COMMUNITY
FUND


# Annual report and accounts

## 2025-26

The National Lottery Community Fund

tnlcommunityfund.org.uk

HC 404

# Big Lottery Fund*

**Annual report and accounts 2025-26**

For the period 1 April 2025 to 31 March 2026

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Bikes and Minds, Northern Ireland

# Contents

# Message from the Chair

In my first full year as Chair of The National Lottery Community Fund it has been so impressive to see the energy and focus of grant holders driving change in their communities across the whole of the UK. This has been a year of immense delivery and thanks to National Lottery players we have been able to reach more people in more communities than ever before and do more for the longer term.

As stewards of public money we carry a profound responsibility to ensure that our investments deliver meaningful and lasting impact and I am very grateful to all my fellow Board members who play such a crucial role in our governance and for their shaping and oversight of this ambitious and bold strategy.

At a time when trust in all institutions is being questioned we are committed to listening, learning and finding a sense of possibility in all we hear aiming to meet this immense responsibility with integrity and purpose. This year we have witnessed the foresight of previous generations of The National Lottery Community Fund decision-takers who invested for long-term impact in Local Trust, Power to Change, A Better Start and Spirit of 2012. I would like to thank those Boards and staff teams for their contribution to shaping the present community landscape and synthesising such vital and relevant community truths.

This year, with the boundless and thoughtful energy of our Chief Executive David Knott at the helm, the Fund has made deeper and bolder commitments as an equity funder to strengthening communities, tackling health inequity, putting young people in the driving seat, and supporting communities to become more environmentally sustainable. These priorities are central to our work in the year ahead but they will only be achieved because of the dedication of our Funding Officers deeply connected in every constituency of the UK and I want to pay tribute to the immense dedication and commitment of colleagues as well as to our Country Committees who hold such responsibility for our grant giving.

In a year when the Government has launched an impressive Youth Strategy, listening to more than 20,000 young people in the consultation, I am delighted that our commitment to youth voice is moving towards genuine youth power and creating more opportunities for young people to influence our decision-making by recruiting more youth advisors. Our Young Board and Committee members play a vital role and I learn something from them every day. We continue to invest in young people taking action to help shape the world they are inheriting through a new phase of the #iWill Fund in England from October 2025 and the reopening of Young Start in Scotland in February 2026.

I’ve travelled the length and breadth of the UK this year, from Cancer Lifeline in Belfast to Platform in Cardiff, to Old Kilpatrick Food Parcels in Glasgow and to Right to Succeed in Great Yarmouth, England. Everywhere I have realised that “the Front Line is the Bottom Line and the Bottom Line is the Front Line”. It is on the front line of communities where investment – the bottom line - is most needed so that determined people of all generations can come together to bridge divides, challenge egos and silos, and build partnerships across the sectors for stronger more connected futures. Lasting change generally happens most when communities drive it for themselves. Our It Starts With Community strategy and our grassroots work will remain at the heart of our approach. We must do better at sharing what we believe is working for communities and be candid about what is not but we need candid feedback in return. We will shape bolder investment and more opportunities to convene and work in partnership with others on the biggest challenges communities face.

As some members of our Board stand down this year they should know how vital their contribution has been - with their colleagues - to shaping our strategy and mission so that we can go further and faster with greater ambition in support of all communities across the UK.

Julia Cleverdon

Old Kilpatrick Food Parcels, Scotland

# Message from the Chief Executive

This has been an important year for The National Lottery Community Fund.

Thanks to National Lottery players, we have been able to make our largest ever level of grants to communities across the UK, with more than £900 million supporting people and places. That is a remarkable achievement. It is also a significant responsibility.

I want to recognise the continued commitment of National Lottery players, and the work of Allwyn and the wider National Lottery family. Every ticket bought helps make possible thousands of acts of community action, care and imagination.

This year, as I have visited communities in Scotland, Wales, Northern Ireland and across England, I have seen again what that means in practice: people creating spaces of welcome and belonging; supporting children and young people; improving health and wellbeing; responding to poverty and isolation; protecting nature; and strengthening pride in place. National Lottery funding helps turn local insight, energy and commitment into practical action.

That is the belief at the heart of our strategy, It Starts With Community. As we approach the midpoint of the strategy, it feels more important than ever. The strategy was never just about the grants we make. It was about a deeper conviction: that strong communities are essential to a healthy, hopeful and resilient society.

Over the past year, communities have faced continued pressure - from the cost of living, health inequalities, social isolation, environmental change, and the strain felt in many public services. Yet our work also shows that communities are not passive recipients of support. They are sources of power, leadership and change.

That is why one of the most important shifts in our work is from seeing community projects as isolated acts of local good, to recognising community power as part of how lasting change happens. A community garden is not only a garden. A youth project is not only a service. A neighbourhood hub is not only a place to get help. Each can be part of a wider pattern of connection, confidence, agency and renewal.

I have seen this in my home city of Nottingham, and in communities across the UK: in work with young children and families in Wales; in the courage, creativity and commitment of communities in Northern Ireland; in local organisations building confidence and opportunity in Scotland; and in neighbourhood and partnership working across England. The places and projects differ, but the lesson is consistent: when communities are trusted, they shape change in ways that are practical, human and lasting.

This has also been a year of national reflection. The 80th anniversary of VE Day reminded us of the depth of our shared history, the importance of civic life, and the bonds between generations. It was a moment to remember service and sacrifice, but also to ask what kind of society we are building now. For me, it reinforced the importance of the Fund's role: backing communities not only to respond to today's challenges, but to help shape the future.

That future focus runs through much of our work. Equity remains central. Through work like our Health Inequities Partnerships, long-term investment in local communities experiencing persistent disadvantage, the Community Wealth Fund, we are working with partners to address deeper barriers to power, connection and opportunity.

Children and young people remain central to our purpose, and we are strengthening their role in shaping decisions that affect them. This has moved beyond youth voice, to power. We have also continued to champion community-led environmental action, learning from Climate Action Fund projects and supporting fairer, more sustainable food systems.

As artificial intelligence and digital transformation reshape our world, we are also exploring how communities can help shape technological change in ways that are responsible, inclusive and rooted in people's lives. Our Impact Strategy, launched this year, strengthens our commitment to understanding the difference our funding makes at community, place and system levels, and to using our evidence, funding and influence well.

I want to thank Dame Julia Cleverdon for her leadership in her first full year as Chair, our Board and executive team, and every colleague across the Fund whose dedication makes this work possible. This has been a demanding year in many ways. We have also felt the loss of much-loved colleagues, whose contribution remains part of the life and spirit of the Fund.

As we look ahead to the next phase of our strategy to 2030, our task is clear. We must bring ambition for the role communities can play in shaping a better future; better tools to support them through our funding, evidence, partnerships, digital capabilities and impact practice; and greater influence, using what we learn from communities to shape wider change.

The scale of our funding this year matters. But what matters most is what communities do with it: the relationships built, the confidence created, the places strengthened, and the lives changed. When communities have the power, support and trust they need, they can help shape a better future for us all.

**YMCA North Staffordshire, England**

# Year in numbers

## Over the past 12 months, we have distributed £939.7 million

**in National Lottery funding through more than 14,063 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

**86%** 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

**80%** of our grants are distributed to organisations with an income of less than £1 million

We fund a community project every **8 minutes**

## We awarded over £3.7 million on average…

**…every working day to projects to improve people's lives and communities.**

## We funded over £900 million to our four core mission areas

**£211,287,409**
on children and young people

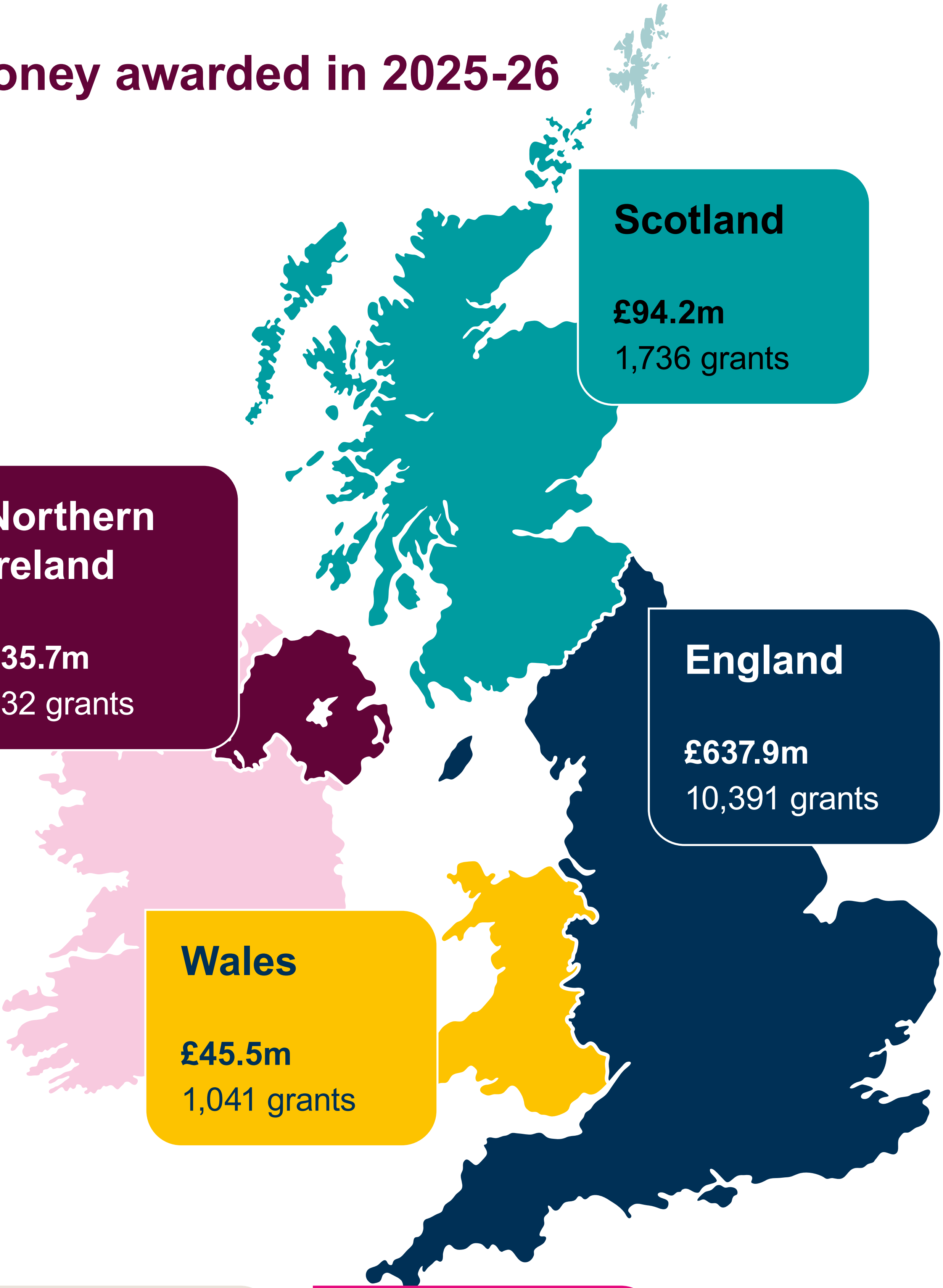
**£166,151,308**
on health and wellbeing

**£124,719,318**
on the environment

**£394,220,182**
on communities

Belfast City of Sanctuary, Northern Ireland

# Money awarded in 2025-26



**Scotland**

**£94.2m**
1,736 grants

**Northern Ireland**

**£35.7m**
832 grants

**England**

**£637.9m**
10,391 grants

**Wales**

**£45.5m**
1,041 grants

**UK**

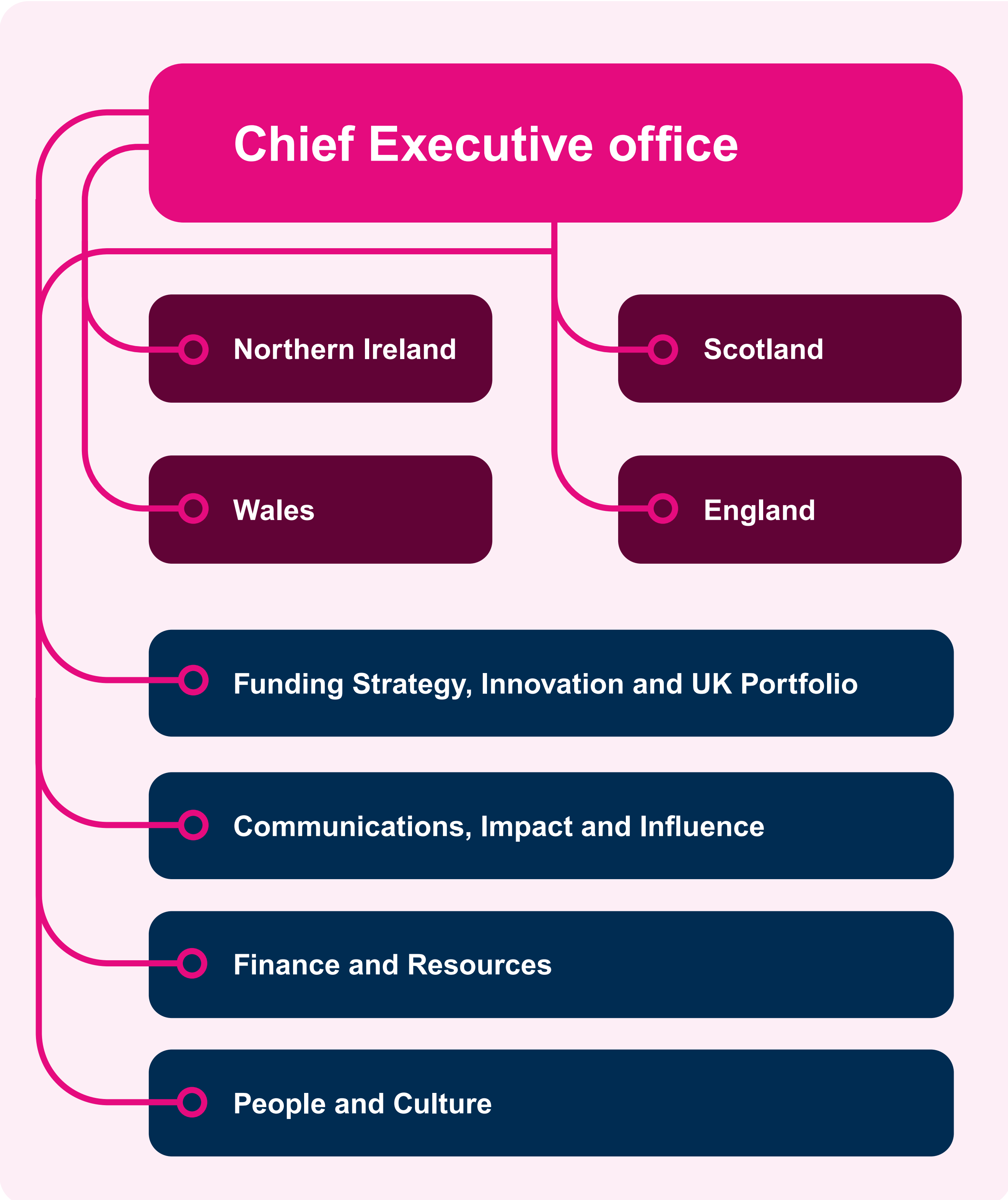
**£126.4m**
63 grants

**In total**

**£939.7m**
14,063 grants

# Organisation structure

The revised structure successfully implemented during the year has enabled the Fund to create clear accountability for culture, strategy and enabling functions to prepare us for the next phase of our strategy. The structure is reflected here.



Nature for Nechells, England

# Performance report

This performance report explains how the Fund is governed, what it seeks to achieve, how it delivers on its objectives and the principal risks it manages. It is structured to help users understand the Fund's role, its performance during the year and how that performance links to our strategic objectives and financial results.

The Overview provides context for the Fund's purpose, operating model and strategic environment, including the key risks to achieving our objectives.

The performance summary and performance analysis report progress against our strategy, corporate objectives and Key Performance Indicators (KPIs), drawing on both operational and financial information. Further detail is provided in the performance analysis section and the financial statements.

## Overview

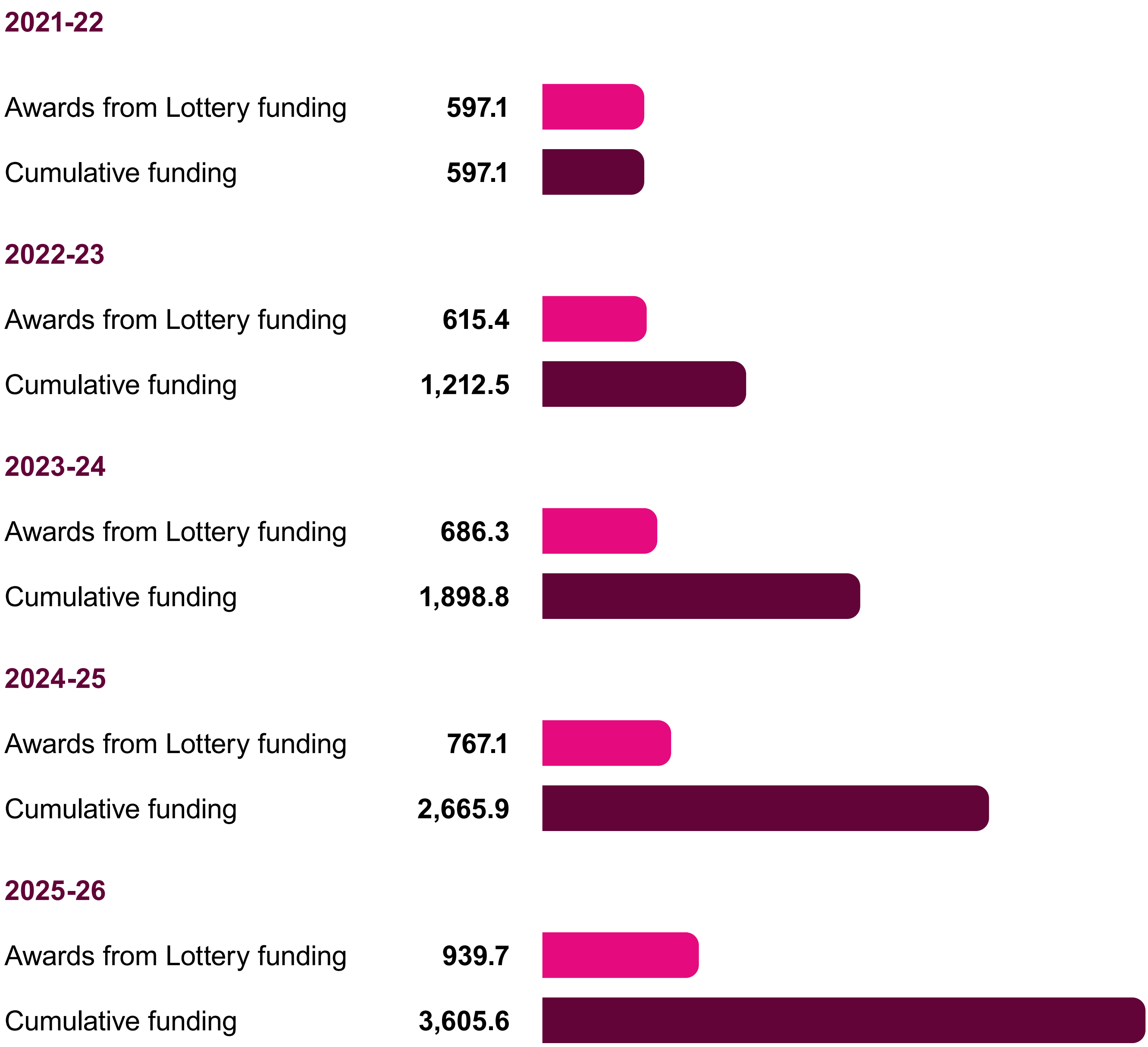
The National Lottery Community Fund is the operating name of the Big Lottery Fund, a statutory corporation established under the National Lottery Act 2006. We adopted our current operating name in January 2019 to better reflect the source of our funding and our purpose: distributing National Lottery funding to support communities to thrive.

We are committed to maximising the difference that National Lottery funding makes. Working alongside communities, we focus on supporting people and places where funding is needed most and on giving communities a stronger voice in shaping solutions to the challenges they face. Under our long-term ambition, we expect to distribute more than £1 billion of funding per year by 2030.

The Fund is the largest single source of community funding in the UK and is responsible for distributing 40% of all National Lottery funding raised for good causes. We make grant awards to support projects that strengthen communities, promote social connection and improve lives. Over the last five years, we have awarded more than £3.6 billion. Our programmes range from small grants of up to £20,000 to large, multi-year strategic investments worth several million pounds.

Clydesider Creative, Scotland

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




Alongside National Lottery funding, the Fund also distributes money released from dormant bank accounts and other dormant assets under the Dormant Bank and Building Society Accounts Act 2008, as amended by the Dormant Assets Act 2022. In addition, we work with other organisations, primarily central government departments, to manage and distribute funding on their behalf. During the year, this included programmes delivered in partnership with the Department for Culture, Media and Sport (DCMS), such as the #iwill Fund and the Million Hours Fund, as well as programmes delivered in partnership with devolved administrations such as the Scottish Land Fund.

Our activities are delivered within the relevant statutory framework, government guidance and the requirements of DCMS as our sponsor department. DCMS provides a framework document, which sets out our relationship with government. The Secretary of State for Culture, Media and Sport issues policy directions for funding in England and across the UK, while the devolved administrations issue equivalent policy directions for Scotland, Wales and Northern Ireland. Within this framework, decisions about programmes and individual grants are taken independently of government.

All funding decisions must comply with the additionality principle, meaning our funding must complement, and not replace, government expenditure. We balance responsive and targeted funding programmes to meet the diverse needs of communities, in line with our strategy It Starts With Community (2023-30). Our approach is strengths-based and inclusive: we meet communities where they are and support them to build towards their ambitions, contributing to a fairer, stronger society.

The Fund operates across all four nations of the UK, with country-specific programmes alongside a UK-wide portfolio. Grant programmes in each portfolio are overseen by externally appointed portfolio committees, responsible for agreeing funding priorities within the missions-based framework approved by the Board. Authority to approve most grants is delegated to officers or specialist panels. Grant budgets are allocated to each country largely on a population basis, after deducting up to 10% for UK-wide programmes. This funding formula has been reviewed throughout the year to align more closely with the strategic ambitions of the Fund. A transition period is under way ahead of implementation starting in April 2027.

## Key issues and principal risks

The Fund's primary financial risk arises from its reliance on income generated by The National Lottery. A proportion of lottery ticket sales is paid into the National Lottery Distribution Fund and then allocated to distributors on a statutory basis. To manage volatility in National Lottery income, we plan grant commitments and payment profiles using multi-year forecasts. Medium-term income projections are reviewed and approved by the Board at least twice a year.

On 1 February 2024, Allwyn became the operator of The National Lottery under the fourth licence. We work closely with Allwyn to manage uncertainty over future income, using quarterly five-year income forecasts to update our own projections and risk analysis. This enables us to meet existing grant commitments while optimising future funding for communities. Returns to good causes in 2025-26 were slightly ahead of budget, with stronger growth expected from 2026-27 onwards.

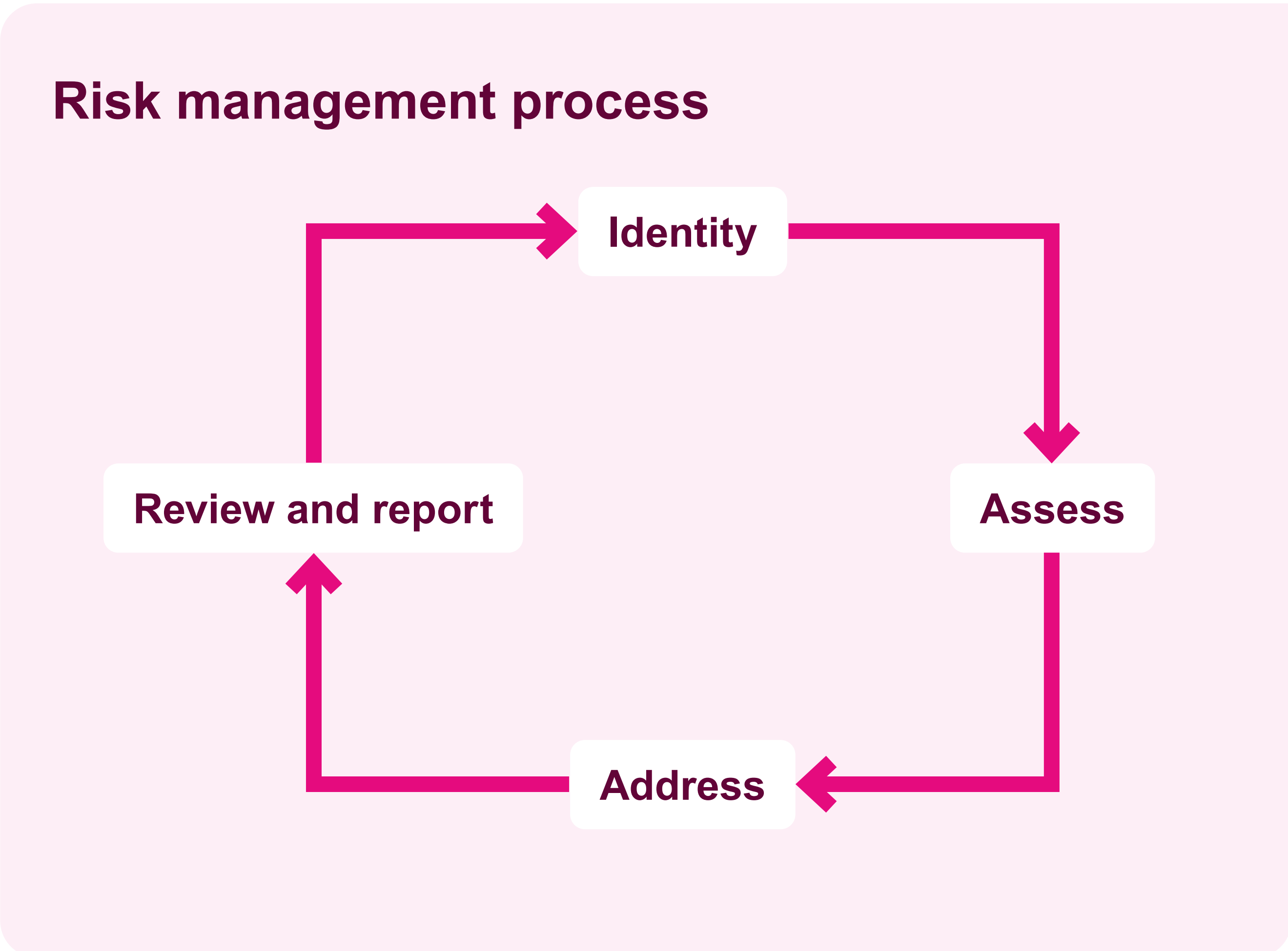
## Risk management

### Introduction

Effective risk management is essential to the Fund's ability to deliver public value while protecting public money. The Fund operates in a complex and often challenging funding environment, where supporting communities across the UK can require taking proportionate and well-judged risks to achieve long-term social and economic impact. At the same time, the Fund must operate in line with HM Treasury guidance, including Managing Public Money and the Orange Book, and maintain high standards of stewardship, governance and accountability.

Risk management at the Fund is defined as the systematic process by which key threats and opportunities are identified, assessed and managed to support the delivery of strategic objectives. The Board and Senior Management Team (SMT) view well-embedded risk management as a critical enabler of effective decision-making, planning and delivery across the organisation.

The Fund's risk management process can be summarised as follows:



During 2025-26, the Fund continued to embed its risk management framework to ensure that risks are identified early, owned at the appropriate level, and managed within the appetite agreed by the Board. Oversight of this framework's effectiveness forms a key part of internal audit activity and informs the assurance provided to the Audit and Risk Committee (ARC).

Delivery complexity and resource pressures increased throughout the year against a backdrop of a significant ongoing change and digital transformation agenda, reflecting the Fund's growing profile and ambition. Although the overall risk position remained stable, heightened pressure was evident in a limited number of risk themes, which were subject to closer management oversight. Strengthened risk processes enabled these pressures to be identified and addressed at an earlier stage.

### Key risk themes

To support strategic oversight, the Fund structures its risk management approach around 11 key risk themes, which represent the most significant threats to the achievement of its objectives:

1. **Financial**
2. **External environment and stakeholder engagement**
3. **Leadership impact**
4. **People and culture**
5. **Project and programme management**
6. **Pre-award grant making controls**
7. **Post-award grant making risks**
8. **Technology and cyber risk (internal and external)**
9. **Grant fraud**
10. **Environment and climate**
11. **Legal and regulatory (including data governance)**

These themes underpin the Organisational Risk Register and provide a consistent structure for identifying, assessing , managing and reporting risk across the Fund. They enable the Board and SMT to maintain focus on the areas of greatest strategic exposure while allowing emerging risks to be escalated promptly, as required.

### Performance summary

2025-26 was the second year of delivery of our three-year Corporate Plan 2024–27, which translates our strategy, It Starts With Community, into clear objectives, priorities and measurable outcomes. Performance is assessed annually against our strategic objectives and related KPIs.

For the 2024-27 period, we established three strategic objectives, supported by six priorities and eight KPIs. At the end of the second year of the plan:

- Four KPIs were fully achieved.
- One KPI was partially achieved.
- Three KPIs remain in progress, with plans in place to improve performance against these stretch ambitions in the final year of the plan.

Performance against each KPI, and the actions taken where delivery is ongoing, are set out in detail in the performance analysis section.

In addition to KPIs, we monitor performance using a wider range of operational, financial and management information. This allows early identification of issues and timely corrective action, supporting effective delivery of our objectives and the management of risk.

The Fund does not set a target for operating surplus or deficit. Financial performance is managed to maximise the funds available for grant-making. Grant awards are recognised in full at the point of approval, regardless of payment timing. As a result, reported surpluses or deficits can vary significantly between years. In 2025-26, the Fund recorded a deficit of £139 million, compared with a £58 million surplus in 2024-25. This movement reflects the timing of award approvals and income recognition rather than changes in underlying financial sustainability. Further analysis is provided in the financial statements.

### Going concern

The financial statements have been prepared on a going concern basis. The statement of financial position shows significant net liabilities, reflecting our policy of recognising the full value of grant awards when approved, even though payments are made over future periods.

The Board assesses going concern based on forecasts of future cash flows and income. These forecasts draw on income projections provided by The National Lottery operator and reflect the expectation, as a matter of public policy, that The National Lottery will continue to operate for the foreseeable future. On this basis, the Board is satisfied that the Fund has adequate resources to meet its liabilities as they fall due and at least 12 months from the date of authorisation of the financial statements for issue.

## Performance analysis

### Headlines

2025-26 was a year of exceptional delivery for the Fund, characterised by record levels of grant making, continued control of operating costs and deliberate financial planning to maximise benefits for communities across the UK. Operating in a changing environment, marked by the transition to a new National Lottery Operator, ongoing cost-of-living pressures and significant investment activity to deliver our ambitious strategy, we focused on delivering against our Corporate Plan while managing risk within the Board-approved appetite.

We awarded £939.7 million in National Lottery grants, the highest level achieved in a single year under our current operating model. This was delivered while maintaining operating costs below the government's efficiency threshold and within our three-year rolling limit. As planned, this scale of investment resulted in an accounting deficit for the year, reflecting our strategy of committing funding early so that communities can benefit as soon as possible. This position remains affordable and consistent with our longer-term cash flow projections and risk assessments.

## Financial performance

### Measuring efficiency

Our key measure of financial efficiency is the proportion of National Lottery income spent on distributing grants. In line with the framework agreed with the government we exclude:

- costs recharged to third parties (for example, distributing non-National Lottery and dormant assets funding)
- certain non-recurring investment or restructuring costs that deliver future efficiencies
- irrecoverable VAT.

Further detail on excluded items is set out in note 8 to the financial statements.

The government sets a maximum operating cost threshold for all National Lottery distributors. For 2025-26 this was 7.75% of National Lottery income, assessed over a rolling three-year period. A temporary dispensation to 8% – available only where required – was extended to March 2027. Our forecasts indicate that we do not need to make use of this dispensation.

## What we achieved in 2025-26

### At a glance – financial performance

- £939.7 million from National Lottery income awarded to communities (highest ever)
- Operating costs of 7.4% of National Lottery income in-year
- three-year rolling average of 7%, below the government threshold

During the year, qualifying expenditure on National Lottery grant making activities was £54.8 million, £4.5 million higher than in 2024-25. This increase reflects the scale of grant making activity delivered and targeted investment in capacity, digital infrastructure and organisational development. Despite this increase, operating costs remained comfortably within the efficiency target.

Over the three years to March 2026, our operating costs averaged 7% of National Lottery income, compared with 6.7% and 6.8% in the preceding two years. Taken together, this means we incurred £17.3 million less in operating costs than would have been permitted under the efficiency measure. This headroom was made available for additional grant awards.

### Dormant assets and non-National Lottery income

We recognised dormant assets income of £142.8 million from Reclaim Fund Ltd (RFL) during the year (2024-25: £143.4 million). Looking ahead, we anticipate income in 2026-27 to be in the range of £350 million to £375 million, reflecting the entry of new contributors to the scheme and revisions to RFL's financial policies. While these inflows are subject to audit confirmation, our planning assumptions and risk assessments reflect this increased scale.

## Plans for 2026-27

Our 2026-27 budget supports delivery of the final year of our Corporate Plan, continued organisational development and further efficiency improvements. It also provides capacity for targeted investment in strategic priorities and service improvements while remaining within the 7.75% operating cost threshold on a rolling three-year basis.

The budget is based on forecast National Lottery income of £792 million, derived from operator projections available at the time of preparation. As we deepen relationships with the new National Lottery operator Allwyn, and continue to engage with government, our focus remains on our four community missions and delivering refreshed funding offers across all nations of the UK.

During the year ahead, we will also move toward implementation of the revised funding formula approved by the Board in March 2026 in line with our Corporate Plan objective.

### Our deficit for the year

We recorded a deficit of £139 million for 2025-26 (2024-25: £58 million surplus). The cumulative deficit at 31 March 2026 was £375 million (31 March 2025: £237 million). This position was anticipated through financial planning and is consistent with our strategy of maximising grant making activity without exposing the Fund to undue financial risk.

Under our accounting policies, the full value of grant awards is recognised as expenditure when approval is communicated to recipients, subject to specific criteria. However, payments are made over several years. As with all National Lottery distributors, we manage affordability based on long-term cash commitments and projected income rather than targeting an annual surplus or deficit.

We are confident that future income will be sufficient to meet outstanding commitments as they fall due.

For National Lottery operations only, we recorded a deficit of £257 million for the year (2024-25: deficit of £68 million). National Lottery income was £708 million, marginally lower than in 2024-25 (£717.3 million) but above budget.

We recognise the uncertainty inherent in future income projections, including macro-economic pressures on ticket sales. We mitigate this risk through close engagement with Allwyn, conservative planning assumptions and maintenance of appropriate liquidity buffers.

### Funding strategy and commitments

Our strategy is to commit the maximum level of funding we can safely afford over a five-year horizon, based on anticipated income. This enables benefits to flow to communities as early as possible while protecting the Fund against adverse income scenarios.

At 31 March 2026:

- Outstanding grant commitments totalled £1,196 million (2024-25: £995 million).
- Our balance in the National Lottery Distribution Fund (NLDF) was £493 million (2024-25: £552 million).

This represents net commitments of £703 million above currently available resources, equivalent to approximately 11 months of projected future National Lottery income.

This position remains within our risk appetite and reflects deliberate front-loading of investment.

### Non-National Lottery Funding programmes

In addition to National Lottery funding, we distribute resources received under the Dormant Assets Acts 2008-2022. These activities are included in our financial statements, with summary accounts in note 30a.

During the year, interest income of £8.5 million was earned on dormant assets balances (2024-25: £6.9 million). We also delivered £14.7 million of third-party funding on behalf of other organisations. Where we act solely as delivery agent, these funds are not recognised in our accounts; associated costs are recovered from funders.

### National Lottery Distribution Fund (NLDF)

Net National Lottery good cause proceeds are held in the NLDF under the stewardship of the Secretary of State for Culture, Media and Sport. In addition to a 40% share of net proceeds, the Fund receives 40% of NLDF investment income, amounting to £29 million in 2025-26 (2024-25: £34 million).

Our NLDF balance decreased by £59 million during the year, reflecting a planned increase in grant payments. We do not set a fixed target balance; instead, we operate within a range informed by cash flow forecasting and risk-based stress testing of income variability.

## 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 supported communities across the UK by awarding over 14,000 grants, investing £939.7 million from National Lottery income and reaching every local authority. Award sizes ranged from £139 to £29.6 million, ensuring funding could respond to a wide range of local needs and strategic ambitions. We strengthened access to grassroots funding by completing an evaluation of our £50,000 grant pilot, which supported grant holders to innovate and test new ideas through our simple product. This evaluation will inform future decision-making in our programme development.

During 2025-26, we continued to develop and launch new funding programmes in England, Northern Ireland, Scotland and Wales, alongside our UK-wide offer. These programmes are shaped around our four community-led missions, with over 90% of awards focused primarily on achieving mission outcomes. We continued to develop meaningful partnerships to support strategic investment, such as our partnership with Children in Need, ‘Communities for Children’. We also delivered key elements of our impact strategy, helping ensure our funding makes the biggest possible difference for communities across the UK.

## Corporate objective two – advancing funding practice

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

### What have we done?

We made significant progress in strengthening our funding practice in line with our strategic ambitions and equity commitments. The Board approved a new equity-led funding formula, incorporating measures to better reflect community need, with implementation planned for the year ahead. Our equity-based approach was formally approved, and we made significant progress embedding equity across core operational areas. This work strengthens how equity is understood, applied and evidenced across our funding practice, and supports delivery against our commitments to tackling inequality. This has included the launch of the Solidarity Fund, an equity-focused programme supporting organisations in England that are taking action on the root causes of inequality, such as poverty, disadvantage and discrimination. We have also convened external partners around health inequalities and strengthening communities.

While we remain below our stretch target of directing 15% of funding primarily to our environmental sustainability mission, we have seen an increase in the volume and value of applications and awards made, supported by enhanced communications and promotional activity. We have also targeted specific funding programmes to focus on environmental outcomes, such as the launch of the environmental strand of Awards for All in England, and the Climate Action Fund – Food Systems programme in our UK portfolio. We have made progress in strengthening applicant support and will evaluate our pilot requiring applicants to explain how they manage environmental impact. Internally, we updated our Environmental Policy, requiring budget holders to reduce transport-related emissions by 5% annually. Progress towards net zero remains challenging due to reliance on spend-based measurement and supplier energy mix. Looking forward, we are committed to increasing environmental-mission funding, reviewing our ambitious timeframe for achieving net zero, and building on our early work to establish a set of environmentally regenerative actions.

## 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?

People and culture remained a priority during the year, with the launch of our People and Culture Strategy setting a clear vision for how we work and lead across the Fund. Rooted in a practical framework, the strategy has driven a series of targeted change projects to help us work more efficiently, collaborate more effectively and maximise our impact for communities.

Through organisational development, we continued to advance towards a thriving, inclusive and high-performance culture that reflects our values and the communities we serve. Our colleague engagement remained strong during 2025, throughout a period of significant change. While the Fund's colleague engagement was higher than our external benchmark, we didn't meet our internal target during 2025 and have identified action areas to inform our future focus.

We launched our first Digital Strategy – a landmark programme that establishes a bold, organisation-wide commitment to innovation, accessibility and impact. It creates the foundations for sustainable digital transformation, requiring new ways of working and enabling us to deliver at greater pace, scale and effectiveness. We have also explored the use of AI through our commitment to maximising the potential of AI to transform grant making for the benefit of people and communities.

Incredible Edible, England

# Our key performance indicators

Our eight KPIs, agreed with DCMS, measure progress over the three-year Corporate Plan to March 2027. At the end of year two:

- Four KPIs were met.
- Four were rated Amber, reflecting progress but not yet fully achieved.

For KPIs not yet met, delivery trajectories are under ongoing review and plans are in place for 2026-27 to increase our performance on these four measures, in light of the ambitious and stretching three-year targets we set for ourselves. Further detail on individual KPIs follows, with trend information, explanations of variance and forward-year actions.

## 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.** | |
|---|---|
| **Key performance indicator met**<br>At the end of the second year of our Corporate Plan, we received applications for National Lottery Awards for All funding from 91.6% of areas across the UK against a target of 80%.<br>We have made awards to 74.8% of UK areas in the first year of our Corporate Plan against a target of 60%. | **End of year report**<br>Our strategy, It Starts with Community, includes 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 second year of our Corporate Plan we have exceeded those targets, with 91.6% of areas applying for and 74.8% of areas receiving a National Lottery Awards for All grant. KPI 1 is a cumulative measure which has been met ahead of the end of the current Corporate Plan period, and we expect to maintain this above target performance throughout 2026-27. |

| KPI 2: The primary focus of more than 90% of grants is on one of the four community-led missions | |
|---|---|
| **Key performance indicator met**<br>By volume, 94.9% of grants made in 2025-26 focused on one of our community-led missions.<br>By value, 96.3% of grants made in 2025-26 focused on one of our community-led missions. | **End of year report**<br>As part of our new strategy, we committed to focus our funding on four community-led missions, which were to:<br>• support communities to come together<br>• support communities to be environmentally sustainable<br>• support communities to help children and young people thrive<br>• support communities to enable people to live healthier lives.<br><br>During the second year of our Corporate Plan, we have continued to successfully meet our target of awarding 90% of grants by volume and value. Between April 2024 and the end of March 2026, 94.9% of awards (representing 96.3% of total funding value) have been made to projects that focus 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**<br>Up to the end of 2025-26, 46.9% of awards were made to communities experiencing the greatest poverty and disadvantage.[1] | **End of year report**<br>The proportion of awards made to communities who fall within the top three deciles of poverty and disadvantage across the UK has been consistent during the first two years of our Corporate Plan. However, we have not yet met our target of 50% by the end of the current Corporate Plan period (31 March 2027), with 46.9% of awards being made to communities experiencing greatest poverty and disadvantage, consistent with the result seen in the first year of the Corporate Plan period. |

[1] Areas are Middle Super Output Areas (MSOAs), which are divided into deciles according to the 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 yet met**<br>In the two years of the current Corporate Plan by value, we awarded 11.4% of grants made across the year to projects with environmental sustainability as their primary aim.<br>By volume across the past two years, we have awarded 6.8% of grants to projects with environmental sustainability as their primary aim. | **End of year report**<br>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. In the second year of our plan this had increased to 6.8% of awards, representing 11.4% of the total value of awards made across the two years.<br>A number of initiatives were launched during the year which have contributed to the increases we have seen. We remain committed to increasing the proportion of grants we make to environmentally focused projects across the remainder of the Corporate Plan period and continue to actively pursue ways in which we can increase both the volume and value of awards we make to environmental projects. |

| KPI 5: Our employee engagement score will be in the top quartile when compared with similar and comparable organisations | |
|---|---|
| **Key performance indicator not met**<br>Our employee engagement index score in 2025 was 67, which placed us in the second quartile of comparable organisation scores. | **End of year report**<br>We set ourselves a target for our employee engagement score to be in the top quartile when compared with similar and comparable organisations.<br>This year we measured ourselves against comparable organisations using the 2025 Civil Service People Survey data, where the threshold for the top quartile was a score of 68.<br>Work is under way across the Fund to improve our score and we are putting in place action plans to drive our employees' engagement. |

| 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**<br>Public awareness did not meet the target and was 45.8% in the survey we carried out during 2025.<br>Elected member awareness of our purpose exceeded our target at 75%. | **End of year report**<br>This year we have surveyed members of the public, as well as elected members to establish their awareness of the Fund's purpose. Against our 50% target, 45.8% of the public and 75% 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 two of our Corporate Plan. |

| KPI 7: The value of grant awards will not be less than 95% of budget | |
|---|---|
| **Key performance indicator met**<br>Our total grant awards from National Lottery funding were £958.3 million, which is 5.2% above the budget we set at the start of the year. | **End of year report**<br>During 2025-26, we awarded 105.2% of our grants budget, which is above our target of 100%. This is an increase of more than £194 million on the value of grant awards made last year.<br>We have set ourselves an ambitious target for our funding commitments to always be at 100% of our budget and will continue to strive for at least 100% of our awards budget being delivered in each year of the current Corporate Plan period.<br>**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 £958.3 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**<br>Customer satisfaction was 87% across 2025-26, remaining well above our target. | **End of year report**<br>Customer satisfaction remained stable and well above target in 2025-26, with 87% stating they were satisfied with our service across the year (i.e. those selecting scores of 8-10 out of 10).<br>Increases in satisfaction among small grant holders (particularly on our Awards for All programme) have driven the score higher across the latter part of the year, with sustained above target performance in each quarter. |

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 for our balance in the National Lottery Distribution Fund (NLDF); customer measures, including detailed analysis of customer satisfaction with aspects of our funding processes across our portfolios; and People and Culture measures, such as monitoring absence levels and 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

### Risk identification and assessment

Throughout the year, risk identification has been embedded within existing leadership, operational and assurance processes. Directorate leadership teams consider risks regularly in the context of their objectives and operating environment, drawing on subject-matter expertise across the organisation. Formal quarterly risk moderation meetings provide a structured mechanism to review risk assessments, challenge assumptions and ensure consistency in scoring and narrative.

From 2026, the Fund enhanced its approach to risk appetite by moving beyond a binary assessment and introducing:

- a **tolerable risk position** – the level of risk the Fund is willing to operate within
- an **optimal risk position** – the level of risk the Fund aims to operate within under normal circumstances.

This approach has enabled more nuanced and informed discussions about risk, supporting the Senior Management Team (SMT) in pursuing opportunities where increased risk is justified by strategic need, while maintaining appropriate controls and oversight.

The table below outlines the Fund's approved risk appetite for 2026:

| Key risk theme | Tolerable risk appetite (from Mar 26) | Optimal risk appetite (from Mar 26) |
|---|---|---|
| Financial | Medium | Low |
| External environment and stakeholder engagement | High | Medium |
| Leadership effectiveness | Medium | Low |
| People & culture | Medium | Low |
| Project and programme management | Medium | Low |
| Pre-awards grant making controls | Low | Very low |
| Post-awards grant making risks | High | Medium |
| Technology and cyber security (internal) | Low | Very low |
| Technology and cyber security (external) | High | Medium |
| Grant fraud (simple) | Medium | Low |
| Grant fraud (standard) | Low | Very low |
| Environment and climate | High | Medium |
| Legal and regulatory/data governance | Low | Very low |

## Managing and addressing risk

Risks assessed as operating outside the agreed appetite are subject to enhanced scrutiny through the quarterly Risk Review Committee. This process focuses on whether controls are operating effectively, whether mitigating actions are proportionate and achievable, and whether there is a credible and time-bound plan to return the risk to within tolerance. Where required, SMT intervention ensures that ownership and accountability remain clear.

Compared with the prior year, the Fund demonstrated increased consistency in risk assessment and earlier escalation of emerging risks, reflecting the continued maturity of the risk management framework.

## Risk assurance and in-year performance

The Fund assesses and reports on its risk position quarterly, focusing on alignment with the Board-approved appetite for each key risk theme. An assurance map is prepared for Audit and Risk Committee (ARC), drawing together three key sources:

- organisational risks
- open internal audit recommendations
- open projects and programmes reporting

Each key risk theme is assigned a Green, Amber or Red assurance rating, agreed jointly by the Head of Risk Management, Head of Internal Audit and Head of Strategic Planning. These ratings reflect the adequacy and effectiveness of controls rather than the absence of risk.

| Key risk theme | Tolerable risk position | ORR - maximum residual risk rating | Overall risk assurance | High risk audit recom-mendations |
|---|---|---|---|---|
| Financial | Medium | Medium | In tolerance | No |
| External environment & stakeholder engagement | Medium | Medium | In tolerance | No |
| Leadership effectiveness | Medium | Medium | In tolerance | No |
| People & culture | Low | Medium | Out of tolerance | No |
| Project & programme management | Medium | Medium | In tolerance | No |
| Pre-awards grant making controls | Low | No ORR risks | In tolerance | No |
| Post-awards grant making risks | Medium | Low | In tolerance | Yes |
| Technology & cyber security (internal) | Low | Low | In tolerance | No |
| Technology & cyber security (external) | Medium | Medium | In tolerance | No |
| Grant fraud (simple) | Medium | No ORR risks | In tolerance | No |
| Grant fraud (standard) | Low | Low | In tolerance | No |
| Environment & climate | Low | High | Out of tolerance | No |
| Legal & regulatory/ data governance | Low | No ORR risks | In tolerance | No |

| | Overdue audit recom-mendations | Overall audit assurance | Maximum project and programme rating | Overall project & programmes assurance | Overall risk theme assurance |
|---|---|---|---|---|---|
| | No | Substantial | Green | Substantial | **Green** |
| | No | Substantial | No projects | N/A | **Green** |
| | No | Moderate | Amber | Moderate | **Amber** |
| | No | Limited | Amber | Moderate | **Red** |
| | No | Substantial | No projects | Substantial | **Green** |
| | Yes | Moderate | Green | Substantial | **Amber** |
| | Yes | Limited | Green | Substantial | **Amber** |
| | No | Substantial | Red | Substantial | **Green** |
| | No | Substantial | Green | Substantial | **Green** |
| | No | Moderate | No projects | N/A | **Amber** |
| | No | Substantial | No projects | N/A | **Green** |
| | No | Moderate | Amber | Moderate | **Red** |
| | No | Substantial | Amber | Moderate | **Amber** |

As at March 2026, the majority of key risk themes were assessed as being within appetite or tolerance. Where Amber or Red assurance ratings were identified, targeted actions were agreed with ARC, with clear ownership and timescales for improvement. Progress against these actions will continue to be monitored closely in 2026-27.

# Equality in accessing funding

We continue to prioritise investment in communities experiencing poverty, disadvantage and discrimination through an equity-based approach. Monitoring data shows strong demand and broad reach across protected characteristics. Detailed analysis of success rates and identified barriers informs ongoing programme design and outreach activity. Full data tables are provided for transparency, with additional narrative analysis included to support interpretation.

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

The table below sets out our monitoring report for equalities for 2025-26, based on the information provided by applicants.

### People with disabilities

| | No. of applications | No. of grants | Requested value | Grant value |
|---|---:|---:|---:|---:|
| Yes | 5,402 | 2,312 | £865,396,746 | £198,213,505 |
| No | 31,832 | 11,453 | £4,541,141,418 | £748,729,183 |

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 |
|---|---:|---:|---:|---:|
| Yes | 3,442 | 1,269 | £611,490,060 | £114,523,120 |
| No | 33,792 | 12,496 | £4,795,048,104 | £832,419,568 |

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

### LGBT+

| | No. of applications | No. of grants | Requested value | Grant value |
|---|---|---|---|---|
| LGBT+ | 1,052 | 366 | £249,261,456 | £48,253,576 |
| Not targeted at LGBT+ | 36,182 | 13,399 | £5,157,276,708 | £898,689,112 |

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 |
|---|---|---|---|---|
| **Black/African/ Caribbean** | | | | |
| **African** | 2,812 | 800 | £874,970,808 | £123,037,796 |
| **Caribbean** | 2,307 | 608 | £791,373,125 | £125,704,283 |
| **Black British** | 2,593 | 657 | £857,105,200 | £135,692,200 |
| **Any other Black/ African/Caribbean background** | 2,431 | 677 | £767,063,581 | £109,756,468 |
| **Asian** | | | | |
| **Bangladeshi** | 1,780 | 561 | £650,304,191 | £111,973,523 |
| **Chinese** | 1,240 | 356 | £433,075,310 | £58,633,752 |
| **Indian** | 1,749 | 558 | £601,765,809 | £102,085,660 |
| **Pakistani** | 1,859 | 600 | £650,882,882 | £112,465,846 |
| **Asian British** | 1,973 | 565 | £685,807,674 | £104,417,542 |

| | No. of applications | No. of grants | Requested value | Grant value |
|---|---|---|---|---|
| **Any other Asian background** | 1,785 | 537 | £587,097,191 | £100,857,672 |
| **Arab** | 1,398 | 439 | £489,478,716 | £73,890,239 |
| **Gypsy and Traveller community** | 1,022 | 293 | £434,853,103 | £63,818,905 |
| **Jewish** | 1,182 | 346 | £379,360,301 | £50,886,476 |
| **Mixed/multiple ethnicity** | 2,809 | 805 | £817,662,469 | £139,356,897 |
| **Any other ethnic group** | 1,669 | 524 | £525,108,807 | £95,365,639 |
| **No specific ethnicity** | 32,427 | 12,261 | £4,187,139,431 | £756,623,112 |

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 |
|---|---|---|---|---|
| Buddhist | 269 | 80 | £86,786,556 | £15,129,258 |
| Christian | 495 | 142 | £140,358,463 | £19,931,836 |
| Hindu | 341 | 109 | £100,532,850 | £18,631,744 |
| Jewish | 765 | 326 | £131,247,040 | £38,447,218 |
| Muslim | 508 | 174 | £177,410,569 | £41,007,904 |
| Sikh | 323 | 99 | £96,348,489 | £19,765,047 |
| Other | 412 | 113 | £118,945,353 | £18,522,881 |

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 |
|---|---|---|---|---|
| Children and young people | 7,007 | 2,201 | £1,093,455,858 | £233,548,887 |
| Older people | 2,320 | 1,125 | £367,920,395 | £87,344,822 |
| No specific age | 28,644 | 10,723 | £4,155,789,267 | £675,118,101 |

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[2]

| | No. of applications | No. of grants | Requested value | Grant value |
|---|---|---|---|---|
| Both Catholic and Protestant | 916 | 529 | £55,693,874 | £22,292,025 |
| Mainly Catholic (more than 60%) | 129 | 132 | £7,077,631 | £3,697,070 |
| Mainly Protestant (more than 60%) | 204 | 82 | £4,946,020 | £4,794,194 |
| No response/ Neither | 126 | 85 | £9,644,966 | £5,714,072 |

[2] Northern Ireland portfolio only.

### Welsh language speaking[3]

| | No. of applications | No. of grants | Requested value | Grant value |
|---|---|---|---|---|
| All | 56 | 20 | £1,032,204 | £266,781 |
| More than half | 386 | 192 | £21,368,563 | £7,833,016 |
| Less than half | 1,524 | 757 | £79,225,382 | £29,748,565 |
| None | 93 | 53 | £3,204,723 | £1,745,095 |
| No response | 23 | 19 | £6,926,545 | £5,331,083 |

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. Over 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.

[3] Wales portfolio only.

## 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 2025-26, 88% (90% in 2024-25) of all creditors were paid within 30 days of receiving an invoice.

The percentage of suppliers paid within 10 days was 59% during 2025-26 (62% in 2024-25).

Our overall creditor days (the total value of our creditors at 31 March 2026 divided by total creditor payments during 2025-26, expressed in days) was 18 days (16 days in 2024-25).

**Overall, 2025-26 demonstrates that the Fund can scale delivery, maintain financial discipline and manage risk effectively while pursuing ambitious strategic outcomes.**

R:evolve Recycle, Scotland

# Sustainability report

## Headlines

At the time of writing this report, our total organisational emissions for the financial year (FY) 2025-26 stand at 3,133.42 tonnes of carbon dioxide equivalent ($tCO_2e$). This equates to 4.06 $tCO_2e$ per full-time equivalent (FTE).

Our emission scope covers that required by HM Treasury's Greening Government Commitments and extends to categories which we deem to have a material impact on our emissions. 'Material impact' in this respect refers to categories where emissions contribute to ≥1% of our total organisational emissions.

Our Scope 1 and 2 emissions stand at 93.37 $tCO_2e$. Consistent with previous years, our Scope 3 value chain is our biggest emitter standing at 3,040.04 $tCO_2e$.

Our total organisation emissions for FY 2025-26 is a 36.29% decrease on our emissions since last year (FY 2024-25), which were recorded as 4,953.52 $tCO_2e$. The main reason for this decrease is the use of a more accurate methodology for our Scope 3 Purchased Goods and Services emissions.

Environmental data is compiled using a combination of primary activity data and validated estimation methodologies aligned to DEFRA and GHG Protocol guidance. Data is subject to internal review but has not been externally assured.

The Fund does not currently use a single fixed base year for organisational carbon reporting. Instead, emissions performance is monitored through year-on-year comparisons, using the most recent and robust methodologies available at the time of reporting. Where methodologies or data sources improve materially (notably for Scope 3 categories such as Purchased Goods and Services), prior-year emissions are recalculated where feasible to ensure meaningful comparison.

Figures presented for the prior year in this report therefore reflect recalculated values using current methodologies and may not exactly align with figures published in previous annual reports. This approach improves accuracy and decision-usefulness but means that longer-term trend analysis should be interpreted with caution until a fixed baseline is established.

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

The Fund measures its emissions in parallel to guidelines set out in the Greenhouse Gas Protocol. These emission categories are different and more extensive than those required for our annual reporting as a public sector organisation. The table below (Fig. 1) outlines our emission categories as set out by HM Treasury's Greening Government Commitments alongside categories that we measure from the Greenhouse Gas Protocol that have a material impact on our emissions (≥1%) that we have decided to include.

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

**2025-26**

| Emission scopes as outlined by the GHG protocol | Required or material impact? |
|---|---|
| **Scope 1** | |
| Combustion in boilers | Requirement |
| Fugitive emissions from equipment | Requirement |
| **Scope 2** | |
| Purchased electricity | Requirement |
| **Scope 3** | |
| Waste generated in operations (Office waste, recycling, incinerated, food waste and ICT waste) | Requirement |
| Water supply and treatment | Requirement |
| Purchased goods and services | Material impact |
| Business travel | Material impact |
| Employee commuting | Material impact |
| Homeworking emissions | Material impact |
| Carbon offsets | N/A[4] |
| **Not included in Scope 3 for annual reporting purposes** | |
| Fuel and energy-related activities | Non-material impact |
| Cloud services | Non-material impact |
| Upstream leased assets | Non-material impact |
| Downstream leased assets | Non-material impact |

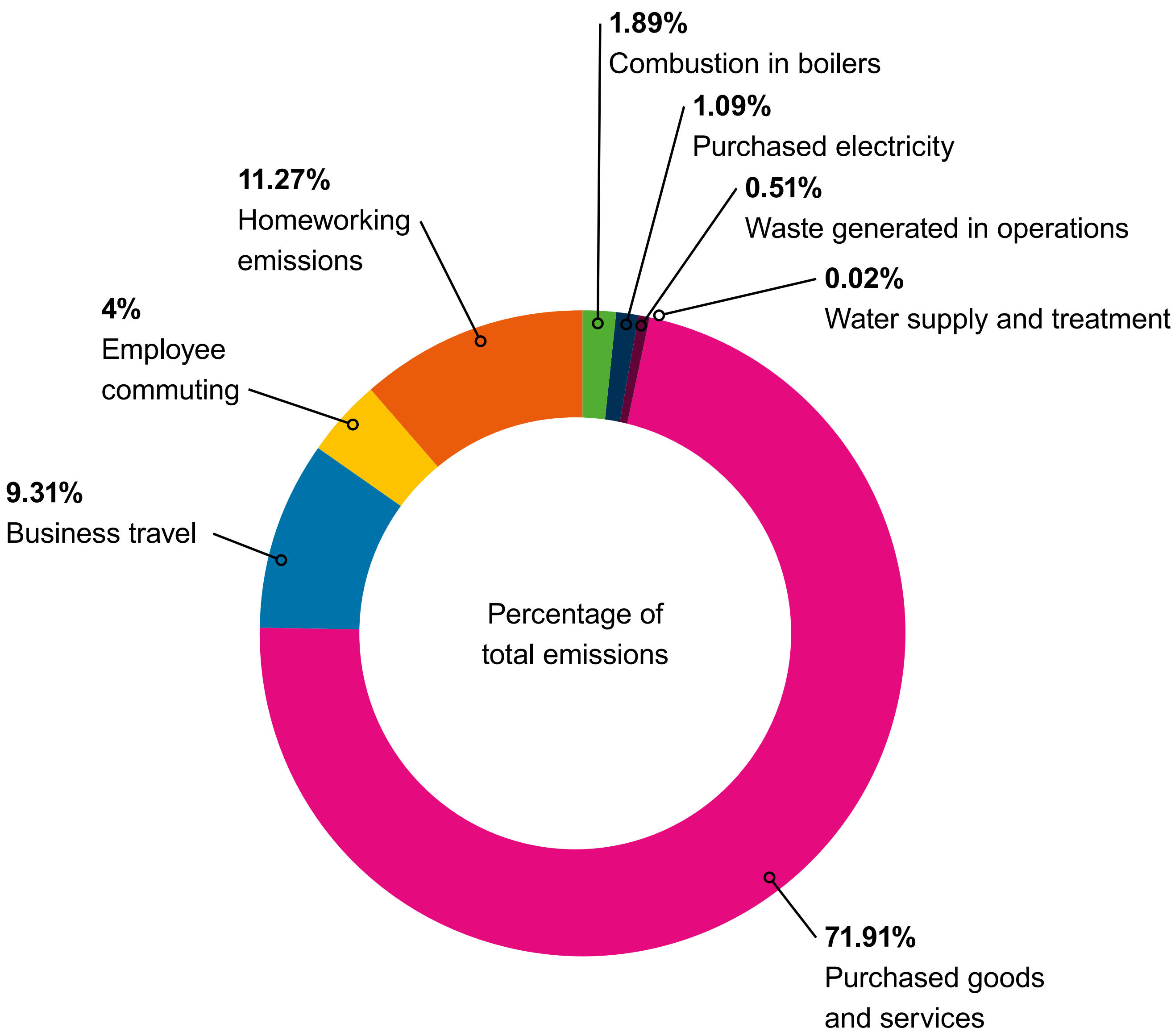
[4] The National Lottery Community Fund does not currently use carbon offsets.

## The Fund's total carbon footprint breakdown

The Fund's emission categories with the highest carbon emissions are estimated to be purchased goods and services (71.91%), homeworking (11.27%), business travel (9.31%) and employee commuting (4%) (Figure 2).

All Scope 3 categories required under the GHG Protocol and Greening Government Commitments have been reviewed. Categories not included were assessed as contributing less than 1% of total organisational emissions or where robust data is not currently available.

**Fig. 2: The National Lottery Community Fund's total 2025-26 carbon footprint.**



## Scope 1

### Gas

The Fund's Scope 1 emissions for Gas in FY 2025-26 are 59.23 $tCO_2e$ with a usage of 325,627 kWh. This is a 3.3% drop since last year's 61.25 $tCO_2e$. This figure will not be seen in our 2024-25 annual report and accounts as it was instead reported as a total gross of Scope 1 and 2 emissions combined.

In total, 78% of our estate uses gas (6 out of 10 offices), and 99.07% of this data is derived from our actual gas usage. The remaining 0.93% of our gas usage data is estimated. This is because we are unable to access our actual gas usage data in one of our properties.

### Fugitive emissions

Our fugitive emissions are 0 $tCO_2e$. This data is not available because we are tenants in all our properties and cannot access this data across our estates.

We cannot report on financial information for our Scope 1 sub-categories as we are unable to extract this data from our service charges.

### Scope 1 expenditure

We cannot report financial information for our Scope 1 sub-categories as we are unable to extract this data from our service charges for rented property. We therefore cannot report gross expenditure on the purchase of energy or on reported areas of energy for Scope 2.

**Fig. 3: Total estimated 2025-26 carbon footprint – Scope 1**

| Scope 1 | 2025-26 | 2024-25 |
|---|---|---|
| Combustion in boilers ($tCO_2e$) | 59.23 | 61.25 |
| kWh | 325,627 | 340,279 |
| Fugitive emissions from equipment ($tCO_2e$) | - | - |
| Gross expenditure on the purchase of energy | - | - |
| Expenditure on reported areas of energy | - | - |
| Total ($tCO_2e$) | 59.23 | 61.25 |

## Scope 2

### Purchased electricity

The Fund's gross Scope 2 emissions for electric are calculated to be 34.14 $tCO_2e$, with a total consumption of 192,890 kWh. This is a 18.91% decrease from last year's 42.1 $tCO_2e$. This data is representative of our actual emissions as we can access primary data from our building's meters.

Though not used in total estimations, 8 out of 10 of our offices are on a green tariff. We wish to note that our adjusted net figure based on these green tariffs would be 9.38 $tCO_2e$, and last year it was 18.27 $tCO_2e$. These adjusted net figures are not used for GGC reporting below and are illustrative only.

### Scope 2 expenditure

As outlined earlier in relation to Scope 1, we are unable to extract financial data from our service charges and therefore cannot report gross expenditure on the purchase of energy or expenditure on reported areas of energy for Scope 2.

**Fig. 4: Total estimated 2025-26 carbon footprint – Scope 2**

| Scope 2 | 2025-26 | 2024-25 |
|---|---|---|
| Purchased electricity ($tCO_2e$) | 34.14 | 42.10[5] |
| kWh | 192,890 | 213,654 |
| Gross expenditure on the purchase of energy | - | - |
| Expenditure on reported areas of energy | - | - |
| Total ($tCO_2e$) | 34.14 | 42.10 |

### Scope 1 and 2 emissions reduction projects or low emission solutions

This financial year we have not undertaken any projects to reduce emissions, therefore our total expenditure directly related to emissions reduction projects or low emissions solutions is £0.

[5] This figure will also not be seen in our 2024-25 annual report and accounts as Scope 1 and 2 were reported as a combined emission figure.

## Scope 3

### Waste generated in operations

**Total waste**

We produced 3.86 tonnes of waste in FY 2025-26 with associated emissions of 16.06 $tCO_2e$; this is a combination of our office waste and our Information and Communications Technology (ICT) and digital waste.

### Municipal waste

**Recycled waste**

Our understanding from previous conversations with our landlords was that all recycled waste was incinerated (please see ‘Incinerated Waste’ for this figure); therefore, we have not reported on recycled waste. Recent survey results indicate this may no longer be the case, and we will be adjust our data accordingly over the next financial year.

**Incinerated waste**

As previously outlined, our understanding until recently was that all our waste was incinerated. Recent findings suggest this may no longer be the case. As such, we have moved our ‘Recycled Waste’ figure into ‘Incinerated Waste’ until we have a better understanding of the data.

Our incinerated waste emissions are derived from weighing commercial waste from our two largest offices and using these figures to estimate emissions across the rest of our estate based on the sizes of our different offices. Our estimated emissions for incinerated waste for FY 2025-26 are 16.06 $tCO_2e$, with weight totaling 3.43 tonnes. (this is representative of both recycled and general).

**Food waste**

Despite collecting food waste in our offices, we are yet to determine a consistent and accurate means of measuring this. Therefore, this data is not reported as part of our estimated emissions.

**Major mineral waste**

The National Lottery Community Fund does not produce any major mineral waste.

### Other waste

**ICT and digital waste**

Within FY 2025-26 we had two ICT and digital recycling collections using the IT asset disposition process. Due to availability of data, we have only calculated the emissions for one of these collections, which included 35 units and had a total weight of 0.43 tonnes. Our emissions totalled 0 $tCO_2e$ (2.03 $kgCO_2e$). This data requires no estimation as it comprises the actual weight of ICT and digital waste across the year. Overall, 373.14kg (86%) of this collection was recycled and 60.74kg (14%) was reused and sold.

We do not pay for our Waste Electrical and Electronic Equipment (WEEE) recycling, therefore financial spend is £0.

**Fig. 5: ICT and digital waste**

| ICT and digital waste stream | No. units | Total mass in tonnes | Total value returned (£) |
|---|---|---|---|
| Reuse | **10** | **0.05** | - |
| Recycled | **35**[6] | **0.27** | - |
| Landfill | - | - | - |
| Incinerated with energy recovery | - | - | - |
| Incinerated without energy recovery | - | - | - |

### Hazardous waste

The National Lottery Community Fund does not produce any hazardous waste.

## Finite resource consumption

### Water

#### Water supply

Our total emissions for water supply for FY 2025-26 are 0.25 $tCO_2e$. Roughly half of the data feeding into this figure is from actual data, and the other half is based on estimates. These estimates are based on a small number of offices where we can access the water meter.

#### Water treatment

Our emissions from water treatment for FY 2025-26 are 0.22 $tCO_2e$ and are 100% estimated. To calculate this figure, we assume that water treatment data is identical to water supply data. However, we expect this to be slightly inaccurate given that some of our offices have water collection facilities on site.

The total water supply and treatment volume in cubic metres (m3) for 2025-26 is 1,478$m^3$.

We are unable to extract financial data for water from our service charges for rented property and therefore total expenditure for this category is reported as £0.

#### Indirect water use

We do not indirectly use water and therefore this category is not included in our materiality assessment.

6 This figure includes some units that had elements both recycled and reused.

## Material impact

All Scope 3 categories required under the GHG Protocol and Greening Government Commitments have been reviewed. Categories not included were assessed as contributing less than 1% of total organisational emissions or where robust data is not currently available.

### Purchased goods and services

Purchased goods and services are our largest Scope 3 emitter and totalled 2,253.32 $tCO_2e$ in FY 2025-26. This is a 43.32% decrease on last year's figure.

Spend data accounts for 2,227.69 $tCO_2e$ of this, and 25.63 $tCO_2e$ are based on the actual weights of an itemised list of material purchases. The reason substantial decrease compared to last year's emissions is due to the use of a new more accurate methodology. We intend to re-calculate previous years' procurement emissions to better understand our impact over time.

### Material purchases

Our itemised list of material purchases represents 1.14% of overall purchased goods and services emissions (25.63 $tCO_2e$). This 132% increase in our emissions from last year is because this year we refreshed our devices and recruited new staff, which has increased purchase emissions. This data is derived from the actual weights of an itemised purchase list and therefore accurately represents our emissions.

### Business travel

Our total emissions from business travel are 291.63 $tCO_2e$, with a total mileage of 1,427,029 miles. This is a 4.06% decrease in overall travel emissions compared to FY 2024-25.

### Air

Our emissions from air travel are 46.56 $tCO_2e$, which is a 9.6% decrease from 2024-25. Overall, air travel counts for 15.97% of our total travel emissions. The data for this emission category is derived from accurate mileage data and journey type (length and location), with a small portion calculated using spend-based data.

We continue to enforce a flight policy that prohibits air travel except when travelling to Northern Ireland and remote Scottish Islands, unless agreed by the Chief Finance and Resources Officer.

### Car

Our emissions from car travel for 2025-26 stand at 76.31 $tCO_2e$. This figure is accurate as it is derived from financial data on cost per mile.

### Taxi and bus

Both taxi (24.45 $tCO_2e$) and bus (9.79 $tCO_2e$) emissions for FY 2025-26 use 100% financial data and the Department for Environment, Food and Rural Affairs (Defra) spend-based carbon conversion factors. These travel emissions are a relatively small portion of our overall business travel emissions (11.06% of total business travel emissions).

### Rail

Our emissions for rail travel stand at 98.79 $tCO_2e$ and represent 33.88% of our total business travel emissions. Emissions from rail travel are derived from accurate mileage data and journey type (length and location), and a small portion is calculated using spend-based data.

### Hotel

Our emissions for hotel stays for FY 2025-26 are 35.73 $tCO_2e$. This figure is calculated using spend-based data from expenses and actual data from our online booking platform.

## Employee commuting

Our employee commuting emissions for FY 2025-26 are 125.45 $tCO_2e$. This data is derived from an annual staff survey and we use the answers to estimate the total impact of the organisation. This data is of good quality as it is split by distance and granular travel type. However, we only ask for primary travel type, whereas many people's commutes may use multiple travel types. This means the data will have a degree of inaccuracy.

### Homeworking emissions

Our homeworking emissions for FY 2025-26 are estimated to be 353.10 $tCO_2e$. For this data, we comply with the recommended methodology as set out by the Department of Energy Security and Net Zero.

### Single use items

The National Lottery Community Fund does not collect data on single use items and therefore this category does not meet our materiality assessment criteria.

### Other natural resource consumption

As an organisation, we do not directly consume any other finite natural resources apart from water and fossil fuels, and therefore have not reported on this category.

### Environmental incidents

The organisation does not have any environmental incidents to report, and therefore they do not form part of our materiality assessment.

**Fig. 6: Total estimated 2025-26 carbon footprint – Scope 3**

| Scope 3 | | 2025-26 | 2024-25 |
|---|---|---|---|
| **Waste** | | | |
| Waste emissions ($tCO_2e$) | **Municipal waste** | | |
| | Total waste arising | 16.06 | 30.38 |
| | Total waste recycled | - | - |
| | Total waste incinerated with energy recovery | 16.06 | 30.38 |
| | Total waste incinerated without energy recovery | - | - |
| | Food waste | - | - |
| | Total waste to landfill | - | - |
| | **Other waste** | | |
| | **ICT and digital** | | |
| | Total arising waste | 0[7] | 0.01 |
| | Total waste recycled | - | - |
| | Total waste incinerated with energy recovery | - | - |
| | Total waste incinerated without energy recovery | - | - |
| | Total waste to landfill | - | - |

[7] ICT waste figures appear minimal because they were measured in kilograms of $CO_2$ equivalent. The figures for 2024-25 and 2025-26 are 6.5 and 2.03 $kgCO_2e$ respectively.

| Scope 3 | | 2025-26 | 2024-25 |
|---|---|---|---|
| | **Hazardous waste** | | |
| | Total arising waste | - | - |
| | **Total waste $tCO_2e$** | 16.06 | 30.39[8] |
| Waste weight (in tonnes) | **Municipal waste weight** | | |
| | Total arising waste weight | 3.43 | 4.74 |
| | Total recycled waste weight | - | - |
| | Total incinerated waste weight | 3.43 | 4.74 |
| | Total waste incinerated without energy recovery weight | - | - |
| | Food waste weight | - | - |
| | Total waste weight to landfill | - | - |
| | **Other waste** | | |
| | **ICT and digital waste weight** | | |
| | Total arising waste weight ICT and digital | 0.43 | 1.01 |
| | Total recycled/reused waste weight | 0.43 | 1.01 |
| | Total incinerated waste weight | - | - |
| | Total waste incinerated without energy recovery weight | - | - |
| | **Hazardous waste weight** | - | - |
| | **Total waste weight $tCO_2e$** | 3.86 | 5.75 |

[8] The main reason for the substantial drop in waste emissions was our large technology refresh in 2024-25, which disposed of more electronic waste.

| Scope 3 | | 2025-26 | 2024-25 |
|---|---|---|---|
| Financial indicators (£000s) | **Municipal waste** | | |
| | Total arising waste | - | - |
| | Total recycled waste | - | - |
| | Total incinerated waste weight | - | - |
| | Total waste incinerated without energy recovery weight | - | - |
| | **Other waste** | | |
| | **ICT and digital** | | |
| | Total arising waste | - | - |
| | Total recycled waste | - | - |
| | Total incinerated waste | - | - |
| | Total waste incinerated without energy recovery | - | - |
| | **Hazardous waste** | - | - |
| **Water** | | | |
| Water emissions ($tCO_2e$) | Water supply and treatment | 0.48 | 1.60 |
| | Indirect water use | - | - |
| Water volume ($m^3$) | Water supply and treatment volume | 1,478 | 7,088 |
| Financial indicators (£000s) | Water supply and treatment | - | - |

| Scope 3 | | 2025-26 | 2024-25 |
|---|---|---|---|
| **Purchased goods and services** | | | |
| Material purchases ($tCO_2e$) | | **25.63** | **11.06** |
| Total purchased goods and services ($tCO_2e$) | | **2253.32**[9] | **3975.30** |
| Financial indicators (£000s) | Total purchased goods and services | **13.9** | **10.3** |
| Weight for material purchases (tonnes) | | **1.97** | **1.28** |
| **Business travel** | | | |
| Total business travel emissions ($tCO_2e$) | | **291.63** | **303.96** |
| | Air | **46.56** | **51.01** |
| | Car | **76.31** | **80.17** |
| | Taxi | **24.45** | **22.98** |
| | Bus | **9.79** | **11.54** |
| | Rail | **98.79** | **104.79** |
| | Hotel | **35.73** | **33.47** |
| **Total mileage (miles)** | | **1,427,029** | **1,436,812** |
| **Employee commuting** | | | |
| Employee commuting ($tCO_2e$) | | **125.45** | **168.34** |
| **Total mileage (miles)** | | **741,985** | **562,083** |

[9] As outlined above, the substantial decrease compared to last year's emissions is because we used a new, more accurate methodology for spend-based procurement emissions.

| Scope 3 | 2025-26 | 2024-25 |
|---|---|---|
| **Homeworking** | | |
| Homeworking emissions ($tCO_2e$) | **353.10** | **365.58** |
| **Single use items** | **-** | **-** |
| **Other natural resource consumption** | **-** | **-** |
| **Environmental incidents** | **-** | **-** |
| **Total Scope 3 emissions ($tCO_2e$)** | **3040.04** | **4814.79** |

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

The Fund has aligned climate-related financial disclosures with the Task Force on Climate-related Financial Disclosures recommendations, in accordance with HM Treasury's Phase 3 application guidance for the UK public sector.

During 2025-26, the Fund has implemented the recommended disclosures across all four TCFD pillars (Governance, Strategy, Risk Management, and Metrics and Targets), at a level proportionate to the Fund's size, remit and risk profile.

The Fund has embedded climate-related risk within its governance and organisation risk management arrangements, established Fund-wide metrics and targets, and undertaken an initial qualitative climate scenario analysis to assess the resilience of its strategy and operations.

The Fund recognises that its approach to TCFD reporting will continue to evolve. Further work is underway to deepen scenario analysis, improve data quality and enhance the decision-usefulness of disclosures across future reporting cycles.

## Strategy

The Fund recognises that climate change presents both risks and opportunities that may materially affect its operations, funded activities and long-term ability to deliver its strategy. These impacts are expected to intensify over time, driven by the physical effects of climate change and by the transition to a low-carbon economy.

The Fund actively monitors external evidence on climate change, including the Climate Change Committee's Progress in Adapting to Climate Change Report (2025) and the UK Climate Change Risk Assessment (CCRA3). This evidence indicates that a projected increase of up to 2°C in UK average temperatures by 2050 would have implications for the Fund's operational resilience, funding priorities and the communities it supports.

### Climate-related risks and opportunities

The principal climate-related risks identified for the Fund are:

- **Physical risks**, particularly increased frequency and severity of flooding, heatwaves, storms and air pollution events. These risks may disrupt funded projects, damage community infrastructure, and increase demand for grant funding to support recovery and adaptation.

- **Transition risks** arising from changes in climate-related legislation, regulation, funding expectations and public policy, which may require changes to funding criteria, reporting practices, procurement and internal operations.
- **Reputational risks** if the Fund is perceived as failing to demonstrate leadership, transparency or responsiveness in addressing climate-related challenges.

Climate change also presents strategic opportunities for the Fund, including:

- Supporting communities to build resilience, adapt to climate impacts and deliver nature recovery solutions.
- Embedding environmental sustainability and regeneration more consistently across funding programmes and organisational practices.
- Demonstrating leadership within the Voluntary, Community and Social Enterprise (VCSE) sector by sharing learning, improving transparency and influencing environmental standards through funding practice.

### Integration with organisational strategy

Climate-related risks and opportunities are reflected within the Fund's Corporate Plan (2024-27) and Environment Plan (2023-30). The Environment Plan sets out the Fund's ambition to be a world-class environmental funder, reduce the environmental impact of the VCSE sector, manage its own environmental footprint effectively and demonstrate sector leadership.

KPI 4 in the Corporate Plan commits the Fund to distributing at least 15% of grants to projects where environmental sustainability is the primary aim. This KPI supports the Fund's strategic response to climate change by increasing investment in mitigation, adaptation and community-level resilience.

### Medium- and long-term resilience

Climate-related risks and opportunities may influence how the Fund operates, allocates resources and designs funding programmes over the medium and long term. In response, the Fund is:

- Reviewing its net zero target and delivery pathway to ensure it is ambitious, realistic and aligned with operational capacity
- Embedding climate resilience considerations into business continuity and estate planning
- Developing ways of working and estate adaptation proposals to manage physical climate risks
- Using insights from funded research and VCSE activity to inform the evolution of its funding strategies.

The Fund will continue to strengthen its strategic approach to climate change by improving data quality, scenario analysis and metrics for decision-making over time.

## Risk management

Climate-related risks are identified, assessed and managed through the Fund's established risk management framework. Responsibility for identifying and assessing climate-related risks sits with the Head of Environmental Action and the SMT lead for environment, with oversight from SMT and ARC.

The Fund's process for managing climate-related risks includes:

- Identifying and documenting climate-related risks across the organisation
- Assessing likelihood and impact using the Fund risk methodology
- Agreeing risk appetite thresholds with the Board
- Documenting existing controls and mitigations
- Conducting quarterly risk reviews
- Establishing a 'path to green' for risks assessed as outside appetite
- Assigning actions and ownership for additional controls
- Monitoring progress through regular SMT reviews of key metrics and risk indicators.

Climate-related risks assessed as significant are escalated from the Environmental Risk Register to the Organisational Risk Register and reviewed quarterly alongside other strategic risks. Where risks remain outside tolerance, a 'path to green' is developed and reviewed by ARC.

Controls are subject to independent review by the risk manager, followed by scrutiny by SMT and ARC, with audit activity providing additional assurance where appropriate.

**Fig 7: Climate-related risk identification, management and opportunities**

| TCFD pillar | Climate-related risk | Potential impact | Likelihood | Impact | Management and opportunities |
|---|---|---|---|---|---|
| Strategy/risk management | **Changes in UK climate legislation, policy or public-sector expectations** (e.g. Net zero mandates, environmental reporting requirements, funding conditions) | Increased compliance and delivery costs; need to revise funding criteria and operational practices; potential delivery or legal risks | Low | Medium | Monitor policy and regulatory developments; update internal policies and funding guidance; provide advice and support to grant holders; use policy change as an opportunity to embed environmental sustainability across programmes |
| Governance/ metrics and targets | **Perceived lack of climate leadership or transparency** in the Fund's environmental reporting or decision-making | Reputational damage; loss of stakeholder trust; reduced influence within the VCSE sector | Low | Medium | Deliver and publish progress against the Environment Plan; maintain annual TCFD-aligned disclosures; strengthen climate-related metrics and reporting; build Board and SMT capability on climate risks |

| TCFD pillar | Climate-related risk | Potential impact | Likelihood | Impact | Management and opportunities |
|---|---|---|---|---|---|
| Strategy/risk management | **Extreme weather events disrupting funded projects or community infrastructure** (e.g. flooding, heatwaves, storms, air pollution) | Project delays or failure; damage to community assets; increased demand for emergency or recovery funding | High | Medium | Encourage climate-resilient project design; prioritise funding that supports adaptation and community preparedness; share learning and good practice across the VCSE sector |
| Strategy/risk management | Extreme weather events disrupting the Fund's own operations | Disruption to service delivery; staff availability and estate impacts | Low | High | Maintain and regularly test the Business Continuity Plan; consider climate risks within estate and ways-of-working reviews; enable flexible and remote working arrangements |

| TCFD pillar | Climate-related risk | Potential impact | Likelihood | Impact | Management and opportunities |
|---|---|---|---|---|---|
| Metrics and targets | **Environmental impact of the Fund's own operations** (including travel, procurement, energy use and purchased goods and services) | Misalignment with net zero ambition; reputational and delivery risk | Medium | Medium | Measure and report Scope 1, 2 and 3 emissions; develop a realistic, actionable net zero pathway; update internal sustainability policies; prioritise emissions reduction in procurement |
| Governance/ strategy | Environmental objectives not fully embedded across funding strategies and new programmes | Missed opportunities to support climate mitigation and adaptation; reduced long-term impact | Low | High | Align the Corporate Plan and Environment Plan; embed environmental KPIs across directorates; provide guidance and training for funding teams; monitor compliance and impact |

| TCFD pillar | Climate-related risk | Potential impact | Likelihood | Impact | Management and opportunities |
|---|---|---|---|---|---|
| Strategy | **Long-term climate change altering community needs and investment effectiveness** (e.g. rising temperatures, changing rainfall patterns, air quality) | Reduced effectiveness of long-term funding; need to adapt funding models and priorities | High | Medium | Use scenario analysis and research to inform long-term strategy; invest in adaptive and nature-based solutions; evolve funding programmes in response to emerging evidence |

## Metrics and targets

The Fund uses a range of qualitative and quantitative metrics to monitor climate-related risks and opportunities and to track progress against strategic objectives.

KPI 4 in the Corporate Plan (2024-27) commits the Fund to distributing at least 15% of grants to projects where environmental sustainability is the primary objective. This KPI supports the Fund's response to climate change by increasing investment in mitigation, adaptation and community resilience.

The Fund has established two primary quantitative climate targets:

- To achieve net zero carbon emissions across its operations.
- By 2027, to allocate 15% of funding to projects that primarily support environmentally sustainable communities.

Given the scale and complexity of the net zero challenge, the Fund has identified that its original 2030 net zero target was highly ambitious. Further work has been commissioned to establish a realistic delivery pathway and revised timeframe, informed by operational data and broader organisational objectives. The Fund remains committed to achieving net zero, and work during 2026-27 will establish a revised target date and interim milestones based on robust operational evidence.

As at 31 March 2026:

- 6.8% of grants by volume and 11.4% by value supported environmental sustainability as their primary aim.

- This represents year-on-year improvements of 3.1% (volume) and 3.5% (value).

The Fund will continue to refine its metrics, strengthen comparatives and improve the linkage between climate risks, targets and decision-making.

The National Lottery Community Fund does not use internal carbon prices to evaluate the impact of GHG emissions on policy and programme appraisals.

## Scenario analysis

In line with HM Treasury's TCFD-aligned disclosure guidance (Phase 3), the Fund has undertaken an initial qualitative climate scenario analysis to assess the resilience of its strategy and operations under a range of plausible future climate outcomes. This analysis is proportionate to the size, remit and risk profile of the organisation and draws on external evidence, including the Climate Change Committee's reports to Parliament and the UK Climate Change Risk Assessment (CCRA3).

The analysis considers two climate scenarios over short- (0–5 years), medium- (5–10 years) and long-term (10–25 years) horizons:

### Scenario 1: Orderly Transition (~1.5-2°C warming)

This scenario assumes coordinated global and UK policy action consistent with limiting global temperature rise to approximately 1.5-2°C, alongside increasing regulatory requirements, technological change and investment in adaptation.

**Key impacts identified:**

- **Transition risks:** Increased policy and reporting requirements (including net zero and environmental disclosure obligations) may increase compliance and delivery costs for the Fund and its funded organisations.
- **Operational impacts:** Moderate changes to procurement, estate management, travel and grant making practices are required to align with net zero and sustainability commitments.
- **Opportunities:** Enhanced ability for the Fund to direct funding toward environmentally regenerative projects, climate resilience, and nature recovery solutions, supporting communities to adapt while advancing organisational objectives.

**Strategic resilience:** Under this scenario, the Fund's existing Environment Plan, net zero ambition and growing integration of environmental criteria into funding programmes support resilience. Further development of climate-related metrics, staff capability and funding criteria is required to maximise opportunities and manage transition risks effectively.

### Scenario 2: Disorderly transition/higher physical risk (>2°C warming)

This scenario assumes a delayed or insufficient global response to climate change, resulting in higher levels of physical risk, more frequent extreme weather events and a compressed, disorderly policy response at a later stage.

**Key impacts identified:**

- **Physical risks:** Increased frequency and severity of flooding, heatwaves, storms and air pollution events that disrupt funded projects, community infrastructure and, to a lesser extent, the Fund's own operations.
- **Operational impacts:** Increased demand for funding from the VCSE sector to support recovery, resilience and adaptation, alongside potential disruption to service delivery.
- **Financial and strategic impacts:** Greater pressure on funding priorities, the need to reallocate resources rapidly, and increased reputational risk if the Fund is unable to respond at pace or scale.

**Strategic resilience:** Under this scenario, resilience is more constrained. The Fund would need to accelerate adaptation measures, embed climate resilience more deeply into grant design, strengthen business continuity planning, and potentially adapt long-term funding models to reflect evolving community needs.

## Use of scenario analysis

The Fund will use the outputs of this initial scenario analysis to:

- inform the review of the Environment Plan (2023-30)
- shape the development of a realistic, actionable net zero pathway
- strengthen business continuity and estate adaptation planning
- support the evolution of climate-resilient funding programmes.

The Fund intends to refine and deepen its scenario analysis over time as data quality improves and organisational maturity increases.

The table below sets out our priority actions across the four TCFD pillars from 2026.

**Fig. 8: The National Lottery Community Fund's priority actions across the four TCFD pillars (2026)**

| TCFD pillar | The National Lottery Community Fund will: |
|---|---|
| Governance | Ensure that its exposure to climate risk is reviewed quarterly through our established risk management framework. |
| Strategy | Maintain our environmental plan and review it annually to ensure it is responding to new reporting/learning from the environment sector.<br>Continue to support research and activities within the VCSE sector and use the findings from this work to evolve its funding programmes to foster a greater climate resilience within communities.<br>Develop proposals for ways of working and estate adaptation to climate change. |
| Risk management | Continue to update its risk management framework and ensure that the SMT and Board understand the risk to the operations arising from climate change and the opportunities to build resilience. |
| Metrics and targets | Continue to develop and improve our data gathering to allow us to demonstrate the progress we are making toward net zero. |
| Scenario analysis | Continue to monitor reporting from government and other institutions about climate change, adaptation and resilience, to ensure the Board is sighted about changing risk levels. |

## Board and management's oversight

Climate-related issues are reported to the Board annually. The Board is advised by a member of the Senior Management Team who leads the Fund's environment theme. In addition, the Audit and Risk Committee reviews and oversees risk, which includes references to risks associated with the delivery of our Environment Plan.

Our Environment Plan is a seven-year commitment published in September 2023 to align with the organisational strategy for 2030. The Plan includes four goals and 17 targets committing us to be a more environmentally sustainable funder and organisation:

- **Be a world-class environmental funder:** supporting impactful projects that protect and improve the environment in ways that matter to local communities.
- **Improve the environmental impact of the voluntary and community sector (VCS):** leading the way in our funding practice, supporting and inspiring our applicants and grant holders to take action 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.
- **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.
- **Demonstrate influence and leadership:** convening stakeholders; actively showcasing the role communities play in improving our environment.

The Environment Plan embeds climate change adaptation within governance, decision-making and assurance processes and is owned by the Policy and Practice sub-committee. The Plan is overseen by cross organisational Environment Plan Delivery Group and continues to review environmental actions and track progress quarterly, reporting to the Senior Management Team via the SMT lead for environment. The Plan is set to be reviewed by the Head of Environmental Action in 2026-27.

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 Environmental Action and the SMT lead for environment.

We use our organisational carbon footprint to inform policy decisions across the Fund. In 2025-26 we introduced our internal Environmental Policy, which sets out how we will manage and reduce the environmental impact of our operations and focuses on the practical steps we can take to reduce emissions across the organisation. This policy is set to be reviewed in November 2026.

## Staff learning and participation

Since December 2023, Fund colleagues have been receiving training in climate awareness. As of March 2026, 588 active colleagues have attended a Climate Fresk or climate literacy programme, representing 73% of the total organisation. We have also begun developing training specifically to support funding teams in assessing the environmental implications of applications. There are plans for this training programme to take effect in FY 2026-27.

We also have an internal network for colleagues interested in environmental issues both within their roles and externally. The Climate Action Network meets regularly, promoting conversation around climate and environment-related issues and facilitating engagement activities with staff, including subject talks and environmental volunteering days.

## Looking forward

In 2026-27, our focus will be on understanding and reducing the largest area of our emissions, which is purchased goods and services. This work will continue in tandem with the review of our Environment Plan (2023-30).

Also contributing to the Environment Plan's review is a small piece of consultancy work we have commissioned to help us develop an effective and actionable pathway to net zero. We hope this work will challenge and inform our work on climate adaptation as an organisation.

Alongside this work, our aim is to increase the value and volume of funding going to projects that primarily focus on our environmental sustainability mission to 15%. The Fund is interested in exploring the mitigation of climate-related risk and is committed to helping UK communities with challenges caused by climate change and biodiversity loss.

David Knott
Chief Executive and Accounting Officer
1 July 2026

# 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 2025-26 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 seven other non-executive members, as well as one Youth Voice representative. The Board provides strategic leadership and oversight of the Fund, ensuring that it operates effectively, sustainably and in accordance with its statutory and regulatory duties.

The Board has appointed one of its members as Vice Chair and another as Senior Independent Director, providing additional leadership capacity and a clear route for independent challenge and support.

Details of the Board and committee members who served during the reporting period, together with attendance information, are set out in the remuneration and staff report.

Each UK nation has a committee responsible for funding programmes within its jurisdiction, and the Board has also established a committee for UK-wide funding.

The Board sets the Fund's strategic framework and risk appetite. Within this framework, country and UK-wide committees are delegated authority to design funding programmes, determine grant making approaches and make grant decisions, or to approve delegated arrangements for doing so.

The Board has established the following committees to support its work:

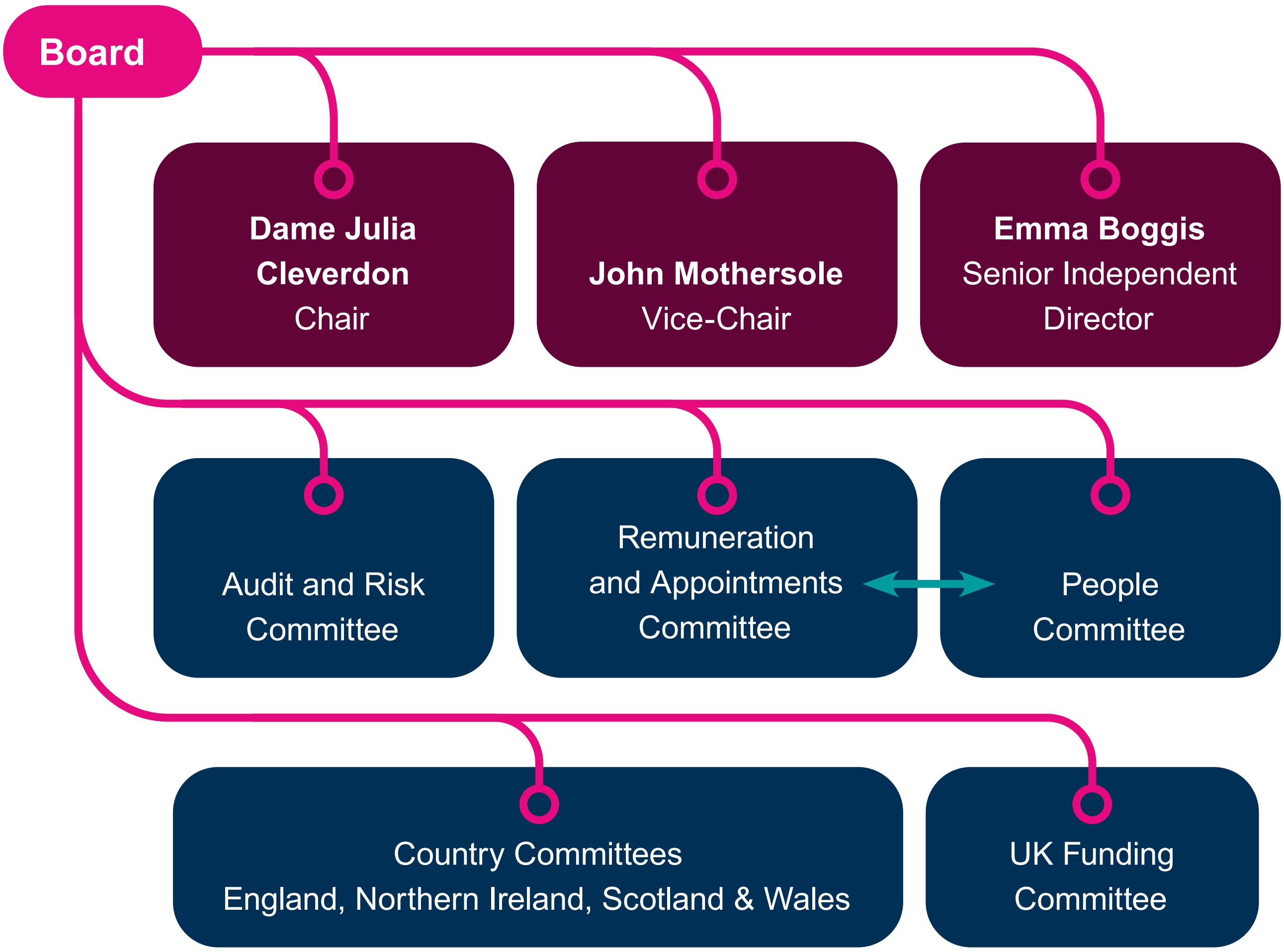
- **Audit and Risk Committee**, which meets quarterly and advises the Board on financial reporting, audit and assurance, internal control and risk management
- **Remuneration and Appointments Committee**, which considers senior pay, performance, succession planning and Board and committee appointments
- **People Committee**, which supports delivery of a cohesive medium- and long-term people strategy, drawing on Board expertise and insight.

The Chair of the Audit and Risk Committee reports to each Board meeting on matters requiring the Board's attention and provides assurance on the adequacy and effectiveness of the Fund's systems of internal control. The Committee also provides a comprehensive annual report to the Board on its work.

The Board receives regular performance and assurance reports on funding activity across all portfolios. This enables the Board to satisfy itself that grant making activity aligns with the strategic framework, that risks are being managed appropriately and that learning is shared across the organisation.

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

**Governance structure: The Board and its committee structure at The National Lottery Community Fund during 2025-26**




All Board members are appointed by the Secretary of State for the Fund's sponsor department, the DCMS. Members of country committees are appointed by the Fund, with the devolved administrations fully involved in appointments relating to their respective countries. All appointments are made following open and transparent processes of advertisement and selection, in line with the Governance Code on Public Appointments.

## Register of interests

All Board and committee members, assessors, advisers, members of advisory panels and employees are required to declare relevant interests in accordance with the Fund's Code of Ethics. This Code complies with the Cabinet Office Code of Conduct for Board Members of Public Bodies.

Interests declared by Board members are published on **tnlcommunityfund.org.uk**.

Where matters are discussed that could reasonably be perceived to give rise to a conflict of interest, including grant decisions or commercial considerations, the Chair of the meeting ensures that the interest is declared and that the individual withdraws from the discussion and decision-making for that item.

Further details of interests held by decision-making committee members are available from the Head of Governance.

## 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 subsequent legislation, and has additional functions designated under the Dormant Assets Acts 2008-2022.

The Fund is a non-departmental public body and DCMS acts as the Fund's government sponsor department. The Accounting Officer is accountable to Parliament for the stewardship of public funds. The UK Parliament, the Scottish Parliament, Senedd Cymru and the Northern Ireland Executive make certain statutory orders relating to National Lottery and dormant assets funding. Ministerial policy directions provide the principal mechanism for government high-level policy direction. The relationship between the Fund and DCMS is set out in a Framework Document 2025 to 2028: **www.gov.uk/government/publications/the-national-lottery-community-fund-framework-document**

The Secretary of State for Culture, Media and Sport is accountable for the National Lottery Distribution Fund and issues financial and accounts directions to the Fund. These directions regulate the Fund's financial systems, controls and reporting arrangements.

Policy directions issued by DCMS apply to UK-wide funding distribution and funding distribution in England, while the devolved administrations issue policy directions in relation to funding distributed in Scotland, Wales and Northern Ireland. The Secretary of State and relevant Minister for the devolved administrations issue equivalent directions relating to dormant assets funding.

These directions are reproduced later in this report.

Within this statutory and regulatory framework, the Fund makes independent decisions on programme design and grant awards.

The Fund applies HM Treasury and Cabinet Office guidance on corporate governance and managing public money, insofar as it applies to non-departmental public bodies. The Accounting Officer is satisfied that the principles of good governance are embedded within the Fund's governance arrangements and practices.

The Fund complied with all HM Treasury notices on financial sanctions during the year and does not hold funds, investments, donations or economic resources associated with designated persons or organisations.

## Auditors

Under the National Lottery etc. Act 1993 and the Dormant Bank and Building Society Accounts Act 2008, the Fund's annual accounts are examined and certified by the UK Comptroller and Auditor General.

No fees were paid to the external auditors for non-audit services during the year.

## Data quality and data protection

The Fund treats information security and data protection obligations with the utmost seriousness. Under the oversight of the Audit and Risk Committee, the Fund regularly reviews the effectiveness of its information governance and information security arrangements.

All processing of personal data is undertaken in accordance with UK data protection legislation, including the UK General Data Protection Regulation, the Data Protection Act 2018 and the Privacy and Electronic Communications Regulations 2003 and The Data (Use and Access) Act 2025.

The Fund's lawful basis for processing personal data is primarily derived from its statutory functions and ministerial directions. Grant agreements and data-sharing arrangements are kept under review to ensure compliance, including appropriate safeguards for special category personal data.

There were no reportable personal data breaches during 2025-26.

## Public sector information holder

The Fund is a public sector information holder and does not charge for the re-use of information in line with relevant legislation and guidance.

## Additionality

In accordance with the National Lottery Act 2006, the Fund reports annually on its approach to additionality. The Fund defines additionality as ensuring that National Lottery funding supports projects or activities that are unlikely to be funded by government, while complementing and adding value to public funding in areas of shared policy interest. This additionality principle is also adopted for all funds distributed directly by the Fund from dormant assets in line with the Dormant Assets Acts 2008 to 2022. For dormant assets funding delivered via dormant assets spending organisations in England, the Fund includes a provision in its legally-binding funding agreements with them, requiring the spending organisations to give due consideration to the additionality principle when distributing any dormant assets funding.

All awards made during 2025-26 were consistent with this principle. The Fund's approach to additionality is reviewed annually with any significant changes approved by the Policy and Practice Committee. This policy was last updated in February 2025.

## Statement of Accounting Officer's responsibilities

Under the National Lottery legislation, the Secretary of State for Culture, Media and Sport has directed the Fund to prepare annual accounts in accordance with an Accounts Direction. The accounts are prepared on an accruals basis and give a true and fair view of the Fund's financial position, income, expenditure and cash flows.

In preparing the accounts, the Accounting Officer complies with the Government Financial Reporting Manual, including requirements to:

- observe the Accounts Direction and apply appropriate accounting policies consistently
- make judgements and estimates on a reasonable basis
- disclose and explain any material departures from accounting standards
- prepare the accounts on a going concern basis
- confirm that the annual report and accounts are fair, balanced and understandable.

The Accounting Officer is responsible for the propriety and regularity of public finances, for maintaining proper records and for safeguarding the Fund's assets, in accordance with HM Treasury's Managing Public Money.

The Accounting Officer confirms that they have taken all reasonable steps to ensure that all relevant audit information has been identified and that the Fund's auditors are aware of that information.

## Delegated responsibilities and joint schemes

Where appropriate, the Fund has exercised its statutory powers to delegate delivery of certain programmes or to participate in joint schemes with other National Lottery distributors.

For joint schemes, the Accounting Officer remains responsible for ensuring that:

- funds are used in accordance with statutory powers
- resources are applied economically, efficiently and effectively
- delivery arrangements are robust and fit for purpose
- administrative cost-sharing arrangements are agreed and transparent.

During 2025-26, the Fund participated in the **Parks for People** joint scheme, administered by the National Lottery Heritage Fund.

## Delegate organisations

The Fund delegated delivery of specific programmes to external organisations during the year. Delegation agreements set out the responsibilities of delivery partners and the assurance arrangements in place.

The Accounting Officer retains overall responsibility for safeguarding public funds and ensuring delegated activity complies with financial and policy directions.

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

- BIG Issue Invest
- Kent Community Foundation
- Key Fund
- Livv Investment
- Resonance: Health & Wellbeing
- Somerset Community Foundation
- Sporting Assets: Sporting Capital
- UnLtd

### As part of the #iwill Fund programme

- Co-operative Community Investment Foundation
- Clarion Futures
- BBC Children in Need
- Ernest Cook Trust
- Bite Back 2030
- Impetus – The Private Equity Foundation
- Sovereign Housing Association Limited

### As part of the England Partnerships programme

- Buttle UK
- Smallwood Trust
- The Access to Justice Foundation
- Consortium of Lesbian, Gay, Bisexual and Transgender Voluntary and Community Organisations

### As part of the Manx Lottery agreement

- Manx Lottery Trust

### As part of the Supporting Great Ideas Wales programme

- Wales Council for Voluntary Action

### As part of the Climate Action Fund programme

- Cumbria Action for Sustainability
- Voluntary Action Leeds
- Lancaster District Community & 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

### As part of the UK Partnerships programme

- BBC Children in Need

### As part of the Northern Ireland portfolio

- The Community Foundation for Northern Ireland

### As part of the Supporting Great Ideas Scotland programme

- Foundation Scotland

# The governance statement

## Governance framework and Accounting Officer responsibility

As Chief Executive and Accounting Officer, I am responsible for maintaining a sound system of governance, risk management and internal control that supports the Fund's aims and objectives, safeguards public money and assets, and ensures compliance with statutory, administrative and regulatory requirements.

This Governance Statement explains how I have discharged these responsibilities during 2025-26. It has been prepared in accordance with the Government Financial Reporting Manual (FReM) 2025-26, HM Treasury's Managing Public Money, and the Orange Book on risk management. In discharging my responsibilities, the Fund applies relevant Government Functional Standards on a proportionate basis to support effective governance, financial management, risk management and delivery.

## Board and committee arrangements

The Board is responsible for setting the strategic direction of the Fund, overseeing performance, and holding executive management to account. The Board is supported by committees operating under formally approved terms of reference, which provide advice, challenge and assurance across key areas.

During the year, the Board was supported by:

- the Audit and Risk Committee
- the Remuneration and Appointments Committee
- the People Committee.

The Board undertakes an effectiveness review annually, with the review being externally facilitated every three years. The next externally facilitated review is due in 2026-27.

This year, the Board Effectiveness Review was led by the Board Chair. The Board was assessed against the following themes:

- Leadership, culture and strategic direction.
- Governance and accountability.
- Composition and capability.
- Relationships and engagement.
- Decision-making and information quality.
- Committees and structures.

These themes were examined through evidence including progress against recommendations of the 2024 Board Effectiveness Review, Board skills and training needs, self-assessment and executive leadership assessment, and themes from Board Member appraisals.

The review found the Board to be performing strongly, providing clear and committed leadership with integrity through an effective structure, strong relationships, mature dialogue with the Executive and a balance of constructive and inclusive support and challenge.

The exercise also indicated areas of focus for further development, which the Board has begun to implement and will continue in the coming year. These include Board succession and development, the strengthening of Board-Committee relationships, and the continued sharpening of governance practice to support engagement and clear decision-making.

## Executive management

I lead the executive management of the Fund, supported by the Senior Management Team (SMT).

The SMT comprised 10 members for most of the year, with changes arising from permanent appointments and interim cover. The SMT meets formally at least monthly and is responsible for:

- delivering the Fund's strategy and Corporate Plan
- managing operational and financial performance
- identifying, owning and managing principal risks
- advising the Board on matters requiring approval or escalation.

The SMT is supported by three formal sub-committees with delegated authority:

- the Organisational Development Committee
- the Performance and Improvement Committee
- the Policy and Practice Committee.

Each sub-committee provides regular reports and executive summaries to SMT, ensuring appropriate oversight and escalation of issues.

## Risk governance and oversight

The Fund is a distributor of National Lottery, Dormant Assets and third-party funding and operates as a non-departmental public body sponsored by the Department for Culture, Media and Sport. As a publicly funded organisation, the Fund operates within a comprehensive framework of governance, risk management and internal control, designed to support the achievement of its objectives while safeguarding public funds.

The Board is responsible for determining the Fund's overall appetite for risk and for ensuring that a robust and effective risk management framework is in place. The Audit and Risk Committee supports the Board in discharging this responsibility by providing independent oversight and challenge.

SMT is responsible for implementing the risk management framework, owning strategic risks, and ensuring that appropriate controls and mitigations are in place. Risk registers are reviewed at least quarterly, ensuring that risks remain current, accurately assessed and appropriately managed.

### Compliance and assurance

The Fund's risk management framework is aligned to HM Treasury guidance, including Managing Public Money and the Orange Book Management of Risk –Principles and Concepts. In October 2025, the Head of Risk Management completed the Orange Book self-assessment using the Risk Centre of Excellence's 75-question framework. This assessment was independently reviewed by the Head of Internal Audit to provide assurance over accuracy and objectivity.

The outcome of the review confirmed that the Fund is compliant with the principles and concepts of the Orange Book, with no areas of non-compliance requiring explanation. The Fund is committed to continuous improvement and will repeat the assessment in October 2026 to reflect any updates to guidance or changes in the operating environment.

### Internal control and assurance

The Fund operates a three lines of defence model. The system of internal control is designed to manage risk to an acceptable level rather than to eliminate all risk of failure in achieving objectives. Accordingly, the Fund provides reasonable rather than absolute assurance on the effectiveness of risk management and internal control.

Taken together, the regular review of risk registers, comprehensive reporting to SMT and ARC, independent internal audit activity, and external scrutiny provide the Board with assurance that the Fund's risk management arrangements are operating effectively and are appropriate to the nature and scale of its activities.

### Review of effectiveness

As Accounting Officer, I have reviewed the effectiveness of the Fund's governance, risk management and internal control framework for the year ended 31 March 2026. This review has been informed by:

- the work of Internal Audit
- assurances provided by SMT members through annual assurance statements
- reports and conclusions from the Audit and Risk Committee
- regular management information and performance reports
- the findings of External Audit
- the Fund's response to a specific internal fraud relating to grant-making activity identified during the year.

The identification, investigation and management response to this incident has been a consideration in my assessment of control effectiveness for 2025-26.

### Internal audit

The internal audit programme is prepared annually by the Head of Internal Audit, agreed with SMT and the Audit and Risk Committee, and approved by me as Accounting Officer.

Internal audit work during the year covered a range of strategic, operational and financial risks, including:

- procurement
- environment plan
- community led missions
- cyber security
- key financial controls

- grant management
- business continuity planning

One review provided limited assurance in relation to controls over grant management. Management agreed improvement actions, and progress against these actions is monitored by the Audit and Risk Committee. Other areas reviewed during the year received moderate or substantial assurance over control design and operating effectiveness.

Based on the work undertaken, the Head of Internal Audit issued an overall opinion of moderate assurance on the effectiveness of the Fund's governance, risk management and internal control framework.

### Internal Fraud Incident

During the year, the Fund identified an internal fraud related to grant making activity. The matter was identified through established controls and escalated in line with the Fund's counter-fraud framework. The Fund referred the fraudulent activity to the appropriate law enforcement agencies for full investigation.

Given the seriousness of the issue, and to ensure full independence and objectivity, the Fund commissioned an external expert firm, Grant Thornton to:

- conduct a full forensic review
- assess the design and operating effectiveness of relevant grant-making controls
- identify any control weaknesses and improvement opportunities.

We understand that the police investigation is ongoing and, for this reason, specific operational details are not disclosed in this statement.

The confirmed financial loss is £268,765. We recognise this is a significant amount of money and whilst it needs to be seen in the context of the total amount of grants awarded the Fund has a zero tolerance to fraud and we have taken the issues raised very seriously. Importantly, the external investigation did not find any evidence of wider systemic failure across the remaining grant portfolio although we did identify a number of improvement opportunities.

### Management response and control improvements

The main aspects of the Fund response included:

- Immediately appointing an executive level incident response team supported by a sub-committee of the Board.
- Establishing temporary controls to mitigate risk while investigations were under way.
- Control improvements were identified together with owners who have been held accountable for remediation actions.
- SMT, Board and the Audit and Risk Committee received regular updates and provided scrutiny and challenge.

In parallel, the Fund has already begun implementing longer-term permanent improvements to the grant-making control framework. These include enhancements to:

- system-based controls and automation
- segregation of duties
- monitoring and exception reporting
- management oversight and assurance processes.

### External audit

The National Audit Office undertook the external audit of the annual report and accounts for the year ended 31 March 2026.

External audit findings and recommendations are considered by the Audit and Risk Committee and addressed through management action where required.

### Fraud, error and counter-fraud arrangements

The Fund has appropriate and well-established arrangements in place to prevent, detect and respond to fraud, bribery and error, including:

- an approved counter-fraud and whistleblowing framework
- segregation of duties within key financial processes
- training and awareness activities for colleagues
- active oversight by the Audit and Risk Committee.

The internal fraud identified during the year was addressed promptly, independently investigated, and used as a catalyst to strengthen controls. No additional material frauds, losses or irregularities were identified during the year.

### Information governance and data security

The Fund maintains controls to ensure the secure, lawful and appropriate use of information, including compliance with data protection legislation.

Information and cyber security risks are actively managed through the Fund's risk management framework and are reviewed regularly by SMT and the Audit and Risk Committee. There were no reportable personal data breaches during the year.

### Sustainability and environmental considerations

The Fund considers sustainability and environmental factors as part of its broader approach to risk management, decision-making and corporate planning, where relevant to its operations and activities.

### Whistleblowing

The Fund's whistleblowing policy is consistent with the Public Interest Disclosure Act 1998 and is available to all permanent and temporary colleagues and contractors. There were no instances of public interest disclosure whistleblowing during the year.

### Delegated, trust and third-party arrangements

The Fund delegates certain activities to third parties where appropriate. Proportionate due diligence is undertaken before entering into legally-binding external delegation agreements (EDAs), and delivery is actively monitored thereafter. EDAs contain appropriate contractual, governance and audit provisions to mitigate risk.

Where awards are made as endowments to charitable trusts, due diligence is undertaken prior to the award, and independent oversight arrangements are used where appropriate to provide assurance that funds are applied in accordance with the Fund's intentions.

### Accounting Officer's conclusion

Based on my review of the evidence provided, including:

- the Head of Internal Audit's annual assurance opinion
- the outcomes of the independent Grant Thornton investigation
- management's timely and effective response to the internal fraud incident.

I conclude that the Fund's systems of governance, risk management and internal control were operating effectively during 2025-26 and up to the date of approval of the annual report and accounts, and have been further strengthened during the year.

The actions taken have provided additional assurance that the Fund's grant-making activity is supported by robust, proportionate and improving controls, and that the Fund remains compliant with:

- relevant legislation and regulation
- HM Treasury guidance (including Managing Public Money).

# 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 remuneration 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 2025-26 | Remuneration 2025-26* | Remuneration 2024-25* |
|---|---|---|---|---|
| | | | £000 | £000 |
| **Dame Julia Cleverdon DVCO** | Chair, Board (from 18 November 2024) | 6/6 | 40-45 | 10-15 (Full year equivalent 40-45) |
| | Chair, UK Funding Committee (from 18 November 2024) | 3/3 | | |
| | Chair, Remuneration and Appointments Committee (from 20 May 2025) | 2/2 | | |

*Audited information

| Name | Role | Attendance 2025-26 | Remuneration 2025-26* | Remuneration 2024-25* |
|---|---|---|---|---|
| | | | £000 | £000 |
| **Emma Boggis** | Member, Board<br>Senior Independent Director | 6/6 | 5-10 | 5-10 |
| | Member, Audit and Risk Committee | 3/4 | | |
| **Richard Collier-Keywood** | Member, Board | 6/6 | 10-15 | 10-15 |
| | Chair, Audit and Risk Committee | 4/4 | | |
| **Ellie Craig** | Member, Board (from 1 March 25) | 5/6 | 5-10 | 0-5 (Full year equivalent 5-10) |
| **Stuart Hobley** | Member, Board | 5/6 | 5-10 | 5-10 |

*Audited information

| Name | Role | Attendance 2025-26 | Remuneration 2025-26* | Remuneration 2024-25* |
|---|---|---|---|---|
| | | | £000 | £000 |
| **Simone Lowthe-Thomas** | Chair, Wales Committee | 4/4 | 20-25 | 20-25 |
| | Member, Board | 5/6 | | |
| | Member, UK Funding Committee | 2/3 | | |
| | Member, Audit and Risk committee | 4/4 | | |
| | Member, Climate Action Fund Decision Making Panel | 4/5 | | |
| **John Mothersole** | Vice-Chair, Board | 6/6 | 20-25 | 20-25 |
| | Member, UK Funding Committee | 3/3 | | |
| | Chair, England Committee | 10/10 | | |
| | Vice-Chair, Remuneration and Appointments Committee | 2/2 | | |

*Audited information

| Name | Role | Attendance 2025-26 | Remuneration 2025-26* | Remuneration 2024-25* |
|---|---|---|---|---|
| | | | £000 | £000 |
| **Dame Helen Stephenson** | Member, Board | 6/6 | 5-10 | 5-10 |
| | Chair, People Committee | 4/4 | | |
| | Member, Remuneration and Appointments Committee | 2/2 | | |
| **Peter Stewart** | Member, Board | 5/6 | 5-10 | 5-10 |
| | Member, UK Funding Committee | 2/3 | | |
| | Member, People Committee | 4/4 | | |
| | Chair, UK Climate Action Fund Decision Making Panel | 5/5 | | |
| | Member, Remuneration and Appointments Committee | 2/2 | | |

*Audited information

| Name | Role | Attendance 2025-26 | Remuneration 2025-26* | Remuneration 2024-25* |
| --- | --- | --- | --- | --- |
| | | | £000 | £000 |
| **Kate Still** | Member, Board | 6/6 | 20-25 | 20-25 |
| | Member, UK Funding Committee | 3/3 | | |
| | Chair, Scotland Committee | 7/7 | | |
| | Member, People Committee | 2/4 | | |
| **Paul Sweeney** | Chair, Northern Ireland Committee | 10/10 | 20-25 | 30-35[10] |
| | Member, Board | 5/6 | | |
| | Member, UK Funding Committee | 3/3 | | |
| **Danielle Walker-Palmour** | Member, Board | 5/6 | 5-10 | 5-10 |
| | Member, UK Funding Committee | 3/3 | | |
| | Member, People Committee | 4/4 | | |

*Audited information

[10] Higher prior year remuneration due to responsibilities as Interim Board Chair until 17 November 2024.

## Other members – England

| Name | Role | Attendance 2025-26 | Remuneration 2025-26* | Remuneration 2024-25* |
| --- | --- | --- | --- | --- |
| | | | £000 | £000 |
| **Ray Coyle** | Member, England Committee (until 31 January 2026) | 6/8 | 5-10 (Full year equivalent 5-10) | 5-10 |
| **Matthew Downie** | Member, England Committee (from 19 November 2024) | 9/10 | 5-10 | 0-5 (Full year equivalent 5-10) |
| **Millie Downes** | Member, England Committee (from 1 March 2025) | 10/10 | 5-10 | 0-5 (Full year equivalent 5-10) |
| **Halima Khan** | Member, England Committee | 6/10 | 5-10 | 5-10 |
| **Daria Kuznetsova** | Member, England Committee (from 19 November 2024) | 8/10 | 5-10 | 0-5 (Full year equivalent 5-10) |

*Audited information

| Name | Role | Attendance 2025-26 | Remuneration 2025-26* | Remuneration 2024-25* |
|---|---|---|---|---|
| | | | £000 | £000 |
| **Kamran Rashid** | Member, England Committee | 8/10 | 5-10 | 5-10 |
| **Karin Woodley** | Member, England Committee | 7/10 | 5-10 | 5-10 |

*Audited information

### Other members – Scotland

| Name | Role | Attendance 2025-26 | Remuneration 2025-26* | Remuneration 2024-25* |
|---|---|---|---|---|
| | | | £000 | £000 |
| **Bruce Adamson** | Member, Scotland Committee (from 1 April 2025) | 6/7 | 5-10 | - |
| **Jackie Brock** | Member, Scotland Committee | 7/7 | 5-10 | 5-10 |
| **Melodie Crumlin** | Member, Scotland Committee (from 1 April 2025) | 7/7 | 5-10 | - |
| **David Dorward** | Member, Scotland Committee (from 1 April 2025) | 7/7 | 5-10 | - |

*Audited information

| Name | Role | Attendance 2025-26 | Remuneration 2025-26* | Remuneration 2024-25* |
|---|---|---|---|---|
| | | | £000 | £000 |
| **Lindsay Graham** | Member, Scotland Committee (until 11 March 2025) | - | - | 0-5 (Full year equivalent 5-10) |
| **Holly Hendrie** | Member, Scotland Committee (from 1 March 2025) | 7/7 | 5-10 | 0-5 (Full year equivalent 5-10) |
| **Martin Johnstone** | Member, Scotland Committee (until 11 March 2025) | - | - | 0-5 (Full year equivalent 5-10) |
| **Janet Miles** | Member, Scotland Committee (until 11 March 2025) | - | - | 5-10 |
| **Aaliya Seyal** | Member, Scotland Committee (until 11 March 2025) | - | - | 0-5 (Full year equivalent 5-10) |
| **Dr Erin Williams** | Member, Scotland Committee (from 1 April 2025) | 6/7 | 5-10 | - |
| **Naila Wood** | Member, Scotland Committee | 5/7 | 5-10 | 5-10 |

*Audited information

### Other members – Wales

| Name | Role | Attendance 2025-26 | Remuneration 2025-26* | Remuneration 2024-25* |
|---|---|---|---|---|
| | | | £000 | £000 |
| **Callum Bruce-Phillips** | Member, Wales Committee (from 1 March 2025) | 4/4 | 5-10 | 0-5 (Full year equivalent 5-10) |
| **Aled Davis** | Member, Wales Committee (from 1 February 2026) | 1/1 | 5-10 (Full year equivalent 5-10) | - |
| **Dr Gwenllian Lansdown Davies** | Member, Wales Committee (until 1 February 2026) | 2/3 | 0-5 (Full year equivalent 5-10) | 5-10 |
| **Fadhili Maghiya** | Member, Wales Committee | 2/4 | 5-10 | 5-10 |
| **Rose Merrill** | Member, Wales Committee (from 1 April 2025 until 21 November 2025) | 1/1 | 0-5 (Full year equivalent 5-10) | - |
| **Trystan Pritchard** | Member, Wales Committee (until 31 March 2025, returning 1 February 2026) | 1/1 | 0-5 (Full year equivalent 5-10) | 5-10 |
| **Nicola Russell-Brooks** | Member, Wales Committee (until 31 January 2025) | - | - | 0-5 (Full year equivalent 5-10) |

*Audited information

| Name | Role | Attendance 2025-26 | Remuneration 2025-26* | Remuneration 2024-25* |
|---|---|---|---|---|
| | | | £000 | £000 |
| **Dr Victoria Winckler** | Member, Wales Committee (from 3 February 2025) | 4/4 | 5-10 | 0-5 (Full year equivalent 5-10) |
| **Kate Young** | Member, Wales Committee | 4/4 | 5-10 | 5-10 |

### Other members – Northern Ireland

| Name | Role | Attendance 2025-26 | Remuneration 2025-26* | Remuneration 2024-25* |
|---|---|---|---|---|
| | | | £000 | £000 |
| **Kate Clifford** | Member, Northern Ireland Committee | 8/10 | 5-10 | 5-10 |
| **Nick Garbutt** | Member, Northern Ireland Committee | 9/10 | 5-10 | 5-10 |
| **Cara Cash-Marley** | Member, Northern Ireland Committee | 9/10 | 5-10 | 5-10 |
| **Anne-Marie McClure** | Member, Northern Ireland Committee | 9/10 | 5-10 | 5-10 |

*Audited information

| Name | Role | Attendance 2025-26 | Remuneration 2025-26* | Remuneration 2024-25* |
|---|---|---|---|---|
| | | | £000 | £000 |
| **Caolan McKiernan** | Member, Northern Ireland Committee (from 1 March 2025) | 9/10 | 5-10 | 0-5 (Full year equivalent 5-10) |
| **Norman McKinley** | Member, Northern Ireland Committee | 9/10 | 5-10 | 5-10 |

*Audited information

### Other members – Audit and Risk Committee

| Name | Role | Attendance 2025-26 | Remuneration 2025-26* | Remuneration 2024-25* |
|---|---|---|---|---|
| | | | £000 | £000 |
| **Madeline Denmead** | Member, Audit and Risk Committee (from 1 June 2025) | 4/4 | 0-5 (Full year equivalent 0-5) | - |
| **Charlotte Moar** | Member, Audit and Risk Committee (until 30 June 2025) | 1/1 | 0-5 (Full year equivalent 0-5) | 0-5 |
| **Tracy Staines** | Member, Audit and Risk Committee (from 23 September 2024) | 4/4 | 0-5 | 0-5 (Full year equivalent 5-10) |

*Audited information

## The Senior Management Team

**Chief Executive**

David Knott

**Northern Ireland Director**

Kate Beggs MBE

**England Director, Strategy, Partnerships and Engagement**

Phil Chamberlain

**England Director, Programmes, Operations and Regions**

Emma Corrigan

**People and Culture Director**

Elizabeth Church

**Interim People and Culture Director (from November 2025)**

Sian Evans

**Funding Strategy, Innovation & UK Director (from November 2025) Interim Funding Strategy, Communications and Impact Director (until November 2025)**

Melissa Eaglesfield

**Chief Finance and Resources Officer**

Stuart Fisher

**Scotland Director**

Neil Ritch

**Wales Director**

John Rose OBE

**Communications, Influence and Impact Director (from November 2025)**

Nadine Smith

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

**Chief of Staff**

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 on 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 2025-26 there was a 3.25% increase (2024-25: 5%).

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.

Directors may receive minor taxable benefits in kind (including a healthcare cash plan provided via salary sacrifice), which are disclosed in the notes to the remuneration table where material. 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-us/our-people/senior-management-team**


Go Kids Go, Scotland

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

| | 2025-26 Salary | 2025-26 Performance related payments | 2025-26 Value of pension benefits | 2025-26 Single total figure for remuneration |
|---|---|---|---|---|
| | £000 | £000 | £000 | £000 |
| **David Knott** (Chief Executive) 0.91 FTE | 145-150* (Full time equivalent 165-170) | 10-15 | 70 | 230-235 |
| **Kate Beggs** (Northern Ireland Director) | 90-95* | 0-5 | 44 | 135-140 |
| **Nicolas Buckley** (Chief of Staff) from October 2024 | 90-95 | 0-5 | 35 | 125-130 |
| **Philip Chamberlain** (England Director – Strategy, Partnerships and Engagement) | 95-100 | 0-5 | 38 | 135-140 |
| **Elizabeth Church** (People and Culture Director) from September 2024 | 105-110 | 0-5 | 42 | 145-150 |
| **Emma Corrigan** (England Director – Programmes, Operations and Regions) | 95-100* | 0-5 | 38 | 135-140 |

[11] We have reflected updated figures relating to 2024-25 pension data for this individual based on information received from Capita

| 2024-25 Salary | 2024-25 Performance related payments | 2024-25 Value of pension benefits | 2024-25 Single total figure for remuneration |
|---|---|---|---|
| £000 | £000 | £000 | £000 |
| 145-150 (Full time equivalent 160-165) | 10-15 | 63 | 220-225 |
| 85-90 | 0-5 | 38[11] | 125-130 |
| 40-45 (Full year equivalent 85-90) | 0-5 | 17 | 55-60 |
| 90-95 | 5-10 | 37 | 135-140 |
| 50-55 (Full year equivalent 100-105) | 0-5 | 21 | 75-80 |
| 90-95 | 5-10 | 37 | 135-140 |

| | 2025-26 Salary | 2025-26 Performance related payments | 2025-26 Value of pension benefits | 2025-26 Single total figure for remuneration |
|---|---|---|---|---|
| | £000 | £000 | £000 | £000 |
| **Melissa Eaglesfield** (Funding Strategy, Innovation and UK Director) from November 2025 (Interim Funding Strategy, Communications and Impact Director) until November 2025 | 90-95* | 0-5 | 49 | 140-145 |
| **Sian Evans** (Interim People and Culture Director) from November 2025 | 85-90 (Full year equivalent 205-210) | 0-5 | - | 85-90 |
| **Stuart Fisher** (Chief Finance and Resources Officer) | 135-140* | 0-5 | 49 | 190-195 |
| **Neil Ritch** (Scotland Director) | 85-90* | 0-5 | 45 | 135-140 |
| **John Rose** (Wales Director) | 100-105* | 0-5 | 26 | 130-135 |
| **Nadine Smith** (Communication, Impact and Influence Director) from November 2025 | 40-45* (Full year equivalent 95-100) | 0-5 | -[12] | 40-45 |

*These directors participate in a healthcare cash plan provided through salary sacrifice. The resulting taxable benefit (c. £500 per annum per director) is considered immaterial in the context of total remuneration and has therefore not been included in the figures disclosed above.

[12] Following the transfer of administration of the Civil Service Pension Scheme from MyCSP to Capita, complete pension data for new starters during the year was not available at the reporting date. Employer contributions of £12,000 were made in respect of this individual but are not reflected in the table above.

| 2024-25 Salary | 2024-25 Performance related payments | 2024-25 Value of pension benefits | 2024-25 Single total figure for remuneration |
|---|---|---|---|
| **£000** | **£000** | **£000** | **£000** |
| 10-15 (Full year equivalent 85-90) | 0-5 | 55 | 65-70 |
| - | - | - | - |
| 120-125 | 0-5 | 46 | 170-175 |
| 85-90 | 0-5 | 38 | 120-125 |
| 95-100 | 0-5 | 62 | 160-165 |
| - | - | - | - |

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

| |
|---|
| |
| **David Knott**<br>(Chief Executive) |
| **Kate Beggs**<br>(Northern Ireland Director) |
| **Nicolas Buckley**<br>(Chief of Staff) from October 2024 |
| **Philip Chamberlain**<br>(England Director - Strategy, Partnerships and Engagement) |
| **Elizabeth Church**<br>(People and Culture Director) from September 2024 |
| **Emma Corrigan**<br>(England Director – Programmes, Operations and Regions) |
| **Melissa Eaglesfield**<br>(Funding Strategy, Innovation and UK Director) from November 2025<br>(Interim Funding Strategy, Communications and Impact Director) until November 2025 |

[13] We have reflected updated figures relating to 2024-25 pension data for this individual based on information received from Capita.

| | Accrued pension at pensionable age as at 31/03/26 and related lump sum | Real increase in pension and lump sum at pension | Cash equivalent transfer values (CETV) at 31/03/26 | CETV at 31/03/25 | Real increase in CETV |
|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 |
| | 45-50 | 2.5-5 | 794 | 706 | 42 |
| | 30-35 plus a lump sum of 65-70 | 0-2.5 plus a lump sum of 0-2.5 | 598 | 534[13] | 31 |
| | 0-5 | 0-2.5 | 39 | 12 | 20 |
| | 5-10 | 0-2.5 | 126 | 90 | 26 |
| | 0-5 | 0-2.5 | 50 | 16 | 25 |
| | 5-10 | 0-2.5 | 109 | 78 | 22 |
| | 25-30 | 2.5-5 | 490 | 431 | 32 |

| |
|---|
| **Stuart Fisher** (Chief Finance and Resources Officer) |
| **Neil Ritch** (Scotland Director) |
| **John Rose** (Wales Director) |
| **Nadine Smith**[14] (Communication, Impact and Influence Director) from November 2025 |

[14] Following the transfer of administration of the Civil Service Pension Scheme from MyCSP to Capita, complete pension data for new starters during the year was not available at the reporting date. Employer contributions of £12,000 were made in respect of this individual but are not reflected in the table above.

| | Accrued pension at pensionable age as at 31/03/26 and related lump sum | Real increase in pension and lump sum at pension | Cash equivalent transfer values (CETV) at 31/03/26 | CETV at 31/03/25 | Real increase in CETV |
|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 |
| | 10-15 | 2.5-5 | 148 | 108 | 27 |
| | 30-35 plus a lump sum of 75-80 | 0-2.5 plus a lump sum of 0-2.5 | 725 | 652 | 34 |
| | 40-45 | 0-2.5 | 882 | 817 | 15 |
| | - | - | - | - | - |

### 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 2026. HM Treasury published updated guidance on 27 April 2023; this guidance will continue to be used in the calculation of 2025-26 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 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. (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 **civilservicepensionscheme.org.uk**

The number of staff for whom pension contributions were made in 2025-26 was 0 classic, 0 premium, 0 nuvos, 902 alpha and 31 partnership. The total of 933 represents most of the total number of individual members of staff employed over the course of the year.

For 2025-26, employers' contributions of £150,451 were payable to the partnership pension account (2024-25: £134,935, including a refund received for £20,079 for an overcontribution in prior years), with an additional £4,926 (2024-25: £4,345) payable for the benefit cover.

For 2025-26, employers' contributions of £8,289,866 were payable to the PCSPS (2024-25: £8,004,070) at 28.97%. Employer contributions are due to be reviewed at every full scheme valuation. The latest valuation was carried out by the Government Actuary's Department as at 31 March 2020 and the results were published in April 2024. The contribution rates reflect benefits as they are accrued, not when the costs are incurred, and reflect past experience of the scheme. The current employer contribution rates apply from 1 April 2024 to 31 March 2027, after which they may be revised following the next valuation. Rates for 2025-26 are in line with recommendations from the Actuary.

Currently, employers pay 28.97% of their employees' salary as a pension contribution on alpha pensions and 16.46% on partnership pensions.

The forecast level of employer contributions to the PCSPS for 2025-26 are between £8,455,663 and £8,621,460 based on a pay increase of between 2% and 4% on 2025-26 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 salary during the year of the highest paid director (the Chief Executive) was £145,000-£150,000 (2024-25: £145,000-£150,000) - a 0% increase. The banding of performance related pay during the year of the highest paid director was £10,000-£15,000 (2024-25: £10,000-£15,000) - a 0% increase. In 2025-26, no employees (2024-25: none) received remuneration in excess of the highest paid director.

Consistent with prior years, the Chief Executive has been identified as the highest paid director. During the year, an interim People and Culture Director was engaged on a short-term agency basis; in line with FReM guidance, this arrangement has not been treated as a substantive director appointment for the purposes of the fair pay multiple, reflecting its temporary nature, duration of less than 12 months and non-payroll status. The Chief Executive is therefore considered the most appropriate comparator, supporting a consistent and meaningful year-on-year measure of pay dispersion.

The mean average salary for all other employees during 2025-26 was £38,908 (2024-25: £37,084) – a 4.9% increase). The mean average performance-related payments during 2025-26 for all other employees was £296 (2024-25: £259) – a 14.1% increase. The range of remuneration is from £20,000 to £25,000 through to £160,000 to £165,000 (2024-25: £20,000 to £25,000 through to £155,000 to £160,000)

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.

| | 2025-26 | 2025-26 | 2024-25 | 2024-25 |
|---|---|---|---|---|
| | £ | Ratio | £ | Ratio |
| 25th percentile | 29,626 | 5.4:1 | 29,478 | 5.4:1 |
| 50th percentile | 34,015 | 4.7:1 | 32,326 | 4.9:1 |
| 75th percentile | 43,623 | 3.7:1 | 40,866 | 3.9:1 |

No benefits in kind or other benefits are paid to employees, other than the optional salary sacrifice immaterial healthcare cash plan with a value of c£500 per annum, 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 £0.8 million (2024-25: £1.3 million) in respect of the provision of advice and expertise which we would not routinely procure to support our continuing activities. For 2025-26, 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 17 highly paid off-payroll worker engagements as at 31 March 2026, earning £245 per day or greater.

| **Number (no.) of existing engagements as of 31 March 2026** | **17** |
|---|---|
| Of which, no. that existed: | |
| less than 1 year | 12 |
| for between 1 and 2 years | 5 |
| for between 2 and 3 years | - |
| for between 3 and 4 years | - |
| for 4 or more years | - |

The Fund engaged 28 highly paid off-payroll workers during the course of the year ended 31 March 2026, earning £245 per day or greater.

| **No. of temporary off-payroll workers engaged during the year ended 31 March 2026** | **28** |
|---|---|
| Of which: | |
| Subject to off-payroll legislation and determined as in-scope of IR35 | 28 |
| 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 | - |
| Of which: No. of engagements that saw a change to IR35 status following a review | - |

## Officials with significant financial responsibility

The Fund engaged 23 Board members or members of the Senior Management Team during the year who were deemed to have significant financial responsibility, and 22 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. | 1 |
| Total no. of individuals on payroll and off-payroll that have been deemed 'board members and/or senior officials with significant financial responsibility', during the financial year. | 23 |

## Staff (audited information)

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

| | Year ended 31 March 2026 | Year ended 31 March 2025 |
|---|---|---|
| | **£000** | **£000** |
| Wages and salaries | 31,191 | 29,977 |
| Social security costs | 4,109 | 3,236 |
| Other pension costs | 8,445 | 8,123 |
| Apprenticeship levy costs | 147 | 145 |
| Agency staff costs | 2,124 | 1,338 |
| | **46,016** | **42,819** |

A number of staff included above were seconded out to other organisations, for whom recoveries of £132,700 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.

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

| | Number of temporary staff at 31 March 2026 | Number of employees at 31 March 2026 | Total number of staff at 31 March 2026 | Total number of staff at 31 March 2025 |
|---|---|---|---|---|
| | (FTE) | (FTE) | (FTE) | (FTE) |
| Grant making | 7 | 481 | 488 | 454 |
| Support to customers and stakeholders | 9 | 121 | 130 | 123 |
| Governance and administration | 10 | 199 | 209 | 188 |
| **Total** | 26 | 801 | 827 | 765 |

At 31 March 2026, the Fund employed 827 full-time equivalent staff (31 March 2025: 765). This included 26 full-time equivalent temporary staff (31 March 2025: 16).

### 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 14 voluntary redundancies/exits of £674,282 (2024-25: £1,562,384), including 1 early retirement pension in 2025-26 of £255,914 (2024-25: £129,528) and 2 compulsory redundancies (2024-25: Nil).

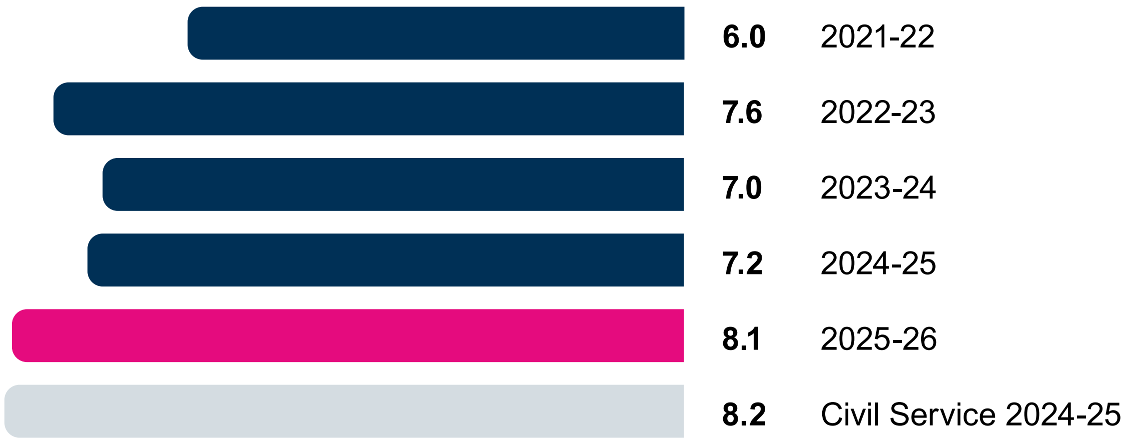
| Exit package cost band | Number of compulsory redundancies/ exits year ended 31 March 2026 | Number of voluntary redundancies/ exits year ended 31 March 2026 | Total number of redundancies/ exits year ended 31 March 2026 | Number of redundancies /exits year ended 31 March 2025 |
|---|---|---|---|---|
| <£10,000 | 1 | 2 | 3 | 1 |
| £10,000 - £25,000 | 1 | 2 | 3 | 6 |
| £25,001 - £50,000 | - | 7 | 7 | 18 |
| £50,001 - £100,000 | - | 2 | 2 | 12 |
| £100,001 - £150,000 | - | 0 | 0 | 0 |
| £150,001 - £200,000 | - | 0 | 0 | 0 |
| £200,001 + | - | 1 | 1 | 0 |
| Total number of exit packages | 2 | 14 | 16 | 37 |
| Total cost £000 | 28 | 674 | 702 | 1,562 |

## Staff sickness absence

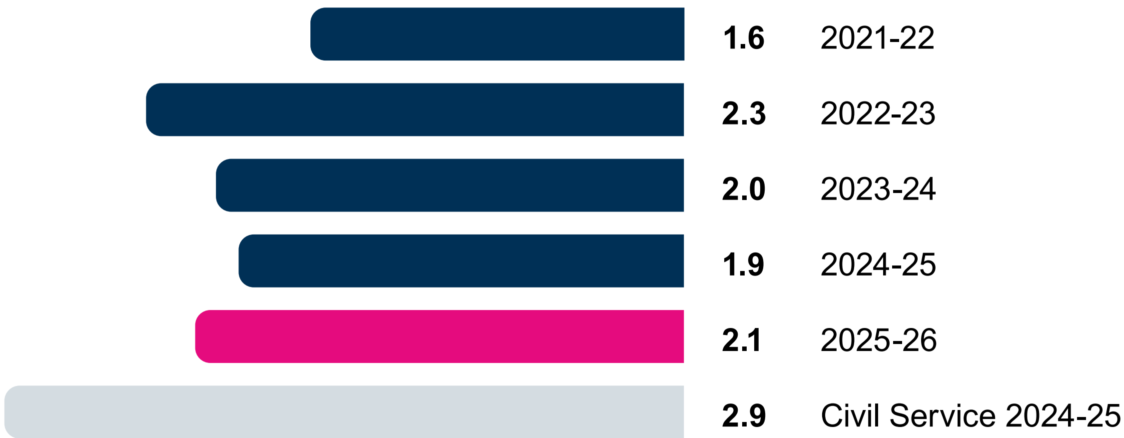
We are committed to the health and wellbeing of our staff. The Fund has a comprehensive sickness absence policy and undertakes employee-led wellbeing activities.

During 2025-26, the average number of days of sickness absence per FTE employee, was 8.1 days (7.2 days in 2024-25). The average number of days of sickness absence due to mental health reasons was 2.1 days (1.9 days in 2024-25). The percentage of all sickness absence due to mental health reasons was 26% (29% civil service 2024-25).

Average working days lost per FTE




Average working days lost per FTE – mental health absence only




We have seen a 77% increase in the number of days lost due to cancer this year. We provide specialist counsellors for those who have received a cancer diagnosis, and are exploring further support options through Macmillan, Marie Curie and others.

### Staff turnover

In 2025-26, 91 staff left the Fund; this represents an 11% turnover of our headcount at the beginning of the period. The equivalent departures in 2024-25 were 123 (15%). The Fund recognises the balance between healthy staff retention rates and bringing new talent into the Fund.


### 2025-26 Employee involvement

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

Our overall engagement score has seen a drop of five percentage points in the past year, from 72% to 67%. Despite a small drop, there are significant areas of strength and progress throughout the survey, as well as clear signals about where further improvement is needed.

Over the past year, we committed to focus on organisational development, leadership, colleague experience and reward, and equity, diversity and inclusion. Colleagues reported feeling more aligned with the Fund's purpose and mission, with understanding of the strategy and how individual roles contribute to it seeing the largest improvements across all measures. We also saw meaningful increases in wellbeing, understanding change, and being able to access the information needed to do our jobs effectively.

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.

### 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 a £15,000 allowance.

Contributions to the account for amounts relating to England are topped up by the Government by 10%. Employers can 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 £146,576 (2024-25: £144,599) and, in accordance with the Government accounting guidance, has written this off as a staff cost under taxes.

The Fund has reclaimed £97,434 (2024-25: £71,288) 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 is committed to being a diverse, inclusive and equitable employer, recognising that a workforce which represents and reflects the communities we serve is essential to effective grant making, organisational performance and innovation. The Equity, Diversity and Inclusion (EDI) approach in the People and Culture directorate is clearly outlined in our EDI Statement of Intent with its three ambitions of advancing equity, building a culture of inclusion and belonging, and driving learning and accountability.

### Due regard under the Public Sector Equality Duty

Throughout 2025-26, the Fund has had due regard to the three aims of the public sector equality duty: eliminating unlawful discrimination, advancing equality of opportunity, and fostering good relations between people who share protected characteristics and those who do not. Equality/equity considerations are embedded in workforce planning, recruitment, organisational change and policy development, supported by equality impact assessments and ongoing consultation with staff networks.

The Fund continues to view EDI as integral to good governance and effective public service delivery. This approach goes beyond compliance, and focuses on sustained cultural change/transformation, informed by data, lived experience and continuous learning.

### Workforce representation and diversity profile

During 2025-26, the Fund's workforce continued to demonstrate strong representation across several protected characteristics, particularly when compared with Civil Service and UK economically active population benchmarks. Twenty per cent of colleagues have declared a disability, which is significantly higher than the equivalent Civil Service data (13%) and nearly comparable to the UK economically active population (24%). This reflects sustained focus on inclusive recruitment practices, workplace adjustments, and ongoing support to enable colleagues with disabilities to remain in and progress within the organisation. The disclosure rate among colleagues who are disabled or have a long-standing health condition has increased significantly over the past year, signifying improving trust in the Fund.

Gender representation across the Fund remains notably high, with women making up 72% of the workforce, compared with 55% across the Civil Service and 52% within the wider UK economically active population. This representation is also evident at senior levels, where women make up 52% of directors and 75% of senior leaders. (Board-level gender representation is drawn from the Fund's governance note 22 arrangements and continues to be monitored separately.)

Fifteen per cent of colleagues identify as being from an ethnic minority background, broadly in line with Civil Service equivalents. The disclosure rate for ethnicity remains high at 98%, although the Fund recognises that further work is required to understand and develop progression routes, retention strategies, and the pipeline into senior leadership, where we would like to see increased ethnic minority background representation.

In relation to sexual orientation, 11% of colleagues identify as Lesbian/Gay/Bisexual/Other (LGBO), which is notably higher than the Civil Service equivalent (5%). With a declaration rate of 89%, a proportion of colleagues continue to withhold declarations, and we recognise this as an indicator of where further trust-building and cultural work are needed, especially as corresponding engagement/satisfaction scores for LGBO colleagues are significantly lower than the Fund average.

**Recruitment, development and progression**

The Fund seeks to attract a diverse range of applicants by using inclusive recruitment practices, appropriate advertising channels and specialist outreach where relevant. Recruitment processes are regularly reviewed to minimise bias and ensure fairness. Once in post, colleagues are supported through access to training and development opportunities that are both role-specific and developmental, including leadership and management programmes.

Where colleagues experience barriers during their employment – for example due to disability, health, caring responsibilities or neurodivergence – the Fund actively works to ensure they can continue to meet the demands of their role. This includes the provision of reasonable adjustments, tailored support, flexible working arrangements, and access to additional training where required. These actions align with our commitment to advancing equality of opportunity under the public sector equality duty.

### Gender

| | The Fund | Civil Service equivalent | UK economically active population |
|---|---|---|---|
| | % | % | % |
| Female | 71.8 | 54.6 | 52.0 |
| Male | 27.6 | 45.4 | 48.0 |
| Unknown | 0.6 | | |

### Gender

| | Board | Directors | Fund senior staff (leaders) |
|---|---|---|---|
| | % | % | % |
| Female | 54.5 | 50.0 | 72.2 |
| Male | 45.4 | 50.0 | 27.8 |

### People with disabilities

| | The Fund | Civil Service equivalent | UK economically active population |
|---|---|---|---|
| | % | % | % |
| Staff with a declared disability | 20.4 | 13.3 | 24 |
| Staff who have not declared a disability | 79.6 | 86.7 | 76 |

### Ethnic group

| | The Fund | Civil Service equivalent |
|---|---|---|
| | % | % |
| Ethnic minority background | 15.4 | 14.8 |
| Non-ethnic minority background | 82.8 | 67.6 |
| Unknown | 1.8 | 17.6 |

### LGBO

| | The Fund | Civil Service equivalent |
|---|---|---|
| | % | % |
| LGBO | 10.7 | 5.3 |
| Non-LGBO | 72.1 | 68.8 |
| Unknown | 17.3 | 25.9 |

In addition to sexual orientation (LGBO), The Fund also monitors LGBTQ+ representation, which was 11.0% for 2025-26.

### Pay gaps and use of workforce data

The Fund publishes its gender pay gap data annually in line with statutory requirements under the Gender Pay Gap regulations. Full details are available on the GOV.UK gender pay gap portal and are published on our website. For 2025-26, the median gender pay gap was 2.1%, a marginal improvement from 2.2% in 2024-25. This compares favourably with both the Civil Service and wider public sector benchmarks.

Although not legally required to do so, the Fund has also chosen to publish its ethnicity pay gap as part of its commitment to transparency and accountability. The median ethnicity pay gap for 2025-26 was 1.4% (2024-25: 0.3%). While this represents a year-on-year increase, the overall position remains positive relative to comparator organisations. Importantly, this data has been actively discussed with staff networks to support shared understanding and to identify areas where employee experience, progression or reward may warrant further attention.

While not currently a statutory requirement, the Fund also reports its disability pay gap as part of its commitment to advancing equity. The median disability pay gap for 2025-26 was 3.6%, an increase from 2.2% in 2024-25. In contrast, the mean disability pay gap reduced to 2.4%, down from 4.1% in the previous year and significantly lower than 5.8% in 2023-24, indicating a longer-term narrowing of average pay differences across the workforce. The Fund continues to monitor this data closely and considers it alongside engagement with staff networks and wider workforce analysis to better understand underlying drivers and identify any barriers to progression or retention for disabled colleagues. The Fund is currently a Disability Confident Employer (level 2) and has set a target to become a Disability Confident Leader (level 3) by 2027.

The use of workforce data to identify disparities and potential structural barriers is a core element of the Fund's EDI Statement of Intent. One of its three key ambitions – Advancing Equity – commits the organisation to using robust evidence to identify barriers to progression, retention and recognition for different demographic groups and to take targeted action in response.

### Identified barriers and actions being taken

Through analysis of workforce data, engagement with staff networks and colleague feedback, the Fund has identified several ongoing challenges to improving diversity and inclusion. These include differing disclosure rates across characteristics, uneven representation at senior levels for some groups, particularly ethnic minority background colleagues and the risk of under-recognised barriers relating to disability, caring responsibilities and neurodiversity.

In response, the Fund has developed a three-year People and Culture EDI Action Plan and is continuing to strengthen inclusive recruitment and progression practices, embed equality impact assessment within change and decision-making processes, and work in partnership with staff networks to surface lived experience and test proposed actions. Leadership capability remains a key focus, with an emphasis on equipping senior leaders to make inclusive decisions, challenge bias and actively sponsor EDI priorities.

## Parliamentary accountability (audited information)

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 prescribed in the Government's guidance Managing Public Money. There are no fees or charges to disclose.

D Knott

David Knott
Chief Executive and Accounting Officer
1 July 2026

# 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 2026 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 2026;
- Statement of Comprehensive Net Income, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- 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 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 2026 and its Total comprehensive net (expenditure)/income for the year then ended; and
- 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 which 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 2024. I am independent of the Big Lottery Fund in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

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

## Conclusions relating to going concern

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

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

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this 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 which they provide will continue into the future.

## Other information

The other information comprises information included in the Annual Report, but does not include the 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; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is 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 Report and Accountability Report.

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

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

## Responsibilities of the Accounting Officer for the financial statements

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

- maintaining proper accounting records;
- providing the 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; and
- 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.
- inquired 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; and
    - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Big Lottery Fund's controls relating to the Big Lottery Fund's compliance with the National Lottery etc. Act 1993 and the Dormant Assets Acts 2008 to 2022, and Managing Public Money;
- inquired 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 and the relevant internal specialists (involved in the assessment of management response to an immaterial identified fraud), regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

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 the National Lottery etc. Act 1993 and the Dormant Assets Acts 2008 to 2022, Managing Public Money, employment law and tax Legislation.

### 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 direct effect on the financial statements;
- I enquired 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; and
- I tested a sample of grant expenditure to gain assurance that grants has been spent on the intended purposes.

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

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

### 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 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
3 July 2026
Comptroller and Auditor General

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

# Financial statements

## Statement of comprehensive net income

| | Note | Year ended 31 March 2026 £000 | Year ended 31 March 2025 £000 |
|---|---|---|---|
| **Income** | | | |
| **Lottery income** | | | |
| Proceeds from The National Lottery | 13 | 708,034 | 717,280 |
| Investment income from the National Lottery Distribution Fund | 13 | 28,573 | 34,495 |
| Bank and other interest receivable | 2 | 327 | 484 |
| Recoveries of grant | 2 | 1,617 | 2,813 |
| | | **738,551** | **755,072** |
| **Dormant assets money income** | | | |
| Received/Receivable from Reclaim Fund Ltd | 30a | 142,752 | 143,407 |
| Bank interest receivable | 30a | 8,467 | 6,894 |
| Recoveries of grant | 30a | 9 | 121 |
| | | **151,228** | **150,422** |
| **Community Organisations Cost of Living Fund income** | | | |
| Received/Receivable from DCMS | 28 | - | 500 |
| Interest received | 28 | 1 | 19 |
| Recoveries of grant | 28 | 32 | 342 |
| | | **33** | **861** |

| | Note | Year ended 31 March 2026 £000 | Year ended 31 March 2025 £000 |
|---|---|---|---|
| **Million Hours Fund income** | | | |
| Received/Receivable from DCMS | 29 | 8,039 | 6,840 |
| Interest received | 29 | 24 | - |
| Recoveries of grants | 29 | (1) | 1 |
| | | **8,062** | **6,841** |
| **Living Places and Spaces Fund income** | | | |
| Recoveries of grant | - | - | 1 |
| | | **-** | **1** |
| Other income | 2 | 2,826 | 1,280 |
| **Total income** | | **900,700** | **914,477** |

| | Note | Year ended 31 March 2026 £000 | Year ended 31 March 2025 £000 |
|---|---|---|---|
| **Expenditure** | | | |
| **National Lottery programme expenditure** | | | |
| Grant expenditure | 3 | 940,990 | 768,077 |
| Lapsed or revoked grant expenditure | 3 | (4,600) | (4,180) |
| Direct expenditure in support of programme | 4 | 3,312 | 3,242 |
| | | **939,702** | **767,139** |
| **Dormant assets money programme expenditure** | | | |
| Transfers/transferable to designated distributors | 30a | 750 | 430 |
| Grant expenditure | 30a | 27,385 | 25,956 |
| Lapsed or revoked grant expenditure | 30a | (94) | (89) |
| | | **28,041** | **26,297** |
| **Community Organisations Cost of Living Fund programme expenditure** | | | |
| Lapsed or revoked grant expenditure | 28 | - | (20) |
| Refund to DCMS | 28 | - | 845 |
| | | **-** | **825** |
| **Million Hours Fund programme expenditure** | | | |
| Grant expenditure | 29 | 7,565 | 150 |
| Less lapsed or revoked grant expenditure | | (8) | - |
| | | **7,557** | **150** |
| **Coronavirus Community Support Fund programme expenditure** | | | |
| Refunded to DCMS | - | - | 764 |
| | | **-** | **764** |

| | Note | Year ended 31 March 2026 £000 | Year ended 31 March 2025 £000 |
|---|---|---|---|
| **Living Places and Spaces Fund programme expenditure** | | | |
| Refunded to Department for Infrastructure | - | - | 1 |
| | | **-** | **1** |
| **Operating costs** | | | |
| Operating costs for distributing National Lottery Income | 5 | 57,181 | 52,710 |
| Recharged operating costs | 5 | 717 | 1,443 |
| Operating costs for distributing dormant assets money | 5 | 2,494 | 1,197 |
| Operating costs for distributing Community Organisations Cost of Living Fund money | 5 | - | 500 |
| Operating costs for distributing Million Hours Fund money | 5 | 483 | 359 |
| | | **60,875** | **56,209** |
| Restructuring and investment | 8 | 985 | 2,610 |
| **Total expenditure** | | **1,037,160** | **853,995** |
| (Deficit)/Surplus before taxation | | **(136,460)** | **60,482** |
| Taxation | 9 | (82) | (162) |
| Taxation dormant assets | 9 | (2,117) | (2,170) |
| Taxation Community Organisations Cost of Living Fund | 28 | - | (34) |
| Taxation Million Hours Fund | 29 | (6) | (6) |
| **Total comprehensive net (expenditure)/income** | | **(138,665)** | **58,110** |

All income and expenditure relates to continuing activities.

The notes on pages 134 to 175 form part of these accounts.

## Statement of financial position

| | Note | As at 31 March 2026 £000 | As at 31 March 2025 £000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 10 | 95 | 246 |
| Intangible assets | 11 | - | - |
| Right of use assets | 20 | 2,514 | 3,179 |
| | | **2,609** | **3,425** |
| **Current assets** | | | |
| Trade and other receivables | 12 | 6,601 | 3,819 |
| Cash at bank and in hand | | 424,202 | 312,882 |
| Investment balance in National Lottery Distribution Fund | 13 | 492,596 | 551,989 |
| | | **923,399** | **868,690** |
| **Total assets** | | **926,008** | **872,115** |
| **Current liabilities** | | | |
| Trade and other payables | 14 | (607,339) | (578,334) |
| Lease liabilities | 20 | (763) | (723) |
| **Total assets less net current liabilities** | | **317,906** | **293,058** |
| **Non-current liabilities** | | | |
| Trade and other payables | 14 | (690,597) | (526,308) |
| Lease liabilities | 20 | (1,910) | (2,679) |
| Provisions | 15 | (866) | (873) |
| **Assets less liabilities represented by:** | | **(375,467)** | **(236,802)** |

| | Note | As at 31 March 2026 £000 | As at 31 March 2025 £000 |
|---|---|---|---|
| Lottery funds reserve | | (691,757) | (434,467) |
| Dormant assets reserve | | 316,220 | 197,644 |
| Community Organisations Cost of Living Fund reserve | | 35 | 2 |
| Million Hours Fund reserve | | 35 | 19 |
| | | **(375,467)** | **(236,802)** |

The notes on pages 134 to 175 form part of these accounts.

David Knott
Chief Executive and Accounting Officer
1 July 2026

## Statement of changes in equity

### Year ended 31 March 2026

| | Lottery accounts | Dormant assets | Community Organisations Cost of Living Fund | Million Hours Fund | Coronavirus Community Support Fund | Total |
|---|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Opening reserve position | (434,467) | 197,644 | 2 | 19 | - | (236,802) |
| Transferred from statement of comprehensive net expenditure | (257,290) | 118,576 | 33 | 16 | - | (138,665) |
| Closing reserve position | **(691,757)** | **316,220** | **35** | **35** | **-** | **(375,467)** |

### Year ended 31 March 2025

| | Lottery accounts | Dormant assets | Community Organisations Cost of Living Fund | Million Hours Fund | Coronavirus Community Support Fund | Total |
|---|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Opening reserve position | (366,755) | 76,886 | 500 | (6,307) | 764 | (294,912) |
| Transferred from statement of comprehensive net expenditure | (67,712) | 120,758 | (498) | 6,326 | (764) | 58,110 |
| Closing reserve position | **(434,467)** | **197,644** | **2** | **19** | **-** | **(236,802)** |

## Statement of cash flows

| | Note | Year ended 31 March 2026 £000 | Year ended 31 March 2025 £000 |
|---|---|---|---|
| **(Deficit)/Surplus for the period** | | (138,665) | 58,110 |
| Depreciation of property, plant and equipment and amortisation of intangible assets | 10, 11 | 151 | 138 |
| Depreciation of right-of-use lease assets | 20 | 868 | 885 |
| Interest expenses | 20 | 137 | 153 |
| **(Deficit)/Surplus adjusted for non-cash transactions** | | **(137,509)** | **59,286** |
| (Increase)/Decrease in trade and other receivables | 12 | (2,782) | 893 |
| Decrease/(Increase) in NLDF balance | 13 | 59,393 | (21,775) |
| Increase in trade and other payables | 14 | 193,294 | 44,059 |
| (Decrease) in provisions | 15 | (7) | (516) |
| **Net cash inflow from operating activities** | | **112,389** | **81,947** |
| **Cashflows from financing activities** | | | |
| Repayment of borrowings and leasing liabilities | 20 | (1,069) | (925) |
| **Cashflows from investing activities** | | | |
| Payments to acquire property, plant and equipment | 10, 11 | - | (101) |
| **Increase in cash** | | **111,320** | **80,921** |
| **Net Increase in cash and cash equivalents** | | | |
| Cash balances carried forward | | 424,202 | 312,882 |
| Less cash balances brought forward | | (312,882) | (231,961) |
| **Increase in cash** | | **111,320** | **80,921** |

The notes on pages 134 to 175 form part of these accounts.

# Notes to the accounts

## 1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2025-26 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 2025-26 are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

### 1.1 Accounting convention

These accounts have been prepared under the historic cost convention modified, where appropriate for fair value. Historic cost is not materially different from fair value.

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

### 1.2 Going concern

The financial statements have been prepared on a going concern basis. This is consistent with the requirements of the FReM, which states that entities should "have regard to the underlying assumption that financial statements shall be prepared on a going concern basis." It further provides that sponsored entities with net liabilities should continue to apply the going concern basis unless, following discussion with their sponsor department, the basis is deemed inappropriate. No such discussions have taken place.

The National Lottery Community Fund (operating name of the Big Lottery Fund) is a statutory corporation established under the National Lottery Act 2006. The Board is not aware of any current intention to amend or repeal the legislation under which the Fund operates.

The Fund distributes 40% of the National Lottery's good cause proceeds through grant programmes supporting community-focused projects. This remains its principal funding source and core business activity. In addition, the Fund distributes monies released from dormant assets under the Dormant Assets Act 2022. Dormant assets expenditure is fully funded through cash received; the Fund does not pre-finance these payments. The Fund does not deliver discretionary services supported by alternative income streams.

Cash required for National Lottery grant payments is drawn down from the National Lottery Distribution Fund (NLDF) as needed, and the Fund's balance in the NLDF is held as cash. To support robust financial planning, the Fund maintains a rolling long-term cashflow forecast, currently extending to 2030-31. This incorporates:

- Lottery operator forecasts of National Lottery revenues, with sensitivity adjustments of ±5% to reflect potential fluctuations around the central case
- detailed information from funding teams on future grant commitments and expected programme spend, with unallocated budgets included where future programme decisions have not yet been confirmed
- a minimum acceptable NLDF cash balance, currently set at 20% of Lottery income less £20 million, used to assess the maximum sustainable level of grant outflows while maintaining liquidity and prudence.

Based on the January 2026 update of the long-term cashflow forecast, the Fund expects to hold a cash balance of £310.7 million in the NLDF at 31 March 2028, which is £156.9 million above the minimum acceptable cash balance at that point.

While risks remain, such as potential changes to the Fund's 40% share of Lottery proceeds, changes to delivery of projected revenue growth by the Lottery operator, and inherent uncertainties in future ticket sales, none are considered by the Board to represent a material uncertainty that would cast significant doubt on the Fund's ability to continue as a going concern.

Taking these factors together, the Board concludes that the going concern basis of preparation for the 2025-26 financial statements remains appropriate.

### 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 2026, 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 net expenditure 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

The 2025-26 FReM introduced a change to the valuation requirements for property, plant and equipment, moving from annual full revaluations to a quinquennial valuation cycle with indexation or rolling valuations in the intervening years.

Given the immaterial value of the Fund's property, plant and equipment, this change has no material impact on the financial statements. Assets continue to be held at cost, less accumulated depreciation, which is considered a reasonable approximation of current value in existing use, and are reviewed annually for impairment or material change. The Fund would commission a professional valuation should property, plant and equipment become material in future reporting periods.

### 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. Alternatively, they may join the Civil Service Partnership Pension Scheme – a stakeholder pension. Pension benefits are paid by the PCSPS. Our liabilities are limited to a charge, 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 cost of the right-of-use asset is depreciated over the shorter of the lease term or the useful life of the asset, 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 are 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. Grant awards are recognised as expenditure and commitments are accounted for when all three of the following apply:

- 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 that have been formally decided upon by the Fund, but which do not meet the technical definition of liabilities, either because they have not been communicated to the recipient or because they have not met 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 apply both to grant funds yet to be paid and grant funds already paid out. A right to recover funds paid or withdraw future funding, or obtain a refund 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 and refunds 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 grantholder and beneficiary 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 respect interest received on dormant assets monies as Dormant Assets expenditure.

We are registered for value 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

### Delegate 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 awarded 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 charitable 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 trusts 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 The National Lottery, 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 dormant assets 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 legal agreement with another party at some future point.

Amounts under signed agreements for which income from Reclaim Fund Ltd is not yet available to meet them, are recognised as provisions, given that the obligation has been created through the signing of the agreement but the timing of the payment is uncertain. Amounts under signed 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 30.

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

IFRS 18 Presentation and Disclosure in Financial Statements and IFRS 19 Subsidiaries without Public Accountability: Disclosures have been issued but are not yet effective and have not been adopted early. The application of these standards in the public sector is under assessment and no FReM implementation date has been set. but the Fund has considered IAS 8 and does not expect either standard to have a material impact on the financial statements, as any changes are expected to be limited to presentation and disclosures.

### 1.20 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 grant agreements.

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.

### 1.21 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 and Dormant Assets income is receivable by statute and is recognised in accordance with the FreM rather than under IFRS 15.

## 2. Income

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

| | Note | Year ended 31 March 2026 £000 | Year ended 31 March 2025 £000 |
|---|---|---|---|
| **Bank and other interest receivable** | | | |
| Bank interest receivable | | 327 | 484 |
| | | **327** | **484** |
| **Other income** | | | |
| Greenwich Peninsula land sale | 6 | 1,806 | (68) |
| Income from delivering non-Lottery funding | | 547 | 668 |
| Income from delivering Lottery Funding on behalf of other distributors | | 82 | 86 |
| Rental income | | 104 | 103 |
| Sundry income | | 287 | 491 |
| | | **2,826** | **1,280** |
| **Recoveries of grant from grant holders** | 1.8 | | |
| Recoveries of grant | | 1,617 | 2,813 |
| | | **1,617** | **2,813** |

## 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.

| | UK | England | Scotland | Wales | Northern Ireland | Total |
|---|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Grant expenditure made | 126,937 | 638,412 | 94,357 | 45,819 | 35,465 | 940,990 |
| Less lapsed and revoked grant expenditure | (1,544) | (2,582) | (102) | (271) | (101) | (4,600) |
| **Net grant expenditure made 2025-26** | **125,393** | **635,830** | **94,255** | **45,548** | **35,364** | **936,390** |
| Net grant expenditure made 2024-25 | **85,176** | **538,071** | **62,780** | **43,136** | **34,734** | **763,897** |

## 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 |
| **Support provided directly to grant recipients and beneficiaries 2025-26** | **993** | **2,020** | **(59)** | **-** | **358** | **3,312** |
| Support provided directly to grant recipients and beneficiaries 2024-25 | **856** | **2,264** | **-** | **2** | **120** | **3,242** |

## 5. Operating costs

| | Operating costs for distributing Lottery income | Recharged operating costs |
|---|---|---|
| | £000 | £000 |
| Employee remuneration | 42,857 | 469 |
| Travel & expenses | | |
| - Staff | 1,177 | 6 |
| - Board and Committee | 32 | - |
| Payments under short-term/low value operating leases: | | |
| - Property | 56 | - |
| - Other | 18 | - |
| Other accommodation costs | 810 | - |
| Communication costs | 1,061 | - |
| Externally provided support for grant programmes | 440 | 2 |
| Programme evaluation | 402 | - |
| Staff recruitment and training | 1,303 | - |
| Professional fees | 639 | - |
| Auditors' remuneration for audit work | 190 | - |
| IT infrastructure costs | 4,509 | - |
| Other costs | 427 | 240 |
| Write down of property, plant and equipment | - | - |
| VAT | 2,104 | - |
| Non cash items | | |
| - Depreciation (excluding right-of-use assets) | 151 | - |
| - Amortisation on right-of-use assets | 868 | - |
| - Interest expense on lease liabilities | 137 | - |
| | **57,181** | **717** |

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

| Operating costs for distributing dormant assets money | Operating costs for distributing Million Hours Fund money | Year ended 31 March 2026 Total operating costs | Year ended 31 March 2025 Total operating costs |
|---|---|---|---|
| **£000** | **£000** | **£000** | **£000** |
| 2,263 | 427 | 46,016 | 42,819 |
| 19 | 1 | 1,203 | 1,300 |
| - | - | 32 | 25 |
| - | - | 56 | 55 |
| - | - | 18 | 7 |
| - | - | 810 | 764 |
| 21 | - | 1,082 | 1,045 |
| 25 | - | 467 | 1,425 |
| 37 | 58 | 497 | 202 |
| 1 | - | 1,304 | 1,242 |
| - | - | 639 | 782 |
| - | - | 190 | 165 |
| - | - | 4,509 | 2,837 |
| 114 | (20) | 761 | 521 |
| - | - | - | - |
| 14 | 17 | 2,135 | 1,844 |
| - | - | 151 | 138 |
| - | - | 868 | 885 |
| - | - | 137 | 153 |
| **2,494** | **483** | **60,875** | **56,209** |

## 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 2025-26, £1,806,000 has been received. No income has been accrued in 2025-26.

On this basis, the cost of distributing our share of National Lottery income was 7.4% of National Lottery income in the year (2024-25: 6.7%). Assessed over the three-year rolling period the proportion was 7%.

| | Year ended 31 March 2026 | Year ended 31 March 2025 | Year ended 31 March 2024 |
|---|---|---|---|
| | £000 | £000 | £000 |
| Operating costs for distributing National Lottery income (as per note 5) | 57,181 | 52,710 | 51,843 |
| Less rental income (as per note 2) | (104) | (103) | (118) |
| Less sundry income (as per note 2) | (287) | (491) | (562) |
| Less irrecoverable VAT | (2,135) | (1,844) | (1,958) |
| **Total qualifying expenditure** | **54,655** | **50,272** | **49,205** |
| Proceeds from National Lottery (as per note 13) | 708,034 | 717,280 | 689,346 |
| Investment income (as per note 13) | 28,573 | 34,495 | 33,588 |
| Greenwich Peninsula land sale (as per note 2) | 1,806 | (68) | - |
| **Total qualifying income** | **738,413** | **751,707** | **722,934** |
| **Percentage** | **7.4%** | **6.7%** | **6.8%** |

### Three-year rolling position

| | Year ended 31 March 2026 |
|---|---|
| | **£000** |
| Total qualifying expenditure | 154,132 |
| Total qualifying income | 2,213,054 |
| **Percentage** | **7.0%** |

## 7. Staff costs

| | Year ended 31 March 2026 | Year ended 31 March 2025 |
|---|---|---|
| | **£000** | **£000** |
| Wages and salaries | 31,191 | 29,977 |
| Social security costs | 4,109 | 3,236 |
| Other pension costs | 8,445 | 8,123 |
| Apprenticeship levy costs | 147 | 145 |
| Agency staff costs | 2,124 | 1,338 |
| | **46,016** | **42,819** |

## 8. Restructuring costs

We regularly review our structure 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 2026 | Year ended 31 March 2025 |
|---|---|---|
| | **£000** | **£000** |
| Termination payments | 1,045 | 2,705 |
| Property rationalisation | (60) | (95) |
| | **985** | **2,610** |

During 2025-26 we released provisions 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 an £81,747 net tax cost for the year (2024-25: £161,925). Dormant assets have a net tax cost for the year of £2,116,798 (2024-25: £2,170,411).

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 2025 | 1,924 | 586 | 325 | 2,835 |
| Additions | - | - | - | - |
| Disposal | (78) | (108) | (18) | (204) |
| **At 31 March 2026** | **1,846** | **478** | **307** | **2,631** |
| Depreciation at 1 April 2025 | 1,761 | 503 | 325 | 2,589 |
| Charge for the year | 78 | 73 | - | 151 |
| Disposal | (78) | (108) | (18) | (204) |
| **At 31 March 2026** | **1,761** | **468** | **307** | **2,536** |
| Net book value | | | | |
| **At 31 March 2026** | **85** | **10** | **-** | **95** |
| Cost | | | | |
| At 1 April 2024 | 1,827 | 954 | 325 | 3,106 |
| Additions | 101 | - | - | 101 |
| Disposal | (4) | (368) | - | (372) |
| **At 31 March 2025** | **1,924** | **586** | **325** | **2,835** |
| Depreciation at 1 April 2024 | 1,706 | 792 | 325 | 2,823 |
| Charge for the year | 59 | 79 | - | 138 |
| Disposal | (4) | (368) | - | (372) |
| **At 31 March 2025** | **1,761** | **503** | **325** | **2,589** |
| Net book value | | | | |
| **At 31 March 2025** | **163** | **83** | **-** | **246** |

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

Property, plant and equipment is stated at cost less accumulated depreciation. Given the immaterial value of the Fund’s property, plant and equipment, cost is considered a reasonable approximation of current value. Assets are depreciated on a straight-line basis over their estimated useful lives and are reviewed annually for impairment or material change.

## 11. Intangible assets

| | Grant management system | Total |
|---|---|---|
| | £000 | £000 |
| Cost | | |
| At 1 April 2025 | 427 | 427 |
| Additions | - | - |
| Disposal | - | - |
| **At 31 March 2026** | **427** | **427** |
| Amortisation at 1 April 2025 | 427 | 427 |
| Charge for the year | - | - |
| Disposal | - | - |
| **At 31 March 2026** | **427** | **427** |
| Net book value | | |
| **At 31 March 2026** | **-** | **-** |
| Cost | | |
| At 1 April 2024 | 427 | 427 |
| Additions | - | - |
| Disposal | - | - |
| **At 31 March 2025** | **427** | **427** |
| Amortisation at 1 April 2024 | 427 | 427 |
| Charge for the year | - | - |
| Disposal | - | - |
| **At 31 March 2025** | **427** | **427** |
| Net book value | | |
| **At 31 March 2025** | **-** | **-** |

## 12. Trade and other receivables

| | Year ended 31 March 2026 £000 | Year ended 31 March 2025 £000 |
|---|---|---|
| **Amounts falling due within one year** | | |
| Held by delegate organisations for payment of grant commitments | 4,883 | 100 |
| Trade receivables | 5 | 18 |
| Prepayments and accrued income | 1,201 | 3,176 |
| European match-funding | - | 22 |
| Other receivables | 512 | 503 |
| | **6,601** | **3,819** |

## 13. National Lottery Distribution Fund

| | Year ended 31 March 2026 £000 | Year ended 31 March 2025 £000 |
|---|---|---|
| Balance at 1 April | 551,989 | 530,214 |
| Proceeds from The National Lottery | 708,034 | 717,280 |
| Investment income from the NLDF | 28,573 | 34,495 |
| Funds drawn down from the NLDF | (796,000) | (730,000) |
| Net (decrease)/increase in balance | **(59,393)** | **21,775** |
| **Market value at 31 March** | **492,596** | **551,989** |

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 2026 | Year ended 31 March 2025 |
|---|---|---|
| | £000 | £000 |
| **Amounts falling due within one year** | | |
| VAT | 9 | 23 |
| Other taxation and social security | 984 | 880 |
| Trade payables | 497 | 493 |
| Owed to joint schemes/delegate organisations for payment of grant commitments | 245 | 664 |
| Accruals and deferred income | 1,901 | 2,074 |
| Other payables | 3,051 | 2,545 |
| Grant accruals (note 16) | 600,652 | 571,655 |
| | **607,339** | **578,334** |
| **Amounts falling due in more than one year** | | |
| Grant accruals (note 16) | 690,597 | 526,308 |
| | **690,597** | **526,308** |

### 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 | Redundancy | Total |
|---|---|---|---|
| | £000 | £000 | £000 |
| Brought forward at 1 April 2025 | 60 | 813 | 873 |
| New provisions created | - | 866 | 866 |
| Provisions used | - | (790) | (790) |
| Provisions released | (60) | (23) | (83) |
| **Carried forward at 31 March 2026** | **-** | **866** | **866** |

### Dilapidations

We held dilapidation provisions in 2024-25 in respect of our Exeter office. During 2025-26 this provision has been released once it was confirmed that no reinstatement costs were due. No new provisions have been created for future events in 2025-26.

### 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.

A provision has been included for exit costs anticipated as part of a communicated restructure process by the year end but not yet paid.

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

All provisions outstanding at 31 March 2026 are expected to be settled within 12 months and are therefore classified as current liabilities.

The amount of the restructuring provision is subject to uncertainty, as final costs depend on individual staff decisions, the timing of exits and the finalisation of contractual payments. The provision represents management's best estimate of the unavoidable costs arising from the restructuring at the reporting date.

## 16. Grant accruals

| | At 31 March 2026 £000 | At 31 March 2025 £000 |
|---|---|---|
| **Movement of grant accruals** | | |
| Grant commitments brought forward at 1 April | 1,097,963 | 1,052,877 |
| Grant commitments made | 976,688 | 794,613 |
| Lapsed and revoked commitments | (4,702) | (4,288) |
| Grant commitments met | (778,700) | (745,239) |
| **Accrual carried forward at 31 March** | **1,291,249** | **1,097,963** |
| | | |
| **Classification of grant accruals at the year end** | | |
| **Amounts falling due within one year** | | |
| Accruals (note 14) | 600,652 | 571,655 |
| **Amounts falling due in more than one year** | | |
| Accruals (note 14) | 690,597 | 526,308 |
| **Total grant accruals** | **1,291,249** | **1,097,963** |
| | | |
| **Ageing of grant accruals** | | |
| Due within one year | 600,652 | 571,655 |
| Due within more than one year but less than two years | 369,082 | 308,117 |
| Due within more than two years but less than three years | 225,435 | 161,370 |
| Due within more than three years but less than four years | 70,254 | 44,961 |
| Due within more than four years but less than five years | 21,848 | 11,855 |
| Due after more than five years | 3,978 | 5 |
| | **1,291,249** | **1,097,963** |

## 17. Contingent liabilities

Grants are disclosed as contingent liabilities if they do not satisfy the criteria to be treated as liabilities (see note 1.16 for further detail).

| | At 31 March 2026 £000 | At 31 March 2025 £000 |
|---|---|---|
| Grant awards made by the Fund which do not satisfy the criteria to be treated as liabilities (Lottery funded) | 28,710 | 7,879 |
| Unsigned legal agreement amounts owed to designated spend organisations which do not satisfy the criteria to be treated as liabilities (Dormant Assets funded) | 220,000 | 4,500 |
| **Total grant contingent liabilities** | **248,710** | **12,379** |

We have disclosed a contingent liability of £28.7 million (2024-25: £7.9 million) for Lottery funded activities which do not currently satisfy the criteria for being recognised as liabilities.

Additionally, for dormant assets funding, we have disclosed a contingent liability of £220 million (2024-25: nil) which is in respect of (unsigned) legal agreement amounts owed to designated spend organisations, in line with our accounting policy at 1.16.

Within dormant assets, a contingent liability exists as at 31 March 2026 concerning the possible obligation to pay amounts per annum to The Oversight Trust (OT) – Assets for the Common Good (formerly named Big Society Trust) for its administration costs. This possible obligation is as per a signed agreement between OT and the Fund made on 15 December 2025, which is in full force and effect until terminated. Under the previous legal agreement between the Fund and OT, the amount was capped and quantifiable, leading to a contingent liability of £4.5 million being disclosed in 2024-25. The new agreement reflects the revised spending direction issued by the Secretary of State, which states that the level of funding will be determined by the Fund in consultation with OT each year, and therefore cannot be quantified at this point.

## 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 £150.2 million to the total expected funding of £386 million. Included within grant liabilities are no new grant commitments (2024-25: nil) and no contingent liabilities, representing our contribution to the Parks for People joint scheme. The creditor figure includes £0.2 million (2024-25: £0.7 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 powers to borrow, financial instruments play a much more limited role in creating or changing risk than is typical of the listed companies to which the standard mainly applies. Financial assets and liabilities are generated by day-to-day operational activities rather than being held to manage the risks facing the organisation.

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

### Liquidity risks

Cash requirements for Lottery expenditure are met by drawing down against weekly forecasts of need from the balances held on behalf of the Fund by the NLDF. At March 2025, the fund balance was £552 million. This had decreased to £493 million by 31 March 2026, at which point there were £1,196 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 2025-26, £737 million (81.8%) of the Fund's income derived from The National Lottery Distribution Fund, including income of £29 million derived from investment returns from the balance held with the NLDF. Income from dormant assets money was £151 million (16.8%). The remaining income is Million Hours Fund Income (£8 million) and a small amount of grant recovery income, bank interest and sundry income (£5 million).

| | Year ended 31 March 2026 | Year ended 31 March 2025 |
|---|---|---|
| | **£000** | **£000** |
| **Liquid assets** | | |
| Market value of NLDF investments | 492,596 | 551,989 |
| Cash | 424,202 | 312,882 |
| **Total** | **916,798** | **864,871** |

### 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 £493 million. Funds at the NLDF earned on average 4.05% 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 1.45% and 2.45% in the year. The cash balance at the year end was £424 million. The Board considers that the Fund is not exposed to significant interest rate risks.

| | 2025-26 | 2024-25 |
|---|---|---|
| | £000 | £000 |
| Sterling at floating interest rates – Lottery money | 10,755 | 11,487 |
| Sterling at floating interest rates – Dormant assets money | 413,367 | 300,382 |
| Sterling at floating Interest rates – Community Organisations Cost of Living Fund money | 35 | 7 |
| Sterling at floating interest rates – Million Hours Fund money | 45 | 1,006 |
| Sterling at mixture of fixed rates – NLDF | 492,596 | 551,989 |
| | **916,798** | **864,871** |

### 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 | 2025-26 £000 | 2024-25 £000 |
|---|---|---|
| Non-current assets | 2,609 | 3,425 |
| Investment balance in National Lottery Distribution Fund | 492,596 | 551,989 |
| Cash and cash equivalents – National Lottery money | 10,755 | 11,487 |
| Cash and cash equivalents – Dormant Assets money | 413,367 | 300,382 |
| Cash and cash equivalents – Community Organisations Cost of Living Fund money | 35 | 7 |
| Cash and cash equivalents – Million Hours Fund money | 45 | 1,006 |
| | **919,407** | **868,296** |

### 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 £691 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 | 2025-26 £000 | 2024-25 £000 |
|---|---|---|
| In less than one year | 607,339 | 578,334 |
| In more than one year, but less than two | 369,082 | 308,117 |
| In two to five years | 317,537 | 218,186 |
| In more than five years | 3,978 | 5 |
| | **1,297,936** | **1,104,642** |

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

| | At 31 March 2026 |
|---|---|
| | £000 |
| **Cost** | |
| As at 1 April 2025 | 17,085 |
| Additions | 203 |
| Revaluations | - |
| **Balance as at 31 March 2026** | **17,288** |
| **Amortisation** | |
| At 1 April 2025 | 13,906 |
| Charge for the year | 868 |
| **At 31 March 2026** | **14,774** |
| **Net book value** | |
| **At 31 March 2026** | **2,514** |

| | At 31 March 2025 |
|---|---|
| | £000 |
| **Cost** | |
| As at 1 April 2024 | 17,058 |
| Additions | 27 |
| Revaluations | - |
| **Balance as at 31 March 2025** | **17,085** |
| **Amortisation** | |
| At 1 April 2024 | 13,021 |
| Charge for the year | 885 |
| **Balance as at 31 March 2025** | **13,906** |
| **Net book value** | |
| **At 31 March 2025** | **3,179** |

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

Additions to right-of-use assets during 2025-26 are due to a new lease for our Leeds office.

## Lease liability

| | At 31 March 2026 |
|---|---|
| | £000 |
| Balance at 1 April 2025 | (3,402) |
| Additions | (203) |
| Finance cost | (137) |
| Rent | 1,069 |
| Revaluations | - |
| **Balance at 31 March 2026** | **(2,673)** |

| | At 31 March 2025 |
|---|---|
| | £000 |
| Balance at 1 April 2024 | (4,147) |
| Additions | (27) |
| Finance cost | (153) |
| Rent | 925 |
| Revaluations | - |
| **Balance at 31 March 2025** | **(3,402)** |

## Maturing of lease liability

| | At 31 March 2026 |
|---|---|
| | £000 |
| Not later than one year | (763) |
| Later than one year and not later than five years | (1,885) |
| Later than five years | (25) |
| | **(2,673)** |

### Lessors

| | At 31 March 2026 |
| --- | --- |
| | £000 |
| Not later than one year | 37 |
| Later than one year and not later than five years | 64 |
| Later than five years | - |
| | **101** |

## 21. Losses and special payments

Losses occur where there is no evidence that a funded project's objectives were met or where losses arise from error, irregularity or fraud, including internal fraud and those funds cannot be recovered by the Fund.

| | At 31 March 2026 | At 31 March 2025 |
| --- | --- | --- |
| Total losses written off (£) | 1,709,795 | 1,190,864 |
| Total number of awards written off | 148 | 137 |
| Total number of grant write-offs exceeding £300,000 | - | - |

Special payments arise where:

- A grant has been made inadvertently to an organisation that is ineligible under the Fund's eligibility policy 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 2026, no special payments were made in relation to grant or administrative transactions (2024-25: 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.

Transactions with DCMS reflect income received through the NLDF and the inward secondment of staff. DCMS has also contracted with the Fund to manage the Community Organisations Cost of Living Award and the Million Hours Fund. The Civil Society & Youth Directorate in DCMS (formerly Office for Civil Society) has contracted with the Fund to manage the Life Chances Fund and #iwill Fund.

The #iwill Fund is a joint funding programme in which the Fund match funds the third-party funding it receives from DCMS with national lottery monies and is jointly responsible with young people and DCMS for making grant award decisions.

Transactions with other Lottery distributors include income received for managing awards and providing professional services. Payments are made to the National Lottery Heritage Fund for its services in running grant programmes under a joint scheme.

In addition, we have a number of material transactions with HM Treasury in relation to the Dormant Assets Scheme via the Reclaim Fund Ltd, which is an arms length body of HM Treasury.

## 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 direct interests in grant applications to the Fund and commercial interests where organisations have or may have a relationship with us.

Where any Board or committee decisions are taken that 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 that 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 – **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 whom 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 or memoranda of understanding. 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 2026, the following bank balances were held on behalf of third parties:

| | 31 March 2025 | Inflows | Outflows | 31 March 2026 |
|---|---|---|---|---|
| | £000 | £000 | £000 | £000 |
| DCMS: Life Chances Fund and #iwill Fund | 658 | 1,879 | 1,988 | 549 |
| Creative Scotland, Awards for All Scotland | 3 | 457 | 455 | 5 |
| National Lottery Promotions Unit | 462 | 4,104 | 3,819 | 747 |
| Sport Scotland, Awards for All Scotland | (190) | 535 | 539 | (194) |
| Scottish Government, Scottish Land Fund, Delivering Financial Inclusion | 7,843 | 8,446 | 13,003 | 3,286 |
| Department for Levelling Up, Housing and Communities, Coastal Communities Fund | 854 | 14 | - | 868 |
| Wales Funders Forum | 4 | 0 | 1 | 3 |
| **Totals** | **9,634** | **15,435** | **19,805** | **5,264** |

## 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. Total expenditure is currently limited to £4.1 million (2024-25: £5 million). It is accountable to a management board comprising representatives of 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 NLPU is not a legal entity in its own right and does not have accounts. The Fund is the contracting authority for NLPU and its staff are employees of the Fund. NLPU is governed by a Memorandum of Understanding between the Lottery operator, the National Lottery Forum and DCMS.

More information and the annual reports of the NLPU are available at **lotterygoodcauses.org.uk**

## 25. Capital commitments

At 31 March 2026, we did not have any capital commitments (2024-25: nil).

## 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. The most recent forecasts from the GLA state that proceeds are likely to be paid from 2030, but will be substantially lower than the £675 million contribution. There is uncertainty over the timing and amount of actual proceeds, which are dependent on a number of factors including land sales and prevailing housing market conditions. Given these uncertainties a reliable estimate of a contingent asset cannot currently 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 GLA once certain costs have been covered. Payments of £21.9 million (2024-25: £44.8 million) are now forecast to be received between 2016 and 2040, of which £12.2 million has been received by the end of 2025-26. No additional income has been accrued for 2025-26. The reduction in value from last year reflects a risk adjustment calculated by the GLA in relation to viability challenges.

Under the provisions of the Dormant Assets Acts 2008 to 2022, banks,building societies and other participating financial institutions may pass funds from dormant assets to RFL, a not-for-profit arms-length body of HM Treasury 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 assets money to the Fund for onward distribution.

RFL calculates the liability due to the Fund and recognises it 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 recognises this as a contingent asset in accordance with IAS 37: Provisions, Contingent Liabilities and Contingent Assets. RFL has indicated this value is likely to be in the range of £350 million to £375 million for 2026-27 (2025-26: £142.8 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 that require an adjustment to the financial statements. The date the accounts were authorised for issue 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 between the Fund and DCMS in 2023-24, with an end date of 30 June 2024. The total cost of the programme is £75.1 million, which DCMS provided to the Fund 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.

### Statement of comprehensive net expenditure

| | Year ended 31 March 2026 | Year ended 31 March 2025 |
|---|---|---|
| | £000 | £000 |
| **Income** | | |
| Received/Receivable from DCMS | - | 500 |
| Interest | 1 | 19 |
| Recoveries of grant | 33 | 342 |
| **Total income** | **33** | **861** |
| **Expenditure** | | |
| Grant expenditure | | |
| Lapsed or revoked grant expenditure | - | (20) |
| | **-** | **(20)** |
| Refunded to DCMS | - | 845 |
| Operating costs | - | 500 |
| Corporation tax | - | 34 |
| **Total expenditure** | **-** | **1,359** |

| | | |
|---|---|---|
| **Total comprehensive net income/(expenditure)** | **33** | **(498)** |
| **Reserves** | | |
| Brought forward at 1 April 2025 | 2 | 500 |
| Total comprehensive net income/(expenditure) | 33 | (498) |
| **Carried forward at 31 March 2026** | **35** | **2** |

## Statement of financial position

| | Year ended 31 March 2026 £000 | Year ended 31 March 2025 £000 |
|---|---|---|
| **Current assets** | | |
| Cash at bank and in hand | 35 | 7 |
| **Total assets** | **35** | **7** |
| **Current liabilities** | | |
| Other payables | - | (5) |
| **Total liabilities** | - | (5) |
| **Assets less liabilities** | **35** | **2** |

## Losses and special payments

Losses occur where there is no evidence that a funded project's objectives were met and the Fund cannot recover those funds. In the financial year to 31 March 2026, we have written off £89,766 representing four awards. (2024-25: £13,510 representing two awards). There were no write-offs that exceeded £100,000 (2024-25: nil).

## 29. Million Hours Fund

This programme was originally agreed in 2023-24, with an end date of 30 September 2026. Having successfully delivered the first two phases totalling £22 million, a third phase was agreed in 2025-26 for £19 million, of which DCMS will contribute £8 million via a grant agreement. 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 expenditure

| | Year ended 31 March 2026 | Year ended 31 March 2025 |
|---|---|---|
| | £000 | £000 |
| **Income** | | |
| Received/Receivable from DCMS | 8,039 | 6,840 |
| Interest | 24 | - |
| Recoveries of grant | (1) | 1 |
| **Total income** | **8,062** | **6,841** |
| **Expenditure** | | |
| Grant expenditure | 7,565 | 150 |
| Less lapsed or revoked grant expenditure | (8) | - |
| | | |
| Operating costs | 483 | 359 |
| Corporation tax | 6 | 6 |
| **Total expenditure** | **8,046** | **515** |
| | | |
| **Total comprehensive net income** | **16** | **6,326** |
| **Reserves** | | |
| Brought forward at 1 April 2025 | 19 | (6,307) |
| Total comprehensive net income/(expenditure) | 16 | 6,326 |
| **Carried forward at 31 March 2026** | **35** | **19** |

### Statement of financial position

| | Year ended 31 March 2026 | Year ended 31 March 2025 |
|---|---|---|
| | £000 | £000 |
| **Current assets** | | |
| Cash at bank and in hand | 45 | 1,006 |
| Other receivables | 47 | 1,811 |
| **Total assets** | **92** | **2,817** |
| **Current liabilities** | | |
| Grant commitments | - | 2,798 |
| Other payables | 57 | - |
| **Total liabilities** | **57** | **2,798** |
| **Assets less liabilities** | **35** | **19** |

### Losses and special payments

Losses occur where there is no evidence that a funded project's objectives were met and the Fund cannot recover those funds. In the financial year to 31 March 2026, there have been no write-offs (2024-25: nil). There were no write-offs that exceeded £100,000.

## 30. Dormant assets

Under the provisions of the Dormant Assets Acts 2008 to 2022, participants/participating firms banks, building societies and other participating financial institutions may pass funds from dormant assets to RFL, a not-for-profit arms-length body of HM Treasury authorised to act as the reclaim fund.

RFL transfers funds which it is satisfied are not required to meet future claims by the owners of the dormant assets money to the Fund. The Fund distributes those funds in accordance with the Acts and with directions issued to it by the Secretary of State for the Department 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.

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 and came into force in June 2022. It made provision for conferring power to further expand the scope of the Dormant Assets scheme to accept transfer of additional dormant assets ‘and amended the approach for distributing dormant assets funding in England by introducing a power for the Secretary of State for DCMS to make an order to determine the social and environmental purposes for which, and the kinds of person to whom, dormant assets monies can be distributed in England. The Secretary of State subsequently made such an order (The Dormant Assets (Distribution of Money) (England) Order (2023 No. 1252) (November 2023)) enabling the English portion of dormant asset monies to flow to community wealth funds, as well as youth, financial inclusion and capacity, and social investment wholesalers. The Fund will continue to work closely with DCMS and RFL as this activity develops.

### 30a. Statement of comprehensive net expenditure

| | Year ended 31 March 2026 £000 | Year ended 31 March 2025 £000 |
|---|---|---|
| **Income** | | |
| Received/Receivable from Reclaim Fund Ltd | 142,752 | 143,407 |
| Interest | 8,467 | 6,894 |
| Recoveries of grant | 9 | 121 |
| **Total income** | **151,228** | **150,422** |
| **Expenditure** | | |
| Grant expenditure to designated spend organisations | 750 | 430 |
| Grant expenditure | 27,385 | 25,956 |
| Lapsed or revoked grant expenditure | (94) | (89) |
| | **28,041** | **26,297** |
| Operating costs | 2,494 | 1,197 |
| **Total expenditure** | **30,535** | **27,494** |

| | | |
|---|---:|---:|
| **Surplus before taxation** | 120,693 | 122,928 |
| Taxation | (2,117) | (2,170) |
| **Total comprehensive net income** | **118,576** | **120,758** |
| **Reserves** | | |
| Brought forward at 1 April 2025 | 197,644 | 76,886 |
| Total comprehensive net income | 118,576 | 120,758 |
| **Carried forward at 31 March 2026** | **316,220** | **197,644** |

## 30b. Statement of financial position as at 31 March 2026

| | Year ended 31 March 2026 £000 | Year ended 31 March 2025 £000 |
|---|---:|---:|
| **Current assets** | | |
| Cash at bank and in hand | 413,367 | 300,382 |
| **Total assets** | **413,367** | **300,382** |
| **Current liabilities** | | |
| Trade and other payables | (2,385) | (2,166) |
| Grant commitments to designated spending organisations | (52,447 | (67,447) |
| Grant commitments | (42,315) | (33,125) |
| **Total liabilities** | **(97,147)** | **(102,738)** |
| **Assets less liabilities** | **316,220** | **197,644** |

### 30c. Detailed income and expenditure account with country apportionment

| | England | Scotland | Wales | Northern Ireland | Year ended 31 March 2026 Total | Year ended 31 March 2025 Total |
|---|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| **Segmental analysis** | | | | | | |
| Income | - | - | - | - | 151,219 | 150,301 |
| Less operating costs | **-** | **-** | **-** | **-** | **(4,611)** | **(3,367)** |
| **Net income available for distribution** | | | | | **146,608** | **146,934** |
| **Available to each country** | 123,004 | 12,315 | 7,184 | 4,105 | | |
| Recoveries of grant | - | 5 | 4 | - | 9 | 121 |
| Grant commitments to designated spend organisations | (750) | - | - | - | (750) | (430) |
| Grant commitments made | (12,500) | (12,345) | (877) | (1,569) | (27,291) | (25,867) |
| **Surplus/(Deficit) for the year** | **109,754** | **(25)** | **6,311** | **2,536** | **118,576** | **120,758** |
| Balance of funds brought forward | 156,575 | 20,156 | 14,316 | 6,597 | 197,644 | 76,886 |
| **Balance of funds carried forward at 31 March 2026** | **266,329** | **20,131** | **20,627** | **9,133** | **316,220** | **197,644** |
| **Movement of grant accruals** | | | | | | |
| Grant commitments brought forward at 1 April 2025 | 67,447 | 10,623 | 15,938 | 6,564 | 100,572 | 102,557 |
| Grant commitments to designated spend organisations | 750 | - | - | - | 750 | 430 |

| | England | Scotland | Wales | Northern Ireland | Year ended 31 March 2026 Total | Year ended 31 March 2025 Total |
|---|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Grant commitments made | 12,500 | 12,398 | 878 | 1,609 | 27,385 | 25,956 |
| Lapsed and revoked commitments | - | (53) | - | (41) | (94) | (89) |
| Grant commitments met to designated spend organisations | (15,750) | - | - | - | (15,750) | (12,460) |
| Grant commitments met | - | (8,916) | (4,218) | (4,967) | (18,101) | (15,822) |
| **Accrual carried forward at 31 March 2026** | **64,947** | **14,052** | **12,598** | **3,165** | **94,762** | **100,572** |
| **Ageing of grant accruals** | | | | | | |
| Due within one year | 56,038 | 8,054 | 3,519 | 1,919 | 69,530 | 83,480 |
| Due within more than one year but less than two years | 4,218 | 4,495 | 3,123 | 1,106 | 12,942 | 9,942 |
| Due within more than two years but less than three years | 4,691 | 1,503 | 3,002 | 93 | 9,289 | 6,569 |
| Due within more than three years but less than four years | - | - | 2,426 | 47 | 2,473 | 448 |
| Due within more than four years but less than five years | - | - | 519 | - | 519 | 133 |
| Due after more than five years | - | - | 9 | - | 9 | - |
| | **64,947** | **14,052** | **12,598** | **3,165** | **94,762** | **100,572** |

# Our statutory background

## Policy directions

Our sponsor department and the devolved administrations are given powers under the National Lottery etc. Act 1993 and under the Dormant Assets Acts 2008 to 2022 to give directions as to matters to be taken into account in grant making.

The current policy directions regarding National Lottery Funding for England, the Isle of Man and UK-wide funding are set out below. These were issued by the Cabinet Office and took effect from 1 April 2012. Responsibility for subsequent policy directions became the responsibility of the Secretary of State for Culture, Media and Sport when DCMS took over certain responsibilities from Cabinet office as the Fund's sponsor department as set out in the Transfer of Functions (Big Lottery Fund) Order 2011 (S.I. 2011/739) and the Transfer of Functions (Dormant Accounts) Order 2010 (S.I. 2010/2967).

The Fund has complied with these directions throughout the financial year 2025-26 in every material aspect.

The current policy directions regarding 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 dated 1 April 2020

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's communities on 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's 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 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: in all cases, for applicants to demonstrate the financial viability of the project for the period of the grant:

(i) 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.

(ii) 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
(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:

    (i) give a true and fair view of the state of affairs as at 31 March 2024 and subsequent financial year-ends, and of the income and expenditure (or, as appropriate, net resource outturn), and of changes in taxpayers' equity
    (ii) cash flows for the financial year then ended
    (iii) 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
    (iv) 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:

    (i) the share of Lottery proceeds attributable to The National Lottery Community Fund
    (ii) the share of investment income of the National Lottery Distribution Fund attributable to the National
    (iii) Lottery Community Fund
    (iv) interest receivable on lottery funds
    (v) repayment of grants
    (vi) any other income
    (vii) grant made from lottery funds
    (viii) lapsed or revoked grant previously recorded as commitments from lottery funds
    (ix) the total operating costs incurred in respect of National Lottery distribution activities.

2. The **statement of financial position** shall include:

    (i) 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
    (ii) Grant falling due for payment within one year should be disclosed separately under the heading 'current liabilities'
    (iii) 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:

    (i) 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.
    (ii) 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:
    (iii) "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."

(iv) 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.

(v) 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.

(vi) 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.

(vii) 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 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 by the Dormant Assets Act 2022 dated 14 October 2025**

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

assets money under the scheme, and is required to continue to do so until these commitments are met in full:

A. 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-focussed voluntary organisations in targeted locations through the Youth Capacity Fund, such grants having been agreed by the Fund and DCMS. The Fund managed these grants until their completion.

B. £125.35 million (of which £80.463 million was distributed by August 2025) 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 ('YFF').

C. £145.4 million (of which £142.84 million was distributed by August 2025) 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 ('F4AF'); and

D. £443.591 million (of which £443.591 million was distributed by August 2025) in the form of non-repayable grants to The Oversight Trust – Assets for the Common Good (formerly Big Society Trust) ('The Oversight Trust'), to invest in Better Society Capital (formerly Big Society Capital) ('BSC') and to meet the initial funding requirement of Access – the Foundation for Social Investment ('Access'), acting as a social investment wholesaler in accordance with section 18(1)(c) of the Act.

E. £73 million (of which £68 million was distributed by August 2025) in the form of non-repayable grants to Access, acting as a social investment wholesaler in accordance with section 18(1)(c) of the Act.

F. £2.687 million has been distributed in the form of non-repayable grants to The Oversight Trust by August 2025 to meet expenditure on or connected to funding the activities of The Oversight Trust as referred to in paras 6 and 7 of this spending direction.

**New allocations**

3. The Fund is now required to distribute further sums from the English portion of dormant assets money as follows:

   A. £132.5 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 Article 2(b) of the Dormant Assets Distribution of Money (England) Order 2023 ('the 2023 Order'), delivered by F4AF.

B. £87.5 million in the form of non-repayable grants to Access, acting as a social investment wholesaler in accordance with Article 2(c) of the 2023 Order.

**Additionality**

4. The Fund will consider how the relevant terms and conditions involving any direct 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.

**Governance and reporting**

5. The Fund will provide DCMS with an annual report outlining the funding flows throughout the financial year– from amounts received from Reclaim Fund Limited to those distributed by the Fund and drawn down by each spend organisation (currently YFF, F4AF, BSC and Access).

**The Oversight Trust**

6. The Fund will also continue to fund The Oversight Trust from the English portion of dormant assets money, in the form of a grant, on an ongoing basis (unless and until further directions are issued by the Secretary of State to amend or supersede this direction). The level of funding will be determined by the Fund (in consultation with The Oversight Trust) each year to ensure that The Oversight Trust can continue to fulfil its existing and any new purposes and responsibilities.

7. The Oversight Trust will only use this funding to further its purposes as set out in the objects clause of its articles of association, including to assist the spend organisations, being bodies that are within the sole or majority legal control of The Oversight Trust and that distribute dormant assets money both for meeting expenditure that has a social or environmental purpose and to further a funding cause as set out in the 2023 Order.

**No other payments**

8. The Fund is directed to make no other payments of the English portion of dormant assets money until further directions are issued by the Secretary of State under the Act.

**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 by The Dormant Assets Act 2022 dated 12 December 2025**

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.

The Secretary of State for Culture, Media and Sport issued a spending direction on 14 October 2025 under section 22(3), which required the Fund to distribute:

A. £87.5 million in the form of non-repayable grants to Access – the Foundation for Social Investment, acting as a social investment wholesaler in accordance with Article 2(c) of the Dormant Assets Distribution of Money (England) Order 2023 ('the 2023 Order')

B. £132.5 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 Article 2(b) of the 2023 Order, to be delivered by Fair4All Finance Limited.

1. The Fund was also required to continue to fund The Oversight Trust from the English portion of dormant assets money, in the form of a grant, on an ongoing basis, with the level of funding to be determined by the Fund (in consultation with The Oversight Trust).

2. The Fund will continue to distribute funds for these purposes.

**New allocations**

3. The Fund is now required to distribute up to £12.5 million to National Literacy Trust, to meet expenditure on or connected to the provision of services, facilities or opportunities to meet the needs of young people, in accordance with Article 2(a) of the 2023 Order.

**Additionality**

4. The Fund shall consider appropriate measures to ensure that these funds distributed are used only for projects, or aspects of projects, for which funds would be unlikely to be made available by a Government department.

**Governance and reporting**

5. As per the previous spending direction issued on 14 October 2025, the Fund will provide DCMS with an annual scheme report outlining the funding flows throughout the financial year – from amounts received from Reclaim Fund Limited to those distributed by the Fund in accordance with Article 2 of the 2023 Order.

6. The Fund shall establish appropriate measures to ensure that all distributions are made in compliance with dormant assets legislation and the governance requirements mutually agreed with DCMS. The Fund shall establish appropriate measures to ensure that all distributions are made in compliance with dormant assets legislation and the governance requirements mutually agreed with DCMS. These measures must also provide assurance that funding is safeguarded and managed responsibly by recipient organisations.

### 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.

### Directions given to the Big Lottery Fund (operating as The National Lottery Community Fund) under section 22(5)(B) of the Dormant Bank and Building Society Accounts Act 2008 as amended 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 as amended and having consulted the Big Lottery Fund (operating as The National Lottery Community Fund and referred to as “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 assets 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. These directions shall supersede the previous directions provided to The Big Lottery Fund by the Scottish Government on 20 September 2011.

3. The distribution of dormant assets 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.

4. In distributing dormant assets money the 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, 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

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 assets funding ceases, taking into account the size and nature of the project, and for the dormant assets funding to be used to assist progress towards viability wherever possible.

5. In distributing dormant assets money the Fund must;

   A. Set specific time limits on the periods in respect of which distributions are payable, whether for capital or revenue expenditure;

   B. Ensure that it has such information as it considers necessary to make decisions on each application, including independent expert advice where required;

   C. Work with other organisations, including other distributors, where this is an effective means of fulfilling its functions and objectives;

   D. Ensure over time a distribution of money to a reasonably wide range of third sector organisations of varying sizes, location and focus

   E. 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 tackling poverty in the different parts of Scotland;

**Specific Directions**

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

7. The Fund must act in accordance with the prescribed restrictions laid down in Dormant Bank and Building Society Accounts (Scotland) Order 2010, and in accordance with the following themes:

   - **Opportunities for Children and Young People** - Providing opportunities for children and young people to realise their potential, involving them in the decisions that affect them.
   - **Supporting Mental Health & Wellbeing**, with focus on prevention and early intervention in order to improve population mental health and wellbeing. By prevention, we mean preventing mental health issues from occurring or intensifying and tackling underlying causes and inequalities wherever possible.
   - **Tackling Poverty and Inequality** by supporting projects, programmes and organisations that work to reduce social, economic and demographic inequality as well as addressing poverty across Scotland, including recognising the particular value of approaches that provide holistic whole family support.

- **Financial Inclusion**, including specifically increasing access to affordable credit through [as set out in section 5C] providing strategic funding to one or more organisations with a strong understanding of the Financial Inclusion landscape and suitable expertise in providing support to the community lending sector in Scotland.

**Directions given to the Big Lottery Fund under section 22 of the Dormant Bank and Building Society Accounts Act 2008 in relation to Welsh expenditure**

**Preamble**

The Dormant Bank and Building Society Accounts Act 2008 set up a framework for a scheme under which money in dormant bank and building society accounts can be distributed for the benefit of the community, whilst ensuring the right of owners to reclaim their money is protected.

The Big Lottery Fund (operating as The National Lottery Community Fund and subsequently referred to in this direction as "The Fund") must act in accordance with the requirements of the Dormant Bank and Building Society Accounts Act 2008 (as amended by the Dormant Assets Act 2022).

The Dormant Bank and Building Society Accounts Act 2008 (Prescribed Restrictions) (Wales) Order 2010 made under the 2008 Act restricts the distribution of dormant account money for meeting Welsh expenditure to that which protects or enhances the environment or that which meets the needs of people who have not attained the age of 26 years. Subject to that 2010 Order this direction provides further detail and instruction to The Fund on the distribution of that money.

Accordingly, 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 Fund, give the following directions to The Fund in relation to Welsh expenditure.

**General directions in relation to dormant assets**

1. In deciding how it distributes money in Wales from dormant assets - to whom, for what purpose and under what conditions - The Fund must:

   A. Take into account the principles of the Well-being of Future Generations (Wales) Act 2015, particularly:

      - improving the social, economic, environmental and cultural well-being 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; and
      - the seven well-being goals.

B. Take into account the need to manage financial risk when encouraging innovation.

C. Ensure money is distributed for the purpose of supporting projects which promote public and social good and are not intended primarily for private gain.

D. Ensure money is distributed for the purpose of supporting projects that make sustainable improvements to the quality of life of local communities.

E. Ensure money is distributed for the purpose of supporting a wide range of projects that are primarily delivered by the third sector. This includes 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.

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; and
- operating in accordance with The Fund's Welsh Language Standards, 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.

L. Provide Welsh Government with such reports as it may require on how the money is being invested to ensure that focus is maintained on using the funds to benefit communities across Wales.

**Specific directions in relation to dormant assets**

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 distribute dormant assets funding in for the purpose of supporting the following theme ("specified theme"):

   Supporting children and young people by:

   - enabling them to take action on the climate and nature emergencies,
   - supporting them to participate in community action; and
   - providing them with the knowledge, skills and confidence to manage money well throughout their lives.

B. In distributing dormant assets money according to the specified theme, The Fund must, where possible, take account of the particular needs of beneficiaries that may arise from factors such as their protected characteristics, social exclusion, geographical location, and social or economic deprivation.

C. 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 (as amended) in relation to Northern Ireland expenditure**

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 SubSection 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.

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## Get in touch


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