 Total operating costs	Year ended 31 March 2016 Total operating costs
	£000	£000	£000	£000	£000
Employee remuneration	30,217	3,142	181	33,540	32,039
Travel & Expenses					
– Staff	1,646	85	2	1,733	1,377
– Board and Committee	6	-	-	6	14
Payments under operating leases:					
– Property	3,579	201	8	3,788	2,515
– Other	336	-	-	336	385
Other Accommodation costs	2,735	-	-	2,735	2,849
Communication costs	904	16	-	920	934
Externally provided support for grant programmes	691	23	(1)	713	455
Programme Evaluation	119	48	78	245	396
Staff recruitment and training	1,250	4	-	1,254	1,069
Professional fees	593	15	-	608	574
Auditors remuneration for audit work *	111	-	-	111	125
IT infrastructure costs	3,903	15	-	3,918	3,591
Other costs	733	2	9	744	850
Write down of property, plant and equipment	-	-	-	-	108
VAT	2,259	7	17	2,283	1,876
Non cash items		-			
– Depreciation and amortisation	2,426	-	-	2,426	2,704
	<b>51,508</b>	<b>3,558</b>	<b>294</b>	<b>55,360</b>	<b>51,861</b>

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

## 6. Financial performance indicator

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

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

Income of £59.4 million was received during 2014/15 in respect of the refund from Olympic Lottery Distribution Fund (OLDF) for monies previously forgone in order to cover the cost of London 2012. This return has been deferred over four years for performance measurement purposes. On this basis the cost of distributing our share of Lottery income was 7.0 per cent of Lottery income (Restated 2015/16: 5.7 per cent).

	Year ended 31 March 2017	Restated Year ended 31 March 2016
	£000	£000
Operating costs for distributing Lottery income (as per Note 5)	51,508	47,991
Less rental income (as per Note 2)	(2,515)	(1,763)
Less sundry income (as per Note 2)	(881)	(337)
Less business rates	(1,112)	(999)
<b>Total qualifying expenditure</b>	<b>47,000</b>	<b>44,892</b>
Proceeds from National Lottery (as per Note 13)	651,977	769,330
Investment Income (as per Note 13)	2,125	3,140
Plus Greenwich Peninsula land sale (as per Note 2)	4,041	-
Plus rephased income from Olympic Lottery diversion	15,000	15,000
<b>Total qualifying income</b>	<b>673,143</b>	<b>787,470</b>
<b>Percentage</b>	<b>7.00%</b>	<b>5.70%</b>

## 7. Staff numbers and costs

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

	Year ended 31 March 2017	Year ended 31 March 2016
	£000	£000
Wages and salaries	25,431	24,716
Social security costs	2,532	1,833
Other pension costs	4,907	4,821
Agency staff costs	670	670
	<b>33,540</b>	<b>32,039</b>

Some staff included above were seconded out to other organisations, for whom recoveries of £209,116 are included in other income. The salary and pension entitlement of the Fund's senior management and Board Members are included above; details 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 2017	Number of employees at 31 March 2017	Total number of staff at 31 March 2017	Total number of staff at 31 March 2016
	(FTE)	(FTE)	(FTE)	(FTE)
Grant-making	4	494	498	519
Support to customers and stakeholders	-	175	175	192
Governance and administration	11	167	178	138
Staff engaged on capital projects	-	-	-	21
	<b>15</b>	<b>836</b>	<b>851</b>	<b>870</b>

At 31 March 2017, the Fund employed 851 full-time equivalent employees (31 March 2016: 870). This included 15 full-time equivalent temporary employees (31 March 2016: 27).

### Exit packages

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

	Number of redundancies Year ended 31 March 2017	Restated number of redundancies Year ended 31 March 2016
<b>Exit package cost band</b>		
<£10,000	5	3
£10,000 - £25,000	28	3
£25,001 - £50,000	20	4
£50,001 - £100,000	6	1
Total number of exit packages by type	59	11
<b>Total cost £000</b>	<b>1,722</b>	<b>550</b>

We have restated the prior year numbers on redundancies and costs. We previously reported these at the point at which an exit package was paid. Restated numbers report totals based on the termination dates for the individuals affected.

## 8. Restructuring and investment costs

We regularly review the way we are structured and make changes to deliver fit for purpose, efficient and effective services. As part of this process, during 2016/17, the costs of this restructuring included termination payments and property transactions, including changes to the provision of onerous leases.

Following the impairment review undertaken at March 2016 an impairment loss of £9.5 million for the funding system intangible asset was identified for 2015/16 and this is recorded as a restructuring cost and identified below.

	Year ended 31 March 2017	Year ended 31 March 2016
	£000	£000
Termination payments	1,736	919
Property rationalisation	398	1,425
Unavoidable lease payments	(835)	(1,549)
Funding management system intangible asset impairment	-	9,452
	<b>1,299</b>	<b>10,246</b>

## 9. Taxation

The Fund pays corporation tax only on bank and any other interest received. There is a net tax cost of £12,992 (2015/16 £21,021) for the year. We also incurred a £1,253 corporation tax charge adjustment from 2014/15.

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
<b>Cost</b>				
At 1 April 2016	7,111	1,530	261	8,902
Additions	1,366	-	294	1,660
Disposals	-	-	(37)	(37)
<b>At 31 March 2017</b>	<b>8,477</b>	<b>1,530</b>	<b>518</b>	<b>10,525</b>
<b>Depreciation</b>				
At 1 April 2016	4,233	1,161	230	5,624
Charge for the year	478	10	36	524
Disposals	-	-	(37)	(37)
<b>At 31 March 2017</b>	<b>4,711</b>	<b>1,171</b>	<b>229</b>	<b>6,111</b>
<b>Net book value</b>				
<b>At 31 March 2017</b>	<b>3,766</b>	<b>359</b>	<b>289</b>	<b>4,414</b>
<b>Cost</b>				
At 1 April 2015	7,259	2,892	405	10,556
Additions	934	-	-	934
Disposals	(1,082)	(1,362)	(144)	(2,589)
<b>At 31 March 2016</b>	<b>7,111</b>	<b>1,530</b>	<b>261</b>	<b>8,901</b>
<b>Depreciation</b>				
At 1 April 2015	4,889	2,382	341	7,612
Charge for the year	365	93	33	491
Disposals	(1,021)	(1,314)	(144)	(2,479)
<b>At 31 March 2016</b>	<b>4,233</b>	<b>1,161</b>	<b>230</b>	<b>5,624</b>
<b>Net book value</b>				
<b>At 31 March 2016</b>	<b>2,878</b>	<b>369</b>	<b>31</b>	<b>3,277</b>

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

## 11. Intangible assets

	Funding system soft ware	Website	Total
	£000	£000	£000
<b>Cost</b>			
At 1 April 2016	9,900	358	10,258
<b>At 31 March 2017</b>	<b>9,900</b>	<b>358</b>	<b>10,258</b>
<b>Amortisation</b>			
At 1 April 2016	2,329	144	2,473
Charge for the year	1,830	72	1,902
<b>At 31 March 2017</b>	<b>4,159</b>	<b>216</b>	<b>4,375</b>
<b>Net book value</b>			
<b>At 31 March 2017</b>	<b>5,741</b>	<b>142</b>	<b>5,883</b>
<b>Cost</b>			
At 1 April 2015	22,538	358	22,896
Impairment	(12,638)	-	(12,638)
<b>At 31 March 2016</b>	<b>9,900</b>	<b>358</b>	<b>10,258</b>
<b>Amortisation</b>			
At 1 April 2015	3,376	72	3,448
Charge for the year	2,139	72	2,211
Impairment	(3,186)	-	(3,186)
<b>At 31 March 2016</b>	<b>2,329</b>	<b>144</b>	<b>2,473</b>
<b>Net book value</b>			
<b>At 31 March 2016</b>	<b>7,570</b>	<b>214</b>	<b>7,785</b>

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

## 12. Trade and other receivables

	Year ended 31 March 2017	Year ended 31 March 2016
	£000	£000
<b>Amounts falling due within one year</b>		
Held by delegated partners for payment of grant commitments	1,265	698
Deposits and advances	808	945
Prepayments and accrued income	6,678	5,256
European match funding	13,700	-
Other receivables	1,580	1,345
	<b>24,031</b>	<b>8,244</b>

## 13. National Lottery Distribution Fund

	Year ended 31 March 2017
	£000
<b>Balance as at 1 April 2016</b>	414,033
Proceeds from the National Lottery	651,977
Investment income from the NLDF	2,125
Funds drawn down from NLDF	(669,379)
Net decrease in balance	(15,277)
<b>Balance as at 31 March 2017</b>	398,756
Unrealised gain on investment	-
<b>Market value at 31 March 2017</b>	<b>398,756</b>

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 Culture, Media and Sport in exercising his functions under the Lottery Act, 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 2017	Year ended 31 March 2016
	£000	£000
<b>Amounts falling due within one year</b>		
VAT	222	347
Other taxation and social security	556	577
Trade payables	353	598
Owed to joint partner for payment of grant commitments	1,711	2,715
Accruals and deferred income	3,200	2,231
Other payables	707	850
Grant accruals (Note 16)	550,099	459,222
	<b>556,848</b>	<b>466,540</b>
<b>Amounts falling due in more than one year</b>		
Accruals and deferred income	-	161
Other payables	-	-
Grant accruals (Note 16)	816,346	795,600
	<b>816,346</b>	<b>795,761</b>

### Grant Liabilities

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

## 15. Provisions for liabilities and charges

	Dilapidations	Unavoidable lease payments	Early retirement contributions	Redundancy provisions	Total
	£000	£000	£000	£000	£000
Brought forward at 1 April 2016	1,202	2,780	57	928	4,966
New provisions created	-	754	-	60	814
Provisions used	(1,050)	(758)	(40)	(882)	(2,730)
Provisions released	-	(1,601)	-	(11)	(1,612)
<b>Carried forward at 31 March 2017</b>	<b>152</b>	<b>1,175</b>	<b>17</b>	<b>95</b>	<b>1,439</b>

### Unavoidable lease payments

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

We re-contracted for space in our Birmingham premises during 2016/17 reducing our occupied space. As a result we have released the previously held provision we had created for lease payments in respect of the unused space. We also applied the same accounting treatment with available office space in our London premises until December 2015, at which point the floor was fully occupied by a new tenant. We therefore released the balance of this provision and created a new provision for the loss on the lease on an occupied basis.

At 31 March 2017, we have discounted the provision for unavoidable lease payments using the discount rate advised by HM Treasury, 2.2 per cent.

### Restructuring: early retirement, redundancy and other support

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

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

A provision has been made for the estimated redundancy costs of those staff with whom the Fund has entered into consultation prior to 31 March 2017. Redundancy payments are made in accordance with contractual arrangements and terms set out in the Principal Civil Service Pension Scheme arrangements.

### Dilapidations

We established dilapidations provisions in 2015/16 in respect of our Glasgow offices following a relocation and also our Birmingham premises where we contracted for reduced space under a new lease. We have settled the dilapidations for Birmingham and released the provision but have yet to finalise costs with regard to Glasgow.

## 16. Grant accruals

	At 31 March 2017
	£000
<b>Movement of grant accruals</b>	
Grant commitments brought forward at 1 April 2016	1,254,822
Grant commitments made	724,482
Lapsed and revoked commitments	(4,548)
Grant commitments met	(608,312)
<b>Accrual carried forward at 31 March 2017</b>	<b>1,366,445</b>



	At 31 March 2017	At 31 March 2016
	£000	£000
<b>Classification of grant accruals at the year-end</b>		
<b>Amounts falling due within one year</b>		
Accruals (Note 14)	550,099	459,222
<b>Amounts falling due in more than one year</b>		
Accruals (Note 14)	816,346	795,600
Total grant accruals	<u>1,366,445</u>	<u>1,254,822</u>

#### Ageing of grant accruals

Committed for payment within one year	550,099	459,222
Committed for payment within more than one year but less than two years	377,762	324,130
Committed for payment within more than two years but less than three years	213,296	204,153
Committed for payment within more than three years but less than four years	103,162	112,975
Committed for payment within more than four years but less than five years	46,016	61,513
Committed for payment after more than five years	76,110	92,829
	<u>1,366,445</u>	<u>1,254,822</u>

## 17. Contingent Liabilities

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

	At 31 March 2017	At 31 March 2016
	£000	£000
Grant awards made by the fund which do not satisfy the criteria to be treated as liabilities	(108,700)	(112,117)
Total grant contingent liabilities	<u>(108,700)</u>	<u>(112,117)</u>

## 18. Joint schemes

### Parks for People

This scheme is administered by the Heritage Lottery Fund on behalf of all parties to the agreement. We have agreed to contribute up to £161 million to the total expected funding of £384 million. Included within grant liabilities are £8.8 million of new grant commitments and contingent liabilities of £20.7 million representing our contribution to the Parks for People joint scheme. The creditors figure includes £1.7 million which is due to Heritage Lottery Fund in respect of our contribution to payments they have made to our grant recipients.

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

	Year ended 31 March 2017	Year ended 31 March 2016
	£000	£000
<b>(Deficit)/Surplus for the period</b>	(114,274)	104,735
Disposal of non-current assets	-	108
Depreciation of property, plant and equipment and amortisation of intangible assets	2,426	2,704
Impairment loss	-	9,452
(Deficit)/Surplus adjusted for non cash transactions	(111,848)	116,999
(Increase) in trade and other receivables	(15,787)	(956)
Decrease/(Increase) in NLDF balance	15,277	(89,922)
Increase/(Decrease) in trade and other payables	110,893	(24,544)
(Decrease)/Increase in provisions	(3,526)	5,750
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(4,991)</b>	<b>7,326</b>

## 20. Financial risks

### Financial Instruments

International Financial Reporting Standard 7 'Financial Instruments: Disclosures' (IFRS 7) requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Financial instruments play a much more limited role in creating or changing risk for the Big Lottery Fund than is typical of the listed companies to which IFRS 7 mainly applies. The Big Lottery Fund does not have powers to borrow. Financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the organisation.

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

### Liquidity risks

Cash requirements for Lottery expenditure are met by drawing down against weekly forecasts of need from the balances held on behalf of the Fund in the NLDF. At March 2016 the fund balance was £414 million, this had reduced to £399 million by 31st March 2017, at which point there were £1,366 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 provided by DCMS.

In 2016/17 £656 million (86.1 per cent) of the Fund's income was derived from the National Lottery, including income of £2 million derived from investment returns from the balance held with the NLDF. Income from dormant account money was £95m (12.4 per cent). The remaining income is a small amount of bank interest and sundry income.

Year ended  
31 March  
2017

£000

#### Liquid assets at 31 March 2017

Market value of NLDF investments	398,756
Cash	40,508
<b>Total</b>	<b>439,264</b>

#### Market and interest rate risks

The financial assets of the Fund are invested in the NLDF, which invests in a narrow band of low-risk assets such as government bonds and cash. The Board has no control over the investment of these funds. At the date of the Statement of Financial Position, the market value of our investments in the NLDF was £399 million. Funds at the NLDF earned on average 0.34 per cent in the year. Cash balances, which are drawn down from the NLDF to pay grant commitments and operating costs, are held in instant-access variable rate bank accounts, which carried an interest rate of 0.5 per cent in the year. The cash balance at the year end was £41 million. The Board considers that the Fund is not exposed to significant interest rate risks.

	2016/17	2015/16
	£000	£000
Sterling at floating interest rates – Big Lottery Fund	13,070	29,041
Sterling at floating interest rates – dormant account money	27,438	18,118
Sterling at mixture of fixed rates	398,756	414,033
	<b>439,264</b>	<b>461,192</b>

#### Credit risks

The Fund's receivables comprise prepayments mostly on property leases and intra-government balances. The intra-government balances are mostly with fellow Lottery distributors and all had been either repaid or agreed by the time of signing the accounts. The Board does not consider that the Fund is exposed to significant credit risk.

#### Foreign Currency risks

Big Lottery Fund is not exposed to any foreign exchange risks.

## Financial assets by category

Assets as per Statement of financial position	2016/17	2015/16
	£000	£000
Non-current assets	10,297	11,062
Investments available for sale	398,756	414,033
Cash and cash equivalents – Big Lottery Fund	13,070	29,041
Cash and cash equivalents – dormant account money	27,438	18,118
Loans and receivables	24,031	8,244
	<b>473,592</b>	<b>480,498</b>

Liabilities as per Statement of financial position	2016/17	2015/16
	£000	£000
Financial liabilities:		
Grant liabilities	1,366,445	1,254,822
Operating payables	6,749	7,318
	<b>1,373,194</b>	<b>1,262,140</b>

## Fair Valuation

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

1. All cash deposits are with commercial banks.
2. Investments are controlled by the Secretary of State for Culture, Media and Sport who provides the Board with details of the book value and fair value of our balances at the date of the Statement of Financial Position. The unrealised gain on investment is taken through the Statement of Comprehensive Income, resulting in book value equalling fair value.
3. No provision for bad debt is deemed necessary.
4. Whilst we disclose £806 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.
5. All payables are due within normal contractual terms, and so no difference exists between book value and fair value.

## Maturity of financial liabilities

Liabilities as per Statement of financial position	2016/17	2015/16
	£000	£000
In less than one year	556,847	466,701
In more than one year, but less than two	377,762	324,130
In two to five years	362,474	378,641
In more than five years	76,110	92,829
	<b>1,373,193</b>	<b>1,262,301</b>

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

## 21. Financial commitments

### Commitments under operating leases

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

	At 31 March 2017	At 31 March 2016
	£000	£000
<b>Property leases held as a lessee:</b>		
Not later than 1 year	5,270	5,373
Later than 1 year and not later than 5 years	21,152	20,243
Later than 5 years	4,209	5,937
	<b>30,631</b>	<b>31,554</b>
	At 31 March 2017	At 31 March 2016
	£000	£000
<b>Property leases held as a lessor:</b>		
Not later than 1 year	1,843	1,786
Later than 1 year and not later than 5 years	8,706	4,696
Later than 5 years	-	253
	<b>10,548</b>	<b>6,735</b>

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



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## 22. Pension scheme

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

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

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

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

For 2016/17, employers’ contributions of £158,770 were payable to the partnership pension account (2015/16:£136,597).

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

For 2016/17, employers’ contributions of £4,816,480 were payable to the PCSPS (2015/16: £4,759,256) at one of four rates in the ranges set out below. Employer contributions are to be reviewed every four years following a 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 2016/17 are in line with recommendations from the Actuary.

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

<b>Bands</b>	<b>Year ended 31 March 2017</b>	<b>Bands</b>	<b>Year ended 31 March 2016</b>
£23,000 and under	20.0%	£22,500 and under	20.0%
£23,001 – £45,500	20.9%	£22,501 – £45,000	20.9%
£45,501 – £76,000	22.1%	£45,001 – £76,000	22.1%
£76,001 and over	24.5%	£76,001 and over	24.5%

The number of staff for whom pension contributions were made in 2016/17 was 34 classic, 49 premium, 15 nuvos and 812 alpha. The total of 910 represents the majority of the total number of individual permanent members of staff employed over the course of the year.

The forecast level of employer's contributions to the PCSPS for 2017/18, based on a 1 per cent pay award on 2016/17 pay levels, is £4,866,480.

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

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

### **23. Losses and special payments**

Losses occur where there is no evidence that a funded project's objectives were met. In the financial year to 31 March 2017 we have written off losses of £2,983,979 representing 241 awards (2015/16 £1,388,104 representing 147 awards). There were three write-offs that exceeded £100,000. These are:

- **The Barge Inn Community Project Limited £371,826**
- **Taste Tideswell Limited £118,873**
- **Steps Charity (Special Toys Educational Postal Service) £120,267**

#### **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 2017, 3 special payments totalling £18,066 (2015/16 £46,859 representing 6 awards) were made in relation to grant transactions.

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## 24. Related party transactions

The Big Lottery Fund is a non-departmental public body. Policy sponsorship of the Fund was transferred from DCMS to the Cabinet Office in 2011 but returned to DCMS during the 2015/16 financial year. Accordingly, both DCMS and the Cabinet Office have been treated as related parties throughout the year.

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

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

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

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

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

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

### **Board members**

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

Where any committee decisions are taken which would reasonably be seen as giving rise to a conflict of interest, principally over grants to voluntary bodies, the chair of the meeting ensures at the outset that disclosure is made and the committee member withdraws for the duration of any discussion of the relevant item. Our procedures also ensure that grant officers are not engaged in processing applications 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 non-material business interests. These are disclosed on pages 61 to 63.

## 25. Third party assets

These assets represent bank balances held on behalf of third parties on whose behalf we manage grant programmes and the National Lottery Promotions Unit to meet payments processed by the Fund under service level contracts. These balances are not included within our own accounts.

At 31 March 2017 the following bank balances were held on behalf of third parties:

	31/03/16	Inflows	Outflows	31/03/17
	£000	£000	£000	£000
DCMS : Social Incubator Fund, Local Sustainability Fund, Life Chances Fund, Youth Investment Fund, #iwill Fund	774	30,372	21,565	9,581
Arts Council England; Awards for All England	7	-	-	7
Heritage Lottery Fund; Awards for All; England, Wales, Scotland, Northern Ireland	3	1	-	4
Sport England; Awards for All England	8	1	-	9
Creative Scotland; Awards for All Scotland	91	-	139	(48)
National Lottery Promotions Unit	1,013	2,001	2,655	359
Welsh Assembly Government; Community Assets Transfer	(20)	130	85	25
Scottish Early Intervention fund	13	44	57	-
Scottish Celebrate	150	-	67	83
Sports Scotland; Awards for All Scotland	(415)	988	1,014	(441)
Scottish Government; Communities and Family Fund, Scottish Land Fund	769	2,180	1,886	1,063
HM Treasury; Coastal Communities Fund	4,593	16,000	19,641	952

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

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

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

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

More information and the accounts of the NLPU is available at

[www.lotterygoodcauses.org.uk/contact](http://www.lotterygoodcauses.org.uk/contact)

## **27. Capital commitments**

At 31 March 2017 we were in the process of refurbishing the space in Birmingham which we have re-contracted. The work to date is recorded in assets under construction and at this time there were capital commitments in relation to this of £0.7 million. (2015/16: nil)

## **28. Contingent assets**

The National Lottery Distributors are entitled to receive a share of receipts from the sale of land on Queen Elizabeth Olympic Park in return for their contribution of an additional £675m to the funding of the London 2012 Olympic and Paralympic Games. This was announced in 2007. The arrangements are set out in a legal agreement between the Secretary of State and the Greater London Authority dated 29th March 2012 which sets out the distribution of funds between the GLA and the lottery distributors (via DCMS). Land sales are likely to take place over a lengthy period, estimated to be from 2016-17 to 2036-37. DCMS estimates the first payments to the Lottery Distributors to come through around 2020-21.

As successor to the Millennium Commission, the Big Lottery Fund is entitled to a share of the proceeds of land sales on the Greenwich Peninsula made by the Greater London Authority once certain costs have been covered. Payments of £87 million are forecast to be received between 2016 and 2031, of which £4.0 million has been received in 2016/17.

## **29. Post balance sheet review**

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



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### **Dormant account money**

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

Reclaim Fund Ltd transfers funds which it is satisfied are not required to meet future claims from the owners of the dormant account money to the Big Lottery Fund. The Big Lottery Fund distributes those funds in accordance with the Act and directions issued to it by the Minister for the Cabinet Office ('the Minister') and the devolved administrations. Following the transfer of government responsibilities future directions will be issued by the Secretary of State for the Department of Culture, Media and Sport.

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.

In relation to England, directions provide that all funds transferred to the Fund are to be transferred to Big Society Trust for the purpose of capitalising Big Society Capital, a social investment wholesaler. Prior to the establishment of Big Society Trust, the Fund made awards in accordance with directions.

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

The Big Lottery Fund holds funds not yet drawn down on deposit at commercial banks.

## Memorandum accounts – dormant account money

### Statement of comprehensive income

	Year ended 31 March 2017	Year ended 31 March 2016
	£000	£000
<b>Income</b>		
Transfers from Reclaim Fund Ltd	94,450	37,170
Bank interest receivable	162	79
<b>Total income</b>	<b>94,612</b>	<b>37,249</b>
<b>Expenditure</b>		
<b>Programme expenditure</b>		
Transfers to Big Society Trust	78,896	30,741
Grant expenditure	7,013	14,367
	85,909	45,108
<b>Operating costs</b>		
Operating costs	294	663
<b>Total expenditure</b>	<b>86,203</b>	<b>45,771</b>
<b>Surplus/(Deficit) before taxation</b>	<b>8,409</b>	<b>(8,522)</b>
Taxation	-	-
<b>Surplus/(Deficit) after taxation</b>	<b>8,409</b>	<b>(8,522)</b>
<b>Total comprehensive net income/(expenditure)</b>	<b>8,409</b>	<b>(8,522)</b>
<b>Reserves</b>		
Brought forward at 1 April 2016	3,637	12,159
Total comprehensive net income for the year	8,409	(8,522)
Carried forward at 31 March 2017	12,046	3,637

## Statement of financial position as at 31 March 2017

	Year ended 31 March 2017	Year ended 31 March 2016
	£000	£000
<b>Current assets</b>		
Cash at bank and in hand	27,438	18,118
<b>Total assets</b>	<b>27,438</b>	<b>18,118</b>
<b>Current liabilities</b>		
Trade and other payables	(18)	(103)
Grant commitments	(15,374)	(14,377)
<b>Total liabilities</b>	<b>(15,392)</b>	<b>(14,480)</b>
<b>Assets less liabilities</b>	<b>12,046</b>	<b>3,637</b>
Retained surplus	12,046	3,637

## Detailed Income and Expenditure Account with Country apportionment

	Year ended 31 March 2017				Year ended 31 March 2016	
	England	Scotland	Wales	Northern Ireland	Total	Total
	£000	£000	£000	£000	£000	£000
Total Income	-	-	-	-	94,612	37,249
Big Lottery Fund distribution costs	-	-	-	-	(294)	(663)
Available for apportionment to Countries	79,133	7,923	4,621	2,641	94,318	36,586
Transfer to Big Society Capital	(78,896)	-	-	-	(78,896)	(30,741)
Grant Commitments made	-	(4,558)	(2,455)	-	(7,013)	(14,367)
Surplus/(Deficit) for the year	237	3,365	2,166	2,641	8,409	(8,522)
Balance of funds brought forward	(70)	(134)	(3,609)	7,450	3,637	12,159
<b>Balance of funds carried forward at 31 March 2017</b>	<b>167</b>	<b>3,231</b>	<b>(1,443)</b>	<b>10,091</b>	<b>12,046</b>	<b>3,637</b>

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# Our statutory background

## Policy Directions

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

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

The Big Lottery Fund has complied with these Directions throughout the financial year 2016/17 in every material aspect.

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

## England and UK

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

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

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

## England, Isle of Man and United Kingdom

### **General Directions**

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

A. The need to ensure over time that the distribution of money: (i) Ensures people are engaged and involved in using the Fund's funding to provide solutions to the issues that matter to them in their communities;

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

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

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

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

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

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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.



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## Scotland

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

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

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

#### **General Directions**

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

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

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

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

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

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

F. The need:

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

(ii) where capital funding is sought:

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

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

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

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

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

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

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

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

### **Scottish Devolved Expenditure**

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

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

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

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

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

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

(i) The promotion of community learning and development;

(ii) The promotion of community safety and cohesion;

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

(iv) The promotion of physical and mental well-being.

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

(i) Reducing inequalities through tackling disadvantage and discrimination

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

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

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

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

Signed on behalf of Scottish Ministers February 2016.

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## Wales

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

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

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

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

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

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

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

C. The need to ensure that funds are distributed on the basis of need, targeting disadvantage and inequality to deliver real and sustainable improvements for communities and individuals which have a lasting impact beyond the duration of the Fund’s funding, and which support collaborative approaches across the public, third and private sectors in conjunction with and complimentary to the Welsh Government’s central organising principle of sustainable development.

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

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

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

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

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

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

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

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

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

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

## **Northern Ireland**

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

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

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

#### **General Directions**

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

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

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

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

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

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

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

(ii) where capital funding is sought:

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

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

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

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

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

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

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

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

### **Northern Ireland Devolved Expenditure**

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

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

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

- (i) the promotion of community learning;
- (ii) the promotion of community safety and cohesion; and
- (iii) the promotion of physical and mental well-being.

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

4. In relation to Northern Ireland devolved expenditure the Fund shall take into account the need to distribute money under section 25(1) to projects which are intended to achieve one or more of the following outcomes:

- A. People have the opportunity to achieve their full potential
- B. People can actively participate in their communities to bring about positive change
- C. Community ownership of better and safer rural and urban environments.
- D. Improved physical and mental health for all people.

5. In relation to Northern Ireland devolved expenditure the Fund, in distributing money under section 25(1), shall take into account the need to ensure one or more of the following priorities are met:

- A. Improve essential skills to meet social and economic needs.
- B. Increase opportunity for community based learning.
- C. Build community capacity.
- D. Increase opportunity for volunteering and engagement within and between communities.

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- E. Build community and voluntary/statutory partnerships.
  - F. Improve community facilities, access and services.
  - G. Increase community involvement in protecting, restoring and sustaining the urban and rural environment.
  - H. Help individuals and communities to develop skills to make healthier lifestyle choices.
  - I. Promote mental health and emotional well-being at individual and community level.

Signed on behalf of Secretary of State NI

### **Accounts Directions**

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

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

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

Department for Culture, Media and Sport

DATE

### **ANNEX A**

#### **Additional Accounting and Disclosure Requirements**

The following paragraphs detail the additional requirements as agreed by the Treasury, the Department and the Big Lottery Fund, over and above those disclosures required in the FReM.

1. The Statement of Net Comprehensive Income/Expenditure shall include as separate items, where material:
  - a. the share of Lottery proceeds attributable to the Big Lottery Fund
  - b. the share of investment income of the National Lottery Distribution Fund attributable to the Big Lottery Fund



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- c. interest receivable on lottery funds
  - d. repayment of grants
  - e. any other income
  - f. grant made from Lottery funds
  - g. lapsed or revoked grant previously recorded as commitments from Lottery funds
  - h. the total operating costs incurred in respect of National Lottery distribution activities
2. The Statement of Financial Position shall include:
- a. under the heading "Current assets": shown as an investment, the balance held on behalf of the Big Lottery Fund at the National Lottery Distribution Fund;
  - b. Grant falling due for payment within one year should be disclosed separately under the heading "Current Liabilities".
  - c. Grant falling due for payment after more than one year should be separately disclosed under the heading "Non current liabilities"
3. The Cash Flow Statement shall use the indirect method when presenting "Cash flow from Operating Activities";
4. The Notes to the Accounts should meet the requirements of the FReM and include:
- a. A statement that the Accounts have been prepared in a form directed by the Secretary of State with the consent of Treasury in accordance with Section 35(3) of the National Lottery etc. Act 1993
  - b. A statement of the accounting policies. This must include a statement explaining the nature of the balances held on the Big Lottery Fund's behalf in the National Lottery Distribution Fund as follows:

"Balances held in the National Lottery Distribution Fund remain under the stewardship of the Secretary of State for Culture, Media and Sport. However, the share of these balances attributable to the Big Lottery Fund is as shown in the Accounts and, at the Statement of Financial Position date, has been certified by the Secretary of State for Culture, Media and Sport as being available for distribution by the Big Lottery Fund in respect of current and future commitments."
  - c. the value of grant commitments at the year- end which the Big Lottery Fund has made but which have not been included as liabilities in the Statement of Financial Position because they did not meet the criteria for being treated as liabilities at that date
  - d. Where grants exceed available resources as shown in the Statement of Financial Position, a note explaining the rationale for the over-commitment taking into account any advice received from the Department as appropriate.
  - e. A note reconciling the opening and closing balance of investments held at the NLDF. This should disclose proceeds received from the National Lottery, investment income, unrealised gains and losses on investment, and cash drawn down from the NLDF

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f. A breakdown of the total grant liabilities (current and non current) in the SoFP to show:

- Liability brought forward
- Commitments in the year
- Decommitments
- Commitments paid
- Liability carried forward
- A breakdown of the liability for each year up to and including 5 years and over 5 years

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

The Minister for the Cabinet Office in exercise of the powers conferred on him by section 22(3) of the Dormant Bank and Building Society Accounts Act 2008 (c.31) and having consulted the Big Lottery Fund ("the Fund"), pursuant to section 22(7) of that Act, hereby gives the following directions to the Fund:

The Fund will distribute the whole of the English portion of dormant account money in the form of non-repayable grants to the Big Society Trust (part of the Big Society Capital Group) to invest in Big Society Capital, acting as a social investment wholesaler in accordance with section 18 of the Dormant Bank and Building Society Accounts Act 2008.

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

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

**General Directions**

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

2. The distribution of dormant account money;

A. must be to projects which promote the public good and which are not intended primarily for private gain;

B. must be to projects which make real and sustainable improvements to the quality of life of local communities;

C. may only be to third sector organisations i.e. organisations that exist wholly or mainly to provide benefits for society or the environment;

D. must balance the need to encourage innovation with the need to manage risk in a manner commensurate with the type of project and applicant; and

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

3. In distributing dormant account money BIG must ensure that applicants:

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

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- B. in cases where capital funding is sought;
- a). demonstrate a clear business plan incorporating any running and maintenance costs associated with each project for a reasonable period, having regard to the size and nature of the project; and
- b). demonstrate, for major projects, that project evaluation and management processes match those of the Office of Government Commerce's Gateway Reviews; or
- C. in cases where capital funding is not sought, demonstrate the likely availability of other funding to meet any continuing costs for a reasonable period after dormant account funding ceases, taking into account the size and nature of the project, and for the dormant account funding to be used to assist progress towards viability wherever possible.
4. In distributing dormant account money BIG must;
- A. set specific time limits on the periods in respect of which distributions are payable, whether for capital or revenue expenditure;
- B. include a condition in all distributions that recipients acknowledge the use of Dormant Accounts funding, using the agreed branding for the Dormant Accounts Scheme for Scotland;
- C. ensure that it has such information as it considers necessary to make decisions on each application, including independent expert advice where required;
- D. work with other organisations, including other distributors, where this is an effective means of fulfilling its functions and objectives;
- E. involve the public, where possible, in making policies, setting priorities and making distributions;
- F. operate within the distinctive policy context in Scotland, adding value where appropriate to Scottish Ministers strategy; supporting a Fairer Scotland with the development of opportunities for everyone to flourish within a more successful and sustainable Scotland;
- G. ensure over time a distribution of money to a reasonably wide range of recipients, including small organisations, those organisations operating at a purely local level, social enterprises, and organisations with a base in Scotland and working overseas;
- H. have regard to the interests of Scotland as a whole, the interests of different parts of Scotland and their relative population sizes and the scope for reducing economic and social deprivation in the different parts of Scotland;
- I. ensure that projects are intended to contribute towards the achievement of the Scottish Government's overarching purpose of increased and sustainable economic growth and also one or more of the following strategic objectives:
- SMARTER: People having better chances in life
- SAFER AND STRONGER : Communities work together to tackle inequalities
- GREENER: People have better and more sustainable services and environments
- HEALTHIER: People and Communities are healthier; and
- J. take into account the following principles:
- ENGAGEMENT – the development of programmes should be based on the active engagement of public, private and third sector partners.
- SOLIDARITY AND COHESION – ensuring that individuals and communities across Scotland have the opportunity to contribute to, participate in, and benefit from a more successful Scotland.

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

### **Specific Directions**

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

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

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

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

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

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

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

### **General Directions**

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

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

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

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

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

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

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

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

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

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

ii). where capital funding is sought:

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

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

iii). where capital funding is not sought applicants demonstrate the likely availability of other funding to meet any continuing costs for a reasonable period after dormant account funding ceases, taking into account the size and nature of the project, and for the dormant account funding to be used to assist progress towards viability wherever possible.

I. In distributing dormant account money the Fund must work with other organisations where this is an effective means of delivering elements of its strategic plan (see para' 4).

J. In distributing dormant account money the Fund must ensure that it has such information as it considers necessary to make decisions on each application, including independent expert advice where required.

K. In distributing dormant account money the Fund must include a condition in all grants that grantees acknowledge the use of Dormant Accounts funding, using the agreed branding for the Dormant Accounts Scheme for Wales.

L. In distributing dormant account money the Fund must adopt an outcome focussed approach, working closely with appropriate partners to achieve the best pattern of investment for the benefit of communities across Wales.

M. In distributing dormant account money the Fund must take into account the assessment of needs and priorities it has identified in its strategic plan and achieve over time a distribution of money to a reasonably wide spread of recipients, including small organisations, those organisations operating at a purely local level, and social enterprises.

N. In distributing dormant account money the Fund must have regard to the interests of Wales as a whole, the interests of different parts of Wales, the relative population sizes and the scope for reducing economic and social deprivation in the different parts of Wales.

### **Specific Directions**

2. In exercising any of its functions in distributing dormant account money in relation to Welsh expenditure the Fund must comply with the following specific directions in determining the persons to whom the Fund makes grants and the purposes for which the Fund makes grants:

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A. In distributing dormant account money the Fund must act in accordance with the prescribed restrictions laid down in the Dormant Bank and Building Society Accounts Act 2008 (Prescribed Restrictions) (Wales) Order 2010 and in accordance with the following themes:

- ‘Supporting children and young people to achieve their full potential working through the third sector to promote social inclusion’; and
- ‘Tackling climate change and promoting wider sustainable development through focused community-based activity’.

B. In distributing dormant account money BIG must act in accordance with the following sub-themes:

- Supporting children and young people
- Equipping young people with the skills and competences they need to fulfil their potential in relation to employability and wider benefits; in particular by addressing the needs of young people who are NEET (Not in Education, Employment or Training).
- Tackling climate change and promoting wider sustainable development
- Developing a community led and inclusive approach to address the causes of climate change and /or build resilience to its impacts, with the aim of encouraging behaviour change and with the potential to be rolled out to other parts of Wales.

C. In distributing dormant account money BIG must take account of the wider benefits that applications may offer, in terms of:

(i) their potential to make the resources go further, by means of contributions from other sources, e.g. match funding

(ii) their contribution to relevant Welsh Assembly Government policies and strategies, including:

– the Skills and Employment Strategy and Action Plan; ‘Reducing the proportion of young people not in education, employment or training in Wales: Delivering Skills that Work for Wales’ (The NEETs Plan); ‘A Fair Future for Our Children’: the child poverty strategy; the 14–19 ‘Learning Pathways’ framework for young people’s learning provision ; the ‘Extending Entitlement’ policy for youth support services; the National Youth Service Strategy; the All Wales Youth Offending Strategy; the ‘Reach the Heights’ career opportunities initiative. – ‘One Wales: One Planet’, the Sustainable Development Scheme for Wales; The Climate Change Strategy.

### **Strategic Plan**

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









Shame Chorus at the b-side festival, England

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## **Big Lottery Fund**

### **Annual report and accounts 2016/17**

Further copies available from:

Our website      [www.biglotteryfund.org.uk](http://www.biglotteryfund.org.uk)

Phone              **0345 4 10 20 30**

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