

BIG LOTTERY FUND

**MINUTES OF BIG LOTTERY FUND BOARD MEETING
HELD ON TUESDAY 29 MARCH 2011 AT 0930
AT THE BIG LOTTERY FUND, PLOUGH PLACE, LONDON**

PRESENT:

Anna Southall	<i>Interim Board Chair</i>
Sanjay Dighe	<i>England Chair</i>
Judith Donovan	<i>General Board Member</i>
Roland Doven	<i>General Board Member</i>
John Gartside	<i>General Board Member</i>
Frank Hewitt	<i>Northern Ireland Chair</i>
Rajay Naik	<i>General Board Member</i>
Janet Reed	<i>Interim Wales Chair (by videocon)</i>
Albert Tucker	<i>General Board Member (for Items 1-13)</i>
Diana Whitworth	<i>General Board Member</i>

IN ATTENDANCE:

Peter Wanless	<i>Chief Executive</i>
Mark Cooke	<i>Director Finance & Corporate Services</i>
Ceri Doyle	<i>Director Strategy, Performance & Learning</i>
Dharmendra Kanani	<i>Director for England</i>
Jackie Killeen	<i>Director for Scotland</i>
Joanne McDowell	<i>Director for Northern Ireland</i>
Linda Quinn	<i>Director Communications & Marketing</i>
John Rose	<i>Director for Wales</i>
Rob Atkins	<i>Deputy Director Strategy & Performance</i>
Mark McGann	<i>Deputy Director UK Policy & Development</i>
Andrew Morris	<i>Deputy Director Business Development (for Item 12)</i>
Shan Nicholas	<i>Lasting Transformation (observer)</i>
Sally Musson	<i>Head of Board Secretariat (Secretariat)</i>

1. **OPENING REMARKS**

- 1.1 The Chair welcomed Shan Nicholas, one of the consultants undertaking the governance review, to the meeting as an observer.
- 1.2 She recorded congratulations to Jackie Killeen and John Rose on their recent appointment to the permanent posts of Director of Scotland and Wales, respectively.
- 1.3 The Board's discussions the previous afternoon had covered:
 - (i) An informative briefing on the opportunities for social investment. It noted that considered reflections would be submitted to the Board Away Day in June 2011.

ACTION: Director Strategy Performance & Learning

(ii) A governance workshop provided the opportunity for Board Members to contribute to the governance review, commissioned by the Interim Chair and Chief Executive, being undertaken by Lasting Transformation. The discussions had focussed on three main areas: Board and Committee structure; non-executive and executive roles and responsibilities and delegation and cost savings. A final report, with costed options, would be presented to the incoming Chair.

1.4 The Chair explained that a short film, part of a Big Lottery Fund funded project in Zambia, would be shown at the end of the meeting.

2. APOLOGIES FOR ABSENCE

2.1 These had been received from Alison Magee (*Scotland Chair*).

3. APPROVAL FOR ACCURACY OF MINUTES OF BOARD MEETING HELD ON TUESDAY 25 JANUARY 2011 (Board/(MINS11)1)

3.1 With the following amendment these were agreed as a correct record of the meeting and signed by the Chair:
Paragraph 8.2(1) line 3 delete "varying" insert "differing".

4. DECLARATIONS OF INTEREST

4.1 The following were declared:

Sanjay Dighe *He was acquainted with the Head of TATA in the UK but had had no contact for 2 years.*

Frank Hewitt *SAP was a major client of the Northern Ireland Science Park. "The German Government had asked him to initiate discussions with SAP in his capacity as Honorary German Consul in Northern Ireland."*

These were not considered to be disqualifying interests for the purpose of the discussions at Item 12 at this meeting.

5. MATTERS ARISING FROM MINUTES OF BOARD MEETING HELD ON TUESDAY 25 JANUARY 2011

Most of the matters arising had been fully covered in the list of actions which had been circulated with the agenda. **The Board agreed to receive this list.**

5.1 Refresh of Strategic Framework (Item 1.3(i))

The Director Strategy, Performance & Learning said that Board Members' views would be canvassed during April 2011. The Strategic Framework would be discussed at the May Board meeting and June Away Day with a view to finalising it in the late summer.

ACTION: Director Strategy, Performance & Learning

- 5.2 Governance Review (Item 1.3(ii))
This had been reported at Item 1.3(ii) above.
- 5.3 Office for Civil Society (OCS) Capacity Building (Item 5.3)
The Chief Executive reported that OCS might invite the Big Lottery Fund to take on some capacity building work funded by them and the England Committee would be considering the possibilities in relation to any Lottery-funded activity in this area.
- 5.4 Big Society Bank (Item 7.3)
Roland Doven, Chair of the Audit & Risk Committee, reported that the risks associated with this initiative had been discussed at the last Committee meeting.
- 5.5 Improving Futures (Item 8.8)
This programme had been launched on 8.3.2011 and had received positive media coverage.
- 5.6 Business Process Re-engineering (BPR): Schedule for Reporting (Item 9.3(6))
The Director for England said this schedule should be available in a few weeks' time after the BPR Programme Board meeting.
ACTION: Director for England
- 5.7 BIG and the Private Sector (Item 11.3)
A report would be submitted to the May or July 2011 Board meeting.
ACTION: Director of Communications & Marketing
- 5.8 Millennium Impact Report (Item 12.4)
A draft report was available and would be launched in early May 2011.
ACTION: Director of Communications & Marketing

Major Items for Discussion

6. POLICY UPDATE (Board/(P11)10)
- 6.1 This report provided an update on key policy issues, including the transfer of sponsorship to the Cabinet Office, UK and England Policy Directions, appointments, Dormant Accounts, non-Lottery funding and consultations.
- 6.2 In discussion the main points raised included:
 (1) The Big Lottery Fund should be guided by its values and principles and be aware of external perception about its relationship to government.
 (2) The Director of Finance & Corporate Services provided an update on the preparation of the various documentation associated with the transfer of functions from the Department for Culture Media and Sport (DCMS) to the Office for Civil Society which was due to take effect from 14.4.2011.
 (3) As a result of the delay in the appointment of the UK and England Chairs, arrangements were in hand to ensure that the England Committee would be quorate over the summer period.
 (4) Officers provided a brief update on Dormant Accounts emphasising the need for a cash flow forecast from the Reclaim Fund.

(5) The Big Lottery Fund had received an Invitation to Quote from the OCS for the Community First programme in England. The International Committee had discussed the Department for International Development's (DfID) programme and whether there were any potential distribution opportunities for the Fund.

(6) The Audit & Risk Committee had emphasised that the Big Lottery Fund should not compromise its core objectives when considering non-Lottery initiatives. It had also noted a lack of consistency in its approach to risk and the use of risk registers in this context.

(7) Members commended the work of the Transition Fund team in delivering this programme in a very short timeframe.

6.3 The Board agreed to note:

(a) this report;

(b) that a non-Lottery strategy would be submitted to the Board in due course. ACTION: Director for Northern Ireland

7. BIG SOCIETY BANK UPDATE (Board/(P11)11)

7.1 This paper reported on progress towards establishing a Big Society Bank (BSB). The Deputy Director UK Policy and Development provided a brief oral update on recent developments, including the role of the Big Lottery Fund in relation to the BSB.

7.2 In discussion the main points raised included:

(1) The Chief Executive highlighted the distinction between the small Dormant Accounts sum whose distribution the Big Lottery Fund could influence in the short term and the BSB which, once established, the Fund would simply be directed to pass the money to.

(2) The Government had made clear that the small amount of money available in the interim period before the BSB was established would not be used for grants.

(3) It was pointed out that the market which the BSB would be targeting was significantly undeveloped.

7.3 The Board agreed to note:

(a) this update;

(b) that directions were awaited from the Cabinet Office.

ACTION: Deputy Director UK Policy & Development

8. MP SURVEY RESULTS (Board/(P11)12)

8.1 This report provided an overview of the latest survey (November/December 2010) of MP opinion of the Big Lottery Fund.

8.2 In discussion the main points raised included:

(1) Board members commended the executive, especially Shaun Walsh and the regional teams, on achieving such positive results.

(2) The Director for Wales explained the action being taken in respect of the perception that the Fund was not targeting the poorest areas of Wales effectively.

8.3 The Board agreed to note this report.

9. BUDGET/BUDGET MANAGEMENT

(i) 2011-12 Grant Budget and Review of NLDF Balances (Board/(P011)13)

9.1 This report considered the performance of actual cash flows against the current National Lottery Distribution Fund (NLDF) balances forecast and reported on the latest six monthly review of the cash flow forecast. The Director of Finance & Corporate Services explained that the report did not reflect the Board's decisions on the International Programme budget and this would be rectified. He explained that outstanding commitments were in the ratio 31% capital and 69% revenue. The Resources Committee had endorsed this report and the 2011-12 grant budget at its meeting on 17.3.2011.

9.2 **The Board agreed:**

- (a) **to note that all current programmes were affordable using the cash projection models;**
- (b) **to endorse the requirement that the remaining unplanned programmes must be developed with early consideration of the financial implications;**
- (c) **to note that there was only a further £50m available for payments up to 2012-13. Any planned payments from programmes that were not yet allocated would be limited to this amount;**
- (d) **the grant budgets described in Annex D to the report, subject to the inclusion of the International programme budget.**

ACTION: Director of Finance & Corporate Services

(ii) Operating Cost Strategy (Board/(P11)14)

9.3 This report presented the first draft operating cost strategy for discussion and a final version would be prepared in the autumn. The Resources Committee had endorsed this draft strategy at its meeting on 17.3.2011.

9.4 In discussion the main points raised included:

- (1) The Resources Committee had welcomed the explanation in the report of what the Fund would not do to achieve the 5% target.
- (2) The definition of costs had been agreed by government and a common approach was being discussed with other Lottery distributors.
- (3) A significant part of the planned savings would be delivered through the BPR Programme but it would be important not to expose the programme to unnecessary risk.
- (4) The Chief Executive explained that the government had not issued a policy direction in respect of the operating costs target. The Fund would plan to deliver against that target. If the Board subsequently believed that its values and the delivery of its business were being compromised as a result then they could raise this with the Department.

9.5 **The Board agreed:**

- (a) **the draft strategy;**
- (b) **to endorse the views of the Resources Committee and Senior Management Team on the issues described in the report.**

ACTION: Director of Finance & Corporate Services

(iii) Operating Cost Budget 2011-12 (Board/(P11)15)

9.6 This report presented the draft operating cost budget 2011-12 which, at £53.3m, represented a reduction of £2.9m on the 2010-11 mid year review. The Resources Committee had endorsed this budget at its meeting on 17.3.2011.

9.7 In discussion the main points raised included:
(1) Significant cost reductions had already been made, but did include savings on capital and buildings which would not be repeated.
(2) Consideration would need to be given to reporting against the 5% and 3% targets.

9.8 **The Board agreed the operating cost budget for 2011-12.**
ACTION: Director of Finance & Corporate Services

10. CORPORATE PLANNING

(i) 2010-11 Corporate Plan: Quarter Three Performance Summary (1 October – 31 December 2010) (Board/(P11)16)

10.1 This report summarised the 3rd quarter performance against the Big Lottery Fund 2010-11 corporate objectives. The Deputy Director Strategy & Performance highlighted the red rated financial KPI and PIs and that measures were in hand to improve forecasting. The outstanding audit recommendations had all been cleared and the relevant PI would now be rated green. The Resources Committee had endorsed this report at its meeting on 17.3.2011. It had welcomed the systematic approach to forecasting payments and had discussed sickness absence.

10.2 **The Board agreed to note the summary of performance for the 3rd Quarter 2010-11.**

(ii) Corporate Priorities and Key Performance Indicators 2011-12 (Board/(P11)17)

10.3 This report brought together the Big Lottery Fund's corporate priorities, the linked key performance indicators (KPIs) and the recommended targets. The Deputy Director Strategy & Performance briefly described the differences from the previous year, highlighting a number of specific KPIs. The Resources Committee had endorsed this report at its meeting on 17.3.2011 and welcomed the KPIs.

10.4 A number of detailed comments were made which were noted by officers. In discussion the main points raised included:
(1) Ipsos Mori had recommended a more challenging scoring structure for the customer satisfaction and excellence measures, but the targets for 2011-12 represented a continuing level of performance.
(2) It was suggested that consideration be given to reflecting some measure of the Big Lottery Fund's reputation among key voluntary and community sector bodies in an appropriate KPI.

(3) Thought should be given to tracking progress against delivery of the new Funding Management System specification as well as to whether the project was on time and on budget.

(4) The Deputy Director Strategy & Performance explained the new measure of programme effectiveness. As some members questioned the basis of this measure, the Chief Executive suggested some further discussion might be helpful at an appropriate stage.

ACTION: Deputy Director Strategy & Performance

- 10.5 Subject to the comments made, **the Board agreed:**
- (a) to endorse the corporate activities and priority activities for 2011-12;**
 - (b) to note the schedule of key performance indicators (KPIs) and key management information (KMIs) which would be used as the basis for quarterly performance reporting to the Senior Management Team, Resources Committee and the Board.**

Items for Comment/Discussion by Exception

11. RESEARCH AND LEARNING – NEW DIRECTION (Board/(P11)18)

- 11.1 This report presented recommendations arising from a recent review undertaken by the Research and Learning function. It proposed that the Big Lottery Fund should move from being primarily a research commissioner to being a learning enabler.
- 11.2 In discussion the main points raised included:
- (1) Officers explained that the objectives would be achieved through the following key work packages: thematic analyses; rapid response; maximising impact; learning and; replication and innovation.
 - (2) It was suggested that the Big Lottery Fund could use its learning to take more of a leadership role in some areas.
 - (3) Previously advice had been provided by the Research & Learning working group but it had been agreed with the Interim Chair that this was not the most effective way of taking this forward.
 - (4) There would be regular updates to the Board through reporting on the Strategic Framework.
 - (5) The change in focus would, inevitably, mean that some previous activities would no longer be undertaken. There would be close liaison with country directorates regarding support for their needs.
 - (6) The relationship between research and learning and decision-making should be considered.

- 11.3 Subject to the comments made, **the Board agreed to note the new direction for the Research and Learning function at the Big Lottery Fund.**

ACTION: Director Strategy Performance & Learning

12. BUSINESS PROCESS RE-ENGINEERING UPDATE (Board/(P11)19)

- 12.1 This report provided an update on the Business Process Re-engineering Programme (BPR), particularly in relation to people, systems and cost issues. The Director for England explained that update reports had also been considered

by the Audit & Risk and Resources Committees at their recent meetings. The Deputy Director Business Development outlined the ongoing activity, including the installation of the SAP software within the Big Lottery Fund.

12.2 In discussion the main points raised included:

(1) The Director of Finance & Corporate Services explained that a full review of the costs and financial benefits against the approved business case would be prepared for the May 2011 Resources Committee meeting.

(2) Judith Donovan, Chair of Resources Committee, expressed concern about the reporting on the programme, given the governance arrangements previously agreed by the Board.

(3) It was also important that the various update reports to the Board and Committees contained consistent information.

(4) Roland Doven, Chair of Audit & Risk Committee, reported that the Committee had discussed the programme risk registers and their handling. He also endorsed the need for a clear audit trail and adherence to agreed governance arrangements.

(5) He suggested that the Internal Audit programme might accommodate an earlier review of the BPR governance arrangements.

(6) The Director for England explained the reasons why it had not been possible to finalise the Gateway 3 Review report sooner. As agreed previously, the final version would be issued to those who had participated in the Review.

ACTION: Director for England

(7) The Board welcomed the appointment of Peter Makeham as an independent adviser to the programme.

(8) Officers explained the proposed arrangements to communicate with staff over the coming months and that discussions were ongoing with the trades unions with whom there was a structured plan of engagement. Views had also been sought from a sample of staff not involved with BPR.

(9) It was suggested that the Board should be assured, on a regular basis, that the staff were coping with change and the introduction of the new system without undue anxiety or increased levels of sickness absence.

12.3 Subject to the comments made, **the Board agreed:**

(a) to note this report;

(b) that the mechanism for briefing, and reporting to, the relevant non-executives should be discussed and agreed outside the meeting;

**ACTION: Chief Executive/Chair/J Donovan/
Director for England**

(c) that the Board should be assured that satisfactory reporting arrangements had been agreed.

ACTION: Chief Executive

13. MEDIA UPDATE (Board/(P11)20)

13.1 The Director of Communications & Marketing highlighted the following:

(i) The Big Lottery Fund continued to receive significant positive publicity, in particular the Jubilee People's Millions and the launch of the Big Lunch.

(ii) She described the coverage resulting from the People Powered Change event in Salford on 25.3.2011.

- 13.2 **The Board commended officers on their work, including the regional press engagement, and agreed to note this report.**
14. UPDATE ON NEW PROGRAMME DEVELOPMENT (Board/(P11)21)
- 14.1 This was the latest report in the series reporting on the programmes currently being developed across the Big Lottery Fund.
- 14.2 **The Board agreed to note:**
- (a) **that the five new programmes were currently forecast to be within key corporate targets;**
 - (b) **the sequencing of programme builds on Merlin was on track to achieve expected programme launch dates.**

Committee Reports

15. COUNTRY COMMITTEE REPORTS
- (i) Scotland Country Committee
- 15.1 Jackie Killeen reported on recent Scotland Committee meetings and progress with programmes and significant projects.
- 15.2 The minutes of the Scotland Committee meeting held on 10.11.2010 had been circulated to the Board and **received by correspondence**.
The minutes of the meeting held on 9.3.2011 would be circulated as soon as they were available. **ACTION: Head of Board Secretariat**
- (ii) Wales Country Committee
- 15.3 Janet Reed reported that Policy Directions for Dormant Accounts in Wales were expected shortly. She also explained the current situation on the Lifeskills Programme. Wales Committee members welcomed their involvement in UK-wide work.
- 15.4 The minutes of the Wales Committee meeting held on 15.3.2011 would be circulated as soon as they were available.
ACTION: Head of Board Secretariat
- (iii) England Country Committee
- 15.5 Sanjay Dighe said that the England Directorate was now established in Birmingham. He reported on the People Powered Change event on 25.3.2011 and the initiative with the London Evening Standard which it was hoped to replicate similarly elsewhere.
- 15.6 The minutes of the England Committee meeting held on 8.2.2011 had been circulated to the Board and **received by correspondence**.

- The minutes of the meeting held on 8.3.2011 would be circulated as soon as they were available. **ACTION: Head of Board Secretariat**
- (iv) Northern Ireland Country Committee
- 15.7 Frank Hewitt provided a brief update on programmes and reported that the Northern Ireland Committee would be preparing a list of major issues for the incoming Board Chair.
- 15.8 The minutes of the Northern Ireland Committee meeting held on 21.1.2011 would be circulated by correspondence.
ACTION: Head of Board Secretariat
- 15.9 **The Board agreed that consideration should be given to ensuring connectivity between the five grant portfolios. This could be included in the survey on the Strategic Framework.**
ACTION: Director Strategy Performance & Learning
16. REPORT FROM AUDIT & RISK COMMITTEE
- (i) Meeting of Audit & Risk Committee held Friday 11 March 2011 (A&R/(MINS11)1)
- 16.1 Roland Doven, Chair of Audit & Risk Committee, reported the following:
- (i) The Committee had received a helpful briefing on the risks associated with non-Lottery funding.
 - (ii) It had discussed an update on the current status of the BPR Programme and raised concern about the use of risk registers.
 - (iii) It had noted good progress on the outstanding audit recommendations.
 - (iv) It had discussed risk appetite and the main areas to be followed up.
- 16.2 Roland Doven also highlighted matters which the Committee, in its review of the corporate risk register had asked to be reported to the Board:
- (i) the risk register was being actively managed in line with good practice and the risks currently recorded reflected the major risks of the organisation;
 - (ii) the heat map had been provided for information with a list of brief risk descriptions underneath (including BPR risks);
 - (iii) the Committee agreed the amber rating of all the corporate risks;
 - (iv) to note that a red rated risk (*Risk 2 – UK government imposes a cut in BIG's operating cost that is inconsistent with the current business model*) had materialised and therefore been closed but appropriate contingency planning for cost reductions mitigated the impact.
- 16.3 **The Board agreed:**
- (a) **to receive these minutes;**
 - (b) **to note the issues highlighted at paragraph 16.2 above.**

17. REPORT FROM RESOURCES COMMITTEE

- (i) Meeting of Resources Committee held on Thursday 17 March 2011
(Res/(MINS11)1)

17.1 Judith Donovan, Chair of the Resources Committee, highlighted the Committee's discussion on the employee opinion survey results. The rest of the meeting was mainly concerned with the budget and corporate planning issues at Items 9 and 10 above.

17.2 **The Board agreed to note:**

- (a) this report;**
(b) that the minutes of the meeting held on 17.3.2011 would be circulated as soon as these were available.

ACTION: Head of Board Secretariat

18. REPORT FROM UK FUNDING COMMITTEE

- (i) Meeting of UK Funding Committee held
on Tuesday 15 March 2011 (UKFC/(MINS11)1)

18.1 Rajay Naik, Chair of the UK Funding Committee, reported from the first meeting of the Committee on 15.3.2011 and particularly commended the country contributions to the discussion. He highlighted the following:

- (i) The Committee had agreed its terms of reference.
(ii) At its next meeting in July 2011 it was intended to bring members up to date on all the UK programmes.
(iii) It would receive a strategic update on Partnerships and Public Engagement at its next meeting.
(iv) It had agreed proposals for the Replication and Innovation Programme.
(v) It was keen to reduce the number of Chair's actions and replace them with an agreed written procedure.

18.2 Diana Whitworth, Chair of the International Committee, reported from the Committee meeting held on 22.3.2011. It had discussed, among other issues, capacity building and officers' monitoring visit to South America. It had deferred further discussion on the Strategic Grants Programme until the UK Funding Committee had conducted its planned overview of all its programmes.

18.3 **The Board agreed to note:**

- (a) these reports;**
(b) that the minutes of the UK Funding Committee meeting held on 15.3.2011 would be circulated as soon as they were available.

ACTION: Head of Board Secretariat

19. ANY OTHER BUSINESS

19.1 Hotel Accommodation: May Board meeting

The Board agreed that the Board Secretariat should canvass Board Members' requirements for accommodation around the May 2011 Board meeting with a view to obtaining advantageous rates.

ACTION: Head of Board Secretariat

20. DATE TIME AND VENUE OF NEXT MEETINGS

20.1 Monday 16 May 2011 Resources Committee at 1315, Plough Place (all Board Members welcome).

20.2 Tuesday 17 May 2011 Board meeting at 0930 at Big Lottery Fund, Plough Place.

[Secretary's note: the above was agreed subsequent to the meeting]

20.3 The Board Away Day had been scheduled for 22/23 June 2011, probably in Bristol.

There being no further business the meeting closed at 1430.

CHAIR