



# Annual report and accounts

2024-25

HC 1183



# Big Lottery Fund\*

## Annual report and accounts 2024-25

For the period 1 April 2024 to 31 March 2025

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\* (operating as The National Lottery Community Fund)

## **OGL**

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# Message from the Chair

The greatest honour of my life was to be invited to chair The National Lottery Community Fund, the largest single source of community funding in the UK, and to take up the task in November 2024 as Paul Sweeney, our Acting Chair, stood down. I am so grateful to Paul for his sterling work and leadership of our Board and their support to our Chief Executive David Knott and the executive team as we launched It starts with community. Most of my working life has been spent in communities - working to connect the unconnected, strengthening partnerships between private, public and civil society sectors, and understanding the critical importance of long term sustainable funding in those communities where the need is greatest. In my experience, a launch, a lunch and a logo has too often been the enemy of real progress.

Our new strategy, implemented by our talented team and led by David with such energy and focus, must be driven by our values. We must work with humility and compassion, flexibly and innovatively, inclusively and with real ambition that will support us in backing the power of people in communities, those closest to the need, in shaping the future and leading the change. As the new Chair, I know that with bold ambition comes a vital need to listen to advice and wisdom from key stakeholders and partners, and the humility to recognise when we get it wrong.

We hold immense responsibilities for the vast amount of money we deploy and strong governance and stakeholder candour is key to our success.

We are trusted to turn money raised by players of The National Lottery into game-changing grants which, over time, can show real impact, and this means we are doubling down on our new impact strategy. I am so grateful to the UK Board members for their engagement and commitment, including those who chair the committees and their hard working members in Northern Ireland, Scotland, Wales and England. The involvement of young people and their energy and creativity has brought great value to our decision taking - and we commend this experience to other Boards.

This year, a newly elected UK Government has brought renewed focus to the national task of community renewal. That matters to us - and we will work with stakeholders and national and local governments across the UK to deliver on shared missions - from youth opportunity to environmental sustainability, to stronger communities and promoting healthier lives. Looking ahead, with an expanded role in dormant assets, from community wealth to enrichment, and our long-standing presence in every part of the UK, we must turn ambitions into practical progress and real impact, which delivers lasting public benefit for people and communities.

Working in partnership will be a critical success factor, whether through our grant-making in communities, learning from other innovative funders, or collaborating with the new operator, Allwyn, to support National Lottery growth and renewal.

Every year, thousands of people talk to us about the issues in their community and their ideas for solving these challenges - every three minutes, we are pitched an idea and deliver a decision every eight minutes.

The need for our teams to listen and learn, to build relationships, understand context and lived experience, support system change, scale what works and share innovation widely, is a massive responsibility.

We are determined to invest in our employee teams and learn from the most diverse talent so we can be the very best we can be. This will help us to meet communities where they are, and achieve their aspirations in pursuit of a fairer, more sustainable and stronger society in the UK.

*Julia Cleverdon*

**Dame Julia Cleverdon, DCVO CBE  
Chair**



# Message from the Chief Executive

This year, we marked the 30th anniversary of The National Lottery – a moment to celebrate over £50 billion raised for good causes since 1994.

It's an extraordinary milestone, made possible by National Lottery players and brought to life by the thousands of grant holders and colleagues who work tirelessly to improve lives and strengthen communities. For me, remembering The National Lottery's first day back in November 1994, hearing three decades of stories from colleagues and communities, and knowing what it has supported in places and communities close to me, served as a powerful reminder of just how far-reaching and impactful this shared endeavour has been.

At The National Lottery Community Fund, we are very proud to play a vital part in that story.

This year – the first full year of delivering our new Corporate Plan and strategy, It starts with community – we have focused relentlessly on turning new ambition into action. We've delivered at pace, with impact, and with deep commitment to communities across the UK.

Over the last 12 months, we awarded £767 million to over 12,700 projects – an increase of £80 million on the year before. That means we're putting over £2 million a day into the hands of communities – helping them tackle urgent challenges and shape a fairer future. This year, I've seen that change in every country of the UK: from Scotland's rural communities to a legacy of community work in Northern Ireland, in cities, towns and villages in England and valleys in Wales. Wherever I go, I see community power in action – led by the people who live there, creating solutions and forging connections.



We've introduced new funding programmes, with more to come. We continue to prioritise local, grassroots organisations – with 84% of our grants awarded through small grants and 82% going to organisations with incomes of less than £1 million. This ensures that funding reaches those working closest to the issues and those often under most pressure.

We've made progress on each of our four missions: supporting communities to come together, helping children and young people to access resources and experiences that help them thrive, enabling people to live healthier lives, and to be environmentally sustainable.

Alongside this, we've cemented our focus on equity, diversity and inclusion – inside our organisation and in how we serve communities.

We welcomed Dame Julia Cleverdon as our new Chair, with her unparalleled passion for inspiring individuals and organisations to work together for the common good, and I thank Paul Sweeney for his service and guidance as Acting Chair. We've also strengthened the voices shaping our decisions: this year, we welcomed youth voice advisers onto all our boards and committees, ensuring that young people are at the heart of how we allocate resources and shape our future.

We've begun laying foundations for what comes next. We're exploring how digital tools and AI can simplify our processes and enhance the experience of funding, and have been working with civil society partners to learn, share and develop approaches to ensure AI works for people and communities.

We are pleased to continue our role as the distributor of dormant assets money, with significant programmes of work now being planned in every country of the UK.

To all our colleagues, partners, grant holders and National Lottery players – thank you. Your commitment and energy power this work. As we look to the future, we do so with clarity of purpose: to put more trust and more tools in the hands of communities and work alongside them to unlock their potential.

Together, we can make this next chapter every bit as transformative as the last.



**David Knott**  
**Chief Executive and Accounting Officer**

# Year in numbers

Over the past 12 months, we have distributed more than £767.1 million in National Lottery funding in over 12,700 grants across the UK, supporting activities that create resilient communities that are more inclusive and environmentally sustainable – activities that will strengthen society and improve lives.

## Our funding goes to the heart of communities

# 84%

of our awards are distributed in small grants



# 47%

of our grants are awarded to the top 30% most deprived areas identified in the Indices of Multiple Deprivation



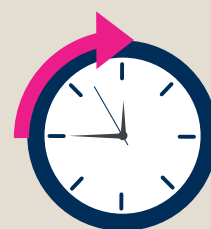
# 82%

of our grants are distributed to organisations with an income of less than £1 million



## We fund a community project every

# 8 mins



We awarded over **£2.1 million** on average every day to projects to improve people's lives and communities.

We funded over £500 million to our four core mission areas.



Children and young people  
**£140,079,325**



Health and wellbeing  
**£117,086,916**

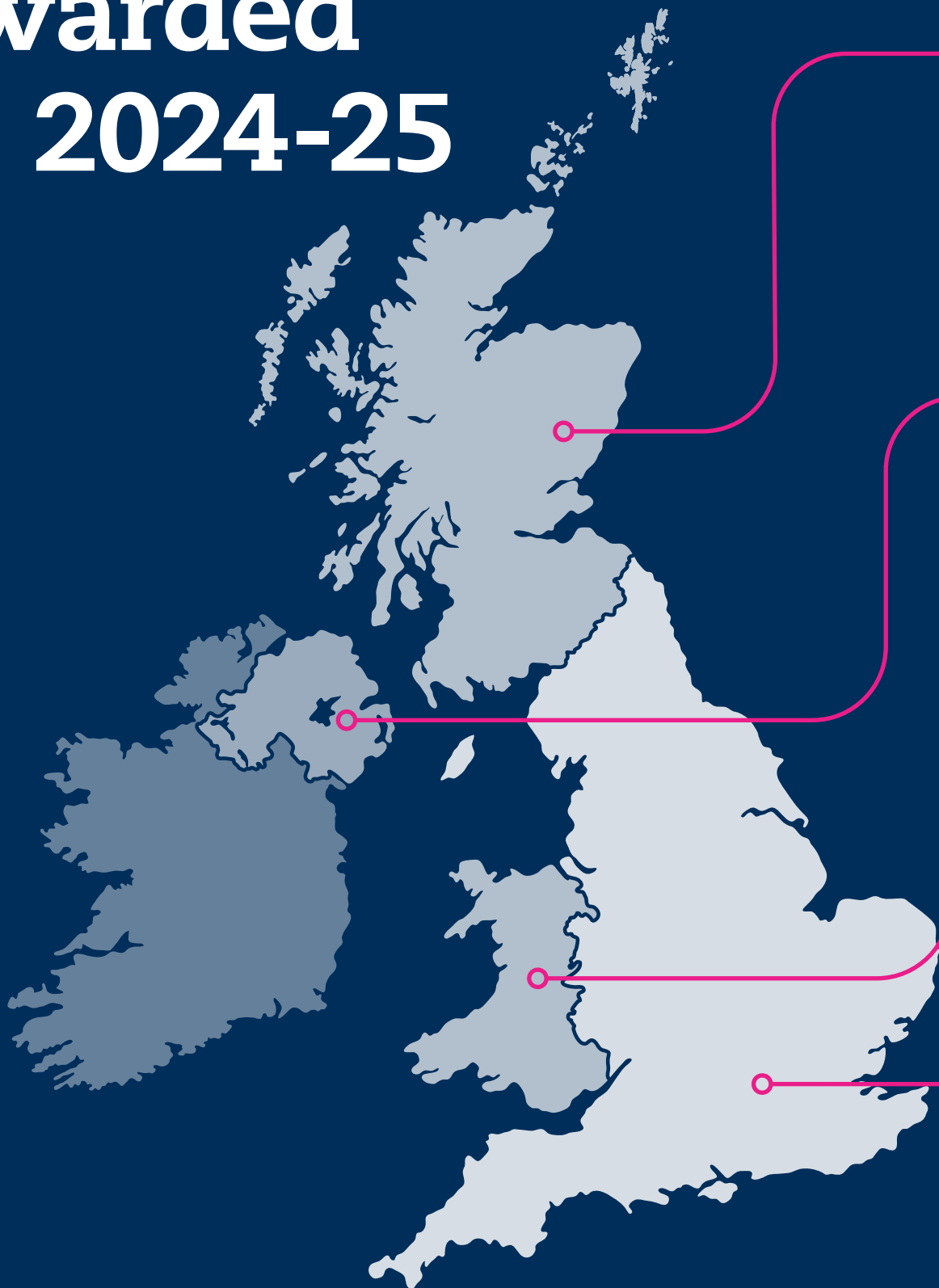


Environment  
**£49,744,633**



Community  
**£215,182,920**

# Money awarded in 2024-25



## Scotland

**£62.8m**

1,798 grants

## Northern Ireland

**£34.9m**

702 grants

## Wales

**£43.1m**

945 grants

## England

**£540.3m**

9,218 grants

UK-wide

**£86.0m**

45 grants

In total

**£767.1m**

12,708 grants

# Organisation structure

The revised structure successfully implemented towards the end of the previous financial year has enabled the Fund to provide increased focus on the Fund's approach to people and culture matters, which will be a key aspect in successfully delivering our strategy and corporate plan. The structure is reflected here.





# Performance report

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

## Overview

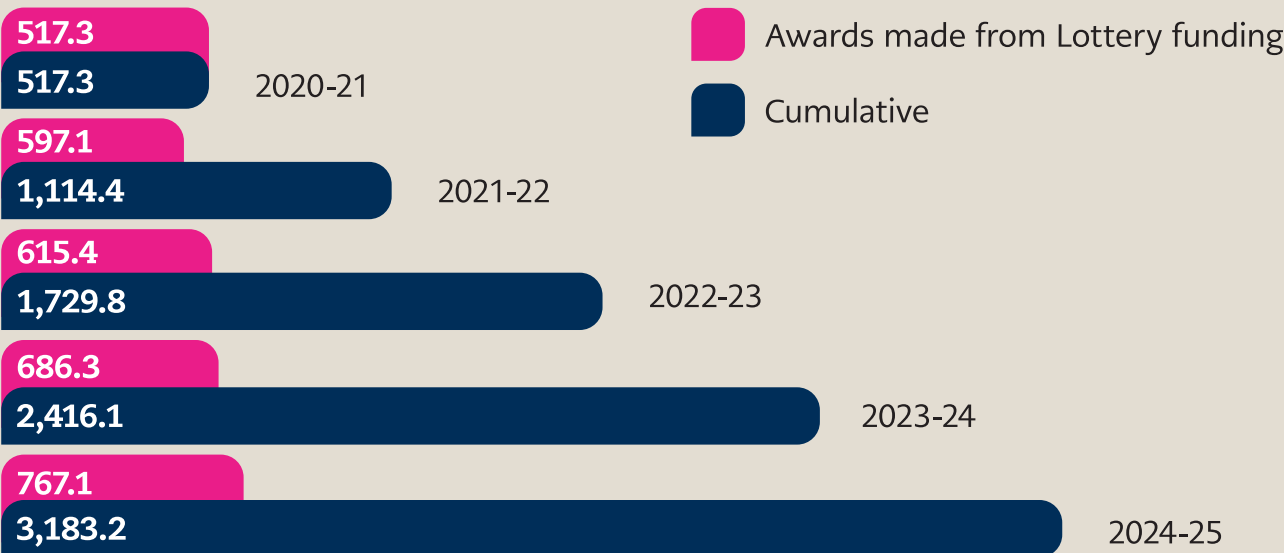
### Our purpose and activities

The National Lottery Community Fund is the operating name of the Big Lottery Fund. The Big Lottery Fund is a statutory corporation established by The National Lottery Act 2006. The Fund adopted the new operating name in January 2019 to better reflect the source of our financial resources and the funding for good causes raised through National Lottery operated games, together with

our role in supporting communities in helping them achieve their ambitions. We are committed to making the biggest possible difference for our funding, working alongside communities. We will continue to support them where it’s needed most and give them more of a say as we work to distribute £4 billion of life-changing funds by 2030.

The Fund is the largest single source of community funding in the UK and is responsible for distributing 40% of the total of good causes money raised through The National Lottery. We distribute this through grant awards to support projects providing community activities. Each year, thousands of people talk to us about the issues in their community and their ideas for solving these challenges. We listen. We learn. We grow. And we share those ideas, so communities learn from each other, too. In the last five years we have distributed over £3.1 billion in awards. Our funding programmes range from small grants of up to £20,000 to large scale, multi-million pound strategic programmes.

**Figure 1: Distribution of funding in the last five years**



In addition to our work distributing good causes money, the Fund is responsible for distributing monies released from dormant bank accounts and related assets under the provisions of the Dormant Bank and Building Society Accounts Act 2008, amended by the Dormant Assets Act 2022.

We also work with other organisations, principally public bodies, to manage and distribute funding through grant programmes we run on their behalf. Examples of this type of activity include our distribution of money in partnership with the Department for Culture, Media and Sport (DCMS) in respect of the Community Organisations Cost of Living Programme and the Million Hours Fund.

In delivering our programme of work we act within the relevant legislation, other public sector guidance and the requirements of DCMS as our sponsor department which provides us with a Framework Document setting out our relationship with government. DCMS's Secretary of State issues policy directions which set out the matters to be taken into account in determining the persons to whom, the purposes for which and the conditions subject to which the Fund distributes money in England and the United Kingdom. The respective departments in each of the devolved administrations issue policy directions for grant making activity in Scotland, Wales and Northern Ireland. In following this guidance, the Fund's decisions on programmes and grants are independent of government.

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

We provide a balance of responsive and targeted funding programmes to meet the needs of communities in a manner that is consistent with our values set out in our 2023-30 strategy. It starts with community. We meet communities where they are, as they are. We support them to build from their strengths and go where their aspirations take them, in pursuit of a fairer, stronger society. We believe social connections and community activities are at the heart of creating healthier, happier lives and a more equitable society.

The Fund operates in the four countries of the United Kingdom, with funding programmes specific to each country. In addition, we operate a range of programmes that are UK-wide in scope. Each country and the UK portfolio award grants through a portfolio committee, the members of which are externally appointed. Their role is to set out and agree grant programmes aligned with the Fund's missions-based framework and consistent with the overall approach approved by the Board. Approval of most awards is delegated to officers of the Fund or to specific panels for the various programmes in each portfolio. Our grant awards budgets are apportioned between each country on the basis of agreed shares, determined largely on population and after deduction of a portion – up to 10% of the total – to be applied to the UK portfolio.

### Our key issues and risks

One of the Fund's primary risks focuses on most of its income being dependent on revenue generated through The National Lottery. A portion of lottery sales from each game is allocated to good causes and passed to the National Lottery Distribution Fund, which is subsequently shared among National Lottery distributors on a pre-agreed allocation basis. We manage our grant awards, budgets and payment profiles over multi-year forecasts to mitigate against the risks arising from potential variations in National Lottery revenue and ensure we can meet our commitments. Updated medium term income forecasts are presented to the Board for approval at least twice per year.

On 1 February 2024, Allwyn commenced as the operator of The National Lottery under the fourth operating licence. We work closely with Allwyn to actively manage the risk of uncertainty over future income over the life of the fourth operating licence agreement. Allwyn updates and presents five-year income forecasts each quarter – this information is then used to revise the Fund's income forecasts and income risk analysis, to ensure we can fully meet our existing liabilities while maximising how much funding we can provide to continue supporting communities. Returns to good causes have performed slightly ahead of budget for 2024-25 with more significant growth in National Lottery income anticipated from 2026-27 onwards.

We continue to observe wider governmental efficiency agendas while simultaneously preparing for growth and delivering our ambitious strategy and corporate plan.

In the spirit of delivering value-for-money services, we continue to successfully deliver substantially increasing levels of grant awards within the required operating cost cap.

We face financial risk in our activities through the potential for fraudulent applications for grants or the misuse of grants.

Our programme of organisational design change requires careful planning to ensure we are well equipped to deliver our strategy, corporate plan and future anticipated income growth, while ensuring we maintain high levels of colleague engagement, motivation and performance.

We remain vigilant and aware of an increasingly hostile external environment and cyber threats and applicant data management breaches.

Our commitment to addressing environment and climate threats in our strategy highlights the importance of this issue to the Fund and to our communities. This is a present threat and through our corporate plan and KPI targets we have redoubled our efforts to contribute towards tackling the effects of climate change.

Our risk management programme provides us with the means to assess our key risk exposures and establish appropriate controls to mitigate these. A fuller assessment of our risk management is included in our governance statement.

### Performance summary

We launched our Corporate Plan 2024-27 last year, reflecting our strategy. It starts with community, with updated corporate objectives and Key Performance Indicators (KPIs).

Each year we review our performance against our strategic priorities and KPIs to assess how we have met our strategic and operational aspirations. For 2024-27, we set out three objectives, underpinned by six priorities, with eight supporting KPIs (the KPIs are discussed later in this report). At the end of the first year of the corporate plan period, we have met four and partially met one of the KPI targets, with three others still being in progress. These are discussed in detail in the performance analysis section.

The Fund also assesses its performance using other metrics, including key operational measures, financial indicators, management accounting data and forecasting techniques. This assessment ensures that, where necessary, the Fund can take corrective action at the earliest opportunity to achieve its aims and minimise risk to its operations and goals.

We do not set any specific operating surplus or deficit as a key measure or target. We manage our financial performance to maximise our ability to make grants from the monies received from The National Lottery. We recognise grant awards in full when they are approved, irrespective of when the cash for those awards falls due for payment. Consequently, our financial outturn, measured by way of a surplus or deficit, can vary significantly year on year. For this financial year, we recorded a surplus of £58 million following a deficit of £49 million in 2023-24. An assessment of our performance appears in greater detail in the performance analysis and financial statements.

### Going concern

The financial statements have been prepared on a going concern basis. Our statement of financial position records significant net liabilities.

This is a result of our grant award recognition policy, which means the full value of awards is recorded at the point of approval and notification (except where there are specific performance criteria), even though the cash payments may not arise for some time. We manage our liabilities based on our ability to meet cash demands from current cash resources.

Forecasts of future income are derived from operator projections and approved by the Board. This assumes, as a matter of public policy, that The National Lottery will continue to operate in the foreseeable future.

## Performance analysis

### Financial performance

Our key measure of financial efficiency is the proportion of our National Lottery income we spend on distributing it through grants. We exclude from this measure the costs we recharge to other people, for example, the costs of distributing non-National Lottery funds (including the dormant assets scheme). We also exclude certain other costs, such as one-off costs that are investments or restructuring to achieve future efficiencies (see note 8 to the financial statements). Irrecoverable VAT costs are also excluded.

The Government sets a target maximum for operating costs for all National Lottery distributors. For 2024-25, this was set at 7.75% of our National Lottery income, with a temporary dispensation to 8% for distributors only where needed. In March 2025, this dispensation was extended until March 2027. The measure is assessed over a three-year rolling period. Current operating cost forecasting at the Fund indicates it will not be necessary for us to utilise the dispensation.

### What we achieved in 2024-25

We are 12 months on from the largest expansion in our funding for three decades and it's an ideal time to reflect on what we've already achieved and where we're focusing our efforts further to deliver bold change for communities.

During the year, we successfully delivered against the 7.75% operating cost target set by the Government. Total qualifying expenditure for National Lottery grant-making activities was £50.3 million, £1.1 million higher than in 2023-24. This equates to 6.7% of National Lottery income during the year and 6.7% over the three-year period to March 2025. Our performance in the two preceding years was 6.8% and 6.6% respectively. On this basis, the Fund has incurred operating costs over the three years to March 2025 that are £23.1 million lower than would be permitted by the efficiency measure. This surplus is made available for grant making activities.

Staff costs form a significant proportion of our operating costs. Our staff numbers have decreased during the year, with a full-time equivalent (FTE) of 765 (2023-24: 804). This follows the expectation set previously of fluctuation as we transition through our strategy's implementation, and it also reflects the restructuring activity reported in our financial statements.

We have recorded dormant assets income during the year from Reclaim Fund Ltd of £143.4 million (2023-24 £90.4 million) and are anticipating income in 2025-26 in the range of £139 million - £145 million.

### What are we planning to achieve in 2025-26?

The budget has been based on developing activities in support of our corporate plan, continuing our programme of change and seeking efficiencies, enabling us to resource and deliver investment activities that will support us in embedding the strategy.

We champion bold approaches leading to real and long-term changes. We work for communities, with communities. From the grassroots up – all the way up.

We have budgeted to deliver total operating costs within a 7.75% cost threshold in 2025-26, with capacity for some additional investment in the Fund's strategic ambitions and service improvements based on the three-year rolling measurement approach.

The target is founded on National Lottery income budgeted at £705 million, which is derived from our forecast of revenues (based on operator projections) for 2025-26 at the time of budget preparation.

As we move into the second year of our corporate plan and continue to deepen and develop relationships with a new National Lottery Operator and new UK Government, our focus on our four community missions and our ambition remains clear. Our refreshed funding programmes across England, Scotland, Wales, Northern Ireland and UK-wide will put our community-led missions at the forefront. I look forward to pushing ahead with our goals, harnessing innovation, amplifying grassroots efforts, and championing bold, community-led solutions.

## Our surplus for the year

We recorded a surplus for the year 2024-25 of £58 million (2023-24: deficit of £49 million). Our cumulative deficit at 31 March 2025 was £237 million (31 March 2024: £295 million). This surplus was anticipated through our financial planning and aligns with expectations as we seek to maximise grant making activity without attracting undue financial risk.

Our accounting policy treats the full value of grant awards as expenditure as soon as their approval is communicated to the recipient (subject to certain specific criteria). As with all National Lottery distributors, we manage our cash flow over the longer term based on grant cash commitments and projected incomes rather than seeking to achieve any particular annual surplus or deficit.

Awards are paid over a number of years and we are confident that we will be able to meet our commitments from future income as they fall due.

For National Lottery operations only, we recorded a deficit for the year of £68 million (2023-24: deficit of £11 million). Income for 2024-25 was £717.3 million, marginally higher than in 2023-24 (£689.3 million) and above the budget we set.

This reflects the strength of the underlying liquidity of the Fund and the scale of our ambition through our strategy.

We recognise that there is increased uncertainty around income levels as we have transitioned to a new National Lottery operator and licence period, and we remain aware of macroeconomic factors, such as cost-of-living pressures, which may adversely affect National Lottery sales.

We have taken steps to mitigate this risk by working closely with Allwyn to understand future projections and ensure that we protect funding available for distribution to UK communities.

Our awards total for 2024-25 is £81 million higher than last year at £767.1 million (2023-24: £686.3 million) and in line with the budget we set as we remain committed to supporting communities across the UK and delivering positive outcomes through our grants.

We recorded a surplus for dormant account assets of £121 million (2023-24: deficit of £32 million). Income was £53 million higher at £150 million (2023-24: £98 million) and distribution through awards and transfers to other organisations was £101 million lower at £26 million (2023-24: £127 million) as we await further spending directions to be issued in relation to the England allocation.

## Our funding strategy

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

On 31 March 2025, we had £995 million (2023-24: £944 million) of outstanding commitments with respect to awards made, while we held £552 million (2023-24: £530 million) in the NLDF with which to meet them.

This means we had made net commitments of £443 million (2023-24: £414 million) above our currently available resources. This is equivalent to approximately 7.5 months of future National Lottery income based on our current projections.

### Non National Lottery Funding programmes

In addition to our core business of distributing National Lottery good causes income, we are also responsible for distributing funding received from Reclaim Fund Ltd under the arrangements in the Dormant Assets Acts 2008 to 2022. These activities are included within our consolidated financial statements. We also set out a short-form set of accounts for this activity in note 31a to the accounts.

The Dormant Assets Acts 2008 to 2022, enables banks, building societies and other financial institutions to transfer money held in dormant accounts to a central fund for investment in the community. Using the scheme's funds, the Fund makes grant awards in Scotland, Wales and Northern Ireland under policy directions set out by each of the devolved administrations. For England, the original policy directions required that funding was passed in its entirety to Big Society Capital, acting as a social investment wholesaler. These directions were subsequently updated, with funds in England also being distributed by Access – The Foundation for Social Investment, Fair4All Finance and Youth Futures Foundation. Policy directions from the Secretary of State for the DCMS determine the amounts passed to each of these organisations for onward distribution.

Following drawdown from the Reclaim Fund Limited, we deposit funds until these are required to meet grant commitments or transfer obligations. During the year we received interest of £6.9 million (2023-24: £7.5 million) in relation to these funds.

The National Lottery etc. Act 1993 also sets out powers for the Fund to work with other organisations to distribute money. We refer to these activities as third-party programmes. These powers give us the scope to distribute funds on behalf of, or alongside, other organisations where this falls within the funding areas set by the Act for our work and is in accordance with our strategic aims. During the year, we distributed funding totalling £7.8 million in this way for other funders.

Where grant funding decisions under these programmes are ultimately made by the third-party funder, and we act only as the funding delivery agent for the third party, we do not record the receipt of the funds themselves, or the grants made in our own accounts. We recover the costs of undertaking this activity from the relevant funders and record this as income. An example of this type of activity is our distribution of money in partnership with the Scottish Government regarding the Scottish Land Fund.

In instances where we provide joint or match funding for these programmes, we record our share of the grant awards made in National Lottery programme expenditure. We record cash held for distribution in our cash balances in the statement of financial position, together with any liabilities for commitments made before receiving cash from the funder. Balances for each programme are recorded in note 23 to the accounts.

## National Lottery Distribution Fund (NLDF)

The net good causes proceeds of The National Lottery are held in the NLDF, under the stewardship of the Secretary of State for Culture, Media and Sport, until drawn down by National Lottery distributors. The Fund receives investment income earned by NLDF in addition to The National Lottery proceeds in the same shares as for proceeds from the National Lottery receipts (40%). In 2024-25 this was £34 million (2023-24: £34 million). Our balance in the NLDF has increased during the year by £22 million. This is as a result of Lottery proceeds being slightly ahead of forecast, together with grant payments made in 2024-25 being less than we had budgeted.

We take account of the anticipated change in the balance alongside projections of future revenues and the timing of outstanding commitments when setting future grant award budgets. Since we do not control National Lottery income, it is not possible for us to manage the balance in the NLDF in the short term, so we do not set a specific target for our balance, rather a range within which we would like to operate.

We predict our future cash inflows and outflows to assess a safe minimum balance in the NLDF to ensure that we can meet our commitments as they fall due, allowing for risk-based assessments of possible variations in income. The actual balance at any one time will vary according to the structure and timing of our grant programmes and the income generated through The National Lottery for the period concerned.

## Our corporate objectives

### Corporate objective one – making a difference

We will focus our funding and support to have the greatest positive impact for communities across the UK.

### What have we done?

This year, we made over 12,000 grants across the UK worth £767.1 million, reaching every local authority, with funding ranging in size from £220 to £10.9 million. Building on the success of our increased offer through National Lottery Awards for All, we have continued to strengthen our grassroots funding offer by piloting a £50,000 grant award programme and have extended budgets to small grants programmes across the lifetime of our 2030 strategy. It starts with community.

We have launched new funding portfolios in England, Northern Ireland, Scotland and Wales, complemented by a UK-wide portfolio, that reflects our four community-led missions, the missions framework and funding needs across the UK. We have started to develop meaningful partnerships to inform our strategic investment decisions and have a bigger impact. We have designed an impact strategy with a focus on supporting both greater impact and making the biggest difference.

### Corporate objective two – advancing funding practice

We will improve and innovate how we fund and in our ways of working, prioritise an equity-based approach and environmental action.

### What have we done?

We have spent time this year setting the necessary groundwork to advance our funding practice in line with our strategic aspirations. We have focused on understanding the implications of our current processes, policies and practices, to develop an equity-based approach that will enhance our systems, culture and ways of working to support our colleagues and customers to tackle inequality. Recommendations from the practical review will also ensure legislative compliance and the ability to progress towards our strategic commitments. All portfolios have refreshed programmes to align with our EDI (Equity, Diversity and Inclusion) commitments within their criteria priorities, which also includes completing equity impact assessments.

Alongside this, we have advanced our approach to support our customers, applicants and grant holders to strengthen their environmental understanding and commitments, which is an area that requires further improvement throughout 2025-26. We have also started to utilise our influence and leadership to convene stakeholders and share expertise. An example of this is our approach to developing environmentally regenerative funding principles. We have also developed clear, ambitious plans to be an exemplar in managing our own environmental impact by working towards net zero emissions.

### Corporate objective three – One Fund

As One Fund, we will invest in our people, culture, technology and operations to excel in our support for communities.

### What have we done?

Our people and culture practice has been a key priority throughout the year. We have laid the foundations to lead and support our colleagues to enable an ambitious and inclusive workforce, equipped to deliver our strategic ambitions. We have developed a draft People and Culture strategy that sets our vision for People and Culture at the Fund, rooted in our values, to set out how we will work to create greater impact for the communities we serve. Through our organisational development work, we have started to shape and accelerate our strategic missions, adapting to the external environment, and embracing new and emerging technology and digital transformation.

We have achieved this while operating within the threshold of 7.75%, strategically investing to improve our efficiency and effectiveness. We continue to see the benefits of previous operational investments, evidenced by our ability to award an additional £80 million grants this year, within our operating cost threshold.

## Our key performance indicators

Alongside our objectives, our KPIs (which are set in agreement with DCMS) help assess our performance in several areas. Our new KPIs were launched in April 2024 and will last for the three-year period of our current corporate plan. The targets we have set ourselves are to be met by the end of this period, i.e. 31 March 2027. At the end of the first year of our corporate plan, we have met four of our KPIs and partially met one of the eight KPIs we set for the three-year period. We are now developing plans for 2025-26 and 2026-27 to adapt how we work to increase our performance in the other three measures, in light of the ambitious and stretching three-year targets we set for ourselves.

### Overview of KPI performance at the end of the year

KPI 1: More than 80% of areas across the UK will apply for National Lottery Awards for All funding and at least 60% of areas will receive a grant award.	
<p><b>Key performance indicator not yet met</b></p> <p>At the end of the first year of our corporate plan, we have received applications for National Lottery Awards for All funding from 79.7% of areas across the UK against a target of 80%.</p> <p>We have made awards to 55.8% of UK areas in the first year of our corporate plan against a target of 60%.</p>	<p><b>End of year report</b></p> <p>Our strategy, It starts with community, included a commitment to increase grassroots funding made in communities across the UK. We set ourselves ambitious three-year targets to achieve this and at the end of the first full year of our corporate plan we have come close to meeting these targets with 79.7% of areas applying for and 55.8% of areas receiving a National Lottery Awards for All grant. KPI1 is a cumulative measure and we expect to hit our target for the three-year period in the first months of 2025-26.</p>

### KPI 2: The primary focus of more than 90% of grants is on one of the four community-led missions

#### Key performance indicator met

By volume, 95% of grants made in 2024-25 focused on one of our community-led missions.

By value, 96.3% of grants made in 2024-25 focused on one of our community-led missions.

#### End of year report

As part of our new strategy, we undertook to focus our funding on four community-led missions, which were to:

- support communities to come together
- support communities to be environmentally sustainable
- support communities to help children and young people thrive
- support communities to enable people to live healthier lives.

During the first year of our corporate plan, we have successfully met our target of awarding 90% of grants by volume and value, with 95.0% awards (representing 96.3% of total funding value) being made to projects that focused on one of our community-led missions.

### KPI 3: More than 50% of all grants by volume will go to communities experiencing greatest poverty and disadvantage

#### Key performance indicator not yet met

During 2024-25, 46.8% of awards were made to communities experiencing the greatest poverty and disadvantage.<sup>1</sup>

#### End of year report

The proportion of awards made to the 30% of communities across the UK who experience the greatest poverty and disadvantage has been consistent during the year. However, we have not yet met our target of 50% by the end of the current corporate plan period (31 March 2027), with 46.8% of awards being made to communities experiencing greatest poverty and disadvantage across the first year of the corporate plan period.

<sup>1</sup> Areas are Middle Super Output Areas (MSOAs), which are divided into deciles according to indices of multiple deprivation (England and Wales), wards (Northern Ireland) and the Scottish Index of Multiple Deprivation. Communities experiencing the greatest poverty and disadvantage are in MSOAs that fall into the top three deciles of their relevant country's deprivation index or ward

**KPI 4: At least 15% of our grants will go to projects that have environmental sustainability as their primary aim**
**Key performance indicator not met**

By value, we awarded 9.3% of grants made across the year to projects with environmental sustainability as their primary aim.

By volume, we awarded 3.8% of grants made across the year to projects with environmental sustainability as their primary aim.

**End of year report**

We challenged ourselves to increase the level of awards we make that have an environmental focus and set ourselves a stretch target to improve our performance in this area by the end of the corporate plan period in March 2027. Across the first year of this period, 3.8% of awards we made were focused on improving the environment, which represented 9.3% of total funding value, so we have not yet met our 15% targets. Work is underway to increase the proportion of grants we make to environmentally focused projects across the remainder of the current corporate plan period. We are committed to increasing the proportion of grants we make to environmentally focused projects across the remainder of the current corporate plan period, and are actively pursuing ways to increase both the volume and value of awards.

**KPI 5: Our employee engagement score will be in the top quartile when compared with similar and comparable organisations**
**Key performance indicator met**

Our employee engagement score placed us in the top quartile of comparable organisation scores.

**End of year report**

Employee engagement at the Fund remained strong during 2024-25 with an index score of 72%. In 2024-25, we compared our score to other civil service organisations via the Civil Service People Survey 2024 (GOV.UK website Civil Service People Survey 2024 page), which compared favourably to the median Civil Service score of 64%. This placed us in the top quartile of comparable organisations, meeting our KPI target.

### **KPI 6: More than 50% of the general public and elected members (MPs and representatives in devolved administrations) are aware that the Fund supports good causes thanks to The National Lottery**

#### **Key performance indicator partly met**

General public awareness did not meet target at 49.7%.

MP awareness of our purpose met target at 78%.

#### **End of year report**

In the first year of our corporate plan, we have surveyed members of the general public, as well as elected members to establish their awareness of the Fund's purpose. Against our 50% targets, 49.7% of the general public and 78% of surveyed elected members were aware that we distribute good causes funding thanks to The National Lottery. This resulted in us partly meeting the overall KPI in year one of our corporate plan.

### **KPI 7: The value of grant awards will not be less than 95% of budget**

#### **Key performance indicator met**

Our total grant awards from National Lottery funding were £764.6 million, which is 1.1% below the budget we set.

#### **End of year report**

During 2024-25, we awarded 98.9% of our grants budget, which is above our target of 95%. This is an increase of more than £80 million on the value of grant awards made last year.

We have set ourselves an ambitious internal target for our funding commitments to always be at 100% of our budget, so while we have met the overall target for 2024-25, our internal reporting records the year-end score as an amber result. We will continue to strive for 100% of our awards budget being delivered in each year of the current corporate plan period.

Our indicator is based on actual awards made in the year and does not include any year-end adjustments for contingent liabilities. This is why the £764.6 million value reported on the left is different from the grant commitments total shown in the financial statements.

KPI 8: Overall customer satisfaction will be over 80%

Key performance indicator met

Customer satisfaction was 86.5% in 2024-25.

End of year report

Customer satisfaction remained stable and well above target in 2024-25, with 86.5% stating they were satisfied with our service across the year (i.e. those selecting scores of 8-10 out of 10).

Customers feel the Fund’s processes are simple, accessible and our staff support them throughout the application journey. When asked what the Fund could do to improve its processes, most would like more detailed feedback on how to improve future applications.

In addition to the KPIs noted above, the Fund uses various other measures to assess progress towards our goals and the health of the organisation. These include financial measures – for example, determining an appropriate range within which our balance should lie in the NDLF, customer measures, including detailed analysis of customer satisfaction with aspects of our processes across each of our portfolios and people-related measures, such as monitoring absence levels with reasons. The Performance and Improvement Committee regularly assesses progress against these measures. Other data related to these measures appears elsewhere in this report, including in the Remuneration and Staff Report.

Risk

A key issue for the Fund is recognising that our aim in supporting communities across the UK sometimes requires us to fund in challenging circumstances and take risks regarding the success of some projects. This requires careful judgement on the part of our grant making colleagues and is reflected in the risk appetite we set in our funding and grant fraud risk themes, which acknowledges the Fund may incur some financial losses to achieve its strategy.

The Fund is committed to ensuring that our attitude to risk supports the achievement of our strategy by empowering people and communities. Through investing and making best use of all our resources – our people, our evidence and impact and our funding, we seek to promote innovation in our practice to strengthen society and improve lives and harness partnership and collaboration in pursuit of longer-term transformational change.

Rather than eliminating risk, we focus on understanding and managing it. We embrace risks that are necessary to achieve transformational impact, but we take steps to mitigate their likelihood and impact, ensuring that we can continue to make bold, accessible grants. We acknowledge that the degree of risk we are willing to take is aligned with our strategic goals, and we monitor and adapt our risk appetite to ensure that it supports both ambitious and sustainable success.

The Fund maintains a three lines of defence structure to manage its risk framework, with the Head of Risk Management working with risk owners to identify and mitigate risks and the Head of Internal Audit providing assurance to the Fund's Audit and Risk Committee (ARC) and Senior Management Team (SMT) that the risk management process is both adequate and effective. On a quarterly basis, the Head of Risk Management will present the Fund's risk position to SMT where it is reviewed for consistency and completeness. Once the risk position is agreed, risk reports are prepared for ARC, which provides quarterly oversight of the effectiveness of the risk management framework. The Orange book distributed to government functions is regularly reviewed to ensure the Fund is compliant with the latest risk management updates and practices.

Our risk framework is designed to enable us to pursue opportunities for fresh thinking and change, while balancing these with our commitment to managing exposure to risk in a way that maximizes both the possibility of success and the positive impact on the communities we serve.

The Fund analyses both internal and external risks including macro risks to understand its risk profile. With external global volatility and the Fund's exposure to third party risk, the Fund is increasingly aware of the need to closely manage its cyber-security framework along with ensuring that its data is protected. The Fund is also aware of its need to protect public money from fraudulent activity and ensure that it has a resilient funding control framework.

The risk themes represent the Fund's Risk Management Framework which the Fund established to help identify, manage and report the risks that arise because of its activities and provide a focus to risk management. The themes with associated risks considered are:

### 1. Financial

The Fund makes award commitments on the basis of meeting the obligations of those awards from future receipts from The National Lottery. We manage the risk of fluctuations in income through robust cash forecasting.

Income increased in 2024-25, although the source of the increase was largely due to the one-off release of a reserve built up under the previous licence. The Fund continues to work closely with Allwyn to understand and prepare for changes in income over the licence period. Managing future liabilities and cash flow in the face of variable income is an area which is receiving close attention.

We also consider the controls regarding operating costs and ensure we operate within the cost threshold the Government set for us.

We are managing additional uncertainty over future National Lottery income levels during 2025-34 due to changes to the fourth licence award and, accordingly, we continue to plan for future income and growth projections with caution.

## **2. External environment stakeholder engagement**

Risks considered here include the potential reputational impact of failings of funded organisations and the impact of significant issues in the sector more widely for charities and community organisations. We are aware of the need to continue engaging and building relationships with key political stakeholders.

There is also a risk that the Fund is not achieving its ambitions relating to KPI6 and KPI8, meaning that stakeholder engagement and customer satisfaction is not keeping up with the Fund's strategic ambitions.

## **3. Leadership effectiveness**

We understand the importance of our leadership teams' effectiveness in delivering its strategy to support communities around the United Kingdom. The Fund reviews leaders' performance across the organisation and their ability to implement the Fund's strategy and engage with colleagues from across the organisation, while delivering both the strategy and business as usual operations. The Fund measures this risk by its performance and compliance against the KPIs agreed by the Board and also by the engagement levels indicated in the Fund's colleague surveys. The risks associated with leadership effectiveness have consistently declined with the increased stability of the Fund's Senior Management Team.

## **4. People and culture**

Risks considered include our capacity to reward our teams appropriately in increasingly competitive markets, ensuring that our teams are appropriately trained and skilled to deliver our ambition, minimise operational risk, and meet our diversity aims in matching the diverse nature of the communities we support. The Fund is committed to supporting colleagues to make the most of their careers and considers poor employee engagement, not being supported in identifying and achieving personal objectives and not being supported in workplace training as risks to these ambitions. The Fund therefore monitors these risks and will escalate to risk registers if necessary. The Fund has reported good progress in these areas during the year, making positive changes that have reduced the level of risk.

## **5. Project and programme management**

As the Fund continues to implement its 2030 strategy, It starts with community, there are numerous large-scale projects and programmes requiring the necessary skills, monitoring systems and external support to enable successful and timely delivery of these priorities. Through our in-house project reporting framework, the Fund is committed to delivering projects and programmes on time, within budget and to the required specification to offer value for public money. We consider the risk of failure in key projects, including business systems and infrastructure, and any potential risk of projects being unmet is added to project risk registers.

Adequate controls and actions are then implemented to mitigate this risk. Currently, there are no projects deemed to be above appetite as defined by the risk thresholds agreed by the Board in December 2024.

### 6. Pre-award grant making controls

The Fund's primary activity is to support communities with awards to local organisations that deliver support across the UK. These operations mean the Fund is exposed to a number of risks with our grant making, including the potential reputational risk from projects or funded organisations that fail or do not meet the standards expected of them. The Fund recognises that in delivering this primary activity, it has a responsibility to ensure that public money is being used effectively and protected from grant making that does not represent value or exposes the Fund to financial losses. The Fund has developed a robust framework of training related to grant making skills, grant making policies and safeguarding procedures. The Fund measures colleague compliance with this framework to ensure that grant making is compliant with the expectations of the Board and represents value for money to the public. The pre-award grant making controls allow funding officers to perform a risk analysis of grant applications and assign appropriate risk scores and controls to manage risk relating to grant making.

### 7. Post-award grant-making risks

As the Fund implements its strategy, It starts with community, funding colleagues will manage grant applications that are deemed to be of a high-risk nature.

These risks include financial risks, reputational risks, ability of an organisation to deliver on its strategy and the way in which an applicant organisation is governed internally, potentially exposing the Fund to third party risk. High risk grants can result in high rewards to a community and the Fund encourages its colleagues to look for opportunities to deliver the Fund's strategy. However, the Fund acknowledges that it does not have an unlimited appetite for high risk grants and has determined a corresponding appetite to ensure that it does not hold excessive amounts of high risk within its funding activities that could negatively impact the Fund either reputationally or financially. The risk team analyses and reports on the Fund's exposure to high-risk grant making each quarter as part of its risk moderation process to ensure the Fund remains within its appetite for high risk grant making.

### 8. Technology and cyber security

The potential for exploitation of undiscovered vulnerabilities carries the risk of service interruptions or data compromise that the Fund must proactively manage. Furthermore, it may expose us to reputational damage due to potential breaches, including loss of customer data and regulatory fines. We are vigilant of the evolving landscape of cyber threats and their heightened sophistication. Consequently, we uphold a proactive approach in managing these risks by consistently updating and rigorously testing our cyber security measures to ensure their effectiveness and relevance.

The Fund recognises the importance of cyber risk and protecting data by holding a cyber security risk at all times on the Organisation Risk Register so that the SMT can receive a quarterly update from subject matter experts.

The Fund acknowledges both internal and external cyber risks, including human error and targeted attacks. While the Fund cannot prevent all threats, it has a low tolerance for inadequate training or outdated systems. To reduce risk, it ensures staff are well-trained and IT infrastructure is kept up-to-date, maintaining a strong and resilient cyber-security posture.

## 9. Grant fraud

We face fraud risk through exploitation of our funding programmes, whether through application fraud or misuse of grants. When setting the appetite for this risk, we take care to balance innovative funding so it is inclusive and available to all within managing public money requirements. However, the Fund retains a low appetite for being deliberately targeted by fraudulent activities. Subsequently, the Fund has adopted two approaches to grant fraud risk to deliver its strategy and minimise the risk posed by bad actors. The thresholds have been established to utilise existing operational structures and control models most effectively by positioning the Fund's counter fraud controls as either being pre-grant award or post-grant award. This provides the Fund with the best platform to deliver its strategy, support communities and minimise fraud risk.

## 10. Environment and climate

We acknowledge that we must take adequate action to reduce our environmental impact and that of the organisations we fund to avoid losing opportunities and failing to contribute to net zero by 2030. The Fund identifies, assesses and manages climate risk by tracking progress against its Environment Plan and Annual Plan, ensuring that directorates consider the environmental strategy during their business planning. Furthermore, our corporate plan commits us to investing at least 15% of our grants in projects that have environmental sustainability as their primary aim.

In addition, the Fund's purchased goods and services contribute 56% of the overall footprint. The Procurement team are currently reviewing mechanisms to measure and reduce the overall environmental impact through bid evaluation and contract management.

The risks associated with the environment and climate are currently deemed to be out of tolerance, meaning more action is required for the Fund to meet its target. Senior leaders actively monitor risks regarding environment and climate so they receive the correct level of oversight and traction as part of the Fund's strategy.

## 11. Legal and regulatory/data governance

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

Our system of controls, together with the oversight of an experienced management team and in-house Legal team, is designed to manage risk to an acceptable level. The Fund currently does not have any open risks associated with the legal and regulatory risk theme, reflecting a level of operational maturity with how the Fund operates within statutory and regulatory frameworks. Data is one of the most valuable assets that the Fund holds and, as such, any loss of data or lack of compliance with data management regulations will lead to loss of reputation, financial damage and intellectual property theft. The Fund has established a key risk theme regarding information governance and data handling to monitor compatibility with data management regulations.

It takes the necessary steps via risk controls and actions to mitigate any circumstances where the Fund is outside its agreed risk appetite. We have started to measure data handling risk as of 2024. The resilient nature of the cyber security controls means risk to data at the Fund is deemed as low. However, projects relating to data retention are still considered necessary to ensure the Fund remains compliant with relevant data management regulation.

## Continuous improvement

The Fund is committed to ensuring its risk management framework is resilient and is strategically designed to oversee and address risks while upholding internal control within the organisation. To achieve this, the Fund acknowledges its framework must be regularly reviewed and updated if weaknesses are identified.

In November 2024, the Fund undertook an exercise to assess itself against the 'Overcoming Challenges to Managing Risks in Government' assessment distributed by the National Audit Office. The assessment was completed by the Head of Risk Management and independently verified by the Head of Internal Audit for accuracy.

The Fund performed well against the assessment, with 86% of the questions posed being assessed as either Agree or Strongly Agree and provided assurance that the risk management process is mature and functioning in line with government expectations. The assessment also identified some areas for improvement which will be progressed in 2025.

## Equality in accessing funding

While our funding is available to all communities, we'll invest most where the need is greatest, with people, places and communities who experience poverty, disadvantage and discrimination.

We take an equity-based approach to contribute to reducing inequalities by particularly supporting communities that face disadvantage or discrimination. We work to continuously evolve the reach of our invitation and welcome. We value and work with the assets and knowledge that diverse people bring to their communities and the Fund.

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

The table below sets out our monitoring report for equalities for 2024-25, based on the information provided by applicants.

## People with disabilities

	No. of applications	No. of grants	Requested value	Grant value
<b>Yes</b>	4,687	2,289	£561,351,154	£177,338,239
<b>No</b>	29,987	10,866	£2,703,763,581	£614,184,897

Applicants are asked if their project will mostly benefit disabled people. Applicants can select more than one group, therefore responses may incorporate multiple counts.

## Women and girls

	No. of applications	No. of grants	Requested value	Grant value
<b>Yes</b>	3,091	1,193	£357,915,004	£101,632,248
<b>No</b>	31,583	11,962	£2,907,199,731	£689,890,888

Applicants are asked if their project will mostly benefit women and girls.

## LGBT+

	No. of applications	No. of grants	Requested value	Grant value
<b>LGBT+</b>	1,036	397	£158,825,776	£29,710,573
<b>Not targeted at LGBT+</b>	33,638	12,758	£3,106,288,959	£761,812,563

## Performance report

Applicants are asked if their project will mostly benefit members of the LGBT+ community. Applicants can select more than one group, therefore responses may incorporate multiple counts.

### Ethnicity

	No. of applications	No. of grants	Requested value	Grant value
<b>Black/African/Caribbean</b>				
<b>African</b>	2,351	756	£259,194,643	£73,918,260
<b>Caribbean</b>	1,877	575	£240,492,127	£60,968,595
<b>Black British</b>	2,113	625	£284,557,447	£67,181,600
<b>Any other Black/African/Caribbean background</b>	2,018	631	£252,925,176	£69,247,498
<b>Asian</b>				
<b>Bangladeshi</b>	1,444	508	£225,476,908	£49,911,116
<b>Chinese</b>	1,017	344	£145,514,204	£36,586,140
<b>Indian</b>	1,441	488	£217,330,042	£47,758,161
<b>Pakistani</b>	1,515	528	£228,216,063	£52,381,430
<b>Asian British</b>	1,594	531	£235,525,030	£50,191,248
<b>Any other Asian background</b>	1,452	518	£237,069,623	£56,075,531
<b>Arab</b>	1,212	431	£172,407,016	£46,835,839
<b>Gypsy and Traveller community</b>	860	295	£123,076,159	£38,159,368
<b>Jewish</b>	1,026	336	£112,917,946	£27,465,389
<b>Mixed/multiple ethnicity</b>	2,306	751	£309,350,515	£82,580,187
<b>Any other ethnic group</b>	1,386	506	£179,979,836	£54,567,802
<b>No specific ethnicity</b>	30,535	11,700	£2,790,740,539	£671,395,378

Applicants are asked if their project will mostly benefit people from specific communities experiencing ethnic or racial inequity, discrimination or inequality. Applicants can select more than one group, therefore responses may incorporate multiple counts.

## Religion

	No. of applications	No. of grants	Requested value	Grant value
<b>Buddhist</b>	54	3	£19,581,010	£756,778
<b>Christian</b>	524	95	£170,224,999	£22,758,388
<b>Hindu</b>	102	16	£36,754,157	£5,460,782
<b>Jewish</b>	96	17	£30,230,008	£5,643,488
<b>Muslim</b>	253	46	£109,613,566	£13,468,553
<b>Sikh</b>	79	14	£37,379,431	£4,053,622
<b>Other</b>	121	15	£53,201,252	£3,553,338

Applicants are asked if their project will mostly benefit people from a specific faith community. Applicants can select more than one group, therefore responses may incorporate multiple counts.

## Age

	No. of applications	No. of grants	Requested value	Grant value
<b>Children and young people</b>	6,051	2,212	£653,086,195	£196,098,252
<b>Older people</b>	2,303	1,128	£181,532,593	£60,165,348
<b>No specific age</b>	27,000	10,066	£2,508,067,680	£557,580,898

## Performance report

Applicants are asked if their project will mostly benefit people from a particular age group. Applicants can select more than one group within the children and young people age categories.

### Northern Ireland community background\*

	No. of applications	No. of grants	Requested value	Grant value
<b>Both Catholic and Protestant</b>	1,235	516	£410,370,699	£42,175,390
<b>Mainly Catholic (more than 60%)</b>	147	74	£5,839,408	£5,539,418
<b>Mainly Protestant (more than 60%)</b>	180	78	£7,978,617	£2,227,108
<b>No response/ Neither</b>	33,112	12,487	£2,840,926,012	£741,581,221

\*Northern Ireland portfolio only

### Welsh language speaking\*\*

	No. of applications	No. of grants	Requested value	Grant value
<b>All</b>	62	20	£16,670,047	£251,621
<b>More than half</b>	360	142	£41,446,193	£4,552,671
<b>Less than half</b>	1,708	679	£567,245,211	£49,064,312
<b>None</b>	126	39	£45,422,648	£647,244
<b>No response</b>	32,418	12,275	£2,594,330,636	£737,007,288

\*\*Wales portfolio only

Note: The data above represents all grants distributed by the Fund, including third party funding. It does not always add up to the same totals for all grant awards activity. This is because the classifiers in our grant data are not mandatory when application data is completed, and some applicants may only complete a sub-set of the total. Additionally, multiple categories can be selected in many classifiers.

## Welsh Language Standards

As a result of the Welsh Language Standards and our proactive approach as an organisation, services offered by the Fund to its colleagues are available in both English and Welsh, including HR services and training courses. Around half of our colleagues in the Wales directorate are Welsh speakers or Welsh learners.

We encourage our colleagues to use their Welsh and increase their skills at the Fund. Our Wales Committee meetings and programme decision meetings are held bilingually with a simultaneous translator, allowing committee members and colleagues the opportunity to contribute to meetings and have discussions in Welsh.

Our bilingual workforce allows our customers to follow their journey with us in Welsh from the first point of contact, whether by phone, email or through written application, to the end of their grant. We provide a fully bilingual social media and digital presence across multiple channels, including LinkedIn and Facebook. Our presence at events and funding surgeries in Wales is provided in Welsh and English.

We promote increasing Welsh language communities through our grants and offer bespoke training to our grant holders on managing their projects bilingually.

# Sustainability report

## 2024-25 Greenhouse gas emissions, waste and consumption

At the time of writing this report, our total estimated operational emissions for 2024-25 are 2746.22 tCO<sub>2</sub>e\*. This equates to 3.59 tCO<sub>2</sub>e per full-time equivalent (FTE). In 2024-25, we saw a substantial improvement in our reporting procedures and a surge in the amount of data we are now able to access, meaning our emission boundaries have expanded.

Our 2023-24 Annual Report recorded our total operational emissions as 2,326 tCO<sub>2</sub>e (2.9 tCO<sub>2</sub>e per FTE), this was a figure calculated by consultants Useful Projects who developed our Net Zero Plan. Since then, we have been able to acquire more accurate data, and our re-calculated emissions for 2023-24 now stand at 3,323 tCO<sub>2</sub>e.

Our 2024-25 figure, therefore, represents a 17.36% decrease on the 3,323 tCO<sub>2</sub>e total that we recorded for the 2023-24 financial year. Our Scope 1 and 2 emissions stand at 103.35 tCO<sub>2</sub>e, meaning they decreased by 33.71% from last year's Scope 1 and 2 emissions, which were 155.91 tCo2e, and we are channelling more resources into calculating and reducing our Scope 3 emissions (indirect emissions that occur in our value chain, including through purchased goods and services, homeworking and business travel), which make up an estimated 95.7% of our 2024-25 emissions.



Defining The National Lottery Community Fund's operational carbon footprint boundary: emission Scopes 1-3

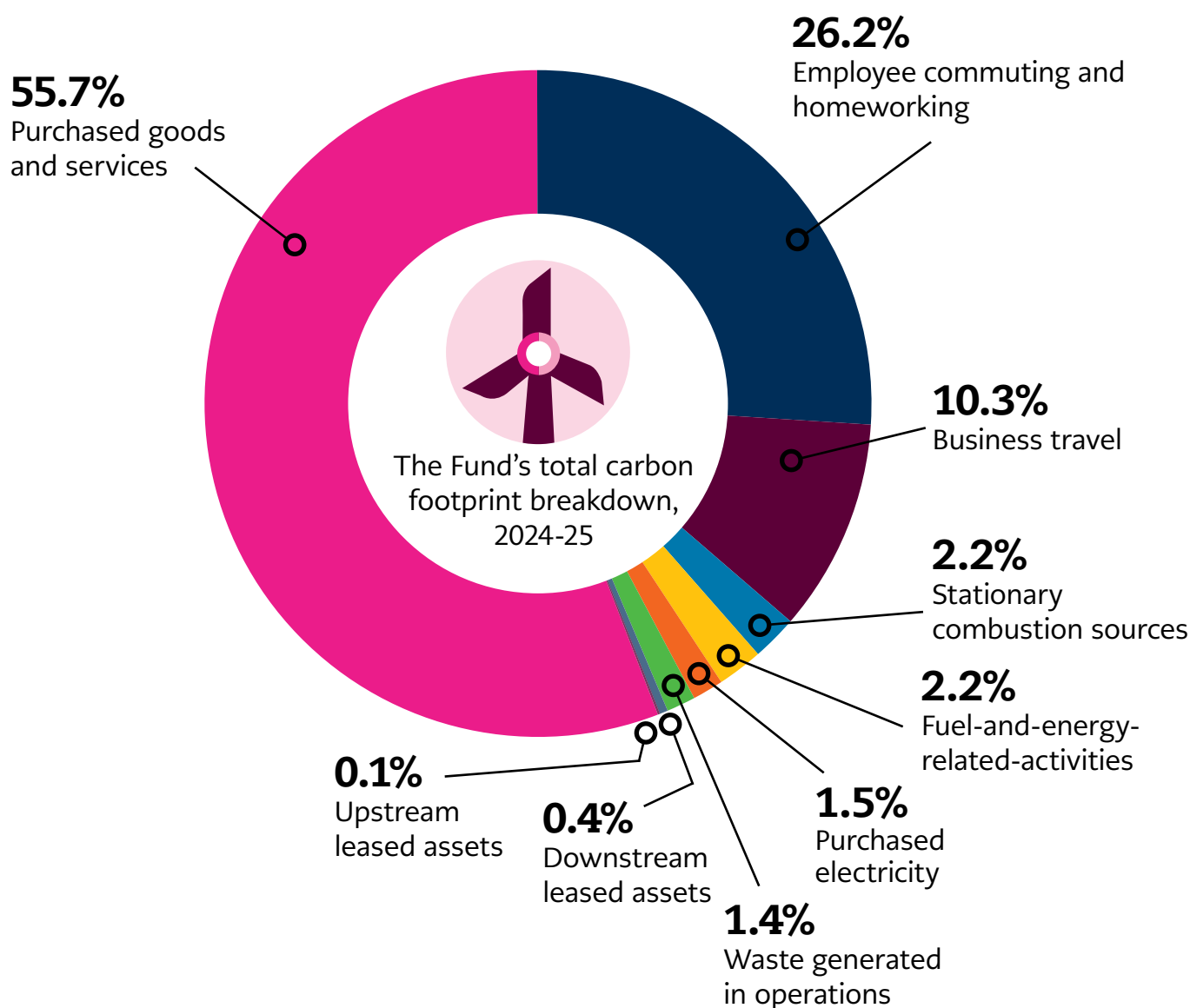
**Figure 2: The National Lottery Community Fund's operational carbon footprint boundary: emission Scopes 1-3**

Scope 1		
Stationary combustion sources	Yes	
Mobile combustion sources	No	
Fugitive emissions	No	
Scope 2		
Purchased electricity	Yes	
Scope 3		
1. Purchased goods and services	Yes	Upstream
2. Capital goods	No	
3. Fuel- and energy-related activities	Yes	
4. Upstream transportation and distribution	Yes	
5. Waste generated in operations	Yes	
6. Business travel	Yes	
7. Employee commuting	Yes	
8. Upstream leased assets	No	Downstream
9. Downstream transportation and distribution	No	
10. Processing of sold assets	No	
11. Use of sold products	No	
12. End-of-life treatment of sold products	No	
13. Downstream leased assets	Yes	
14. Franchises	No	
15. Investments	No	

\*tonnes (t) of carbon dioxide (CO<sub>2</sub>) equivalent (e)

## The Fund's total base-year carbon footprint breakdown

Figure 3: The National Lottery Community Fund's total estimated 2024-25 carbon footprint by scope category



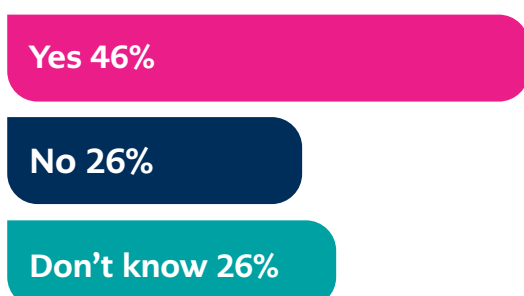
The Fund's scope categories with the highest carbon emissions are estimated to be purchased goods and services (55%), employee commuting and homeworking energy use (26%), and business travel (10%). These 'carbon hotspots' will be key areas of focus for the Fund's decarbonisation plan. It is very normal for a professional service organisation's highest emission category to be purchased goods and services.

Homeworking sources are high for the Fund as most total working hours are completed at home, this is a result of our flexible hybrid working model and has enabled us to significantly shrink our estate.

Working towards net zero is one part of our 2023-30 [Environment Plan](#). The plan has four headline goals, with internal practices sitting under goal number three:

1. Be a world-class environmental funder: supporting impactful projects that protect and improve the environment in ways that matter to local communities.
2. Improve the environmental impact of the voluntary and community sector: leading the way in our funding practice, supporting and inspiring our applicants and grant holders to act to protect and improve the environment, and leveraging our position as the UK's largest community funder by starting to mainstream requirements into all our funding.
3. Become an exemplar in managing our environmental impact: walking the talk, and working towards net zero, sharing our practice along the way and inspiring others.

**Figure 3: Percentage of TNLCF staff survey respondents on a green electricity tariff\* (based on responses from 52% of the organisation)**  
\*we define 'green' as 100% renewable



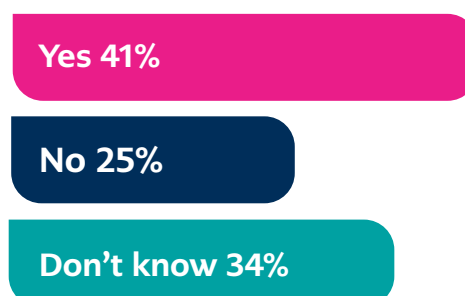
- The Environment Plan uses financial year 2022-23 as the baseline year.
4. Demonstrate influence and leadership: convening stakeholders, actively showcasing the role communities play in improving our environment.

## Environmental survey

In October 2024, we launched our Environmental Survey to better understand our organisation's environmental perceptions based on the 2023-24 financial year. It collected both quantitative data and qualitative data around commuting habits, including questions around how engaged colleagues feel with environmental action at home and their view on how we are doing as an organisation, with 52% of colleagues completing the survey. The results demonstrate awareness of our activity but suggests a need for continued internal communication and education (see Figures 3 and 4).

As part of the commuting survey, we asked colleagues about their commuting habits from the previous financial year (2023-24)<sup>1</sup>, which operates separately from our business travel.

**Figure 4: Percentage of TNLCF staff survey respondents to the question "Do you feel supported by the Fund to make environmental choices in your day-to-day life?" (based on responses from 52% of the organisation)**



We discovered most employees travel up to five miles to get to work, which suggests that our offices are in an accessible location <sup>2</sup>. Most people travel to the office by public transport (53%), but car usage is most frequent in our bigger offices and represents 40% of all travel (see Figures 4 and 5).

<sup>1</sup> Our 2024-25 commuting survey was conducted later this year due to organisation capacity, therefore this data represents employee commuting habits for the 2023-24 financial year.

<sup>2</sup> Due to this being reflective of commuting habits for the 2023-24 financial year, it should be noted that in January 2024 we moved our London office. The data captured in this survey is reflective of our previous London office location as we occupied it for a larger proportion of the year. No other offices were moved between FY 2023-24 and 2024-25.

**Figure 4: Breakdown of the types of transportation that TNLCF colleagues use to commute to work (based on responses from 52% of the organisation)**

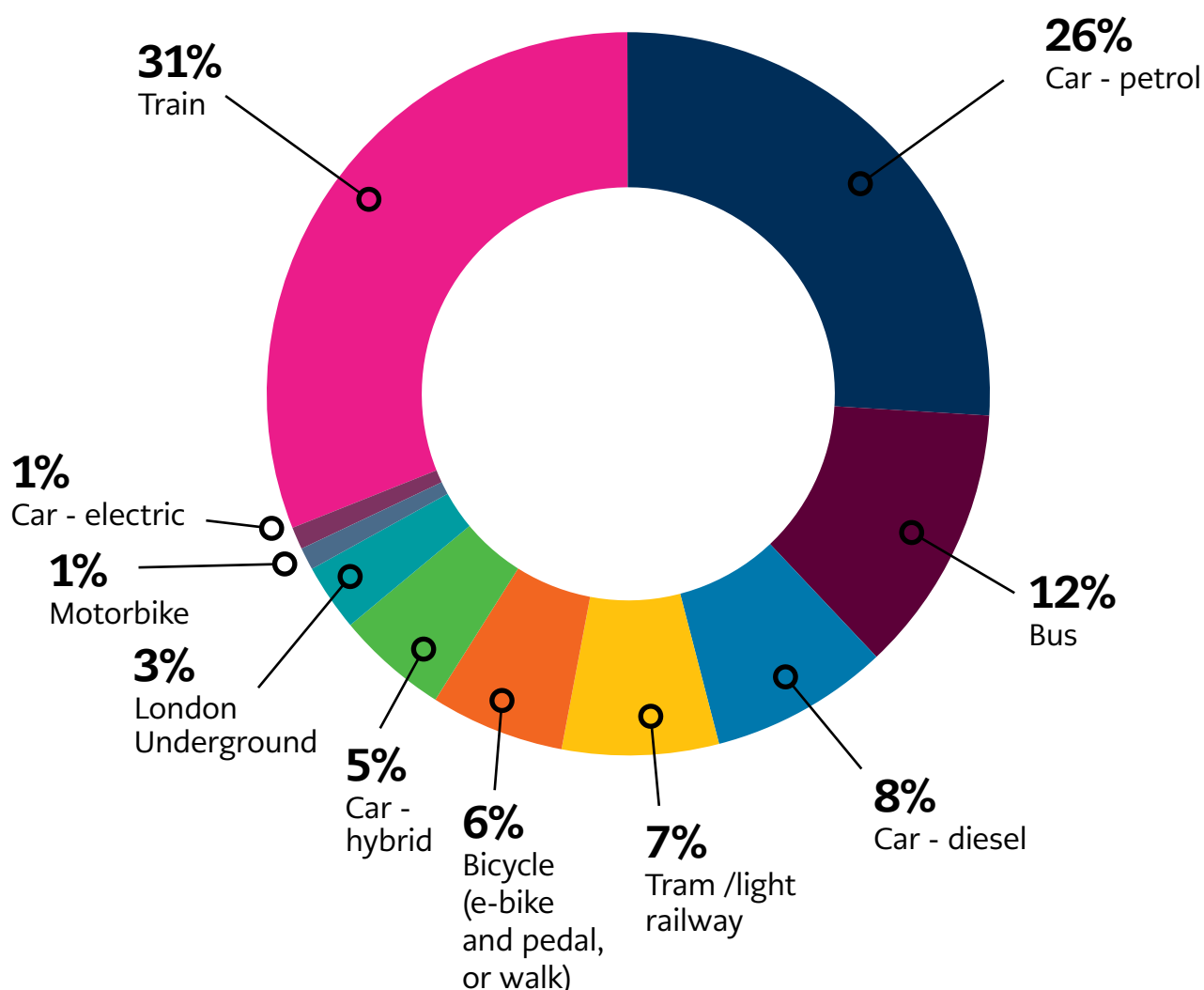
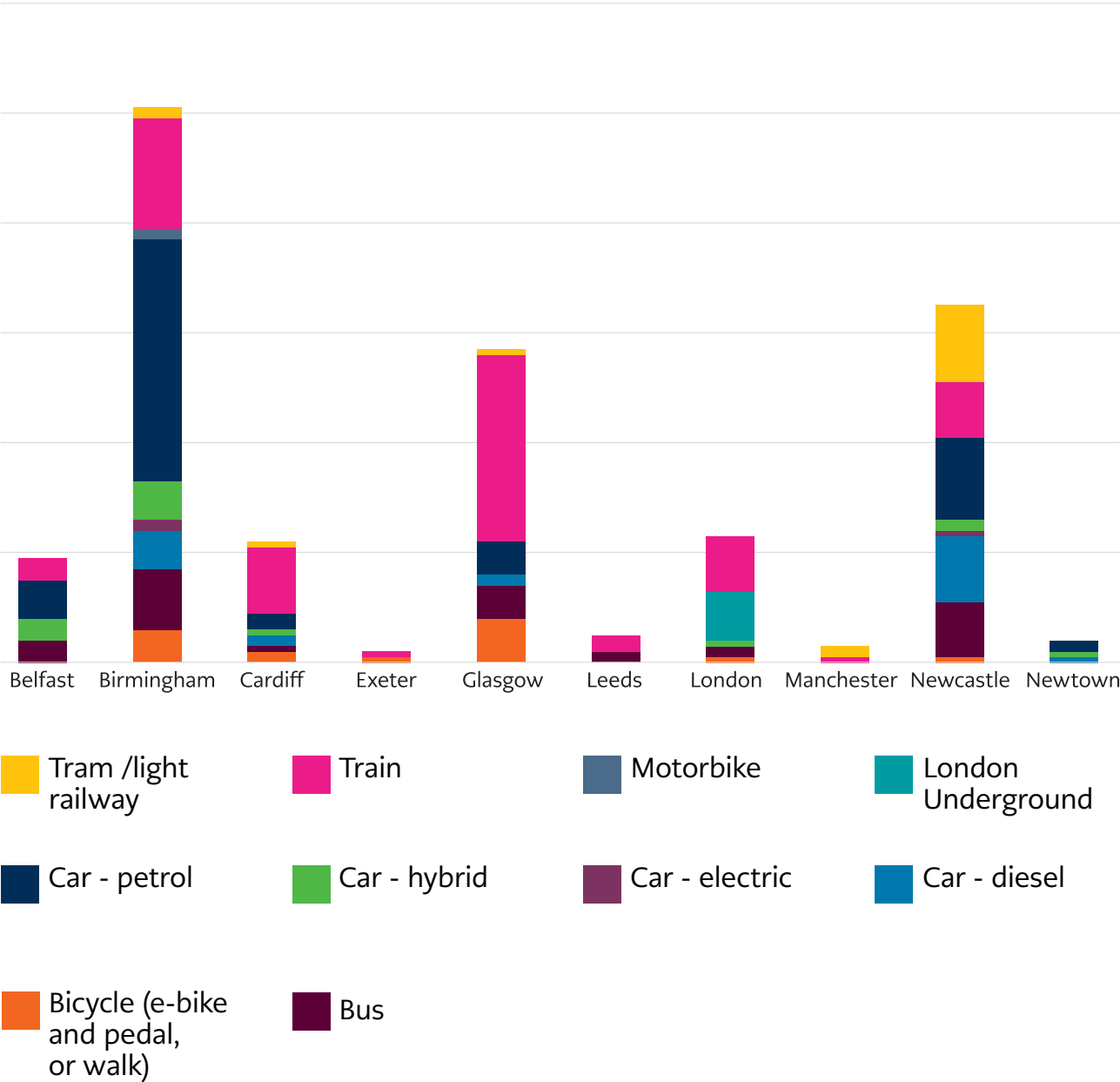


Figure 5: Breakdown of the types of transportation TNLCF colleagues use to commute to work, per office (based on responses from 52% of the organisation)



Our emissions from commuting to our offices for the 2023-24 financial year stands at 354.85 tCO<sub>2</sub>e. This is a significant jump from our 2022-23 estimation, which sat at only 46.6 tCO<sub>2</sub>e, due to the development of more comprehensive surveys to extract data from colleagues this year.

The financial year 2024-25 will be the second year we are able to effectively run our Commuting Survey, measuring this against our ‘working from home’ data will give us a clearer picture of our environmental impact from commuting.

### Our estate

In 2024-25 we shrank our office estate by 132m<sup>2</sup> following a more significant reduction in the prior year.

As outlined in our Net Zero Plan which was compiled by Useful Projects, it is vital that we make carbon reductions across our estate. One target outlined in the report requires us to switch our estate to 100% renewable energy by 2030. In 2024-25 we switched our Glasgow and Belfast office to a renewable electricity tariff, leaving only two offices left to convert. Across our estate, six of our properties still have a gas boiler. This is a challenging area for us to address as most buildings available to us contain gas boilers. This financial year we created a minimum expectations document which prioritises energy-efficient properties where possible that we will apply to all future properties.

### Waste

During this financial year, we have reviewed our office space and carried out further reduction in our Newtown office. We re-used excess furniture, giving them to charities or colleagues. Excess stationery equipment was shared between offices.

Reduced office occupancy levels throughout all offices have seen printing levels remain relatively low. In 2023-24 there were 104,400 sheets of paper printed. As of March 2025, 89,191 sheets were printed.

### Internal development

As part of our Environment Plan, we committed ourselves to becoming an exemplar in managing our environmental impact. As part of this, we have introduced compulsory staff training on the drivers and impacts of climate change, facilitated through a Climate Fresk workshop. To date<sup>3</sup>, 623 staff have received Climate Fresk training, 539 of whom were trained in 2024-25. Of these members, 37 are facilitators and continue to deliver training throughout the organisation.

### Looking forward

Our Environment Plan Delivery Group (EPDG), attended by senior members of the Fund's directorates, continues to review environmental actions and progress quarterly. In 2024-25, discussions were based around progress against the four goals, set out in our seven-year Environment Plan.

In 2025-26, our focus will be on understanding and reducing the largest area of emissions, which is our purchased goods and services.

We will keep our office spaces under review and ensure that environmental considerations are built in as a key priority. Within this, we will continue to work with our property managers to move our energy supply to 100% green energy contracts.

In 2023-24, we had 800 trees planted in Donaghadee in Northern Ireland, with a further 100 organised for Cranny Falls, which were planted in March 2025 through the International Tree Foundation.

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<sup>3</sup> Figures representative as of April, 2025.



In 2024-25 we paused our offsetting policy. We will keep it under review for the 2025-26 financial year.

### The data

This year's emission chart includes our Scope 3 categories of community, business travel, cloud usage, utility data, water, purchased goods and services, waste and homeworking.

### Data trends

We continue to use the cloud to process our data, switching from server rooms last year, which reduced our electricity by 27% in 2024-25. We still have small server rooms in eight of our properties for some IT purposes that are yet to be moved to cloud-based storage.

This year, we have been able to access our cloud emissions for two of our services: Microsoft Azure and Microsoft 365, with the rest estimated using spend-based data.

Cloud emissions in our 2023-24 emissions baseline are based only on spend-based data therefore our emissions are greater this year.

We continue to enforce a flight policy that prohibits air travel except when travelling to Northern Ireland and the Scottish Islands. This year, we recorded 12 flights that were out of policy, and 6 international flights. This represented 4.71% of our air travel. Some colleagues have opted for the ferry crossing when visiting the Belfast office.

We moved out of our Manchester office in September 2024 during renovation and moved back in for April 2025. This means we have only tracked its data for Q1 and part of Q2, and did not include data for September 2024 – March 2025 as we did not occupy it.

## Emission data

Greenhouse gas emissions <sup>i</sup>		2024-25	2023-24
Non-financial indicators (tCO <sub>2</sub> e)	Total gross for Scopes 1 and 2	103.35	155.91 <sup>ii</sup>
	Total net for Scopes 1 and 2 (less reductions i.e. green tariffs)	79.52	137.71
	Total emissions for Scope 3	2642.87	3167.38
	Included in the Scope 3 total		
	Office energy use <sup>iii</sup>	33.68	51.76
	Water supply and treatment <sup>iv</sup>	1.67	1.1
	Homeworking <sup>v</sup>	365.58	359
	Commuting	345.85 <sup>vi</sup>	345.85
	Business travel by all travel modes including any hotel stays <sup>vii</sup>	331.18	330.03
	Tech equipment <sup>viii</sup>	8.13	64
	Waste <sup>ix</sup>	37.37	79.49
	Cloud <sup>x</sup>	6.34	-
Related energy consumption (kWh)	Electricity: non-renewable	93,704	148,310
	Electricity: renewable	119,860	78,936
	Gas	363,907	640,786
	Liquefied Petroleum Gas	-	-
Financial indicators (£000s) Scopes 1, 2 & 3	Expenditure on energy <sup>xi</sup>	108 <sup>xii</sup>	361
	Expenditure on official business travel	932	954
	Purchased goods and services	10.34	10.14

<b>Waste</b>		<b>2024-25</b>	<b>2023-24</b>
<b>Non-financial indicators (t)</b>	Total waste	6.52	7.6
	Hazardous waste	-	-
	Landfill	-	-
	Recycled	2.53	2.06
	Incinerated energy from waste	3.29	1.68
	Waste electrical equipment	0.69	3.6
<b>Financial indicators (£000s)</b>	Total disposal cost	5.5	5.2
	Hazardous waste – total disposal cost	-	-
	Landfill <sup>i</sup>	-	-
	Recycled	2.7	2.6
	Incinerated energy from waste	2.7	2.6

## Task Force on Climate-related Financial Disclosure (TCFD) compliance statement

The Fund has reported on climate-related financial disclosures consistent with HM Treasury's TCFD-aligned disclosure application guidance, which interprets and adapts the framework for the UK public sector. The Fund has complied with the TCFD recommendations and recommended disclosures for:

Governance - recommended disclosures (a) Board oversight (b) Management's role

Metrics and targets – recommended disclosures (a) (b) (c)

Risk management – recommended disclosures (a) (b) (c)

This is in line with the Government's TCFD-aligned disclosure implementation timetable for Phase 2.

### Board oversight

Climate-related issues are reported to the Board annually. Two individuals within the Board's membership have specific environmental backgrounds.

The Audit and Risk Committee reviews and oversees the Organisational Risk Register, which includes references to risks associated with the delivery of our Environmental Plan.

### Management's role

The organisation published the Environment Plan in September 2023 to align with the organisational strategy for 2030, which sets out four headline goals. The Environment Plan was written by the Head of Climate Action, overseen by the SMT lead for environment, and owned by the Policy and Practice sub-committee, which is reviewed annually.

The Environment Plan Delivery Group, made up of representatives from all directorates across the Fund, oversees the delivery of this work. The Group meets quarterly.

Since December 2023, Fund colleagues have been required to receive mandatory training in climate awareness, with 74% of colleagues attending a Climate Fresk or climate literacy programme by March 2025.

Responsibility for collecting environmental data on the organisation's environmental footprint, including reporting against the Net Zero Plan, sits with the Environmental Officer, working closely with the Head of Climate Action and the SMT lead for environment.

## Strategy metrics and targets

Our corporate plan and strategy commit the organisation to being an environmentally regenerative funder. One of the eight KPIs in our 2024-27 corporate plan (KPI 4) sets the target of distributing at least 15% of grants to projects that have environmental sustainability as their primary aim.

In addition, we report annually on Scope 1, 2 and 3 emissions and have developed a high-level pathway to net zero, which requires further development in future years.

Other metrics we use to manage climate-related risks are included in the main sustainability report above.

We have provided comparatives for all metrics where available. Our processes and reporting for climate and sustainability continue to evolve, and we endeavour to report as fully as we can where data is available.

The Environment Plan Delivery Group continue to enhance our work in this area and will begin to consider specific in-year targets from 2025-26 as we work towards our overall environmental goals.

## Risk

Climate is not designated as a principal risk for the Fund, because our focus is on funding projects that address climate action rather than categorising climate change as a direct operational risk. Through initiatives like the Climate Action Fund, the Fund supports communities in tackling climate change by promoting sustainability and encouraging local engagement. Instead of treating climate as a risk to its operations, the Fund integrates climate action into its grant-making strategy to drive positive change.

There is an established Environment Plan Delivery Group at the Fund, which monitors progress against goals in the Environment Plan and environment-related objectives in the corporate plan. This group considers climate-related risks, confirms its assessment relative to other organisational risks and ensures they are captured and managed within our risk register. This is reviewed each quarter and reported to senior management and the Audit and Risk Committee as part of the quarterly risk reporting cycle.

Through the Environment Plan Delivery Group, the SMT climate lead and Finance, the Fund considers existing and emerging regulatory requirements related to climate change.

We will continue to review and adapt our approach to climate-related disclosures following the adoption of the new requirements each year. An area where we are still working towards compliance is to consider whether information from external risk frameworks is relevant for our disclosures.

There are elements of climate disclosures we have assessed to be immaterial to the Fund at this time and, therefore, have not included them in this report. This includes internal carbon pricing.



David Knott  
Chief Executive and Accounting  
Officer

2nd July 2025

### Data notes

i

Emission calculation methodologies are in accordance with the GHG protocol methodology.

ii

These are re-calculations since acquiring more accurate data.

iii

Based on the same data as Scope 1 energy emissions, but refers to either our sub-leased office areas or the well-to-tank and transmission and distribution emissions associated with the energy networks.

iv

Water supply is based on 73% raw and 27% estimated data. We only get meter data on water supply, so we have to assume treatment volume is the same, but we know this is not entirely accurate.

v

Homeworking emissions are calculated by taking our overall FTE, then removing the number of people who we know have been in the office, are off on annual leave, or are off sick, and then applying the remaining number to the government conversion factors.

vi

As previously addressed, commuting is representative of 2023-24 data collected within our Environmental Survey. It is extrapolated Fund-wide using the responses to the survey about regularity and mode of commuting and will be updated when our 2024-25 results are in.

vii

Comprised of highly accurate data from the CTM travel management system (75%) and less accurate data from the company expenses system, which is only based on spend (25%).

viii

This category is based only on raw data, not spend, and includes IT department purchases for the office and IT department purchases for home use. This year, emissions are lower because 2023-24 was an IT equipment refresh year.

ix

Waste data is made up of office waste, segregated by recycling and everything else. Most of our offices have food waste bins; however, data on their weights didn't become available until recently, and therefore, it is not included in this year's data. We get the most accurate data from our biggest offices, Newcastle and Birmingham, and use this to estimate waste for other offices based on office size.

x

This year, we have been able to access our cloud emissions for two of our services, Microsoft Azure and Microsoft 365, with the rest estimated using spend-based data. There is not a figure available yet for our 2023-24 usage, but we plan to estimate this backwards in line with government guidance.

xi

Calculations for both years include costs for communal office gas and electricity (Scope 3), as paid for in our service charges, as well as gas (Scope 1) and electricity (Scope 2) directly associated with our occupied space.

xii

Our spend figure is significantly lower this year as we only had three service charge schedules compared to the six we had in 2023-24. We are also missing service charge information for Belfast, Leeds and Glasgow and utility spend from London and Manchester. This highlights more gaps that need to be closed in order to report more accurately.

Purchased goods and services include data on stationery, technology and homeworking equipment purchases, as well as overall procurement spend.

# Accountability report

The accountability report has three sections:

- a corporate governance report – a discussion of our governance structure and its achievements in the year under review
- remuneration and staff report – this details remuneration for Board members and senior management and pension arrangements. In addition, we discuss our achievements in equality and diversity for colleagues
- a parliamentary accountability and audit report – a report by our auditors on the results of their audit of our accounts for 2024-25 in line with accounting and auditing standards.

## Corporate governance report

### Directors' report

The Fund is governed by a Board comprising the Chair, the Chairs of the four country committees and up to seven other members. A new permanent Chair was appointed in November 2024, following an interim Chair period since July 2023.

The Board has appointed one of its members as Vice Chair and another as Senior Independent Director.

During 2024-25, there were 12 members of the Board (some for part of the reporting year only). There have been several appointments to Board and committee roles during the year.

Details of the Board and committee members for the reporting period are set out in detail in the remuneration report on page 69.

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

The Board sets the Fund's strategic framework, and each committee working within this framework has delegated authority to determine the funding programmes in their country (or for the UK-wide funding portfolio). They also make grant decisions or agree to 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 appointed a Remuneration and Appointments Committee to deal with the matters set out in the remuneration report and a People Committee to leverage the experience, insight and perspective of the Board in assisting the Executive to deliver a cohesive medium and long-term people strategy. The Remuneration and Appointments Committee normally meets annually.

The Chair of the Audit and Risk Committee reports to each Board meeting on matters the committee considers should be brought to its attention and to provide assurance to the Board. The Audit and Risk Committee provides a full report to the Board on its work once each year.

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

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

All Board members are appointed by the Secretary of State for our sponsor department, DCMS. Members of country committees are appointed by the Fund. The devolved administrations are fully involved in the appointments relating to their respective countries, and all Board and committee members are appointed following an open process of advertisement and selection.

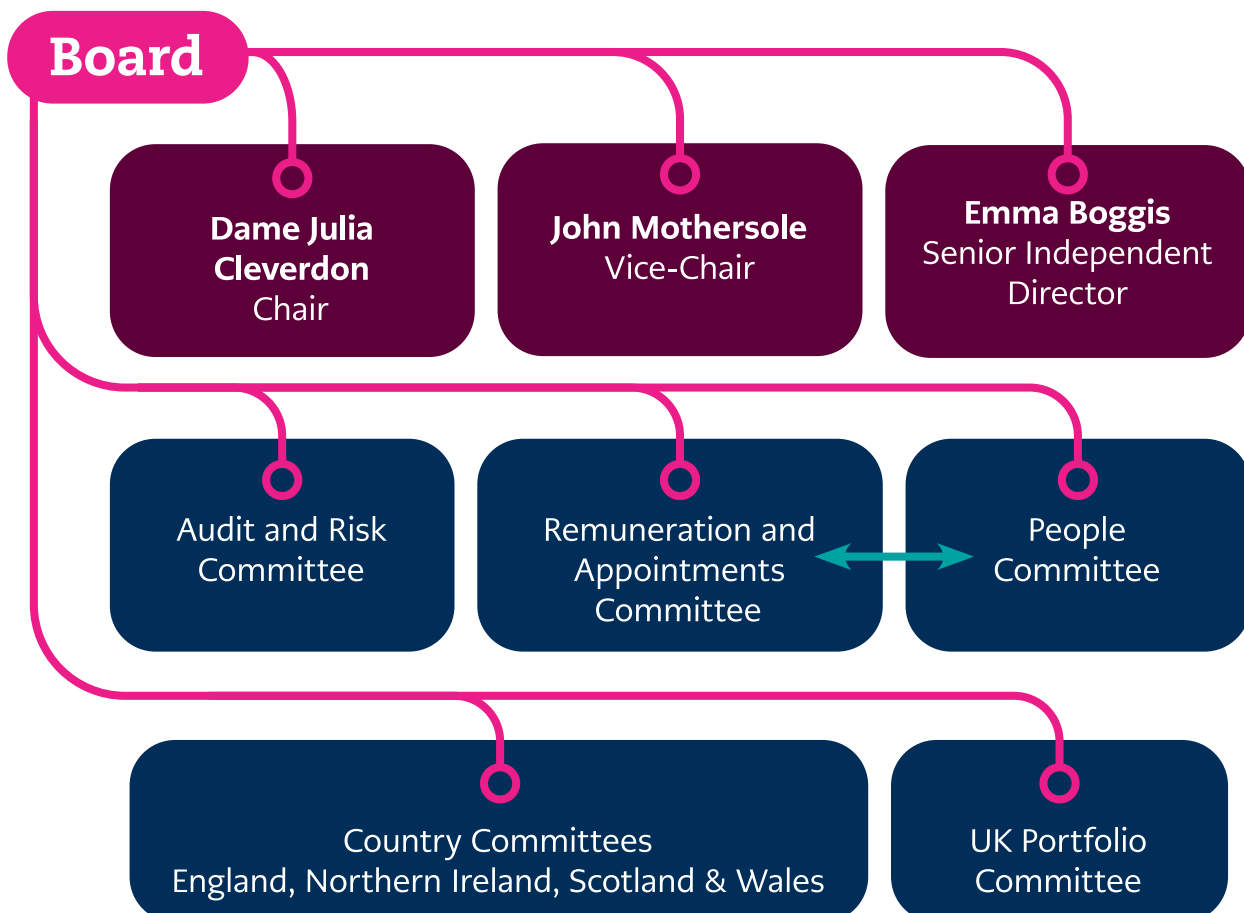
## Register of interests

All our Board and committee members, assessors, advisers, members of any advisory panel, and our colleagues 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 available on The National Lottery Community Fund website – [www.tnlcommunityfund.org.uk](http://www.tnlcommunityfund.org.uk).

Details of such interests for all decision-making committee members are available by writing to the Head of Governance. If the Board or a committee considers any matters which could reasonably be seen as giving rise to a conflict of interest, principally over grant decisions to organisations but also any commercial relationships, the Chair of the meeting ensures at the outset that disclosure is made and the member withdraws while the relevant item is discussed.

**Figure 6: Governance structure: The Board and its committee structure at The National Lottery Community Fund during 2024-25**



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

The Fund operates across the UK under the National Lottery etc. Act 1993 (as amended by the National Lottery Act 1998 and the National Lottery Act 2006). The Act sets out the primary rules under which it operates. It also has functions designated to it under the Dormant Assets Acts 2008 to 2022.

The Fund is a non-departmental public body, and I (David Knott) am fully accountable for our funds to Parliament. The UK or Scottish Parliaments, the Senedd (the Welsh Parliament) or the Department for Communities Northern Ireland make certain orders relating to National Lottery and dormant account money, but directions issued by ministers exercise the main government oversight of the Fund.

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

The Fund's policy sponsor is the Department for Culture, Media and Sport (DCMS). The Minister of the sponsor department issues policy directions that must be taken into account when distributing funds generally across the UK and specifically in England, while the devolved administrations in Northern Ireland, Scotland and Wales issue policy directions in relation to funds distributed in those countries. The Secretary of State issues similar directions relating to dormant account funds.

These directions are included from page 161 of this report.

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

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

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

### **Auditors**

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

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

### **Data quality and data protection**

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

The General Data Protection Regulation (GDPR) came into force in May 2018, and, following the UK's departure from the European Union on 31 January 2020, the UK GDPR took effect. The UK GDPR, alongside the amended Data Protection Act 2018 and the Privacy and Electronic Communications Regulations (PECR), governs all processing of personal data from individuals within the UK (UK Data Protection Legislation). The UK GDPR retains the GDPR in domestic law, but the UK has the independence to keep the framework under review. Both the GDPR and the UK GDPR set greater controls on organisations regarding their responsibilities for processing personal data. Much of the Fund's lawful basis for processing personal data is enabled by our governing statute and policy directions from DCMS. We have adapted our processes and approach to ensure we meet the requirements set out in the UK Data Protection Legislation. We have updated our grant agreements and carefully considered arrangements with grant holders and other stakeholders for the processing of their personal data, including any additional requirements that apply to special category personal data.

There were no reportable data breaches in 2024-25.

### Public sector information holder

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

### Additionality

In accordance with the National Lottery Act 2006, all National Lottery distributors are required to report on their additionality policy and practice. Additionality is an important principle of our funding. The Fund uses the following definition: "National Lottery funding should be used to fund projects, or aspects of projects, for which funds would be unlikely to be made available by the UK Government or Devolved Administrations. This is known as the 'additionality principle' ensuring that the development of programmes and funding of projects is additional to and distinct from government funding, while complementing and adding value to it in areas of mutual policy interest."

All awards made in 2024-25 were consistent with this definition of additionality. In addition to this definition, the Fund also takes account of the following provision on additionality set out in our policy directions: Additionality and complementarity – the development of programmes and funding of projects should complement, add value and be distinct from the work of other funders and parties working towards the Fund's goals.

The Board considers the Fund's position on additionality annually, the last review being in December 2024.

### Statement of Accounting Officer's responsibilities

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

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

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

DCMS has appointed the Fund's Chief Executive as Accounting Officer.

The responsibilities of an Accounting Officer (including the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Fund's assets) are set out in Managing Public Money, published by HM Treasury.

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

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

### Delegated responsibilities

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

### Joint schemes

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

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

During 2024-25, the Fund has participated in the following joint scheme:

- Parks for People – a scheme administered by the National Lottery Heritage Fund, on behalf of the National Lottery Heritage Fund and The National Lottery Community Fund.

### **Delegate organisations**

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

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

### **Our delegate organisations as part of the Growth Fund**

- Community Impact Partnership
- BIG Issue Access Ltd
- Cultural Impact Loans
- Devon Community Foundation
- Greater Manchester Centre for Voluntary Organisation (GMCVO)
- Homeless Link Social Investment Ltd
- Kent Community Foundation
- Somerset Community Foundation
- Sporting Capital Ltd
- UnLtd
- First Ark
- Key Fund
- Resonance

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

- Co-operative Community Investment Foundation
- Greater London Authority
- Clarion Futures
- UK Community Foundations
- BBC Children in Need
- Ernest Cook Trust
- Premier League Charitable Fund
- Bite Back 2030
- The Dulverton Trust
- Impetus – The Private Equity Foundation
- Sovereign Housing Association Limited

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

- Buttle UK
- Smallwood Trust
- The Access to Justice Foundation

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

- Manx Lottery Trust

## Accountability report

### As part of the Rural Poverty programme

- Severn Wye Energy Agency Ltd

### As part of the Supporting Great Ideas programme

- Wales Council for Voluntary Action

### As part of the Climate Action Fund programme

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

### As part of the Growing Great Ideas programme

- Transition Network

### As part of the Dormant Assets Northern Ireland programme

- Arts & Business Northern Ireland

### As part of the School for Social Entrepreneurs programme

- School for Social Entrepreneurs

## The governance statement

As Chief Executive and Accounting Officer, I'm responsible for ensuring robust governance, risk management and internal control arrangements across the entire organisation, which support the achievement of the Fund's purpose while safeguarding the public funds and assets for which I am also responsible.

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

### Executive management

I lead the executive management of the Fund, supported by the SMT, which had 10 members for most of the financial year, with one appointment in September and two job-share directors being replaced by an interim in February.

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

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

One new sub-committee of the SMT was established during the year to allow for efficient and robust governance arrangements, particularly as we move towards implementing the strategy. This is the Organisational Development Committee. This is in addition to the two sub-committees established last year: the Performance and Improvement Committee and the Policy and Practice Committee.

Each committee has delegated authorities from the SMT as confirmed in their terms of reference and provides a monthly executive summary to the SMT. There are appropriate executive management structures across the organisation to oversee all activities and the projects and programmes across the Fund.

### Risk management

The Fund operates a comprehensive system of risk management, with an organisational risk register reviewed quarterly both internally by the second and third line of defence risk functions and externally by the ARC.

The Board reviews the risk register at least annually to ensure no material omissions. The Board has also, with the ARC's advice and guidance and on recommendation from the SMT, established key risk themes representing the Fund's key risks that are monitored and reported on quarterly.

Each risk theme has an agreed appetite level and corresponding thresholds to measure each appetite accurately. Risk registers are maintained at directorate level, as well as for all key projects and programmes, and each risk is reviewed at senior level at least every quarter, providing the Board with assurance the Fund is working within its agreed appetite for risk.

The Fund has a comprehensive portfolio of risk reports submitted each quarter to SMT and ARC, ensuring transparency and a clear path for escalating significant risk issues to senior stakeholders. Our system of controls, together with the oversight of an experienced management team and in-house Legal team, is designed to manage risk to an acceptable level from a second line of defence perspective.

The Fund's third line of defence functions provides additional assurance that the Fund's risk management process is both sufficient and working correctly. The Fund 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.

### The governance year

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 before I provide final approval as Accounting Officer. This programme is designed to give assurance that appropriate controls have been designed and are operating correctly regarding all the significant risks the Fund faces. Internal audit reports have addressed many risks, including within the key risk areas: complaints and FOI, development and training, cyber security, recruitment and retention, funding partnership grants, grant decision making-key financial controls and implementing the Fund's strategy.

The ARC, sponsor directors, and I consider the findings of internal audit reports. We give greater scrutiny to reports that provide limited assurance regarding either the design of controls or their operational effectiveness. Management agrees actions in response to all recommendations made, and progress against these is reported at each ARC meeting.

From the range of internal audit reports that were completed, an improvement could be seen in assurance levels, with fewer gaps in the procedures and controls in specific areas than in previous years. During 2024-25, one report gave limited assurance for the effectiveness of controls relating to complaints and FOI.

## Accountability report

Other areas examined reported either moderate or substantial assurance over design and effectiveness.

I was pleased to note the reduction of audit recommendations outstanding, which reflects increased engagement with internal audit processes I expected of the SMT during the year.

The Audit and Risk Committee sought additional assurances from officers during the year through planned deep dives on key risk areas, including cyber risk and project management. These additional assurances were provided to the satisfaction of the committee and myself as Accounting Officer.

The Fund outsources the delivery of most of its internal audit activity in a co-sourced arrangement.

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 given me an annual assurance report. The report assesses the Fund to have 'moderate assurance' relating to its framework of governance, risk management and control. This is based on the results of the work carried out by internal audit during this period and the Fund's response to date, its plans and commitment to continue addressing the more challenging and complex recommendations and the progress made in addressing the areas set out in previous recommendations.

The National Audit Office carries out an external audit of this annual report and accounts.

Findings and recommendations arising from the external audit are dealt with in the same way as those from internal audit and are fully considered by the Audit and Risk Committee.

The People Committee continues to enhance the Fund's governance arrangements, and has taken an active interest in internal audit reports on people matters, including the Chair of the People Committee attending the Audit and Risk Committee when such reports have been discussed.

### Accounting Officer assurances

As the Accounting Officer, I must maintain a sound system of internal controls that supports the achievement of the Fund's policies, aims and objectives to safeguard public money and the Fund's assets. To achieve this objective, the Fund has gained and received assurances from the following sources:

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

No audit adjustments were proposed, and no high-priority recommendations were made for the year ended 31 March 2025. External audit work on transactions gives audit assurance that sufficient controls are in place, in addition to management assurances obtained from oversight and controls over grant awards and spending to demonstrate propriety and regularity of our funding activity.

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

Overall, the annual internal report gives moderate assurance, which continues to build on the improvements instigated last year.

I have reviewed this report in detail and am satisfied that any material areas of note have either already been addressed or have defined action plans. I welcome the insight conveyed through the report on areas of focus for improvement if we are to attain a higher level of assurance in future years.

### 3. Annual Assurance statements from directors

As part of the governance process and the internal audit function, assurance statements are received from the directors confirming that they have discharged their responsibilities to ensure that the Fund's policies and procedures are complied with. Updated training modules have been made available to directors to provide refresher sessions where relevant to outline their responsibilities for annual assurance. Directors' annual assurance statements are submitted to me as Accounting Officer for review and consideration in preparation of this governance statement. They are also received by the Head of Internal Audit and informed of their annual opinion. All areas of the Fund received positive responses.

### 4. Risk management

The risk registers are reviewed in detail each quarter. The risk moderation panel then discusses the directorate risk registers and the organisational risk register to recommend which risks to update, add or remove from the organisational risk register. Thereafter, the SMT approves the organisational risk register before it is presented to the Audit and Risk Committee for review and scrutiny.

The Fund's risk management framework is guided by recommended requirements of the HM Treasury Orange Book and adopts the three lines of defence assurance model. During 2023-24, further improvements to the risk management framework have been introduced, which have provided enhanced assurance to the Audit and Risk Committee.

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

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

The SMT reviews all changes to the directorates' risk registers and the organisational risk register every quarter. SMT risk owners also provide relevant commentary each quarter against each key risk theme used in the Fund's risk management framework. SMT members will each review their directorate risk register in collaboration with the risk management team. Risks are added, closed or scored/rescored based on various influencing factors, such as changes in the external operating environment or response to internal audit findings.

### 6. Audit and Risk Committee

The Audit and Risk Committee meets every quarter to review and discuss all risk updates to ensure that mitigating controls and control assurances properly manage risks. During the year, the committee focused on receiving additional assurances from officers on people/HR-related matters, data and information security arrangements and counter fraud arrangements.

## Accountability report

The committee provides challenges and scrutiny over the Fund's risk recording, reporting and assurance arrangements and has also required assurances regarding management's responsiveness to implementing internal audit recommendations. These assurances have been provided to the satisfaction of the committee.

### 7. Functional standards

The Fund continues to periodically self-assess against the business functions prescribed in the Government Functional Standards as necessary. The Fund identified the relevant functional standards and self-assessed against them, confirming compliance against these applicable standards. Assurance of compliance against these standards has been provided to the Accounting Officer.

### Corporate planning and performance management

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

Following the successful launch of the 2024-27 corporate plan at the beginning of the year, a new suite of KPIs were developed and subsequently implemented for reporting to SMT and Board.

To reflect the ambition of the corporate plan, these KPIs include stretch targets. These were monitored regularly and reported to SMT and the Board, with corrective action agreed upon wherever necessary.

Our performance against these KPIs is reported in the Performance Report section of this document.

Additional key management information is also collated and analysed by the Performance and Improvement Committee on behalf of SMT throughout the year in various forms.

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

Our approach to planning continues to evolve and has supported our plans and budget for the coming period.

This includes setting certain priorities for development against our three corporate objectives and six underlying strategic priorities as outlined in the corporate plan.

### Dormant assets

The Fund has established enhanced governance processes for managing the dormant account assets funding stream in response to increased levels of activity. We have worked with DCMS to put reporting structures in place to ensure all aspects of the range of grant-making activities are appropriately designed and delivered and that the governance arrangements for the Fund are effective in this area and support the overall dormant account assets scheme appropriately. The work in delivering dormant assets activities forms part of our overall approach to organisational governance across the Fund. Therefore, the role of the Board, Audit and Risk Committee, Internal Audit and the Accounting Officer extends to cover these activities alongside those connected with our National Lottery-funded activities.

Dormant account funds continue to be distributed to make an impact and bring benefits to our communities in line with policy directions.

### Third-party funding

The Board (or delegates through relevant committees) is actively engaged in third-party decisions about third-party work, considering, for each proposal, whether it is, or may be, appropriate for the Fund to undertake and is consistent with our third-party funding strategy and the principles in the strategic framework.

We apply a risks and control framework to each opportunity consistent with the task set by the client, ensuring that there is no question of National Lottery money being put at risk or cross-subsidising of non-National Lottery work from National Lottery resources.

### Delegated and trust arrangements

The Fund delegates some of its functions to other organisations, as set out in the statement of the Accounting Officer's responsibilities. Proportionate due diligence work is carried out on the governance and systems of proposed delegate organisations before funding is awarded. The arrangements are actively managed and appropriate internal and external audit arrangements are applied. External delegation agreements (binding legal agreements) are in place as a control measure to mitigate risk.

The Fund may also make awards as endowments to trusts, normally specifically created for the award.

A previous example of this is the Power to Change trust set up to support community enterprises across England, from inspiring and nurturing ideas to helping communities scale up and expand their businesses.

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

### Our payment policy and practice

In accordance with the Prompt Payment Policy, we aim to pay all our creditors within 30 days of receiving an invoice unless other terms and conditions have been negotiated. In 2024-25, 90% (94% in 2023-24) of all creditors were paid within 30 days of receiving an invoice.

The percentage of suppliers paid within 10 days was 62% during 2024-25 (62% in 2023-24).

Our overall creditor days (the total value of our creditors at 31 March 2025 divided by total creditor payments during 2024-25, expressed in days) was 16 days (17 days in 2023-24).

## Accountability report

### Whistleblowing

The Fund's whistleblowing policy is derived from the Public Interest Disclosure Act 1998 to protect any colleagues who make disclosures in good faith about wrongdoing or activity that is against the public interest. The policy is made available to all permanent and temporary colleagues and is published on our intranet. The policy covers concerns that are in the public interest and includes the following (non-exclusive) matters:

- financial malpractice
- failure to comply with a legal obligation
- dangers to health and safety or the environment
- criminal activity
- miscarriage of justice
- attempts to conceal any of the above

There were no instances of public interest disclosure whistleblowing during the year.

### Parliamentary accountability

A statement of losses and special payments is included in note 21. There are no material remote contingent liabilities to report. There were no gifts over the limits proscribed in the Government's guidance Managing Public Money. There are no fees or charges to disclose.

### Overall assessment of governance and internal control

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



David Knott  
Chief Executive and Accounting Officer  
2nd July 2025

## Our remuneration and staff report

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

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

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

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

The total amounts they received are shown in the following tables.

#### Board members

Name	Role	Attendance 2024-25	Remuneration 2024-25*	Remuneration 2023-24*
			£000	£000
<b>Dame Julia Cleverdon DVCO</b>	Chair, Board (From 18 November 2024)	2/2	10-15 (Full year equivalent 40-45)	-
	Chair, UK Funding Committee (From 18 November 2024)	1/1		
<b>Blondel Cluff CBE</b>	Chair, Board (Until 20 July 2023)	-	-	10-15 (Full year equivalent 40-45)
	Chair, UK Funding Committee (Until 20 July 2023)	-		
	Chair, Remuneration and Appointments Committee (Until 20 July 2023)	-		

## Accountability report

Name	Role	Attendance 2024-25	Remuneration 2024-25*	Remuneration 2023-24*
			£000	£000
<b>Emma Boggis</b>	Member, Board Senior Independent Director (from 16 November 2023)	3/4	5-10	5-10
	Member, Audit and Risk Committee	5/5		
<b>Richard Collier- Keywood</b>	Member, Board	4/4	10-15	10-15
	Chair, Audit and Risk Committee	5/5		
<b>Ellie Craig</b>	Member, Board (from 1 March 25)	1/1	5-10	-
<b>Stuart Hobley</b>	Member, Board	4/4	5-10	5-10
	Member, Stakeholder Engagement and Government Relationship Sub- Committee	1/1		
	Vice Chair UK Funding panel	4/4		

Name	Role	Attendance 2024-25	Remuneration 2024-25*	Remuneration 2023-24*
			£000	£000
<b>Simone Lowthe-Thomas</b>	Chair, Wales Committee	4/4	20-25	20-25
	Member, Board	4/4		
	Member, UK Funding Committee	3/3		
	Member, Audit and Risk committee (from 28 September 2023)	4/5		
	Member, Climate Action Fund Decision Making Panel	4/4		
	Government Relationship and Stakeholder Engagement Sub-Committee (until 31 March 24)			
<b>John Mothersole</b>	Vice-Chair, Board (from 16 November 2023)	4/4	20-25	20-25
	Member, UK Funding Committee	2/3		
	Chair, England Committee	10/11		
	Chair, Stakeholder Engagement and Government Relationship Sub-Committee	1/1		
	Vice-Chair, Remuneration and Appointments Committee (from 16 November 2023)	2/2		

## Accountability report

Name	Role	Attendance 2024-25	Remuneration 2024-25*	Remuneration 2023-24*
			£000	£000
<b>Rachael Robathan</b>	Member, Board (until 31 May 2023)	-	-	0-5 (Full year equivalent 5-10)
	Member, Audit and Risk (until 31 May 2023)	-		
	Member, for People Sub-Committee (until 31 May 2023)	-		
	Member, Remuneration and Appointments Committee (until 31 May 2023)	-		
<b>Dame Helen Stephenson</b>	Member, Board	4/4	5 – 10 (from July 2024)	0
	Chair, People Committee	4/4		
	Member, Remuneration & Appointments Committee	3/3		

Name	Role	Attendance 2024-25	Remuneration 2024-25*	Remuneration 2023-24*
			£000	£000
<b>Peter Stewart</b>	Member, Board	4/4	5-10	5-10
	Member, UK Funding Committee	2/3		
	Member, People Committee	3/4		
	Chair, UK Climate Action Fund Decision Making Panel	4/4		
<b>Kate Still</b>	Member, Board	4/4	20-25	20-25
	Member, UK Funding Committee	3/3		
	Chair, Scotland Committee	7/7		
	Member, People Sub-Committee (from 31 December 2023)	4/4		
	Member, Remuneration and Appointments Committee (until 6 June 2024)	2/2		
	Member, Stakeholder Engagement and Government Relationship Sub-Committee	0/1		

## Accountability report

Name	Role	Attendance 2024-25	Remuneration 2024-25*	Remuneration 2023-24*
			£000	£000
<b>Paul Sweeney</b>	Chair, Northern Ireland Committee	9/9	30-35	35-40
	Interim Chair, Board (until 17 November 2024)	2/2		
	Member, Board (from 18 November 2024)	2/2		
	Interim Chair, UK Funding Committee (until 17 November 2024)	2/2		
	Member, UK Funding Committee Member (since 18 November 2024)	1/1		
	Interim Chair, Remuneration and Appointments Committee	3/3		
	Member, Stakeholder Engagement and Government Relationship Sub-Committee	1/1		

Name	Role	Attendance 2024-25	Remuneration 2024-25*	Remuneration 2023-24*
			£000	£000
<b>Danielle Walker-Palmour</b>	Member, Board	3/4	5-10	5-10
	Member, UK Funding Committee	2/3		
	Member, People Committee	3/4		
	Chair, UK Funding Panel	4/4		

\*Audited information

## Accountability report

### Other members – England

Name	Role	Attendance 2024-25	Remuneration 2024-25*	Remuneration 2023-24*
			£000	£000
<b>Kevin Bone</b>	Member, England Committee (until 31 March 2024)	-	-	5-10
<b>Ray Coyle</b>	Member, England Committee	8/11	5-10	5-10
<b>Matthew Downie</b>	Member, England Committee (from 19 November 2024)	2/3	0-5	-
<b>Millie Downes</b>	Member, England Committee (from 1 March 2025)	1/1	0-5	-
<b>Halima Khan</b>	Member, England Committee	9/11	5-10	5-10
<b>Margaret Jones</b>	Member, England Committee (until 31 January 2024)	-	-	5-10
<b>Daria Kuznetsova</b>	Member, England Committee (from 19 November 2024)	2/3	0-5	-
<b>Kamran Rashid</b>	Member, England Committee	10/11	5-10	5-10
<b>Karin Woodley</b>	Member, England Committee	9/11	5-10	5-10

## Other members – Scotland

Name	Role	Attendance 2024-25	Remuneration 2024-25*	Remuneration 2023-24*
			£000	£000
<b>Jackie Brock</b>	Member, Scotland Committee	5/7	5-10	5-10
<b>Lindsay Graham</b>	Member, Scotland Committee (until 11 March 2025)	5/7	0-5	5-10
<b>Holly Hendrie</b>	Member, Scotland Committee (from 1 March 2025)	1/1	0-5	-
<b>Martin Johnstone</b>	Member, Scotland Committee (until 11 March 2025)	6/7	0-5	5-10
<b>Janet Miles</b>	Member, Scotland Committee (until 11 March 2025)	7/7	5-10	5-10
<b>Aaliya Seyal</b>	Member, Scotland Committee (until 11 March 2025)	7/7	0-5	5-10
<b>Naila Wood</b>	Member, Scotland Committee	5/7	5-10	0-5

## Accountability report

### Other members – Wales

Name	Role	Attendance 2024-25	Remuneration 2024-25*	Remuneration 2023-24*
			£000	£000
<b>Callum Bruce-Phillips</b>	Member, Wales Committee (from 1 March 2025)	1/1	0	-
<b>Gwenllian Lansdown Davies</b>	Member, Wales Committee	3/4	5-10	5-10
<b>Fadhili Maghiya</b>	Member, Wales Committee	3/4	5-10	5-10
<b>Trystan Pritchard</b>	Member, Wales Committee (until 31 March 2025)	4/4	5-10	5-10
<b>Nicola Russell-Brooks</b>	Member, Wales Committee (until 31 January 2025)	3/4	0-5	5-10
<b>Victoria Winckler</b>	Member, Wales Committee (from 1 February 2025)	1/1	0-5	-
<b>Kate Young</b>	Member, Wales Committee	4/4	5-10	5-10

## Other members – Northern Ireland

Name	Role	Attendance 2024-25	Remuneration 2024-25*	Remuneration 2023-24*
			£000	£000
<b>Kate Clifford</b>	Member, Northern Ireland Committee	9/9	5-10	5-10
<b>Nick Garbutt</b>	Member, Northern Ireland Committee	7/9	5-10	5-10
<b>Cara Cash-Marley</b>	Member, Northern Ireland Committee	8/9	5-10	5-10
<b>Anne-Marie McClure</b>	Member, Northern Ireland Committee	7/9	5-10	5-10
<b>Caolan McKiernan</b>	Member, Northern Ireland Committee (from 1 March 2025)	1/1	0-5	-
<b>Norman McKinley</b>	Member, Northern Ireland Committee	9/9	5-10	5-10

## Other members – Audit and Risk Committee

Name	Role	Attendance 2024-25	Remuneration 2024-25*	Remuneration 2023-24*
			£000	£000
<b>Ruth Marchington</b>	Member, Audit and Risk Committee (until 29 February 2024)	4/5	0-5	0-5
<b>Charlotte Moar</b>	Member, Audit and Risk Committee	5/5	0-5	0-5
<b>Tracy Staines</b>	Member, Audit and Risk Committee (from September 2024)	3/3	0-5	-

## Accountability report

### The Senior Management Team

#### Chief Executive

David Knott

#### Northern Ireland Director

Kate Beggs

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

Phil Chamberlain

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

Emma Corrigan

#### People and Culture Director (from September 2024)

Elizabeth Church

#### Interim Funding Strategy, Communications and Impact Director (from February 2025)

Melissa Eaglesfield

#### Chief Finance and Resources Officer

Stuart Fisher

#### Funding Strategy, Communications and Impact Director

Laura Lucking and Verity Prime (until  
February 2025)

#### Scotland Director

Neil Ritch

#### Wales Director (and Nations Director until March 2024)

John Rose

**The following are not formal members of the Senior Management Team but are deemed to have significant financial responsibility:**

#### Chief of Staff (from October 2024)

Nicolas Buckley

### Governance

The Remuneration and Appointments 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
- decide on severance terms for the Chief Executive and directors.

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

The decisions of the Committee are subject to:

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

## Remuneration policy for executive directors

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

Directors, including the Chief Executive, receive a basic salary and a performance-related payment. All other terms and conditions of employment are the same as for other Fund employees. They are entitled to be members of the Principal Civil Service Pension Scheme (PCSPS).

All directors are on permanent contracts (except where necessarily covered by temporary or interim arrangements) subject to three months' notice.

Any termination payments are paid in accordance with the civil service compensation scheme.

Any annual increase to the Chief Executive's salary is determined by the Remuneration and Appointments Committee; for 2024-25 there was a 5% increase (2023-24: 4.25%).

Annual increases to the other directors' salaries are approved by the Chief Executive, reflecting the outcome of the overall staff pay award.

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

They are not included in pensionable pay.

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

Details of the basic salary, performance-related payments and pension benefits of directors are set out in the tables below.

Details of their expenses can be found on the website: [tnlcommunityfund.org.uk/about/our-people/senior-management-team](https://tnlcommunityfund.org.uk/about/our-people/senior-management-team)

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

	2024-25 Salary	2024-25 Performance related payments	2024-25 Value of pension benefits
	£000	£000	£000
<b>David Knott</b> (Chief Executive) 0.91 FTE	145-150 (Full-time equivalent 160- 165)	10-15	63
<b>Kate Beggs</b> (Northern Ireland Director)	85-90	0-5	50
<b>Nicolas Buckley</b> (Chief of Staff) from October 2024	40-45 (Full Year equivalent 85-90)	0-5	17
<b>Phil Chamberlain</b> (England Director – Strategy, Partnerships and Engagement) from June 2022	90-95	5-10	37
<b>Elizabeth Church</b> (People and Culture Director) from September 2024	50-55 (Full year equivalent 100- 105)	0-5	21
<b>Emma Corrigan</b> England Director – Programmes, Operations and Regions) from July 2022	90-95	5-10	37
<b>Melissa Eaglesfield</b> (Interim Funding Strategy, Communication and Impact Director) from February 2025	10-15 (Full year equivalent 85-90)	0-5	55

2024-25 Single total figure for Remuneration	2023-24 Salary	2023-24 Performance related payments	2023-24 Value of pension benefits	2023-24 Single total figure for Remuneration
£000	£000	£000	£000	£000
220-225	135-140 (Full-time equivalent 150 155)	10-15	38	185-190
135-140	80-85	0-5	21	105-110
55-60	-	-	-	-
135-140	85-90	0-5	35	120-125
75-80	-	-	-	-
135-140	85-90	0-5	35	120-125
65-70	-	-	-	-

	2024-25 Salary	2024-25 Performance related payments	2024-25 Value of pension benefits
	£000	£000	£000
<b>Stuart Fisher</b> (Chief Finance and Resources Officer)	120-125	0-5	46
<b>Laura Lucking</b> (Funding Strategy, Communications, and Impact Director) until February 2025 0.73 job share	70-75 (Full-time/ year equivalent 100-105)	0-5	31
<b>Verity Prime</b> (Funding Strategy, Communications, and Impact Director) until February 2025 0.73 job share	70-75 (Full-time/ year equivalent 100-105)	0-5	30
<b>Neil Ritch</b> (Scotland Director)	85-90	0-5	38
<b>John Rose</b> (Wales Director)	95-100	0-5	62

2024-25 Single total figure for Remuneration	2023-24 Salary	2023-24 Performance related payments	2023-24 Value of pension benefits	2023-24 Single total figure for Remuneration
£000	£000	£000	£000	£000
170-175	105-110	0-5	41	145-150
100-105	80-85 (Full time equivalent 95-100)	0-5	61	140-145
100-105	80-85 (Full-time equivalent 95-100)	0-5	68	145-150
120-125	80-85	0-5	19	100-105
160-165	90-95	0-5	52	145-150

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

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**David Knott**

(Chief Executive)

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**Kate Beggs**

(Northern Ireland Director)

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**Nicolas Buckley**

(Chief of Staff) from October 2024

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**Phil Chamberlain**

(England Director – Strategy, Partnerships and Engagement)

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**Elizabeth Church**

(People and Culture Director) from September 2024

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**Emma Corrigan**

(England Director – Programmes, Operations and Regions)

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**Melissa Eaglesfield <sup>1</sup>**

(Interim Funding Strategy, Communication and Impact Director) from February 2025

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**Stuart Fisher**

(Chief Finance and Resources Officer)

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**Laura Lucking <sup>2</sup>**

(Funding Strategy, Communications, and Impact Director) until February 25

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**Verity Prime**

(Funding Strategy, Communications, and Impact Director) until February 25

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**Neil Ritch**

(Scotland Director)

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**John Rose**

(Wales Director)

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<sup>1</sup> Melissa Eaglesfield took on Director responsibilities from February 2025. The opening CETV and increase during the year reflects the opening value as at 31 March 2024, rather than the actual date of taking on the Interim Director role. The National Lottery Community Fund has disclosed this figure in the absence of a CETV calculated at the transfer date.

	Accrued pension at pensionable age as at 31/03/25 and related lump sum	Real increase in pension and lump sum at pension	Cash Equivalent Transfer Values (CETV) at 31/03/25	CETV at 31/03/24	Real increase in CETV
	£000	£000	£000	£000	£000
	40-45	2.5-5	706	635	35
	25-30 plus a lump sum of 60-65	2.5-5 plus a lump sum of 0-2.5	544	484	36
	0-5	0-2.5	12	0	9
	5-10	0-2.5	90	55	24
	0-5	0-2.5	16	0	12
	5-10	0-2.5	78	46	21
	25-30	2.5-5	431	376	36
	5-10	2.5-5	108	68	26
	30-35	0-2.5	486	449	16
	20-25	0-2.5	410	380	17
	30-35 plus a lump sum of 70-75	0-2.5 plus a lump sum of 0-2.5	652	595	28
	35-40	2.5-5	817	728	54

<sup>2</sup> Laura Lucking and Verity Prime left The National Lottery Community Fund in February 2025 and continued as members of the pension scheme. The closing Cash Equivalent Transfer Value (CETV) shown was provided by the pension scheme administrators and reflects the value as at 31 March 2025, rather than the actual date of leaving The National Lottery Community Fund. The National Lottery Community Fund has disclosed this figure in the absence of a CETV calculated at the transfer date.

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

### Real increase in CETV

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

CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that were extant at 31 March 2025.

HM Treasury published updated guidance on 27 April 2023; this guidance will continue to be used in the calculation of 2024-25 CETV figures.

### Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015, a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension age (or 65 if higher). From that date, all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the PCSPS. The PCSPS has four sections: three providing benefits on a final salary basis (classic, premium or classic plus), with a normal pension age of 60, and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded, with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 switched into alpha sometime between 1 June 2015 and 1 February 2022.

Because the Government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period (and this may affect the CETVs shown in this report). All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha, the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a defined contribution (money purchase) pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of classic, premium, classic plus, nuvos and alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium.

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

The partnership pension account is an occupational defined contribution pension arrangement that is part of Legal and General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution).

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

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age or immediately on ceasing to be an active member of the scheme if they are already at or over pension age.

The pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension age for members of alpha.

## Accountability report

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

Further details on pension arrangements can be found on the Civil Service Pensions Scheme website <https://www.civilservicepensionscheme.org.uk/>

The number of staff for whom pension contributions were made in 2024-25 was 0 classic, 0 premium, 0 nuvos, 875 alpha and 31 partnership. The total of 906 represents most of the total number of individual members of staff employed over the course of the year.

For 2024-25, employers' contributions of £134,935 were payable to the partnership pension account (2023-24: £151,027) and a refund was received for £20,079 for an overcontribution in prior years, with an additional £4,345 (2023-24: £4,357) payable for the benefit cover.

For 2024-25, employers' contributions of £8,004,070 were payable to the PCSPS (2023-24: £7,317,255) at one of four rates in the ranges set out to the right. Employer contributions are due to be reviewed at every full scheme valuation. The latest valuation was carried out by the Government Actuary's Department on 31 March 2020. The contribution rates reflect benefits as they are accrued, not when the costs are incurred, and reflect past experience of the scheme. Rates for 2024-25 are in line with recommendations from the Actuary.

Currently, employers pay an average of 28.97% of their employees' salary as a pension contribution on Alpha pensions and 9.71% on Partnership pensions.

	Year ended 31 March 2025	Year ended 31 March 2024
Bands	£000	£000
<b>£23,000 and under</b>	28.97%	26.6%
<b>£23,001 – £45,500</b>	28.97%	27.1%
<b>£45,501 – £77,000</b>	28.97%	27.9%
<b>£77,001 and over</b>	28.97%	30.3%

The exact figure depends upon the salaries of the individual employees.

The forecast level of employer contributions to the PCSPS for 2025-26 are between £8,164,152 and £8,324,233 based on a pay increase of between 2% and 4% on 2024-25 pay levels.

As a multi-employer unfunded scheme operating principally in the public sector, the PCSPS holds discussions with the Government, Trade Unions and members concerning its financial standing, its actuarial position, and likely levels of employee and employer contributions.

In common with all other major public service pension schemes, the likelihood of increased contribution levels is part of these discussions.

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

### Pay multiples (audited information)

We disclose the relationship between the remuneration of our highest-paid director (the Chief Executive) and the 25th, 50th and 75th percentile remuneration of the Fund's employees.

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

The banding of the total salary (at full time equivalent) plus performance award during the year of the highest-paid director (the Chief Executive) was £170,000 to £175,000 (2023-24: £160,000 to £165,000-6.2% increase). In 2024-25, no employees (2023-24: none) received remuneration in excess of the highest paid director.

The mean average salary for all other employees during 2024-25 was £37,084 (2023-24: £35,559 – 4.3% increase). The mean average performance-related payments during 2024-25 for all other employees was £259 (2023-24: £258 – 0.5% increase). The range of remuneration is from £20,000 to £25,000 through to £160,000 to £165,000.

We are also required to disclose the ratio of the Chief Executive's total remuneration (excluding pension contributions) compared to the 25th, 50th and 75th percentile of full-time equivalent staff pay. This is tabled below. Ratios have remained broadly in line with last year due to no significant changes to the remuneration structure.

	2024-25	2024-25	2023-24	2023-24
	£	Ratio	£	Ratio
<b>25th percentile</b>	29,478	5.9:1	27,968	6.0:1
<b>50th percentile</b>	32,326	5.4:1	31,097	5.4:1
<b>75th percentile</b>	40,866	4.3:1	39,000	4.3:1

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

Consultancy

The Fund has incurred consultancy costs during the year of £1.3 million (2023-24 £1.4 million) in respect of the provision of advice and expertise which we would not routinely procure to support our continuing activities. For 2024-25, this includes consultancy work related to the strategy implementation, continuing our digital investment and activity supporting the organisational improvement programme.

Highly paid off-payroll worker engagements

The Fund had 15 highly paid off-payroll worker engagements as at 31 March 2025, earning £245 per day or greater.

Number (No.) of existing engagements at 31 March 2025 15

Of which, no. that existed:	
less than 1 year	14
for between 1 and 2 years	-
for between 2 and 3 years	1
for between 3 and 4 years	-
for 4 or more years	-

The Fund engaged 19 highly paid off-payroll workers during the course of the year ended 31 March 2025, earning £245 per day or greater.

**No. of temporary off-payroll workers engaged during the year ended 31 March 2025** **19**

Of which:

Subject to off-payroll legislation and determined as in-scope of IR35 **19**

Subject to off-payroll legislation and determined as out-of-scope of IR35 **-**

No. of engagements reassessed for compliance or assurance purposes during the year **1**

Of which: No. of engagements that saw a change to IR35 status following a review **-**

## Officials with significant financial responsibility

The Fund engaged 24 Board members or members of the Senior Management Team during the year who were deemed to have significant financial responsibility. All of these engagements were paid through the Fund's payroll.

**No. of off-payroll engagements of Board members and/or, senior officials with significant financial responsibility during the financial year.** **-**

## Accountability report

### Staff (audited information)

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

	Year ended 31 March 2025	Year ended 31 March 2024
	£000	£000
Wages and salaries	29,977	30,253
Social security costs	3,236	3,131
Other pension costs	8,123	7,473
Apprenticeship levy costs	145	141
Agency staff costs	1,338	1,100
	<b>42,819</b>	<b>42,098</b>

A number of staff included above were seconded out to other organisations, for whom recoveries of £419,714 are included in other income. Due to the way our business systems operate, it is not possible to identify the number and cost of staff members within the total who are not employed on a permanent basis, with the exception of those employed through agencies.

	Number of temporary staff at 31 March 2025	Number of employees at 31 March 2025	Total number of staff at 31 March 2025	Total number of staff at 31 March 2024
	(FTE)	(FTE)	(FTE)	(FTE)
Grant making	2	452	454	495
Support to customers and stakeholders	8	115	123	134
Governance and administration	6	182	188	175
	16	749	765	804

At 31 March 2025, the Fund employed 765 full-time equivalent staff (31 March 2024: 804). This included 16 full-time equivalent temporary staff (31 March 2024: 13).

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

### Exit packages (audited information)

Although the Fund's employees are not civil servants, their terms of employment provide for any termination payments or early retirement pensions to be calculated in the same way as for the Civil Service Compensation Scheme. The costs of these benefits are paid by the Fund and are not met by the Civil Service or Exchequer funds. There were 37 voluntary redundancies/exits of £1,562,384 (2023-24: £1,091,000), including 6 early retirement pensions in 2024-25 of £129,528 (2023-24: £731,000) and no compulsory redundancies (2023-24: £11,000).

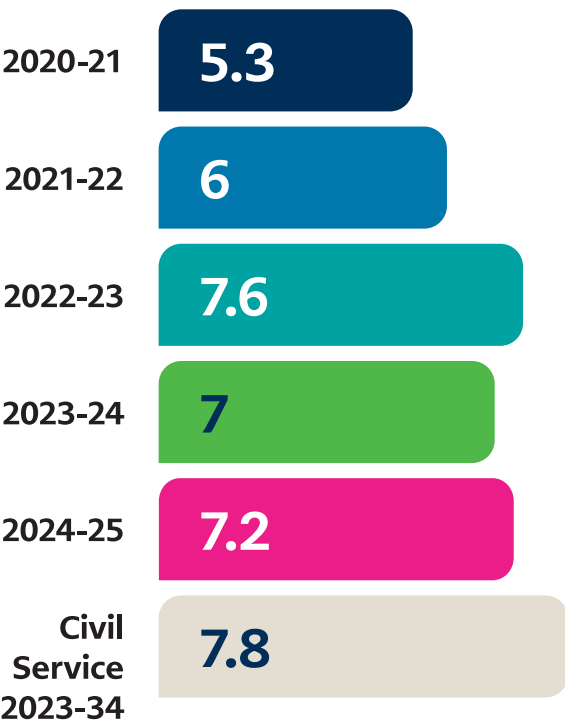
Exit package cost band	Number of compulsory redundancies/exits year ended 31 March 2025	Number of voluntary redundancies/exits year ended 31 March 2025	Total number of redundancies/exits year ended 31 March 2025	Total number of redundancies/exits year ended 31 March 2024
<£10,000	–	1	1	1
£10,000 - £25,000	–	6	6	1
£25,001 - £50,000	–	18	18	5
£50,001 - £100,000	–	12	12	4
£100,001 - £150,000	–	–	–	1
£150,001 - £200,000	–	–	–	1
£200,001 +	–	–	–	1
<b>Total number of exit packages</b>	<b>–</b>	<b>37</b>	<b>37</b>	<b>14</b>
<b>Total cost £000</b>	<b>-</b>	<b>1,562</b>	<b>1,562</b>	<b>1,102</b>

## Accountability report

### Staff sickness absence

We are committed to the health and wellbeing of our staff. The Fund has a comprehensive sickness absence policy and undertakes employee-led wellbeing activities. During 2024-25, the average number of days of sickness absence was 7.2 days per FTE employee (7 days in 2023-24).

### Average working days lost per FTE

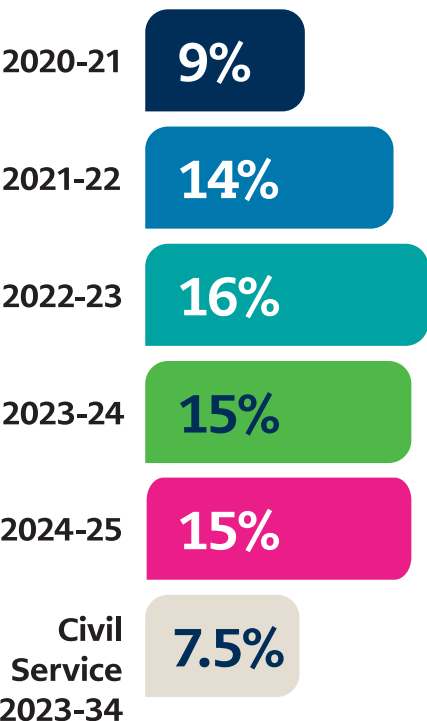


As with other organisations, absences in 2020-22 fell due to COVID-19 and colleagues working from home and coming into contact with less contagions and possible under-reporting. Our working days lost in 2024-25 have risen since but are still under pre- pandemic levels and the civil service figures for 2025.

### Turnover

In 2024-25, 123 staff left the Fund; this represents 15% of our headcount at the beginning of the period. The equivalent departures in 2023-24 were 124 (15%). The Fund recognises the balance between healthy staff retention rates and bringing new talent into the Fund.

### Turnover



## Employee involvement

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

Our engagement index remains high at 72%, which is consistent with last year's pulse survey. A colleague council established during the 2022-23 financial year continues to hear more voices from around the organisation in shaping the Fund to be a great place to work.

## Health and safety

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

## Apprenticeship levy

The apprenticeship levy applies to all organisations with an annual pay bill greater than £3 million. Contributions to the apprenticeship levy account amount to 0.5% of the total pay bill after deducting of a £15,000 allowance.

Contributions to the account regarding sums relating to England are topped up by the Government by 10%. Employers are able to use the account to pay for qualifying training activities. Apprenticeship arrangements with respect to Scotland, Wales and Northern Ireland are unchanged.

The Fund has made total contributions to the scheme during the year of £145,000 (2023-24: £141,000) and, in accordance with the Government accounting guidance, has written this off as a staff cost under taxes.

The Fund has reclaimed £71,000 (2023-24: £53,000) in training costs from appropriate providers. These costs would typically be shown as training costs within operating costs, with the benefit of the drawdown from the apprenticeship levy account shown in income as a government grant.

### Equality in employment

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

We seek to ensure that we provide training and development opportunities to all colleagues to maximise their capacity to undertake their roles for the Fund. We support a range of training opportunities directly related to, and distinct from, the skills required to fulfil the role, including leadership and management development. Where colleagues experience access issues during their employment, we seek to ensure they can continue to meet the demands of their role, including providing additional support and training as necessary. The table below sets out our monitoring report for equalities for 2024-25.

### People with disabilities

	The Fund	Civil Service	UK economically active population
	%	%	%
Staff with a declared disability	19.5	16.9	25.0
Staff who have not declared a disability	80.5	83.1	75.0

### Gender

	The Fund	Civil Service	UK economically active population
	%	%	%
Female	69.9	54.5	47.8
Male	29.6	45.5	52.2
Unknown	0.5		

## Gender

	Board	Directors	Fund senior staff (leaders)
	%	%	%
Female	54.5	52.0	67.4
Male	45.5	48.0	32.6

## Ethnic group

	The Fund	UK economically active population
	%	%
Asian	7.3	6.6
Black	4.2	5.2
Chinese	0.3	0.6
Mixed	2.4	1.8
Other	0.5	3.3
White	84	82.4
Not known	1.3	0.1
Do not want to declare	-	-

## LGBT+

	The Fund	Civil Service
	%	%
LGBT+	9.2	5
Non-LGBT+	71.5	67.4
Unknown	19.3	27.6

Gender pay gap

The Fund is required to report its performance under the Gender Pay Gap regulations.

Full details are available on GOV.UK and the gender pay gap portal, and are published on our website. Across the Fund as a whole, we report a gender pay gap of 2.2% (2023-24: 1.9%) for median pay, while for mean pay, the gap is 6.4% (2023-24: 4.7%). Although the gap has widened slightly since last year, having recruited a higher proportion of women at more junior levels during the year than men, we continue to perform significantly better than UK-wide organisations and the wider Civil Service.

Ethnicity pay gap

While we are not legally required to report on our ethnicity pay gap, we have decided to publish our results alongside the gender pay gap. Across the Fund as a whole, we report an ethnicity pay gap of 0.3% (2023-24: 2.4%) for median pay, while for mean pay, the rate is 3.2% (2023-24: 4.5%). We are pleased with the reduction in our pay gaps from last year and will continue the positive work we have started to reduce this gap even further.

Trade union facility time

Number of employees who were relevant union officials during the financial year 3

Full-time equivalent employee number 2.4

Percentage of time spent on facility time by relevant union officials:

0% -

1-50% -

51-99% 3

100% -

Total cost of facility time £110,751

Total cost of pay bill £41,335,958

Percentage of pay bill spent on facility time 0.3%

Hours spent on paid trade union activities 180

Hours spent on paid facility time 4,750

Percentage 3.9%



David Knott  
Chief Executive and Accounting Officer

2nd July 2025



Newbigin Community Trust, England

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

### Opinion on financial statements

I certify that I have audited the financial statements of the Big Lottery Fund for the year ended 31 March 2025 under the National Lottery etc Act 1993 and the Dormant Assets Acts 2008 to 2022.

The financial statements comprise the Big Lottery Fund's:

- Statement of Financial Position as at 31 March 2025
- Statement of Comprehensive Net Income, Statement of Cash Flows and Statement of Changes in Equity for the year then ended
- the related notes, including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and the UK adopted international accounting standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Big Lottery Fund's affairs as at 31 March 2025 and its total comprehensive net income for the year then ended
- have been properly prepared in accordance with the National Lottery etc Act 1993 and the Dormant Assets Acts 2008 to 2022 and Secretary of State directions issued thereunder.

### Opinion on regularity

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

### Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2024). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I am independent of the Big Lottery Fund in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

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

## Conclusions relating to going concern

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

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Big Lottery Fund's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

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

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

## Other information

The other information comprises information included in the Annual Report, but does not include the financial statements and my auditor's certificate and report thereon. The Accounting Officer is responsible for the other information.

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

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

## Opinion on other matters

In my opinion, the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the National Lottery etc Act 1993 and the Dormant Assets Acts 2008 to 2022.

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

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with Secretary of State directions made under the National Lottery etc Act 1993 and the Dormant Assets Acts 2008 to 2022
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and in accordance with the applicable legal requirements.

### Matters on which I report by exception

In the light of the knowledge and understanding of the Big Lottery Fund and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability.

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

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

### Responsibilities of the Accounting Officer for the financial statements

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

- maintaining proper accounting records
- providing the Comptroller and Auditor General (C&AG) with access to all information of which management is aware that is relevant to the preparation of the financial statements, such as records, documentation and other matters
- providing the C&AG with additional information and explanations needed for his audit
- providing the C&AG with unrestricted access to persons within the Big Lottery Fund from whom the auditor determines it necessary to obtain audit evidence
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error
- preparing financial statements which give a true and fair view in accordance with Secretary of State directions issued under the National Lottery etc Act 1993 and the Dormant Assets Acts 2008 to 2022
- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with Secretary of State directions issued under the National Lottery etc Act 1993 and the Dormant Assets Acts 2008 to 2022
- assessing the Big Lottery Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Big Lottery Fund will not continue to be provided in the future.

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

My responsibility is to audit, certify and report on the financial statements in accordance with the National Lottery etc Act 1993 and the Dormant Assets Acts 2008 to 2022.

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

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

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

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

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

- considered the nature of the sector, control environment and operational performance, including the design of the Big Lottery Fund's accounting policies
- enquired of management, the Big Lottery Fund's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Big Lottery Fund's policies and procedures on:
  - identifying, evaluating and complying with laws and regulations;
  - detecting and responding to the risks of fraud
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations, including the Big Lottery Fund's controls relating to the Big Lottery Fund's compliance with the National Lottery etc Act 1993 and the Dormant Assets Acts 2008 to 2022, and Managing Public Money.
- enquired of management, the Big Lottery Fund's head of internal audit and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations
  - they had knowledge of any actual, suspected, or alleged fraud
  - discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

## Accountability report

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

I obtained an understanding of the Big Lottery Fund's framework of authority and other legal and regulatory frameworks in which the Big Lottery Fund operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements, or that had a fundamental effect on the operations of the Big Lottery Fund. The key laws and regulations I considered in this context included National Lottery etc Act 1993 and the Dormant Assets Acts 2008 to 2022, Managing Public Money, employment law and tax Legislation.

- I inquired of management, the Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments assessing whether the judgements on estimates are indicative of a potential bias and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business
- I tested a sample of grant expenditure to gain assurance that grants had been spent on the intended purposes.

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

### Audit response to identified risk

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

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having a direct effect on the financial statements

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

This description forms part of my certificate.

### **Other auditor responsibilities**

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

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

### **Report**

I have no observations to make on these financial statements.

Gareth Davies  
4th July 2025  
Comptroller and Auditor General

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

# Financial statements

## Statement of comprehensive net income

		Year ended 31 March 2025	Year ended 31 March 2024
	Note	£000	£000
<b>Income</b>			
<b>Lottery income</b>			
Proceeds from The National Lottery	13	717,280	689,346
Investment income from The National Lottery Distribution Fund	13	34,495	33,588
Bank and other interest receivable	2	484	631
Recoveries of grant	2	2,813	4,034
		<b>755,072</b>	<b>727,599</b>
<b>Dormant assets money income</b>			
Received/Receivable from Reclaim Fund Ltd	31a	143,407	90,374
Bank interest receivable	31a	6,894	7,450
Recoveries of grant	31a	121	68
		<b>150,422</b>	<b>97,892</b>
<b>Community Organisations Cost of Living Fund income</b>			
Received/Receivable from DCMS	28	500	74,216
Interest received	28	19	117
Recoveries of grant	28	342	-
		<b>861</b>	<b>74,333</b>
<b>Million Hours Fund income</b>			
Received/Receivable from DCMS	29	6,840	3,938
Interest received	29	-	23
Recoveries of grants	29	1	-
		<b>6,841</b>	<b>3,961</b>
<b>Coronavirus Community Support Fund income</b>			
Interest received	30	-	12
Recoveries of grant	30	-	6
		<b>-</b>	<b>18</b>

		Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
	Note		
<b>Local Connections Fund income</b>			
Recoveries of grant	-	-	2
		-	2
<b>Living Places and Spaces Fund income</b>			
Received/Receivable from DfI	-	-	-
Recoveries of grant	-	1	3
		1	3
<b>Other income</b>	2	1,280	2,227
<b>Total income</b>		<b>914,477</b>	<b>906,035</b>

		Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
	Note		
<b>Expenditure</b>			
<b>National Lottery programme expenditure</b>			
Grant expenditure	3	768,077	700,565
Lapsed or revoked grant expenditure	3	(4,180)	(17,483)
Direct expenditure in support of programme	4	3,242	3,226
		<b>767,139</b>	<b>686,308</b>
<b>Dormant assets money programme expenditure</b>			
Transfers/transferable to designated distributors	31a	430	111,780
Grant expenditure	31a	25,956	15,290
Lapsed or revoked grant expenditure	31a	(89)	(58)
		<b>26,297</b>	127,012
<b>Community Organisations Cost of Living Fund programme expenditure</b>			
Grant expenditure	28	-	70,709
Lapsed or revoked grant expenditure	28	(20)	(192)
Refunded to DCMS	28	845	-
		<b>825</b>	70,517
<b>Million Hours Fund programme expenditure</b>			
Grant expenditure	29	150	10,091
		<b>150</b>	70,517
<b>Coronavirus Community Support Fund programme expenditure</b>			
Lapsed or revoked grant expenditure	30	-	219
Refunded to DCMS	30	764	-
		<b>764</b>	<b>219</b>
<b>Local Connections Fund programme expenditure</b>			
Refunded to DCMS	-	-	5
	-	-	<b>5</b>

		Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
	Note		
<b>Living Places and Spaces Fund programme expenditure</b>			
Grant expenditure	-	-	21
Refunded to Dfl	-	1	13
		<u>1</u>	<u>34</u>
<b>Places Called Home Fund programme expenditure</b>			
Grant expenditure	-	-	-
Lapsed or revoked grant expenditure	-	-	5
		<u>-</u>	<u>5</u>
<b>Operating costs</b>			
Operating costs for distributing National Lottery Income	5	52,710	51,944
Recharged operating costs	5	1,443	1,557
Operating costs for distributing dormant assets money	5	1,197	830
Operating costs for distributing Community Organisations Cost of Living Fund money	5	500	3,316
Operating costs for distributing Million Hours Fund money	5	359	177
Operating costs for distributing Coronavirus Community Support Fund money	5	-	(213)
		<u>56,209</u>	<u>57,611</u>
<b>Restructuring and investment</b>	8	2,610	1,194
<b>Total expenditure</b>		<u><b>853,995</b></u>	<u><b>952,996</b></u>
<b>Surplus/(Deficit) before taxation</b>		<u><b>60,482</b></u>	<u><b>(46,961)</b></u>
Taxation	9	(162)	(120)
Taxation Dormant Assets	9	(2,170)	(1,748)
Taxation Community Organisations Cost of Living Fund	28	(34)	-
Taxation Million Hours Fund	29	(6)	-
<b>Total comprehensive net income (expenditure)</b>		<u><b>58,110</b></u>	<u><b>(48,829)</b></u>

All income and expenditure relates to continuing activities.

## Financial statements

### Statement of financial position

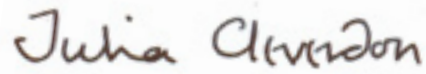
	Note	As at 31 March 2025 £000	As at 31 March 2024 £000
<b>Non-current assets</b>			
Property, plant and equipment	10	246	283
Intangible assets	11	-	-
Right of use assets	20	3,179	4,037
		<u>3,425</u>	<u>4,320</u>
<b>Current assets</b>			
Trade and other receivables	12	3,819	4,712
Cash at bank and in hand		312,882	231,961
Investment balance in National Lottery Distribution Fund	13	551,989	530,214
		<u>868,690</u>	<u>766,887</u>
<b>Total assets</b>		<u><b>872,115</b></u>	<u><b>771,207</b></u>
<b>Current liabilities</b>			
Trade and other payables	14	(578,334)	(587,454)
Lease liabilities	20	(723)	(586)
<b>Total assets less net current liabilities</b>		<u><b>293,058</b></u>	<u><b>183,167</b></u>
<b>Non-current liabilities</b>			
Trade and other payables	14	(526,308)	(473,129)
Lease liabilities	20	(2,679)	(3,561)
<b>Provisions</b>	15	(873)	(1,389)
<b>Assets less liabilities</b>		<u><b>(236,802)</b></u>	<u><b>(294,912)</b></u>
<b>Represented by:</b>			
Lottery funds reserve		(434,467)	(366,755)
Dormant assets reserve		197,644	76,886
Community Organisations Cost of Living Fund reserve		2	500
Million Hours Fund reserve		19	(6,307)
Coronavirus Community Support Fund reserve		-	764
		<u><b>(236,802)</b></u>	<u><b>(294,912)</b></u>

The notes on pages 117 to 160 form part of these accounts.

Signed on behalf of the Big Lottery Fund Board on 2nd July 2025.

A handwritten signature in dark ink, appearing to read 'D. Knott'.

David Knott  
Chief Executive and Accounting Officer

A handwritten signature in dark ink, appearing to read 'Julia Cleverdon'.

Dame Julia Cleverdon  
Chair

## Financial statements

### Statement of changes in equity

#### Year ended 31 March 2025

	<b>Lottery accounts</b>	<b>Dormant assets</b>	<b>Community Organisations Cost of Living Fund</b>	<b>Million Hours Fund</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Opening reserve position	(366,755)	76,886	500	(6,307)
Transferred from statement of comprehensive income	(67,712)	120,758	(498)	6,326
Closing reserve position	<b>434,467</b>	<b>197,644</b>	<b>2</b>	<b>19</b>

#### Year ended 31 March 2024

	<b>Lottery accounts</b>	<b>Dormant assets</b>	<b>Community Organisations Cost of Living Fund</b>	<b>Million Hours Fund</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Opening reserve position	(355,458)	108,584	-	-
Transferred from statement of comprehensive income	(11,297)	(31,698)	500	(6,307)
Closing reserve position	<b>(366,755)</b>	<b>76,886</b>	<b>500</b>	<b>(6,307)</b>

Coronavirus Community Support Fund	Local Connections Fund	Living Places and Spaces Fund	Places Called Home Fund	Total
£000	£000	£000	£000	£000
764	-	-	-	(294,912)
(764)	-	-	-	58,110
-	-	-	-	(236,802)

Coronavirus Community Support Fund	Local Connections Fund	Living Places and Spaces Fund	Places Called Home Fund	Total
£000	£000	£000	£000	£000
752	3	31	5	(246,083)
12	(3)	(31)	(5)	(48,829)
764	-	-	-	(294,912)

## Financial statements

### Statement of cash flows

	Note	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
<b>Surplus/(Deficit) for the period</b>		58,110	(48,829)
Loss on disposal of non-current assets	10, 11	-	45
Depreciation of property, plant and equipment and amortisation of intangible assets	10, 11	138	245
Depreciation of right-of-use lease assets	20	885	1,456
Interest expenses	20	153	174
<b>Surplus/(Deficit) adjusted for non-cash transactions</b>		<b>59,286</b>	<b>(46,909)</b>
Decrease in trade and other receivables	12	893	40,705
(Increase) in NLDF balance	13	(21,775)	(41,134)
Increase in trade and other payables	14	44,059	42,777
(Decrease)/increase in provisions	15	(516)	341
<b>Net cash inflow/(outflow) from operating activities</b>		<b>81,947</b>	<b>(4,220)</b>
<b>Cashflows from financing activities</b>			
Repayment of borrowings and leasing liabilities	20	925	(1,258)
<b>Cashflows from investing activities</b>			
Payments to acquire property, plant and equipment	10, 11	(101)	(187)
<b>Increase/(Decrease) in cash</b>		<b>80,921</b>	<b>(5,665)</b>
<b>Net Increase/(Decrease) in cash and cash equivalents</b>			
Cash balances carried forward		312,882	231,961
Less cash balances brought forward		(231,961)	(237,626)
<b>Increase/(Decrease) in cash</b>		<b>80,921</b>	<b>(5,665)</b>

The notes on pages 117 to 160 form part of these accounts.

# Notes to the accounts

## 1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2024-25 Government Financial Reporting Manual (FReM) issued by HM Treasury, and the Accounts Directions issued by the Secretary of State for Culture, Media and Sport in accordance with Section 36A (2) of the National Lottery etc. Act 1993 (as amended by the National Lottery Acts 1998 and 2006) and the Dormant Assets Acts 2008 to 2022.

The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Fund for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Fund for 2024-25 are described below. They have been applied consistently in dealing with items that are considered material to the accounts. We have not adopted any IFRS that have been issued but are not yet effective.

### 1.1 Accounting convention

These accounts have been prepared under the historic cost convention modified where appropriate for fair value. We believe that the historic cost is not materially different to fair value.

Without limiting the information given, the accounts follow the best practices of the Companies Act disclosure requirements.

### 1.2 Going concern

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

The National Lottery Community Fund is the operating name of the Big Lottery Fund. The Big Lottery Fund is a statutory corporation established by the National Lottery Act 2006. As far as the Board is aware, there is no intention to repeal that legislation.

The Fund is responsible for distributing 40% of the good causes sums raised through The National Lottery, which it distributes through grant awards to support projects with a community focus. This is its main funding source and business.

In addition to distributing good causes money raised by The National Lottery, the Fund is responsible for the distribution of monies released from dormant bank accounts and related assets under the provisions of the Dormant Assets Act 2022. The Fund is directed in how dormant asset money is distributed and does not make cash payments until cash funding is received.

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

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

For National Lottery income and grant payments, the Fund produces, as part of its core business processes, a detailed cashflow forecast that currently extends forward to the end of financial year 2029-30.

- This uses operator forecasts of Lottery revenues to inform income projections, with adjustments made locally to reflect caution over future growth ambitions. The Fund also considers an adjustment on income forecasts by +/- 5% in its projections to show the effect of possible fluctuations against central case projections.
- Funding teams are required to provide details of known future grant commitments and expected future grant awards to inform the cash flow forecasts. Where future grant awards are not yet known because future programmes have not yet been agreed, an unallocated grant budget is included in the forecasting.
- A minimum acceptable cash balance in the NLDF is also established, currently based on 20% of Lottery income less
- £20 million. This is used to determine the maximum forecast cash outflow of grant payments that can be made while still protecting a minimum level of cash in the NLDF.

Based on the latest update of the cashflow forecast, the Fund expects to hold a cash balance of £341.2 million in the NLDF at 31 March 2027. This is £211.4 million above the Fund's determined minimum acceptable cash balance in the NLDF at the same point in time.

Although there are some risks to the achievement of this, for example, maintenance of the Fund's 40% share of Lottery income, delivery against ambitious growth plans from the new operator and the inherent uncertainty in future Lottery revenues, the Board does not consider there to be any material uncertainties to its conclusion that it is appropriate for the accounts to be prepared on a going concern basis.

### 1.3 National Lottery Distribution Fund

Balances held in the NLDF remain under the stewardship of the Secretary of State for Culture, Media and Sport. However, the share of these balances attributable to the Fund is as shown in the accounts and, at 31 March 2025, has been certified by the Secretary of State for Culture, Media and Sport as being available for distribution by the Fund in respect of current and future commitments.

### 1.4 Property, plant and equipment

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

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

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

### 1.5 Intangible assets

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

- **Grant management system**  
Four years or remaining useful economic life where revised
- **Website**  
Five years

We do not amortise the costs associated with assets under construction. Intangible assets have been subject to impairment review under IAS 36 (note 11).

### 1.6 Pension fund

Employees are covered by the provisions of the PCSPS, which is an unfunded multi-employer defined benefit scheme. They may alternatively join the Civil Service Partnership Pension Scheme – a stakeholder pension. Pension benefits are paid by the PCSPS. Our liabilities are limited to a charge, set by the Chief Government Actuary, related to salaries paid in each year. The scheme was last valued on 31 March 2020.

### 1.7 Leases

#### Lessee

Right-of-use assets are identified in the statement of financial position at cost determined by the present value of payments due under each lease. The costs are amortised over the minimum period of the lease, including optional periods where the Fund is certain or reasonably certain to exercise the option to extend. The finance costs of servicing the leased assets is charged as interest in the statement of comprehensive income.

#### Lessor

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

### 1.8 Expenditure on programmes

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

#### Grant awards

Grant awards are accounted for as expenditure in the statement of comprehensive net income and, until paid, as liabilities in the Statement of Financial Position if they meet the definition of liabilities in IAS 37 Provisions, Contingent Liabilities and Contingent Assets, whether arising from legal or constructive obligations.

## Notes to the accounts

Grant awards are recognised as expenditure and commitments are accounted for when:

- the award has been formally decided on by the Fund
- the award has been notified to the intended recipient
- 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 the criteria relating to either specific conditions or award types (see below) are not included in expenditure in the statement of comprehensive net income or as liabilities in the statement of financial position but are disclosed as contingent liabilities in note 17.

### Development awards

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

### Performance based awards

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

### Multi-stage awards

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

### Classification of liabilities

Grant liabilities at the date of the statement of financial position are classified as accruals unless they meet the recognition criteria in IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

### Grants repaid and recovered

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

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

### Direct expenditure on programmes

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

### Lapsed or revoked grant expenditure

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

## 1.9 Taxation

Corporation tax is charged on the basis of tax law enacted at the financial position date. This taxation is on interest received on cash balances held in commercial bank accounts. We allocate corporation tax in relation to interest received on dormant assets monies as Dormant Assets expenditure.

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

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

## 1.10 Cash and cash equivalents

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

## 1.11 Provisions

The Fund recognises a provision where:

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

Currently we have provisions for property-related costs, redundancies and early retirements.

## 1.12 Grant management

### Delegated organisations

We have entered into agreements whereby a number of delegate organisations are to act as lead organisations in delivering grant schemes. In doing this, we have delegated the statutory grant decision-making function to other organisations. Funds advanced to delegate organisations for the purpose of payment of grant commitments are recognised as a grant commitment at the point of award.

### Trusts

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

### Joint schemes

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

### 1.13 Third party assets

The Fund holds as custodian certain assets belonging to third parties. These are not recognised in the accounts since we have no direct beneficial interest in them. The bank balances held on behalf of third parties are shown in note 23.

### 1.14 Financial instruments

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

### 1.15 Segmental reporting

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

### 1.16 Dormant assets funds

The Fund has assessed that spending directions create a possible obligation. Therefore, directed amounts without signed agreements will be disclosed as contingent liabilities, given their existence will be confirmed by the drafting and signing of a new agreement with another party at some future point.

Amounts under signed agreement but without income from Reclaim Fund Ltd yet available to meet them are recognised as provisions, given that the obligation has been created through the signing of the agreement but there is uncertainty over timing of the payment. Amounts undersigned agreements with income from Reclaim Fund Ltd are recognised as financial liabilities under IFRS 9 and IAS 37.

Dormant assets transactions form a part of these financial statements and are subject to audit opinion. For reasons of transparency and clarity, short-form financial statements relating only to dormant asset money are included in note 31.

### 1.17 Community Organisations Cost of Living Fund

The Government-funded Community Organisation Cost of Living Fund has been accounted for under the same policies as National Lottery funds, with the amounts forming a part of these financial statements and being subject to audit opinion. For reasons of transparency and clarity, short-form financial statements relating only to this funding programme are included in note 28.

### 1.18 Million Hours Fund

The Million Hours Fund has been accounted for under the same policies as National Lottery funds, with the amounts forming a part of these financial statements and being subject to audit opinion. For reasons of transparency and clarity, short-form financial statements relating only to this funding programme are included in note 29.

### 1.19 Coronavirus Community Support Fund

The Government-funded Coronavirus Community Support Fund (CCSF) has been accounted for under the same policies as National Lottery funds, with the amounts forming a part of these financial statements and being subject to audit opinion. For reasons of transparency and clarity, short-form financial statements relating only to CCSF are included in note 30.

### 1.20 Accounting standards that have been issued but not yet adopted

IFRS 17 Insurance Contracts has been issued and will be applied under the Government Financial Reporting Manual (FReM) from the financial year 2025-26. This standard established principles for the recognition, measurement, presentation and disclosure of insurance contracts. The Fund is currently assessing the impact of IFRS 17 on its financial statements and will adopt the standard in accordance with FReM guidance.

Non-Investment Asset Valuations – Changes to the FReM, effective from 1 April 2025, have been issued but are not yet effective and have not been early adopted by the Fund. The Fund is assessing the impact of these changes on its financial statements and will adopt the revised policy in accordance with FReM guidance.

Changes to the FReM will apply from 1 April 2025 in relation to accounting for social benefits. The Fund has not early adopted these changes, is currently assessing the impact on its financial statements and will adopt the revised changes in accordance with FReM guidance.

### 1.21 Accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses.

Estimates and judgements are regularly evaluated and updated and any changes are reflected in the period in which these are revised.

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

The most significant judgements are:

- Expenditure on programmes – The Fund recognises the value of awards that are subject to performance conditions as contingent liabilities rather than grant accruals. This judgement is based on the terms and conditions of the award contracts.

The most significant estimates are:

- Provisions – We have estimated dilapidation costs regarding restructuring our office space based on information from our Legal department, which is in dialogue with landlords on settlement fees.
- Classification of grant commitments

We have used a grant payment modelling tool to determine an element of the split between short and long-term grant liabilities.

### 1.22 Income

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

Therefore, we continue to apply IAS 20 Accounting for government grants, where income and expenses are matched in the same period.

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

## 2. Income

Set out below is an analysis of other income not separately identified in the statement of comprehensive net income.

	<b>Note</b>	<b>Year ended 31 March 2025 £000</b>	<b>Year ended 31 March 2024 £000</b>
<b>Bank and other interest receivable</b>			
Bank interest receivable		484	631
		<b>484</b>	<b>631</b>
<b>Other income</b>			
Greenwich Peninsula land sale	6	(68)	-
Income from delivering non-Lottery funding		668	1,459
Income from delivering Lottery funding on behalf of other distributors		86	88
Rental income		103	118
Sundry income		491	562
		<b>1,280</b>	<b>2,227</b>
<b>Recoveries of grant from grant holders</b>			
Recoveries of grant	1.8	2,813	4,034
		<b>2,813</b>	<b>4,034</b>

### 3. National Lottery programme expenditure

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

The table below sets out grant expenditure for each portfolio, charged to the statement of comprehensive net income in the year.

	<b>UK</b>	<b>England</b>	<b>Scotland</b>	<b>Wales</b>	<b>Northern Ireland</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Grant expenditure made	85,210	541,928	62,906	43,116	34,917	768,077
Less lapsed and revoked grant expenditure	(34)	(3,857)	(126)	20	(183)	(4,180)
<b>Net grant expenditure made 2024-25</b>	<b>85,176</b>	<b>538,071</b>	<b>62,780</b>	<b>43,136</b>	<b>34,734</b>	<b>763,897</b>
Net grant expenditure made 2023-24	50,139	515,717	51,321	39,196	26,709	683,082

#### 4. Direct expenditure in support of programmes

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

	UK	England	Scotland	Wales	Northern Ireland	Total
	£000	£000	£000	£000	£000	£000
<b>Support provided directly to grant recipients and beneficiaries 2024-25</b>	<u>856</u>	<u>2,264</u>	<u>-</u>	<u>2</u>	<u>120</u>	<u>3,242</u>
<b>Support provided directly to grant recipients and beneficiaries 2023-24</b>	<u>(2,791)</u>	<u>5,200</u>	<u>704</u>	<u>24</u>	<u>89</u>	<u>3,226</u>

## 5. Operating costs

	Operating costs for distributing Lottery income £000	Recharged operating costs £000	Operating costs for distributing dormant assets money £000
Employee remuneration	39,496	1,344	1,123
Travel and expenses			
- Staff	1,276	17	5
- Board and Committee	25	-	-
Payments under short-term/low-value operating leases:			
- Property	55	-	-
- Other	7	-	-
Other accommodation costs	764	-	-
Communication costs	1,039	3	3
Externally provided support for grant programmes	1,342	66	17
Programme evaluation	171	(6)	37
Staff recruitment and training	1,241	-	1
Professional fees	781	-	1
Auditors' remuneration for audit work	165	-	-
IT infrastructure costs	2,837	-	-
Other costs	514	7	-
Write down of property, plant and equipment	-	-	-
VAT	1,821	12	10
Non cash items			
- Depreciation (excluding right-of-use assets)	138	-	-
- Amortisation on right-of-use assets	885	-	-
- Interest expense on lease liabilities	153	-	-
	<b>52,710</b>	<b>1,443</b>	<b>1,197</b>

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

Operating costs for distributing Community Organisations Cost of Living Fund money £000	Operating costs for distributing Million Hours Fund money £000	Year ended 31 March 2025 Total operating costs £000	Year ended 31 March 2024 Total operating costs £000
500	356	42,819	42,098
-	2	1,300	1,198
-	-	25	25
-	-	-	-
-	-	55	341
-	-	7	69
-	-	764	1,378
-	-	1,045	1,002
-	-	1,425	1,270
-	-	-	-
-	-	202	208
-	-	1,242	1,245
-	-	782	355
-	-	165	160
-	-	-	-
-	-	2,837	3,758
-	-	521	626
-	-	-	45
-	1	1,844	1,958
-	-	-	-
-	-	138	245
-	-	885	1,456
-	-	153	174
<b>500</b>	<b>359</b>	<b>56,209</b>	<b>57,611</b>

## 6. Financial performance indicator

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

As successor to the Millennium Commission, the Fund is entitled to a share of the proceeds of land sales on the Greenwich Peninsula made by the Greater London Authority once certain costs have been covered. In 2024-25, £94,000 has been received, £9,000 invoiced and £171,000 reclaimed by Greater London Authority due to overpayment in 2021-22. No further income has been accrued in 2024-25.

On this basis, the cost of distributing our share of National Lottery income was 6.7% of National Lottery income in the year (2023-24: 6.8%). Assessed over the three-year rolling period, the proportion was 6.7%.

	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000	Year ended 31 March 2023 £000
Operating costs for distributing National Lottery income (as per note 5)	52,710	51,843	49,899
Less rental income (as per note 2)	(103)	(118)	(187)
Less sundry income (as per note 2)	(491)	(562)	(381)
Less irrecoverable VAT	(1,844)	(1,958)	(1,541)
<b>Total qualifying expenditure</b>	<b>50,272</b>	<b>49,205</b>	<b>47,790</b>
Proceeds from National Lottery (as per note 13)	717,280	689,346	707,237
Investment income (as per note 13)	34,495	33,588	14,192
Greenwich Peninsula land sale (as per note 2)	(68)	-	2,055
<b>Total qualifying income</b>	<b>751,707</b>	<b>722,934</b>	<b>723,484</b>
<b>Percentage</b>	<b>6.7%</b>	<b>6.8%</b>	<b>6.6%</b>

**Three-year rolling position**

	<b>Year ended 31 March 2025 £000</b>
Total qualifying expenditure	147,267
Total qualifying income	2,198,125
<b>Percentage</b>	<b>6.7%</b>

**7. Staff costs**

	<b>Year ended 31 March 2025 £000</b>	<b>Year ended 31 March 2024 £000</b>
Wages and salaries	29,977	30,253
Social security costs	3,236	3,131
Other pension costs	8,123	7,473
Apprenticeship levy costs	145	141
Agency staff costs	1,338	1,100
	<b>42,819</b>	<b>42,098</b>

## 8. Restructuring costs

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

	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
Termination payments	2,705	1,404
Property rationalisation	(95)	(210)
	<u>2,610</u>	<u>1,194</u>

During 2024-25, we released provisions for reinstatement costs for our Manchester and Newtown offices. We have created a provision for reinstatement costs for our Exeter office. We have created a provision for termination payments relating to organisational development in support of delivering our strategy. Details of exit packages are disclosed within the remuneration report.

## 9. Taxation

The Fund pays corporation tax on bank and any other interest received. There is a £161,925 net tax cost for the year (2023-24: £120,000). Dormant assets have a net tax cost for the year of £2,170,411 (2023-24: £1,415,000)

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

## 10. Property, plant and equipment

	Leasehold improvement	IT	Office equipment, furniture and fittings	Total
	£000	£000	£000	£000
Cost				
At 1 April 2024	1,827	954	325	3,106
Additions	101	-	-	101
Disposal	(4)	(368)	-	(372)
<b>At 31 March 2025</b>	<b>1,924</b>	<b>586</b>	<b>325</b>	<b>2,835</b>
Depreciation				
At 1 April 2024	1,706	792	325	2,823
Charge for the year	59	79	-	138
Disposal	(4)	(368)	-	(372)
<b>At 31 March 2025</b>	<b>1,761</b>	<b>503</b>	<b>325</b>	<b>2,589</b>
Net book value				
<b>At 31 March 2025</b>	<b>163</b>	<b>83</b>	<b>-</b>	<b>246</b>
Cost				
At 1 April 2023	3,412	1,359	681	5,452
Additions	-	187	-	187
Disposal	(1,585)	(592)	(356)	(2,533)
<b>At 31 March 2024</b>	<b>1,827</b>	<b>954</b>	<b>325</b>	<b>3,106</b>
Depreciation				
At 1 April 2023	3,107	1,297	681	5,085
Charge for the year	139	87	-	226
Disposal	(1,540)	(592)	(356)	(2,488)
<b>At 31 March 2024</b>	<b>1,706</b>	<b>792</b>	<b>325</b>	<b>2,823</b>
Net book value				
<b>At 31 March 2024</b>	<b>121</b>	<b>162</b>	<b>-</b>	<b>283</b>

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

## 11. Intangible assets

	Grant management system	Total
	£000	£000
Cost		
At 1 April 2024	427	427
Additions	-	-
Disposal	-	-
<b>At 31 March 2025</b>	<b>427</b>	<b>427</b>
Amortisation		
At 1 April 2024	427	427
Charge for the year	-	-
Disposal	-	-
<b>At 31 March 2025</b>	<b>427</b>	<b>427</b>
Net book value		
<b>At 31 March 2025</b>	<b>-</b>	<b>-</b>
Cost		
At 1 April 2023	427	427
Additions	-	-
Disposal	-	-
<b>At 31 March 2024</b>	<b>427</b>	<b>427</b>
Amortisation		
At 1 April 2023	408	408
Charge for the year	19	19
Disposal	-	-
<b>At 31 March 2024</b>	<b>427</b>	<b>427</b>
Net book value		
<b>At 31 March 2024</b>	<b>-</b>	<b>-</b>

## 12. Trade and other receivables

	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
<b>Amounts falling due within one year</b>		
Held by delegated partners for payment of grant commitments	100	-
Trade receivables	18	42
Prepayments and accrued income	3,176	2,730
European match-funding	22	1,469
Other receivables	503	471
	<b>3,819</b>	<b>4,712</b>

## 13. National Lottery Distribution Fund

	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
Balance at 1 April	530,214	489,080
Proceeds from The National Lottery	717,280	689,346
Investment income from the NLDF	34,495	33,588
Funds drawn down from the NLDF	(730,000)	(681,800)
Net increase in balance	<b>21,775</b>	<b>41,134</b>
<b>Market value at 31 March</b>	<b>551,989</b>	<b>530,214</b>

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

## 14. Trade and other payables

	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
<b>Amounts falling due within one year</b>		
VAT	23	32
Other taxation and social security	880	877
Trade payables	493	35
Owed to joint partner schemes/delegate organisations for payment of grant commitments	664	2,299
Accruals and deferred income	2,074	2,248
Other payables	2,545	2,215
Grant accruals (note 16)	571,655	579,748
	<b>578,334</b>	<b>587,454</b>
<b>Amounts falling due in more than one year</b>		
Grant accruals (note 16)	526,308	473,129
	<b>526,308</b>	<b>473,129</b>

### Grant liabilities

Grant liabilities at the date of the statement of financial position are classified as provisions or contingent liabilities if they meet the recognition criteria in IAS 37 Provisions, Contingent Liabilities and Contingent Assets, or, if not, as accruals.

## 15. Provisions for liabilities and charges

	Dilapidations	Early retirement	Redundancy	Total
	£000	£000	£000	£000
Brought forward at 1 April 2024	155	731	503	1,389
New provisions created	60	-	813	873
Provisions used	-	(731)	(503)	(1,234)
Provisions released	(155)	-	-	(155)
Carried forward at 31 March 2025				
	<b>60</b>	<b>-</b>	<b>813</b>	<b>873</b>

### Dilapidations

We held dilapidation provisions in 2023-24 in respect of our Manchester and Newtown offices. During 2024-25, these provisions have been released once it was confirmed that no reinstatement costs were due. A new provision has been created for future events relating to our Exeter office.

### Restructuring: early retirement, redundancy and support

As a result of restructuring, certain posts have been identified as no longer required. As a result, staff have exited, 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 age.

Redundancy payments are made in accordance with contractual arrangements and terms set out in the Principal Civil Service Pension Scheme arrangements.

## 16. Grant accruals

	<b>At 31 March 2025 £000</b>	<b>At 31 March 2024 £000</b>
<b>Movement of grant accruals</b>		
Grant commitments brought forward at 1 April	1,052,877	1,011,994
Grant commitments made	794,613	908,454
Lapsed and revoked commitments	(4,288)	(17,715)
Grant commitments met	(745,239)	(849,856)
<b>Accrual carried forward at 31 March</b>	<b>1,097,963</b>	<b>1,052,877</b>
	<b>£000</b>	<b>£000</b>
<b>Classification of grant accruals at the year-end</b>		
<b>Amounts falling due within one year</b>		
Accruals (note 14)	571,655	579,748
<b>Amounts falling due in more than one year</b>		
Accruals (note 14)	526,308	473,129
<b>Total grant accruals</b>	<b>1,097,963</b>	<b>1,052,877</b>
<b>Ageing of grant accruals</b>		
Due within one year	571,655	579,748
Due within more than one year but less than two years	308,117	281,420
Due within more than two years but less than three years	161,370	142,574
Due within more than three years but less than four years	44,961	38,885
Due within more than four years but less than five years	11,855	9,568
Due after more than five years	5	682
	<b>1,097,963</b>	<b>1,052,877</b>

## 17. Contingent liabilities

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

Grant awards made by the Fund which do not satisfy the criteria to be treated as liabilities	At 31 March 2025	At 31 March 2024
	£000	£000
	12,379	13,537
<b>Total grant contingent liabilities</b>	<b>12,379</b>	<b>13,537</b>

We have recognised a contingent liability of £7.9 million (2023-24: £8.5 million) for Lottery-funded activities which do not currently satisfy the criteria for being recognised as liabilities as the decision has not yet been communicated to the applicant.

Additionally, within dormant assets, we have recognised a contingent liability of £4.5 million (2023-24: £5.0 million) at 31 March 2025 concerning a possible obligation to pay up to £500,000 per annum to The Oversight Trust (OST) – Assets for the Common Good (formerly named Big Society Trust) for their administration costs. This possible obligation is as per a deed of agreement between OST and the Fund made on 10 December 2019, which is valid for 15 years from that date. The contingent liability we recognise at 31 March 2025 is for the remaining 9 years.

## 18. Joint schemes

### Parks for People

This scheme is administered by the National Heritage Memorial Fund on behalf of all parties to the agreement. We have agreed to contribute up to £150.3 million to the total expected funding of £386 million. Included within grant liabilities are no new grant commitments (2023-24: nil) and no contingent liabilities, representing our contribution to the Parks for People joint scheme. The creditor figure includes £0.7 million (2023-24: £2.3 million), which is due to the National Heritage Memorial Fund concerning our contribution to payments it has made to our grant recipients.

## 19. Financial risks

### Financial instruments

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

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

### Liquidity risks

Cash requirements for Lottery expenditure are met by drawing down against weekly forecasts of need from the balances held on behalf of the Fund by the NLDF. At March 2024, the fund balance was £530 million. This had increased to £552 million by 31 March 2025, at which point there were £995 million of grant commitments yet to be paid out. In budgeting for current expenditure, the Fund balances the outflow of cash payments against grant commitments along with forward forecasts of National Lottery income.

The Fund maintains a minimum NLDF reserve threshold with which to meet future commitments.

In 2024-25, £752 million (82.3%) of the Fund's income derived from The National Lottery, including income of £34 million derived from investment returns from the balance held with the NLDF. Income from dormant assets money was £150 million (16.4%). The remaining income is Million Hours Fund Income (£7 million) and a small amount of grant recovery income, bank interest and sundry income (£5 million).

	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
<b>Liquid assets</b>		
Market value of NLDF investments	551,989	530,214
Cash	312,882	231,961
<b>Total</b>	<b>864,871</b>	<b>762,175</b>

### Market and interest rate risks

The financial assets of the Fund are invested in the NLDF, which invests in a narrow band of low-risk assets such as government bonds and cash. The Board has no control over the investment of these funds. The Commissioners for the Reduction of the National Debt (CRND) are responsible for the investment and management of these funds. At the date of the statement of financial position, the market value of our investments in the NLDF was £552 million. Funds at the NLDF earned on average 4.95% in the year. Cash balances, which are drawn down from the NLDF to pay grant commitments and operating costs, are held in instant-access variable rate bank accounts, which carried an interest rate between 2.45% and 2.65% in the year. The cash balance at the year-end was £313 million. The Board considers that the Fund is not exposed to significant interest rate risks.

	2024-25	2023-24
	£000	£000
Sterling at floating interest rates – Lottery money	11,487	49,765
Sterling at floating interest rates – dormant assets money	300,382	181,125
Sterling at floating Interest rates – Community Organisations Cost of Living Fund money	7	520
Sterling at floating interest rates – CCSF money	-	551
Sterling at floating interest rates – Million Hours Fund money	1,006	-
Sterling at a mixture of fixed rates – NLDF	551,989	530,214
	<b>864,871</b>	<b>762,175</b>

### Credit risks

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

### Foreign currency risks

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

### Financial assets by category

Assets as per statement of financial position	2024-25	2023-24
	£000	£000
Non-current assets	3,425	4,320
Investment balance in National Lottery Distribution Fund	551,989	530,214
Cash and cash equivalents – National Lottery money	11,487	49,765
Cash and cash equivalents – dormant assets money	300,382	181,125
Cash and cash equivalents – Community Organisations Cost of Living Fund money	7	520
Cash and cash equivalents – CCSF money	-	551
Cash and cash equivalents – Million Hours Fund money	1,006	-
	<b>868,296</b>	<b>766,495</b>

## Notes to the accounts

### Fair valuation

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

- All cash deposits are with UK-based commercial banks.

While we disclose £526 million of grant liabilities as not being due for payment until after one year, we have not made a fair value adjustment. The Fund has a legal obligation to pay these amounts on demand, subject to contract, and so the amounts could be paid within the next 12 months. Terms and conditions of grant also provide for payments to cease should insufficient funds be available to meet obligations.

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

### Maturity of financial liabilities

Liabilities as per statement of financial position	2024-25	2023-24
	£000	£000
In less than one year	578,334	587,454
In more than one year but less than two	308,117	281,420
In two to five years	218,186	191,027
In more than five years	5	682
	<u>1,104,642</u>	<u>1,060,583</u>

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

## 20. Leases

### Right-of-use assets

	<b>At 31 March 2025 £000</b>
<b>Cost</b>	
As at 1 April 2024	17,058
Additions	27
Revaluations	-
<b>Balance as at 31 March 2025</b>	<b>17,085</b>
<b>Amortisation</b>	
At 1 April 2024	13,021
Charge for the year	885
<b>At 31 March 2025</b>	<b>13,906</b>
<b>Net book value</b>	
<b>At 31 March 2025</b>	<b>3,179</b>
	<b>At 31 March 2024 £000</b>
<b>Cost</b>	
As at 1 April 2023	13,533
Additions	3,525
Revaluations	-
<b>Balance as at 31 March 2024</b>	<b>17,058</b>
<b>Amortisation</b>	
At 1 April 2023	11,565
Charge for the year	1,456
<b>Balance as at 31 March 2024</b>	<b>13,021</b>
<b>Net book value</b>	
<b>At 31 March 2024</b>	<b>4,037</b>

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

Additions to right-of-use assets during 2024-25 are due to a new lease for our Newtown office.

## Notes to the accounts

### Lease liability

	<b>At 31 March 2025</b>
	<b>£000</b>
Balance at 1 April 2024	(4,147)
Additions	(27)
Finance cost	(153)
Rent	925
Revaluations	-
<b>Balance at 31 March 2025</b>	<b>(3,402)</b>
	<b>At 31 March 2024</b>
	<b>£000</b>
Balance at 1 April 2023	(1,706)
Additions	(3,525)
Finance cost	(174)
Rent	1,258
Revaluations	-
<b>Balance at 31 March 2024</b>	<b>(4,147)</b>

### Maturing of lease liability

	<b>As at 31 March 2025</b>
	<b>£000</b>
Not later than one year	(723)
Later than one year and not later than five years	(2,616)
Later than five years	(63)
	<b>(3,402)</b>

**Lessors**

	<b>As at 31 March 2025 £000</b>
Not later than one year	37
Later than one year and not later than five years	101
Later than five years	-
	<b>138</b>

**21. Losses and special payments**

Losses occur where there is no evidence that a funded project's objectives were met.

	<b>At 31 March 2025</b>	<b>At 31 March 2024</b>
Total grant losses written off	1,190,864	1,544,763
Total number of awards written off	137	161
Total number of write-offs exceeding £100,000	-	-

There were no non-grant losses in the financial year to 31 March 2025 (2023-24: nil).

Special payments arise where:

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

In the financial year to 31 March 2025, no special payments were made in relation to grant or administrative transactions (2023-24: nil).

**22. Related party transactions**

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

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

## Notes to the accounts

Transactions with DCMS reflect income received through the NLDF and the inward secondment of staff. DCMS has also contracted to the Fund the management of the Community Organisations Cost of Living Award and the Million Hours Fund.

Transactions with other Lottery distributors include income received for management of awards and for providing professional services.

Payments are made to the National Lottery Heritage Fund for its services in running grant programmes.

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

- HM Revenue and Customs relating to PAYE and NI transactions.
- The Department for Levelling Up, Housing and Communities (formerly the Ministry of Housing, Communities and Local Government) has contracted to the Fund the management of the Coastal Communities Fund for the Wales portfolio.
- The Office for Civil Society has contracted to the Fund the management of the Life Chances Fund and #iwill Fund.

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

### Board and committee members

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

Where any committee decisions are taken which would reasonably be seen as giving rise to a conflict of interest, principally over grants to grant applicant organisations, the chair of the meeting ensures at the outset that disclosure is made and the Board or committee member withdraws for the duration of any discussion of the relevant item. Colleagues across the Fund are also required to disclose any relevant interests in organisations we fund or from whom we receive applications.

Our procedures ensure that staff are not engaged in processing applications or managing grants in which they would have an interest.

A number of Board and committee members have declared interests in public, voluntary and charitable bodies with which the Fund has a business interest. Interests declared by Board members are available on The National Lottery Community Fund [website](http://www.tnlcommunityfund.org.uk) – [www.tnlcommunityfund.org.uk](http://www.tnlcommunityfund.org.uk).

The Board or committee member, organisation and nature of the relationship are disclosed on the Fund's website. These are not related party transactions that the recognition requirements require per IAS 24. Compensation for all Board and committee members is set out in the Remuneration Report.

## 23. Third-party assets

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

At 31 March 2025, the following bank balances were held on behalf of third parties:

	31/03/2024	Inflows	Outflows	31/03/2025
	£000	£000	£000	£000
DCMS: Life Chances Fund and #iwill Fund	1,237	8,187	8,766	658
Creative Scotland, Awards for All Scotland	(6)	505	496	3
National Lottery Promotions Unit	(8)	7,578	7,108	462
Sport Scotland, Awards for All Scotland	(148)	501	543	(190)
Scottish Government, Scottish Land Fund, Delivering Financial Inclusion	8,633	6,733	7,523	7,843
Department for Levelling Up, Housing and Communities, Coastal Communities Fund	860	24	30	854
European Funding – Cabinet Office	59	460	519	-
Wales Funders Forum	-	4	-	4
<b>Totals</b>	<b>10,627</b>	<b>23,992</b>	<b>24,985</b>	<b>9,634</b>

## 24. Joint venture – National Lottery Promotions Unit

The National Lottery Promotions Unit (NLPU) is a joint venture between the Lottery operator, Lottery distributors and DCMS. The NLPU has been set up to raise positive public awareness of and support for the benefits of the distribution of Lottery funding across the UK, thereby contributing to the broad health of The National Lottery and promoting loyalty and participation. The NLPU is funded one-third by the Lottery operator and two-thirds directly from the NLDF. The total budget for 2024-25 was £5 million (2023-24: £3.3 million). It is accountable to a management Board comprising representatives from the three key stakeholders: the Lottery operator, National Lottery distributors and DCMS, with the Gambling Commission attending as an observer.

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

More information and the accounts of the NLPU is available at [lotterygoodcauses.org.uk](https://lotterygoodcauses.org.uk).

## 25. Capital commitments

At 31 March 2025, we did not have any capital commitments (2023-24 £0.0 million).

## 26. Contingent assets

The National Lottery Distributors are entitled to receive a share of receipts from the sale of land on Queen Elizabeth Olympic Park in return for their contribution of an additional £675 million to the funding of the London 2012 Olympic and Paralympic Games. The arrangements are set out in a legal agreement between the Secretary of State and the Greater London Authority (GLA) dated 29 March 2012, which sets out the distribution of funds between the GLA and the Lottery Distributors (via the core department). We expect that the GLA will communicate directly with the Lottery Distributing Bodies on the forecast of land receipts due to The National Lottery and the timing on when such payments will be made.

As the successor body, taking on the remaining property, rights and liabilities of the Millennium Commission on its dissolution in 2006, the Fund is entitled to a share of the proceeds of land sales on the Greenwich Peninsula made by the Greater London Authority once certain costs have been covered. Payments of £44.8 million (2023- 24 £50.3 million) are now forecast to be received between 2016 and 2041, of which £10.4 million had been received by the end of 2024-25. No additional income has been accrued for 2024-25.

Under the provisions of the Dormant Assets Acts 2008 to 2022, banks and building societies may pass funds from dormant assets to Reclaim Fund Ltd (RFL), a not-for-profit entity authorised to act as the reclaim fund. RFL transfers funds which it is satisfied are not required to meet future claims from the owners of the dormant account money to the Fund for onward distribution.

RFL calculates the liability due to the Fund and recognises this as a creditor, which corresponds to a debtor and related income being accounted for by the Fund. In addition, RFL notes a provisional amount of future income that may be passed to the Fund. The Fund now recognises this as a contingent asset according to IAS 37: Provisions, Contingent Liabilities and Contingent Assets. RFL has indicated this value is likely to be in the range of £139 million to £145 million for 2025-26 (2024-25: £143.4 million).

## **27. Post balance sheet review**

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

## **28. Community Organisations Cost of Living Fund**

This programme was agreed in 2023-24, with an end date of 30 June 2024. The total cost of the programme is £75.1 million, which DCMS provided via a grant agreement. In the grant agreement, it was determined that the Fund will act as Principal rather than Agent. While the active period for this programme has concluded, we continue to report minor refunds/adjustments before final reconciliation.

## Notes to the accounts

### Statement of comprehensive net income

	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
<b>Income</b>		
Received/Receivable from DCMS	500	74,216
Interest	19	117
Recoveries of grant	342	
<b>Total income</b>	<b>861</b>	<b>74,333</b>
<b>Expenditure</b>		
Grant expenditure		70,709
Lapsed or revoked grant expenditure	(20)	(192)
	<b>(20)</b>	<b>70,517</b>
Refunded to DCMS	<b>845</b>	-
Operating costs	500	3,316
Corporation tax	34	-
<b>Total expenditure</b>	<b>1,359</b>	<b>73,833</b>
<b>Total comprehensive net (expenditure)/income</b>	<b>(498)</b>	<b>500</b>
<b>Reserves</b>		
Brought forward at 1 April 2024	500	-
Total comprehensive net income	(498)	500
<b>Carried forward at 31 March 2025</b>	<b>2</b>	<b>500</b>

## Statement of financial position

	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
<b>Current assets</b>		
Cash at bank and in hand	7	520
<b>Total assets</b>	<b>7</b>	<b>520</b>
<b>Current liabilities</b>		
Grant commitments	(5)	(20)
<b>Total liabilities</b>	<b>(5)</b>	<b>(20)</b>
<b>Assets less liabilities</b>	<b>2</b>	<b>500</b>

## Losses and special payments

Losses occur where there is no evidence that a funded project's objectives were met. In the financial year to 31 March 2025, we have written off £13,510 representing two awards. (2023-24 nil). There were no write-offs that exceeded £100,000 (2023/24 nil).

## 29. Million Hours Fund

This programme was agreed in 2023-24 with an end date of 30 September 2026. The total cost of the programme is £22 million, of which DCMS will contribute via a grant agreement £11 million. The remaining £11 million will be contributed by the Fund. In the grant agreement, it has been determined that the Fund will act as Principal rather than Agent.

### Statement of comprehensive net income

	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
<b>Income</b>		
Received/Receivable from DCMS	6,840	3,938
Interest	-	23
Recoveries of grant	1	-
<b>Total income</b>	<b>6,841</b>	<b>3,961</b>
<b>Expenditure</b>		
Grant expenditure	150	10,091
Operation costs	359	177
Corporation tax	6	-
<b>Total expenditure</b>	<b>515</b>	<b>10,268</b>
<b>Total comprehensive net income/(expenditure)</b>	<b>6,326</b>	<b>(6,307)</b>
<b>Reserves</b>		
Brought forward at 1 April 2024	(6,307)	-
Total comprehensive net income/(expenditure)	6,326	(6,307)
<b>Carried forward at 31 March 2025</b>	<b>19</b>	<b>(6,307)</b>

**Statement of financial position**

	<b>Year ended 31 March 2025 £000</b>	<b>Year ended 31 March 2024 £000</b>
<b>Current assets</b>		
Cash at bank and in hand	1,006	-
Other receivables	1,811	
<b>Total assets</b>	<b>2,817</b>	<b>-</b>
<b>Current liabilities</b>		
Grant commitments	2,798	(6,307)
Other payables	-	-
<b>Total liabilities</b>	<b>2,798</b>	<b>(6,307)</b>
<b>Assets less liabilities</b>	<b>19</b>	<b>(6,307)</b>

**Losses and special payments**

Losses occur when there is no evidence that a funded project's objectives were met. In the financial year to 31 March 2025, there have been no write-offs (2023-24 nil). There were no write-offs that exceeded £100,000.

**30. Coronavirus Community Support Fund**

In 2020-21, the Fund received £200 million in the form of a grant from the Treasury for the Coronavirus Community Support Fund programme to distribute to charities and community organisations in England to enable them to meet the demands placed on them by the COVID-19 pandemic. The programme of activity was to be committed by the end of September 2020 with an expectation that recipient organisations would spend the cash within six months of receipt. The grant agreement was signed on 22 May 2020 by DCMS and the Fund. The final reconciliation for this programme has now been completed.

## Notes to the accounts

### Statement of comprehensive net income

	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
<b>Income</b>		
Interest	-	12
Refunds	-	6
<b>Total income</b>	<b>-</b>	<b>18</b>
<b>Expenditure</b>		
Grant expenditure	-	-
Lapsed or revoked grant expenditure	-	219
		219
Refunded to DCMS	<b>764</b>	<b>-</b>
Operating costs	-	(213)
<b>Total expenditure</b>	<b>764</b>	<b>6</b>
<b>Total comprehensive net (expenditure)/income</b>	<b>(764)</b>	<b>126</b>
<b>Reserves</b>		
Brought forward at 1 April 2024	764	752
Total comprehensive net (expenditure)/ income	(764)	12
<b>Carried forward at 31 March 2025</b>	<b>0</b>	<b>764</b>

## Statement of financial position

	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
<b>Current assets</b>		
Cash at bank and in hand	-	551
Other receivables	-	213
<b>Total assets</b>	<b>-</b>	<b>764</b>
<b>Current liabilities</b>		
Trade and other payables	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>
<b>Assets less liabilities</b>	<b>-</b>	<b>764</b>

## Losses and special payments

Losses occur where there is no evidence that a funded project's objectives were met. In the financial year to 31 March 2025, we have written off losses of £120,736 representing 15 awards (2023/24 £321,410 representing 35 awards). There were no write-offs that exceeded £100,000 (2023/24: nil).

## 31. Dormant assets

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

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

Funds are apportioned across the UK in accordance with a statutory instrument approved by Parliament.

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

## Notes to the accounts

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

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

### 31a. Statement of comprehensive net income

	Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
<b>Income</b>		
Received/Receivable from Reclaim Fund Ltd	143,407	90,374
Interest	6,894	7,450
Recoveries of grant	121	68
<b>Total income</b>	<b>150,422</b>	<b>97,892</b>
<b>Expenditure</b>		
Grant expenditure to designated distributors	430	111,780
Grant expenditure	25,956	15,290
Lapsed or revoked grant expenditure	(89)	(58)
	<b>26,297</b>	<b>127,012</b>
Operating costs	1,197	830
<b>Total expenditure</b>	<b>27,494</b>	<b>127,842</b>
<b>Surplus/(expenditure) before taxation</b>	<b>122,928</b>	<b>(29,950)</b>
Taxation	(2,170)	(1,748)
<b>Total comprehensive net income/(expenditure)</b>	<b>120,758</b>	<b>(31,698)</b>
<b>Reserves</b>		
Brought forward at 1 April 2024	76,886	108,584
Total comprehensive net income/(expenditure)	120,758	(31,698)
<b>Carried forward at 31 March 2025</b>	<b>197,644</b>	<b>76,886</b>

**31b. Statement of financial position as at 31 March 2024**

	<b>Year ended 31 March 2025 £000</b>	<b>Year ended 31 March 2024 £000</b>
<b>Current assets</b>		
Cash at bank and in hand	300,382	181,125
<b>Total assets</b>	<b>300,382</b>	<b>181,125</b>
<b>Current liabilities</b>		
Trade and other payables	(2,166)	(1,682)
Grant commitments to designated distributors	(67,447)	(79,477)
Grant commitments	(33,125)	(23,080)
<b>Total liabilities</b>	<b>(102,738)</b>	<b>(104,239)</b>
<b>Assets less liabilities</b>	<b>197,644</b>	<b>76,886</b>

## 31c. Detailed income and expenditure account with country apportionment

					Year ended 31 March 2025	Year ended 31 March 2024
	England	Scotland	Wales	Northern Ireland	Total	Total
	£000	£000	£000	£000	£000	£000
<b>Segmental analysis</b>						
Income	-	-	-	-	150,301	97,824
Less operating costs	-	-	-	-	(3,367)	(2,578)
<b>Net income available for distribution</b>					<b>146,934</b>	<b>95,244</b>
<b>Available to each country</b>	123,278	12,342	7,200	4,114		
Recoveries of grant	-	69	46	6	121	68
Grant commitments to designated distributors	(430)	-	-	-	(430)	(111,780)
Grant commitments made	-	(9,014)	(12,880)	(3,973)	(25,867)	(15,230)
<b>Surplus/(Deficit) for the year</b>	<b>122,848</b>	<b>3,397</b>	<b>(5,634)</b>	<b>147</b>	<b>120,758</b>	<b>(31,698)</b>
Balance of funds brought forward	<b>33,727</b>	<b>16,759</b>	<b>19,950</b>	<b>6,450</b>	<b>76,886</b>	<b>108,584</b>
<b>Balance of funds carried forward at 31 March 2025</b>	<b>156,575</b>	<b>20,156</b>	<b>14,316</b>	<b>6,597</b>	<b>197,644</b>	<b>76,886</b>

					Year ended 31 March 2025	Year ended 31 March 2024
	England	Scotland	Wales	Northern Ireland	Total	Total
	£000	£000	£000	£000	£000	£000
<b>Movement of grant accruals</b>						
Grant commitments brought forward at 1 April 2024	79,477	9,495	5,360	8,225	102,557	114,016
Grant commitments made	430	9,021	12,880	4,055	26,386	127,069
Lapsed and revoked commitments	-	(7)	-	(82)	(89)	(58)
Grant commitments met	(12,459)	(7,886)	(2,303)	(5,634)	(28,282)	(138,470)
<b>Accrual carried forward at 31 March 2025</b>	<b>67,448</b>	<b>10,623</b>	<b>15,937</b>	<b>6,564</b>	<b>100,572</b>	<b>102,557</b>
<b>Ageing of grant accruals</b>						
Due within one year	67,447	6,340	6,065	3,627	83,480	93,173
Due within more than one year but less than two years	-	3,090	5,086	1,766	9,942	6,272
Due within more than two years but less than three years	-	1,193	4,346	1,030	6,569	2,144
Due within more than three years but less than four years	-	-	354	94	448	529
Due within more than four years but less than five years	-	-	86	47	133	354
Due after more than five years	-	-	-	-	-	86
	<b>67,448</b>	<b>10,623</b>	<b>15,937</b>	<b>6,564</b>	<b>100,572</b>	<b>102,557</b>

## Contingent asset

Under the provisions of the Dormant Assets Acts 2008 to 2022 banks, building societies and other financial institutions may pass funds from dormant assets to RFL, a not-for-profit entity authorised to act as the reclaim fund. RFL transfers funds which it is satisfied are not required to meet future claims from the owners of the dormant account money to the Fund for onward distribution.

RFL calculates the liability due to the Fund and recognises this as a creditor, which corresponds to a debtor and related income being accounted for by the Fund. In addition, RFL notes a provisional amount of future income which may be passed to the Fund. The Fund now recognises this as a contingent asset according to IAS 37: Provisions, Contingent Liabilities and Contingent Assets. RFL has indicated this value is likely to be in the range of £139 million to £145 million for 2025-26 (2024-25: £143.4 million).

## Contingent liability

The Fund has recognised a contingent liability of £4.5 million at 31 March 2025 (31 March 2024: £5.0 million) concerning a possible obligation to pay up to £500,000 per annum to The Oversight Trust (OST) - Assets for the Common Good (formerly named Big Society Trust) for its administration costs. This possible obligation is as per a deed of agreement between OST and the Fund made on 10 December 2019, which is valid for 15 years from that date. The contingent liability we recognise at 31 March 2025 is for the remaining nine years.

# 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 Culture, Media and Sport.

The Fund has complied with these directions throughout the financial year 2024-25 in every material aspect.

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

## England and UK

### Directions given to Big Lottery Fund under section 36E(1)(b) of the National Lottery etc. ACT 1993 (as amended)

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

The Minister for the Cabinet Office in exercise of the powers conferred on him by section 36E(1)(b) and having consulted 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

(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 that promote the public and social benefit and are not intended primarily for private gain.

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

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

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

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

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

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

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

4. Longer term benefit – that projects can achieve longer-term financial viability and resilience.

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

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

## England and Isle of Man devolved expenditure

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

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

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

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

- (i) Encouraging social involvement in communities and removing barriers
- (ii) Strengthening the capacity of voluntary and community organisations and social enterprises
- (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
- (ii) The relative population sizes and levels of economic and social deprivation in different parts of England and the Isle of Man.

Signed by the Minister for the Cabinet Office

28 March 2012.

## Scotland

### Directions given to Big Lottery Fund under section 36E(4)(b) of the National Lottery etc. Act 1993

Scottish Ministers, in exercise of the powers conferred on them by section 36E(4)(b) of the National Lottery etc. Act 1993 and having consulted 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 the 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

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

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

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

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

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

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

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

### Scottish devolved expenditure

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

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

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

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

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

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

- (i) The promotion of community learning and development
- (ii) The promotion of community safety and cohesion
- (iii) The promotion of community empowerment and inclusive opportunities for participation
- (iv) The promotion of physical and mental wellbeing.

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

- (i) Reducing inequalities through tackling disadvantage and discrimination
- (ii) Empowering people, through enabling people's engagement and influence.

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

- (i) Achieving the most effective use of resources by selecting the most appropriate approach in specific policy areas in order to add value to the overall public effort
- (ii) Leveraging the highest potential value for people and communities from resources through support for volunteering, fair work and sustainable procurement.

Signed on behalf of Scottish Ministers  
February 2016.

### Wales

#### **Directions given to Big Lottery Fund under section 36E of the National Lottery etc. Act 1993**

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

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

#### **Welsh devolved expenditure**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Northern Ireland

### Directions given to Big Lottery Fund under section 36E(4)(b) of the National Lottery etc. Act 1993 (as amended)

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

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

### General directions

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

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

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

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

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

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

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

(ii) where capital funding is sought:

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

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

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

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

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

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

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

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

### Northern Ireland devolved expenditure

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

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

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

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

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

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

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

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

- A. Improve essential skills to meet social and economic needs.
- B. Increase opportunity for community-based learning.
- C. Build community capacity.
- D. Increase opportunity for volunteering and engagement within and between communities.
- E. Build community and voluntary/ statutory partnerships.
- F. Improve community facilities, access and services.
- G. Increase community involvement in protecting, restoring and sustaining the urban and rural environment.
- H. Help individuals and communities to develop skills to make healthier lifestyle choices.
- I. Promote mental health and emotional wellbeing at individual and community level.

Signed on behalf of Secretary of State  
Northern Ireland

### Accounts direction

#### **Account direction given by the Secretary of State for Culture Media and Sport in accordance with section 35(3) of the National Lottery etc. Act 1993**

1. This direction applies to the National Lottery Community Fund (formally, the Big Lottery Fund) in respect of the separate annual accounts that it is required to prepare in respect of its lottery distribution activities.

2. The National Lottery Community Fund shall prepare accounts for the financial year ended 31 March 2024 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, together with any additional disclosure or other requirements as agreed with the department, including the Task Force on Climate-related Financial Disclosures (TCFD) aligned disclosure application guidance.

3. The accounts shall be prepared so as to:

- give a true and fair view of the state of affairs at 31 March 2024 and subsequent financial year-ends, and of the income and expenditure (or, as appropriate, net resource outturn), changes in taxpayers' equity and cash flows for the financial year then ended; and
- 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.

- Follow the additional accounting and disclosure requirements set out in Annex A and Annex B.

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. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed with the Department for Culture, Media & Sport and HM Treasury.

5. Accounts should conform to all relevant guidance and requirements as per the Consolidated Budgeting Guidance (CBG), Managing Public Money (MPM) and the management agreement or framework document.

Authority of the Secretary of State for Culture, Media & Sport

11th April 2024

### **ANNEX A**

The following paragraphs detail the additional requirements as agreed by the Treasury, the Department and National Lottery Community 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:
  1. the share of Lottery proceeds attributable to The National Lottery Community Fund
  2. the share of investment income of the National Lottery Distribution Fund attributable to the National Lottery Community Fund
  3. interest receivable on lottery funds
  4. repayment of grants
  5. any other income
  6. grant made from lottery funds
  7. lapsed or revoked grant previously recorded as commitments from lottery funds
  8. the total operating costs incurred in respect of National Lottery distribution activities
2. The **statement of financial position** shall include:
  1. under the heading "Current assets": shown as an investment, the balance held on behalf of The National Lottery Community Fund at the National Lottery Distribution Fund;
  2. Grant falling due for payment within one year should be disclosed separately under the heading 'current liabilities'.
  3. 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:
  1. 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
  2. A statement of the accounting policies. This must include a statement explaining the nature of the balances held on The National Lottery Community Fund's behalf in the National Lottery Distribution Fund as follows:
    3. "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 National Lottery Community 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 National Lottery Community Fund in respect of current and future commitments."
    4. the value of grant commitments at the year-end which The National Lottery Community 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
  5. 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.

## Our statutory background

6. 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.
7. 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 five years and over five years.

## ANNEX B

### Additional disclosure requirements

#### IFRS 16 Leases

The accounts shall ensure that they comply with the FreM adaptations and interpretations of International Financial Reporting Standard 16 Leases (IFRS 16) from 2019-2020. This means that the entity must take the option within the FreM to early adopt this standard.

#### Dormant assets directions

**Directions given to the Big Lottery Fund (operating as The National Lottery Community Fund) under section 22(3) of the Dormant Bank and Building Society Accounts Act 2008 as amended**

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

1. All spending directions to date are withdrawn with immediate effect and are replaced with this spending direction.

#### Previous allocations

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

Under the terms of a Memorandum of Understanding between DCMS and the Fund agreed on 17 October 2018, the Fund distributed £1.144 million in total in the form of non-repayable grants to youth-focused voluntary organisations in targeted locations through the Youth Capacity Fund, such grants having been agreed by the Fund and DCMS. The Fund will continue to manage these grants until their completion

£90 million (of which £55.9 million was distributed by December 2021) to meet expenditure on or connected to the provision of services, facilities or opportunities to meet the needs of young people, in accordance with s18(1)(a) of the Act, delivered by Youth Futures Foundation Limited;

£96 million (of which £51.5 million was distributed by December 2021) to meet expenditure on or connected to (i) the development of individuals' ability to manage their finances, or (ii) the improvement of access to personal financial services, in accordance with s18(1)(b) of the Act, delivered by Fair4All Finance Limited; and

£435 million (of which £435 million was distributed by December 2021) in the form of non-repayable grants to the Big Society Trust to invest in Big Society Capital and to meet the initial funding requirement of Access – the Foundation for Social Investment, acting as a social investment wholesaler in accordance with section 18 of the Act.

£30 million (of which £21 million was distributed by December 2021) in the form of non-repayable grants to Access- the Foundation for Social Investment, acting as a social investment wholesaler in accordance with section 18 of the Act.

### New allocations

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

£20 million in the form of non-repayable grants to Access – the Foundation for Social Investment, acting as a social investment wholesaler in accordance with section 18 of the Act;

£20 million to meet expenditure on or connected to the provision of services, facilities or opportunities to meet the needs of young people, in accordance with s18(1)(a) of the Act, delivered by Youth Futures Foundation Limited; and

£4 million to meet expenditure on or connected to (i) the development of individuals' ability to manage their finances, or (ii) the improvement of access to personal financial services, in accordance with s18(1)(b) of the Act, delivered by Fair4All Finance Limited.

### Additionality

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

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

### The Oversight Trust

5. The Fund will also continue to distribute up to £500,000 per annum from the English portion of dormant account money, in the form of a grant, to The Oversight Trust – Assets for the Common Good (OST) on an ongoing basis (unless and until further directions are issued by the Secretary of State for Culture, Media and Sport to amend or supersede this direction).

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

## Our statutory background

Such other bodies must, in addition, either (i) be a social investment wholesaler; or (ii) use the dormant account money in the performance of their functions which:

- i. meet expenditure on or are connected with the provision of services, facilities or opportunities to meet the needs of young people; or
- ii. meet expenditure on or are connected with (a) the development of individuals' ability to manage their finances, or (b) the improvement of access to personal financial services.

### No other payments

7. The Fund is directed to make no other payments of the English portion of dormant account money until further Directions are issued by the Secretary of State under the Act.

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

### **Directions given to Big Lottery Fund under section 22(5)(b) of the Dormant Bank and Building Society Accounts act 2008 in relation to Scottish expenditure**

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

### General directions

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

2. The distribution of dormant account money:

- A. must be to projects which promote the public good and which are not intended primarily for private gain;
- B. must be to projects which make real and sustainable improvements to the quality of life of local communities;
- C. may only be to third sector organisations i.e. organisations that exist wholly or mainly to provide benefits for society or the environment;
- D. must balance the need to encourage innovation with the need to manage risk in a manner commensurate with the type of project and applicant; and
- E. should seek to further the objectives of sustainable development.

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

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

B. in cases where capital funding is sought;

- a). demonstrate a clear business plan incorporating any running and maintenance costs associated with each project for a reasonable period, having regard to the size and nature of the project; and
- b). demonstrate, for major projects, that project evaluation and management processes match those of the Office of Government Commerce's Gateway Reviews; or

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

4. In distributing dormant account money BIG must:

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

B. include a condition in all distributions that recipients acknowledge the use of dormant assets funding, using the agreed branding for the Dormant Assets 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:

## Our statutory background

Smarter: People having better chances in life

Safer and stronger: Communities work together to tackle inequalities

Greener: People have better and more sustainable services and environments

Healthier: People and communities are healthier; and

J. take into account the following principles:

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

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

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

### Specific directions

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

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

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

### **Direction given to the Big Lottery Fund under section 22 of the Dormant Bank and Building Society Accounts Act 2008 in relation to Welsh expenditure**

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

## General directions

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

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

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

encouraging public bodies to think more about the long term, work better with people, communities and each other

preventing problems and taking a more joined up-approach

the five ways of working: long-term; prevention; integration; collaboration; involvement

the seven wellbeing goals.

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

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

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

Exceptionally, money can be distributed to local authorities or other statutory bodies where a project involves a partnership or consortium, and the statutory body is acting in a coordinating capacity.

E. Balance the encouragement of innovation with managing risk.

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

working to the principle of not treating the Welsh language less favourably than English in all the Fund's activities in Wales

operating in accordance with our Welsh Language Standards and Welsh Language Scheme, in partnership with the Welsh Language Commissioner.

G. Set time limits on the periods in which grants are payable, whether for capital or revenue expenditure.

H. Ensure that applicants demonstrate the financial viability of the project for the period of the grant.

I. Ensure the Fund works with other organisations where this is an effective way of delivering elements of dormant assets funding in Wales.

J. Ensure the Fund has the necessary information to make decisions on each application, including independent expert advice where required.

K. Include a condition in all awards that recipients acknowledge dormant assets funding and use agreed Dormant Assets Scheme branding.

## Our statutory background

L. Adopt an outcome focussed approach, working closely with appropriate partners to achieve the best pattern of investment for the benefit of communities across Wales.

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

### Specific directions

2. The Fund must comply with the following specific directions in determining the persons to whom it makes grants and for what purpose.

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

Supporting children and young people to reach their full potential by working through the third sector to promote social inclusion and eliminate barriers to personal development and employment.

Tackling climate change and promoting wider sustainable development through focused community-based activity.

B. The Fund must take account of the wider benefits that applications may offer, particularly their potential to attract funding from other sources (e.g. match funding) and the contribution that they can make to Welsh Government policies and strategies.

### Spending directions to The National Lottery Community Fund under section 22(5)(c) of The Dormant Bank and Building Society Accounts ACT 2008

The Dormant Bank and Building Society Accounts Act 2008, (as amended by the Dormant Assets Act 2022), hereafter known as the “Act”, in exercising any of its functions under the Act, the Big Lottery Fund (now known as the National Lottery Community Fund) shall comply with directions given to it under section 22 of the Act.

The Department of Finance, in exercise of the powers conferred on it by Section 22(5)(c) of the Act, and having consulted with the National Lottery Community Fund as required under Section 22(7) of the Act, hereby give the following directions to the National Lottery Community Fund in relation to Northern Ireland expenditure under the Act.

- Under these updated Policy Directions, The National Lottery Community Fund should prepare and adopt a strategic plan for Northern Ireland as set out in Schedule 3 Part 1 of the Act.
- The National lottery Community Fund shall consult on the contents of the Strategic Action Plan in advance of laying in the Assembly as set out in Schedule 3 Part 1 Paragraph 4 Sub-Section 6 (b) of the Act.

The Scheme should be made available to benefit the third sector in Northern Ireland, through projects/work primarily delivered by Voluntary, Community and Social Enterprise organisations to increase capacity, grow resilience and encourage sustainability.

- The Scheme should ensure that projects/work funded demonstrate an equitable geographical representation across Northern Ireland.
- Lessons learnt from the distribution of Dormant Account funds elsewhere, should be reflected in the Northern Ireland Scheme where possible.
- The Department will not restrict the use or distribution of the Scheme, however, dormant account money should not be used to fund projects or aspects of projects that would normally attract statutory funding.
- In respect of delivery models these could mean, but are not limited to, an Investment Loan Model for more established organisations, a grant/ loan hybrid model or a more traditional grant style model to support grass roots community organisations to develop capacity and build resilience.
- As allowed under the Act, the National Lottery Community Fund may deliver the Scheme in its entirety or work with a third party. Any third party should be appointed in line with Section 25 (1) of the Act and adhere to the conditions thereafter as set out in the Act.
- A condition of all funding distributed from the Scheme is that successful applicants must acknowledge the use of Dormant Assets funding, using the agreed branding for the Dormant Assets Scheme for Northern Ireland.
- The distribution of funding under the Dormant Asset Scheme will be limited to projects located within Northern Ireland as stipulated in Section 22 5(c) of the Act.
- Reporting and Accounting arrangements should be as set out in Schedule 3, Part 3, of the Act.





## Get in touch

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