

## UK COVID-19 INQUIRY

### WITNESS STATEMENT OF DAVID KNOTT

I, David Knott, of The National Lottery Community Fund, will say as follows:

1. I am employed by The National Lottery Community Fund (the Fund) as Chief Executive, a post I have held since October 2021. I was previously Interim Chief Executive of the Fund between June 2021 and October 2021, and Senior Advisor between October 2020 and June 2021.
2. Before joining the Fund, I was the Director of the Office for Civil Society within the Department for Digital, Culture, Media and Sport (DCMS) between November 2017 and October 2020.
3. I make this statement in response to the request from the UK Covid-19 Public Inquiry (the Inquiry), dated 1 April 2025, under Rule 9 of The Inquiry Rules 2006 (SI 2006/1838), requiring the Fund to provide the Inquiry with a witness statement in respect of specified matters relating to Module 9.
4. Save for where it is stated otherwise, the contents of this statement are within my own knowledge.
5. This statement is made to the best of my knowledge and belief and is accurate and complete at the time of signing. Notwithstanding this, it is the case that the Fund continues to prepare for its involvement in the Inquiry. As part of these preparations, it is possible that additional relevant material will be discovered. In this eventuality, the additional material will of course be provided to the Inquiry, and a supplementary statement will be made if need be.
6. For matters before June 2021, my statement relies on the Fund's records. For matters after June 2021, I am relying on my own experience and recollection and Fund records.
7. This witness statement addresses the questions posed by the Inquiry in Annex A of the Rule 9 request dated 1 April 2025. I first provide a general overview of Fund activities during the pandemic to establish context. The statement then addresses each part of the Inquiry's request in sequence:
  - a) Part A (paragraphs 9-28) covers the background and context of the economic impact of the pandemic on the Voluntary, Community and Social Enterprise (VCSE) sector.
  - b) Part B (paragraphs 29-38) outlines the Fund's specific role in the economic response to the pandemic, including surveys conducted and data gathering.

- c) Part C (paragraphs 39-177) details the economic support provided by the Fund to the VCSE sector, addressing each of our major interventions:
    - i) The Coronavirus Community Support Fund (CCSF) in England;
    - ii) The Supporting Communities Fund (SCF) and Community Recovery Fund (CRF) in Scotland; and
    - iii) The Covid-19 Charities Fund (CCF) in Northern Ireland (paragraphs 131-177).
    - iv) In Wales, we did not distribute Government emergency funding, but across our UK programmes, including Wales, we repurposed existing National Lottery funding.
  - d) Part D (paragraphs 178-195) addresses inequalities, impact assessments, and support for vulnerable groups.
  - e) Part F (paragraphs 196-228) covers lessons learned and reflections.
8. Where relevant, I address experiences in England, Scotland, and Northern Ireland separately to reflect the different approaches taken across these three countries, particularly for Government-funded programmes which the Fund helped to deliver. The section of my statement where I address the Government-funded emergency grants distributed by the Fund in Northern Ireland is set out separately to the sections on England and Scotland. This reflects the structure of the Inquiry's questions in the Rule 9 request dated 1 April 2025.

## **PART A: Background and context**

### Overview of National Lottery Community Fund grant making during Covid-19

9. The National Lottery Community Fund is a non-departmental public body established by an Act of Parliament. The Fund delivers grants to communities as set out in the National Lottery Act 2006. It has additional powers to deliver funding from non-Lottery income, primarily on behalf of devolved administrations across the UK. During the Covid-19 pandemic, the Fund delivered both Lottery-funded grants and those on behalf of UK, Northern Ireland, and Scottish governments in support of communities. The directions for each of those Government interventions were received from each of the devolved administrations and therefore differ in their intention, size, and scale.
10. The Fund is an experienced distributor of funding and is well-positioned to provide and evidence the impact of grant interventions in supporting organisations and communities across the UK affected by the pandemic. The Fund did commission evaluations of the economic impacts of its emergency grants distributed to the VCSE sector during the pandemic.

11. The Fund is not primarily a funder of the arts and cultural sectors, except as a secondary aspect of our focus on community organisations. Other funders, such as the Arts Council England, have this as their primary aim.
12. As per the Module 9 Provisional Scope of Outline, this statement primarily addresses Government-funded programmes delivered by the Fund during the pandemic. For the sake of completeness and context, I also provide a summary of National Lottery-funded programmes undertaken by us during the pandemic.
13. Informing our response, the Covid-19 pandemic exposed and reinforced inequalities in society, with some groups facing heavier health and economic impacts. Essential workers – such as those working in hospitals, shop staff, and transport workers – were at higher risk of infection, and more likely to be lower paid. The disease had a disproportionate impact on minoritised ethnic communities, with increased risk of death for those of Black and South Asian ethnic background. Men from minority groups and women were more likely to be working in sectors shut down during the pandemic.
14. The experience of lockdown could be very different for those living in flats compared to those with houses and gardens, or those in shared accommodation compared to those living alone. Parents faced the demands of home schooling and childcare. As work and services moved online, many were excluded by lack of access to data, devices, and digital skills.
15. In April 2020, Chancellor Rishi Sunak announced a £750 million package of support for charities during the pandemic. As well as £360 million direct from Government, £370 million was for smaller charities, including through a grant to the Fund.
16. The Fund is a grant making operation under its own devolved model, with most funding staff working in the communities it serves. This means our people are working on the ground, with well-established networks and relationships in communities in every constituency of the UK. During the pandemic we were able to react quickly to get funding into those areas where extra or new support was needed. Our staff continued to be hugely committed and flexible to the new ways of working that became our reality, ensuring we continued to meet the needs of the communities we serve.

#### Overview of Government-funded Fund programmes

17. During the pandemic, we worked with UK and devolved governments to distribute funds.
18. In Northern Ireland, the CCF supported 501 charities facing financial difficulties as a result of the pandemic, distributing £8.8 million on behalf of the Department for Communities (DfC).

19. In Scotland, the Fund made total awards of £11.4 million through the Scottish Government's SCF and two rounds of the Scottish Government's CRF.
20. In England, the CCSF distributed £200 million of DCMS funding supporting 8,247 organisations. Grants offered six months of emergency funding, prioritising organisations supporting those disproportionately affected by the crisis.
21. In Wales, the Fund did not distribute emergency Covid-19 support funding on behalf of government.

#### Brief overview of National Lottery-funded programmes

22. Between the 1st April 2020 and the 31st March 2022, we awarded 22,807 grants from our National Lottery funds, with a total value of £836,180,486. As we explain in the following sections, this was distributed via a range of different approaches, from direct support through new programmes to adaptations to our regular grant making streams.
23. In addition to the Government-funded programmes, referred to above, in all our country portfolios (England, Northern Ireland, Scotland, and Wales), we repurposed our National Lottery-funded grant programmes so that they were better placed to respond to the economic shock felt by voluntary and community organisations and the communities they served as a result of the pandemic. Our National Lottery-funded programmes remained open to applications and prioritised applications from organisations that:
  - supported people who were at high risk from Covid-19;
  - supported communities most likely to face increasing demand and challenges as a direct result of measures to prevent the spread of Covid-19;
  - had high potential to support communities with the direct and indirect impact of Covid-19; and
  - experienced cash flow problems caused by the Covid-19 crisis.
24. We provided £151.3 million of National Lottery funding to support the VCSE sector between the 1st April and 30th November 2020, including £20.5 million of variations to our grant agreements with existing grant holders and £53.9 million through External Delegation Agreements (EDAs). By using EDAs, we could delegate our authority to make grants, asking partners to use their specialist insight to target funding where it would have most effect. By changing our processes, we were able to get money to communities faster.
25. By way of example, in England, our National Lottery-funded programmes included:
  - The £5 million Barrow Cadbury Covid-19 Support Fund which supported groups working with migrants and refugees.

- The Catalyst Covid-19 Digital Response programme which helped organisations to build digital capacity, distributing £4.95 million, making 197 grants with an average amount of circa £28,000 per award.
- The Community Justice Fund distributed £5 million which provided specialist legal advice to cope with increased demand, while providing training and practical support for longer-term recovery.
- The Fund contributed just over £2 million to the Covid-19 Direct Emergency Response of Children and Young People Fund, giving 2,915 children and young people access to over 9,000 essential items to support their learning, development and wellbeing.
- The Covid-19 Community Led Organisations Recovery Scheme (CCLORS) which supported community businesses and organisations, distributing grants worth a total of £9.3 million, targeting those supporting people at high risk from Covid-19, with an emphasis on groups led by or supporting people from Black, Asian, and minoritised ethnic communities. In total, CCLORS made 299 grants.
- The Covid-19 Frontline Women's Fund which gave emergency funding to organisations supporting women in crisis, to safeguard services and meet increased demand, distributing £475,000 in 2020-21. In total 32 grants were made, with an average grant size of £14,844.
- Delivered by Homeless Link, the Covid-19 Homelessness Response Fund gave frontline organisations financial support to protect vital services. The £5 million programme gave emergency funding to 89 organisations to keep vital services open. In 2021, an underspend of £1.1 million went to the Homelessness Winter Transformation Fund, supporting 31 organisations to offer safe, single room accommodation.
- Early in the pandemic, membership network London Funders coordinated the London Community Response Fund, a single point for charities and community groups to access funding from 60 different trusts, foundation, and funders. We contributed £7 million to Wave 3, reaching 201 charities and community groups working across London.
- The Covid-19 Social Enterprise Support Fund which helped social enterprises adapt, making premises Covid-19-safe, and offering financial support to survive the crisis. We funded a consortium of five partners through individual EDAs to distribute £18.7 million to social enterprises in 2020, with a further £18 million awarded for a Restart and Recovery fund in 2021.

26. Through our National Lottery-funded Covid-19 grant programmes, our funding reached some of the most vulnerable such as people experiencing long-term illness or financial hardship. This is evidenced in greater detail in the report titled 'Evaluation of the National Lottery Covid-19 Fund' dated September 2021, prepared by Ipsos Mori on our behalf, which I exhibit as DK/01 - INQ000606577.
27. We worked with our partners and communities across the devolved administrations, using this insight to support communities in need. This included, for example, collating the views of Welsh and Scottish grant holders who highlighted the short-term economic impacts of the pandemic, allowing us to make better grant making decisions with respect to these sectors. Later, as we began to plan for recovery and resilience, we developed more programmes looking beyond the immediate emergency response, such as setting up the UK-wide Emerging Futures Fund.
28. In the 'Evaluation of the National Lottery Covid-19 Fund', exhibited as DK/01 - INQ000606577, the most common outcomes reported by grant holders were: 83% of people's mental health and wellbeing improved, 76% reported that their work helped people feel less lonely, and 69% of people had more social contact. 52% of grant holders reported that their activities had helped reduce or prevent the need for public services. The funding also boosted volunteer numbers, with two in five (39%) grant holders recruiting new volunteers, totalling an estimated 52,410 new volunteers. Almost all (99%) of those who volunteered felt that they benefited from the experience. Most felt they were making a difference (85%) and it had given them a sense of purpose and personal achievement (65%).

## **PART B: The Fund's role in the economic response to the pandemic**

### Surveys conducted by the Fund during the pandemic

29. In June 2020, as part of our Customer Experience Survey, we wished to understand the issues organisations were facing during Covid-19. The survey highlighted a number of challenges, the most pressing being financial pressure, increased demand on services, the pace of change, and identifying new ways to continue to operate. This is evidenced in the presentation titled 'Covid Research Deep Dive' produced in June 2020, which I exhibit as DK/02 - INQ000606578. This presentation was shared with Fund leadership and internal teams.
30. The 'Impact Evaluation of the Coronavirus Community Support Fund' report produced in September 2021 by Ipsos Mori on our behalf, which I exhibit as DK/03 – INQ000606579, summarises findings from research conducted between November 2020 and June 2021 about the impact the CCSF had on people and communities that

were supported, organisations that were funded, and the volunteers involved. This includes findings from surveys of 6,712 grant holders and 9,466 volunteers. In addition, over 260 grant holders were interviewed to understand the impact of the funding on their organisations, beneficiaries, and volunteers, and their stories and experiences.

31. In Scotland in March 2020, we spoke to all our grant holders (recipients of over £10K) to understand their needs and ensure that they were able to make best use of the flexibility and additional offers set out in our early statements in response to Covid-19. Along with the Scottish Government and fellow funders, we supported the Scottish Third Sector Tracker which was established to track the impact of Covid-19 on the VCSE sector in Scotland. This has continued to provide a useful overview of the state of the VCSE sector in Scotland with timely information about how it is responding to a rapidly changing operating environment and the support that it needs.
32. In Wales, we shared data relating to our application pipelines and awards with other funders providing emergency Covid-19 funding - working collectively to minimise duplication, understand the spread of funding, and ensure a more equitable distribution of limited resources.

#### Other Fund work which informed the economic response to the pandemic

33. We commissioned the evaluation of National Lottery-funded grants, as part of the same evaluation contract for the CCSF in England. This helped us understand the impact of our response and was shared with DCMS. The evaluation and learnings are evidenced in the report titled 'Evaluation of the National Lottery Covid-19 Fund', dated September 2021, which I have previously exhibited as DK/01 - INQ000606577.
34. In May 2020, we convened a roundtable event with a range of ethnically minoritised VCSE groups. Recognising the disproportionate impact of Covid-19 on minoritised ethnic communities, and the way inequalities are mirrored in the VCSE sector, the groups looked at emergency support needs, medium term infrastructure development, and long-term strategic planning.
35. As a result, we established the National Lottery-funded Phoenix Fund aiming to address inequalities faced by ethnically minoritised-led groups. It was launched with a grant of £1.4 million to Global Fund for Children (GFC), who brought 25 years' experience of getting money to underfunded communities. The new fund was co-designed by leaders with lived experience, who collaborated with GFC to make the funding decisions. Organisations with a turnover under £100,000 could apply for grants up to £20,000 across four funding rounds, with flexible grants that could be used for

core costs and to meet community needs as groups saw fit. The aim was both to help the emergency response and to address inequalities faced by ethnically minoritised-led VCSE organisations.

36. After a successful pilot in early 2019, in 2020 we launched the Leaders with Lived Experience programme across the UK. It supported organisations set up or run by people with first-hand experience of a social issue - working to create positive change for communities and people who experience that issue. It aimed to support lived experience leaders and their organisations to contribute to Covid-19 recovery and renewal efforts.
37. The Leaders with Lived Experience decision panel, which included lived experience leaders from the pilot cohort and the wider movement, awarded 49 grants totalling £2.4 million – almost triple our previous investment in lived experience leadership. Learning from the programme highlighted the persistence and resilience of these leaders. The pilot programme cohort was particularly innovative and committed to supporting communities during Covid-19, even in cases where mainstream organisations were retreating.
38. We also, for existing programmes, flexed their delivery to adapt to the challenges presented by Covid-19. For example, we made changes to the HeadStart – England strategic programme which addressed young people’s mental health and wellbeing - and also made changes to the A Better Start - England strategic programme which addressed early childhood development.

## **PART C: Economic Support for the Arts, Cultural and VCSE sectors**

### Chronological narrative of the Fund’s Government-funded economic interventions

39. This section of my statement focuses on emergency grants distributed by the Fund using Government funds in England, Scotland, and Northern Ireland. I address Government-funded programmes in Northern Ireland after the sections on England and Scotland, in accordance with the structure of the Rule 9 request dated 1 April 2025. As noted earlier, we did not deliver any Government-funded programmes in Wales. The Fund did not provide grants through the Culture Recovery Fund.
40. In England, the CCSF totalled £199 million of DCMS funding (£187 million was distributed after administration and evaluation costs had been deducted). Grants offered six months of emergency funding, prioritising organisations supporting those disproportionately affected by the Covid-19 crisis. Funding also emphasised building capacity for groups led by ethnically minoritised communities, disabled people, and LGBTQ+ people, so they would be in a stronger position to address inequalities after

the initial crisis response. The scheme was open for applications from May to October 2020.

41. In Northern Ireland, the CCF supported 501 charities facing financial difficulties as a result of the pandemic, distributing £8.8 million on behalf of the DfC. It was open to organisations which had lost fundraising or trading income that could not be covered by existing grants or public funding - offering up to £75,000 to cover demonstrated financial deficits. We delivered two rounds. The first opened to applications in June 2020, closing in July, and the second opened in August, closing in late August.
42. In Scotland, we made total awards of £11.4 million through the Scottish Government's SCF and two rounds of the Scottish Government's CRF.
43. The SCF was opened by the Scottish Government during the first lockdown and was aimed at community anchor organisations with good capacity and governance to provide existing, new, or modified services to support isolated people and the most vulnerable. It engaged several key networks and funders who already had a working relationship with community anchor organisations, had existing relationships, and were well positioned to judge where to place the funds. We were one of the intermediary bodies processing the funds. The SCF opened in March 2020 and closed in November 2020.
44. The Scottish Government's CRF was designed to provide support to communities to recover and re-open services post-lockdown and post-vaccination implementation. It had a more open approach than the SCF but relied on the same delivery partners. It had two phases, reflecting different financial years. We were an active partner in distributing funds. The first round opened in November 2020 and closed in March 2021. The second round opened in September 2021 and closed in December 2021.

#### Breakdown of how funds were allocated across sectors

45. Throughout the UK, the Fund provides grants across the VCSE sector – all of our work falling within the broad category of 'community support'. During the Covid-19 pandemic, grants were awarded to increase support for vulnerable communities affected by the crisis and reduce the closure of organisations delivering essential services. Some of our funding supported VCSE organisations to pivot their activity to support communities during the pandemic – for example, by providing access to food or online activities. As such, though our funding did intersect with other sectors, community support was the unifying theme of our funding provision. As noted earlier in this statement, the Fund is not a distributor of funding primarily to the arts and cultural sector.

46. During the pandemic, we developed a taxonomy of organisation type and their intended impacts. This was used to capture data at the application stage so we could better understand the scope and scale of demand in April to May 2020. The taxonomy was also used to understand customer experience. A visual showing the taxonomy of organisation type and impact is shown on page 3 of the presentation titled 'Covid Research Deep Dive' produced in June 2020, previously exhibited as DK/02 - INQ000606578.
47. We also used census and deprivation data to understand the geographical spread of population, deprivation, and the size of communities of interest.

#### Planning undertaken prior to introducing emergency grants

48. The Fund is not a civil emergency response organisation. Our primary objective is the distribution of funds raised by the National Lottery and through the Dormant Assets Scheme. As with all organisations, at the beginning of the pandemic, we needed to ready ourselves as the situation evolved. This included reviewing our Business Continuity Plan and ensuring our systems and processes would work in an environment where our staff could no longer meet face-to-face and we would not be able to use our office facilities. Our starting point was good. As a community funder, we have people based in communities across the country and therefore we were used to managing remote-based staff and had the technology and systems to support them. We made further system changes to enable our teams to remain active – for example, our advice line switched to a new way of operating to ensure calls could be handled effectively by people based at home.
49. Our ability to maintain operations during the Covid-19 pandemic was further strengthened by early investment in cloud technologies. Launched in 2018, our 'Journey to Cloud' strategy meant that key systems like our grant making platform were already accessible remotely for our community-based funding workforce when the pandemic hit. We had also proactively invested in remote access tools (such as Virtual Private Network (VPN)), allowing our community-based workers to access legacy systems securely from remote locations. During the pandemic we were able to swiftly and securely extend this to the wider workforce. The only significant technological change required was moving our landline-based telephony system to the cloud. The prior research and the availability of in-house technical skills enabled us to adopt the new telephony system confidently and rapidly, without relying on third-party experts, who would have been in high demand at that time. Consequently, we maintained high-quality customer communications without disruption, even as

operations shifted to a fully remote model. Our experience underscores the vital role of forward-thinking technology investments and adaptability in ensuring operational continuity amidst unexpected disruptions.

### **Design of the Government-funded economic interventions delivered by the Fund in England and Scotland**

50. With respect to the Government-funded interventions, we delivered the interventions and our involvement in programme development – including any modelling, forecasting and scenario analysis – varied depending on the Government-funded programme. Different approaches were taken with respect to different Government-funded programmes.
51. The principal Government-funded interventions managed by the Fund in England and Scotland were the CCSF in England and the SCF and CRF in Scotland. I note that the design of these interventions sat largely with the relevant government. Our role was primarily to manage and deliver the grant programmes. We are therefore not in a position to provide detail on how these interventions were designed, except insofar as we provided input, as detailed below.
52. The Scottish Government announced a support package before the UK Government Covid-19 support package was made available. Devolved Administrations received a Barnett Consequential but were responsible for their own support packages.

#### Design of the CCSF

53. The CCSF was established in May 2020 with the following main objectives:
  - To increase community support to vulnerable people affected by the Covid-19 crisis, through the work of civil society organisations.
  - To reduce temporary closures of essential charities and social enterprises – ensuring services for vulnerable people impacted by Covid-19 had the financial resources to operate, and so reduce the burden on public services.
54. Discussions with DCMS regarding the CCSF, which included scoping what it was seeking to achieve and how it would be delivered, started in early 2020. I exhibit as DK/04 – INQ000606580 the amended grant agreement between DCMS and the Fund originally dated 21 May 2020 and varied on 26 March 2021. The CCSF was open for applications from 22 May to 17 August 2020.
55. A total of £199m of DCMS funding was allocated to CCSF and £187 million was distributed by the Fund after administration and evaluation costs had been deducted.
56. CCSF funding was distributed via existing products offered by the Fund:

- Simple product: grants up to and including £10k delivered via the National Lottery Awards for All funding programme.
  - Standard product: grants over £10k.
57. All grant holders had up to six months to spend their grant. A detailed process evaluation was produced in July 2021 by Ipsos Mori on our behalf titled 'Process Evaluation of the Coronavirus Community Support Fund' which I exhibit as DK/05 - INQ000606581.

#### Design of the Fund's economic interventions in Scotland

58. On 18 March 2020, the Scottish Government announced a £350 million funding package to support communities responding to Covid-19. Of this, £110 million directly focused on:
- supporting the VCSE sector to overcome liquidity problems (Resilience Fund £20 million);
  - supporting and co-ordinating grassroots community responses (SCF £40 million); and
  - supporting the most vulnerable (Wellbeing Fund £50 million).
59. Working with the Scottish Government and other funders, we helped deliver total awards of £11.4 million through the SCF and two rounds of its successor, the CRF. The awards comprised 51 awards in the SCF, 385 awards in the CRF and 39 awards in CRF 2.
60. The SCF was aimed at community anchor organisations which were well placed and had good capacity and governance to provide existing, new, or modified services to support isolated people and the most vulnerable. The SCF was delivered by a consortium of organisations convened by the Scottish Government under the umbrella of the SCF Partnership (SCFP): a group of nine networks and funders who already had a working relationship with community anchor organisations which included the Fund. Community anchor organisations had existing relationships and were well placed to judge where to distribute the funds. We were one of these intermediary bodies distributing the funds. The SCFP was able to use its collective experience and systems to move quickly to develop and deliver programmes, with the first awards made through the SCF on 23 April 2020.
61. The CRF, a further phase evolving from the SCF, was designed to support communities to recover and re-open services post-lockdown and post-vaccination implementation. It had a more open approach than the SCF but relied on the same

delivery partnership. It had two phases reflecting different financial years. The Fund was an active partner in distributing funds.

62. The SCF and CRF were delivered under grant agreements with the Scottish Government, Housing and Social Justice Directorate, Social Justice and Regeneration Division. I exhibit as DK/06 – INQ000606582 a copy of the SCF grant agreement dated 29 April 2020. I exhibit as DK/07 – INQ000606583 a copy of the CRF grant agreement dated 25 March 2021. We worked in partnership with the Scottish Government and other members of the SCFP to develop and deliver funding. Each partner organisation in the SCFP was given a separate main grant contract. We were then required to distribute these funds to applicant organisations in our networks. Weekly meetings were held, and all applications were brought to a central point to have a decision made by Scottish Government officials in conjunction with all the SCFP members.
63. We used our standard processes built onto our Grant Management System and used grant terms and conditions required by the Scottish Government. The Scottish Government 'Supporting Communities Fund: evaluation' report, dated February 2022, provides an overview of the SCF. I exhibit a copy of this report at DK/08 - INQ000606584.

#### The Fund's prior experience of administering funding

64. The Fund has extensive experience working with communities across the UK. As a non-departmental public body, we are accountable to DCMS and Parliament. We regularly distribute funding on behalf of government departments, ensuring high standards of governance while minimising bureaucracy.
65. Our systems and processes are designed to allow us to deliver funding quickly and efficiently to where it is most needed. We are accustomed to delivering funding widely and quickly by leveraging our economies of scale, with low operating costs of 7.75% of our total Lottery income.
66. Our systems are regularly audited by DCMS and the National Audit Office, including through our annual accounts. We also meet the Cabinet Office's Grant Standards.
67. Many working in the VCSE sector look to our practices as a benchmark. We have a strong track record of delivering high quality programmes for the VCSE sector, often at pace and in addition to our core funding portfolio. In 2020, our average customer satisfaction score was 83%, which is above our organisational target. This increased during 2021 to 86%. Further evidence of our customer satisfaction levels throughout the pandemic is summarised in our Customer Satisfaction Tracker for 2021 which I

exhibit as DK/09 – INQ000606585, and our Customer Satisfaction Tracker for 2022 which I exhibit as DK/10 – INQ000606606.

68. In the past two years, we have successfully delivered several major third-party programmes: the Community Organisations Cost of Living Fund and the Million Hours Fund in England, the Scottish Land Fund on behalf of the Scottish Government in 2023, the Life Skills programme in Wales, and the UK-wide Coastal Communities Fund. Thanks to our agility and experience, these programmes provided significant investment directly to VCSE organisations and the communities they serve.
69. We have received consistently positive feedback from DCMS and other Government departments such as Ministry of Housing Communities & Local Government (MHCLG), including recognition of our ability to manage complexity and design innovative funding approaches, such as through the Changing Futures Fund.

#### How we prioritised organisations and individuals for immediate financial support

70. In England, the Fund designed the criteria and guidance for CCSF funding jointly with DCMS with input from VCSE leadership such as National Council for Voluntary Organisations (NCVO). The aim was to fund a broad type of organisation as it was recognised that smaller voluntary organisations were playing a significant role supporting people during the pandemic alongside registered charities. The types of organisations that were eligible were:

- constituted voluntary or community organisation, eligible for up to £10,000
- constituted group or club, eligible for up to £10,000
- registered, exempt or excepted charity
- charitable incorporated organisation (CIO)
- not-for-profit company, with a clear social mission analogous to a recognised charitable purpose and with a constitution that preserves the social mission and community benefit
- community interest company (CIC) limited by guarantee
- community interest company (CIC) limited by shares
- community benefit society.

The CCSF funded organisations to:

- continue to deliver activity, whether responding to the immediate crisis or supporting recovery activity
- change and adapt, becoming more resilient in order to respond to new and future challenges.

The eligibility, systems and processes used were the Fund's existing approaches adapted to the targeting and aspirations of the funding. This means the programme was delivered on established, audited, and tried and tested grant-making methodologies.

71. The CCSF provided a broad offer of support which had wide eligibility criteria for VCSE organisations. In light of that, we did not develop a ringfence mechanism or allocate financial support for specific organisations and individuals. However, we recognised that some communities, such as disabled people and Black, Asian and ethnically minoritised communities, were being hit hard by the pandemic. We delivered communications activity to proactively promote the programme to organisations coming from and working within those communities.
72. Therefore, rather than targeting particular organisations, we used proactive communications and criteria to identify the strongest proposals. For the CCSF, the process of assessing applications is outlined on page 6 of the CCSF Staff Guidance (first developed in May 2020, and regularly updated), which I exhibit as DK/11 – INQ000606636. The guidance on criteria and assessment of applications is set out on page 22 of the CCSF Staff Guidance. The criteria we considered included: how well did the funding request align with our CCSF priorities; did the proposal promote equity, diversity, and inclusion; the financial position and funding requirements of the organisation; whether the organisation was financially robust prior to the Covid-19 pandemic; and what financial the organisation needed to survive over the next 6 months.
73. The Process Evaluation of the CCSF, exhibited as DK/05 – INQ000606581, evidences the important role played by stakeholder organisations. The joint relationship between DCMS and HM Treasury ensured oversight of what requests were coming in to central government from civil society organisations and what the gaps were to inform the development of the criteria. The established relationship between DCMS and the Fund was important, particularly in the context of designing the CCSF virtually with staff working from home. The evaluation reflects a positive team environment, built around a shared endeavour, enabled efficient working relationships and collaboration across three organisations where compromises were reached, for example, about the length of the grants. These discussions were facilitated by constructive working relationships and the common aim to develop a grant scheme that would work for the sector. In turn, this generated trust and allowed for open and honest conversations about what was working well and less well.

## How decisions were made regarding who should be prioritised for support

74. For the CCSF, applications were assessed by experienced Fund staff and were reviewed at a panel made up of our Heads of Funding and Deputy Directors. The Fund has a large number of experienced Funding Officers who would check the eligibility of the applicant organisation, undertake due diligence, and assess the quality of the proposal against other applications. This was overseen by our Funding Managers. The decisions made by this panel were then reviewed by a DCMS Rapid Review process. I exhibit as DK/11A – INQ000617047 an example dated August 2020 of the weekly updates on grant applications that were shared with DCMS and PricewaterhouseCoopers (commissioned by DCMS) as part of the Rapid Review process. DCMS retained PricewaterhouseCoopers to carry out checks (in addition to the Fund's standard due diligence on grant applications) on the applicant organisations. If no issues were identified, the Fund then awarded the grant to the organisation.
75. For grants above £300,000, we created a Joint Panel committee with representation from DCMS, Fund non-executives, and VCSE sector leaders who informed the Fund's funding decisions. All other decisions were made solely by the Fund as the primary decision-maker in the Grant Agreement (previously exhibited as DK/04 – INQ000606580). This is set out in the staff and customer journey of pages 4 and 5 of the CCFS Staff Guidance, exhibited as DK/11 – INQ000606636. An example of the information being shared with the Joint Panel on a weekly basis is evidenced in the 'Coronavirus Community Support Fund: Joint Panel weekly MI' presentation, dated 16 July 2020 which I exhibit as DK/11B – INQ000617049.
76. For the CCSF, the CCSF Staff Guidance (DK/11 – INQ000606636) was developed to support management of applications and decision-making.
77. In Scotland, direct grant making through the SCF and CRF was assessed by partners using common assessment criteria developed with the Scottish Government. Funds were accessible, weekly decisions meant quick turnaround and, by using networks, we ensured accountability and control. The Scottish Council of Voluntary Organisations (SCVO) was the public face of these funds, setting up a funding portal and managing the grant making process. Applicants were matched with a suitable funding partner, including the Fund, based on the type of organisation and funding history. Applications were assessed by experienced Funding Officers and Managers with final decisions made by a committee of Scottish Community Fund partners and Scottish Government officials. Community anchor organisations were empowered to make decisions about

providing funding to local groups and individuals based on their pre-existing relationships and knowledge.

#### Value for money

78. The CCSF was distributed via our existing products, namely, the Simple grant product (grants up to and including £10k) and Standard grant product (grants over £10k). Delivering funding at pace is higher risk; therefore tried-and-tested grant making methodologies were important to mitigating such risks. In September 2021, a report entitled 'Evaluation of the Coronavirus Community Support Fund - Value for Money Report' was published, carried out by Ipsos Mori in partnership with NPC, which I exhibit as DK/12 - INQ000606637. The evaluation assesses value for money by assessing economy and efficiency of the programme, and carrying out a cost-benefit analysis. The approach for each was as follows:
- a) Economy: involved a review of the distribution of grant values, what the grants enabled, and estimating the cost of grants minus the avoided costs of staff who would have been furloughed.
  - b) Efficiency: involved comparing the cost for grant holders to deliver the activities and outputs provided, with benchmark costs from an evidence review of previous studies.
  - c) Cost-benefit analysis: involved summing the benefits accrued to grant holder employees, volunteers and beneficiaries, and benefits to government - and comparing this to the costs.
79. This evaluation reported that the value of the benefits of the CCSF programme exceeded the costs (cost-benefit analysis), and that the funding of the CCSF programme was economic and not excessive (assessment of economy). The risk of over-spending was limited as most grants were small and went to small organisations working in difficult circumstances to meet increased needs. The Value for Money evaluation also found CCSF grants were used efficiently.
80. A structured and methodological approach was taken to analysing Value for Money, drawing from best practice from the National Audit Office and the Charity Commission/Frontier Economics. The report showed that it is possible, though difficult, to undertake a Value for Money analysis of a large, diverse portfolio of projects using a common approach. The caveats and limitations were as follows:
- a) Many grant holders used their grant for multiple purposes, making it difficult to allocate costs to specific activities, outputs, and outcomes.

- b) Across CCSF as a whole, a huge variety of activities and services were delivered, making aggregation and comparisons difficult. Estimating value involved summarising activity at a high level, simplifying complex effects and hiding pockets of lower and higher Value for Money.
  - c) The nature of the pandemic meant the six-month grant period was unprecedented, with little to compare expenditures, costs, and benefits with. For economy and efficiency, costs are compared with costs in normal times. For cost benefit analysis, an estimate was used of what would have happened without the grants, based on grant holder perceptions.
  - d) Data on who benefitted from the grant holder services came from grant holders rather than beneficiaries. A standard discount for optimism bias is applied to reflect this.
  - e) Data on how much beneficiaries benefitted from services and the value of those benefits is based on a literature review rather than from beneficiaries themselves, and there were limitations in the literature available.
  - f) The following costs and benefits are excluded from analysis due to the challenges of estimating values: the cost of avoiding disruption from grantholders having to stop and restart services; outcomes which are difficult to monetise such as support during bereavement; longer-term benefits of the grant such as preventing damage to the VCSE sector and more sustained effects for beneficiaries.
81. The Scottish Government 'Supporting Communities Fund: evaluation' dated February 2022, previously exhibited as DK/08 – INQ000606584, reports on page 14 that, due to the light touch approach taken with respect to the SCF and CRF, the nature of the interventions and the limitations of the environment groups were working in and that the quality of the available data was, in some cases limited, the evaluation was not able to measure or comment on the Fund's overall effectiveness in reducing the impact of the pandemic on local communities and beneficiaries. Direct conclusions were not able to be drawn from the data available. The report instead focused on what the funding was used for, where it was distributed, and highlighted lessons from the funding process.

### **Implementation and delivery**

82. As stated earlier, we regularly distribute funding on behalf of government departments, ensuring high standards of governance without adding unnecessary layers of bureaucracy. Our experience means funding can get to where it is most needed quickly and efficiently.

83. Through April 2020, we conducted Covid-19 operational assessments of our grant teams to review delivery based on our processes and systems, resources, financial implications, legal requirements, risks, controls and assurance, data and reporting, data protection, customer insight, diversity and inclusion. This provided robust oversight of our delivery capability and where we needed to redeploy resources from non-business critical areas to meet demand. I exhibit an example of an operational assessment titled 'Covid-19 Funding Response – Operational Assessment' undertaken for our England portfolio as DK/13 – INQ000606638.
84. With respect to the CCSF, our successful programme launch was demonstrated when we received hundreds of applications over the bank holiday weekend following the launch of the programme, with requests totalling multi-millions of pounds.
85. During the Fund's implementation and delivery of the CCSF, the Fund identified various issues, including with respect to the removal of the External Delegation Agreements (EDAs) as permissible under the programme, and the Rapid Review process. These issues were identified and highlighted by Dawn Austwick, Fund CEO in her letter to Sarah Healey, Permanent Secretary at DCMS dated 13 July 2020, which I exhibit as DK/13A – INQ000617050. The Fund subsequently made the decision to fund the bulk of the EDAs via its own Lottery funding. In a subsequent letter from Dawn Austwick to Sarah Healey dated 4 August 2020, which I exhibit as DK/13B – INQ000617051, the Fund acknowledged the steps taken to resolve these issues and the revised processes instituted.

#### **Communication to applicants**

86. The CCSF had significant public and VCSE sector promotion. This involved common communication methods in national grant making such as sector press releases, promotion through website and social media, newsletters, and dissemination through VCSE networks. This was backed up by provision of advice through our advice line. In addition, the announcement of the programme took place at the Government Covid 5pm daily briefing on 8<sup>th</sup> April 2020, giving significant further communication reach.
87. In Scotland in early March 2020, the Fund supported the SCVO which primarily promoted the SCF and CRF. We promoted opportunities for flexibility with our grants and our focus on funding work that supported community responses to the pandemic.

#### **Promoting confidence and certainty amongst scheme users**

88. In England, all communications materials signposted potential applicants to clear guidance on how to apply, funding criteria, and indicative timeframes for the

application and decision process. This included details on how to apply for National Lottery Covid-19 response funding before and during the time the Government funding from the CCSF was open to applications.

89. Regular updates were posted on our website regarding what emergency National Lottery funding was available and when the Government's emergency CCSF programme would come online. Responses to sector media questions about the funding, timelines, application process, criteria, and approach were clear. We created separate Q&A support documents for our customer advice team and for the press team to use in response to media.

#### Communicating the scheme to the socially and economically vulnerable

90. In England, in addition to the communications approach set out above, we used various VCSE networks and connections to reach as many communities of interest as possible. This involved working with national membership / umbrella organisations to disseminate the CCSF programme to communities of interest.
91. Key messages, developed for use across all our communications, stated our commitment to reaching communities hit hardest by the pandemic. We put particular focus on funding accessibility and distribution to disabled people and Black, Asian and ethnically minoritised communities, encouraging applications from organisations coming from and working within those communities.
92. We also made clear that religious groups unable to access National Lottery funding due to links to gambling could state this at application stage and we would ensure they received only Treasury-funded CCSF money if their application was successful. Messaging was provided for advice and press team staff to use when responding to enquiries.
93. In Scotland, the Scottish Council for Voluntary Organisations and partners actively promoted Scottish Government and National Lottery funding routes. We amplified this by ensuring that grant holders and enquirers had clear advice about how to access these via tailored emails, our social media channels, and grant holder newsletters.

#### **Accessibility**

##### Support for access by intended recipients

94. We took a thorough approach to engaging with communities to promote the support available from the CCSF through our VCSE networks and via a variety of other channels: direct communications, amplification of government communications, online

promotion, and targeted outreach. The application guidance and materials were developed using tried and tested systems, approaches, and language. These have been regularly customer-tested, working closely with protected characteristics support organisations.

95. The 'Process Evaluation of the Coronavirus Community Support Fund' report, previously exhibited at DK/05 - INQ000606581, found 45% of grant holders were 'new' to the Fund. In addition, 72% of grant holders rated the grant application process as fairly easy or very easy, with 81% of applicants satisfied with the experience. The report found the factors that worked well in relation to engagement and reach included having our Funding Officers based in local communities, taking a strategic and planned approach to outreach activities, and working through partners to reach people and communities most in need.
96. As discussed in the Scottish Government's 'Supporting Communities Fund: evaluation' report (previously exhibited as DK/08 - INQ000606584), with respect to the SCF, it was felt by those involved in the administration of the SCF that the light touch approach to funding had been central to the agility of the Fund, reduced the burden on funded organisations, and allowed grants to reach those most in need in communities throughout Scotland.

#### Equitable distribution across regions and organisations

97. In England, the CCSF was targeted at small and medium-sized community organisations delivering activities and support to people affected by the Covid-19 crisis. CCSF grant funding was distributed to every region in England and almost every local authority in England. The funding reached 316 out of 339 local authorities in England – 93% of the total. Indicative allocations of funding per region were identified at the outset to ensure an appropriate distribution of funding across regions. The value of this funding ranged from £10.5 million in the North East to £34.3 million in London. The distribution of funding was broadly in line with regional allocations. The funding awarded to organisations delivering in the East of England and South East was slightly lower than the indicative allocation, whilst in London it was slightly higher. These differences were relatively small (2-4%) suggesting the distribution of funding was broadly in line with initial allocations.
98. CCSF grants were distributed to organisations that intended to deliver a broad range of activities and support to people and communities in need during the pandemic. At the application stage, CCSF grant holders were assigned to a category relating to the type of activities or support they would deliver to people impacted by Covid-19. Whilst

some grant holders intended to deliver a range of different types of activities and support to different groups of people, for the purposes of the CCSF application they were assigned to a single category. Around half of CCSF grant awards and funding went to organisations that intended to provide advice and support to people pushed into crisis, provide essential items to families, or support people experiencing poor mental health. The remainder were spread across a broad range of categories.

99. In Scotland, for the SCF and CRF, we worked through intermediary networks/partners enabling us to use that built intelligence to access a wide range of organisations with existing relations and contacts. The elements using community anchor organisations allowed a further delegation of funding to trusted, reliable, and capacity-built organisations embedded in communities to control and distribute funds to local organisations where their local knowledge and connections could reach many organisations outside of formal networks.
100. As noted in the Scottish Government 'Supporting Communities Fund: evaluation' report, previously exhibited at DK/08 - INQ000606584, analysis of the geographical data relating to applications and awards was limited by the fact that many applicant organisations were working across several areas and more than one local authority. As indicated in this report, when analysed by Urban/Rural classification, most SCF and CRF funding was distributed to Large Urban Areas Settlements of over 125,000 people and Other Urban Areas Settlements of 10,000 to 125,000 people. Just over a quarter of funding was distributed to projects in the Glasgow City Council area. A substantial amount of funding was delivered to Remote Rural Settlements of less than 3,000 people and with a drive time of over 30 minutes to a settlement of 10,000 or more. Island communities in particular received higher amounts per head of population than other local authority areas.

#### Support for applicants who were not awarded emergency grants

101. Throughout our Wales, Scotland, Northern Ireland, and England portfolios, a flexible approach to grant management was adopted. This enabled groups already in receipt of National Lottery funding to use their grants flexibly to address immediate needs resulting from the Covid-19 crisis.
102. Where possible and appropriate, we signposted organisations to alternative funding opportunities if their proposal was not eligible for or strong enough to receive funding from the Government funding programmes. This was done through established relationships with other funders and foundations as well as the on-the-ground knowledge of our community-based teams.

103. With respect to Scottish Government funded programmes, by sharing data on our application pipelines and awards with other funders, we worked collectively to minimise duplication, understand the spread of funding and respond accordingly. This also enabled us to signpost organisations towards other funds available to the VCSE sector at the time.

## **Monitoring of support**

### Definitions of success

104. To provide oversight with respect to the operational delivery of CCSF, weekly data monitoring sharing between the Fund and DCMS was established, along with monthly review meetings.
105. In July 2020, a document was developed which set out the Fund's commitment to share monitoring data with DCMS with respect to the CCSF, which I exhibit as DK/13C – INQ000617052. Weekly monitoring data was shared in accordance with the agreement between July and December 2020. An example of the weekly monitoring data shared in September 2020 is exhibited as DK/13D – INQ000617053
106. Monthly review meetings between the Fund and DCMS took place between July 2020 and February 2021 to provide ongoing governance oversight of the CCSF. The objective of these meetings was to provide review and assurance, adherence to the grant agreement, co-operation and co-ordination to address any issues, monitoring of delivery in line with the Government requirements on Managing Public Money and mitigating any risks and issues. I exhibit as DK/13E – INQ000617054 an example of the agenda and monthly overview, including the meeting terms of reference, from the monthly review meeting which took place in October 2020.
107. The CCSF Grant holder Learning Hub was open to all recipients of CCSF between October 2020 and August 2021, acting as an opportunity for grant holders to come together and share and learn from each other during the pandemic. Over 3,200 grant holders signed up to the Learning Hub, with 78% rating the hub as useful overall. During the hub's existence there were 900 posts and comments, over 400 people attended Ideas Exchanges, and over 300 people took part in live events.
108. As part of the CCSF, we surveyed customers in Q2 of 2020 which provided insight into the experience of customers following the launch of the CCSF. The insight is evidenced in the report titled 'Customer Experience Tracker' produced in November 2020 by our Customer Insight Team, which I exhibit as DK/14 - INQ000606639. The report highlighted the majority of customers remained happy with our support - with

key actions including communications, ensuring processes are simple and straightforward, and providing the support needed for smaller organisations.

109. As discussed earlier in this statement, the 'Impact Evaluation of the Coronavirus Community Support Fund', previously exhibited as DK/03 – INQ000606579, summarises the findings from research conducted between November 2020 and June 2021 about the impact the CCSF had on the people and communities that were supported, the organisations that were funded, and the volunteers involved.
110. Our grant holders reported a wide range of positive outcomes for beneficiaries as a result of the support delivered through the CCSF:
- Nearly all (95%) said their beneficiaries had experienced more than one positive outcome.
  - 86% reported that people's mental health and wellbeing improved.
  - 79% reported that people felt less lonely.
  - 70% reported people had more social contact.

#### The Fund's contribution to VCSE stability

111. Emergency grants distributed through the CCSF contributed to financial stability and continuity of VCSE organisations during the pandemic.
112. Evidence from the 'Impact Evaluation of the Coronavirus Community Support Fund' report (previously exhibited as DK/03 - INQ000606579) and the 'Evaluation of the Coronavirus Community Support Fund - Value for Money Report' (previously exhibited as DK/12 - INQ000606637) indicates the CCSF met its objective of reducing temporary closures among essential charities and social enterprises. This impact was especially clear among small to medium-sized organisations. The funding helped to ensure that grant holders had the financial means to operate and continue supporting their communities.
113. The Value for Money evaluation concluded that the benefits of the CCSF programme outweighed the costs. A cost benefit analysis estimated that for every £1 spent, the benefits amounted to £1.38 (including all funding sources) or £1.86 (considering only CCSF grants).
114. Despite data limitations and the unique context of the pandemic, the evaluation found that the CCSF funding in England was economic and not excessive, particularly given the modest size of most grants and the challenging environment in which recipients were operating. The programme was also assessed to be efficient, with spending aligned with expected costs for activities such as hiring staff, avoiding furloughs, and recruiting volunteers.

115. The 'Impact Evaluation of the Coronavirus Community Support Fund' report (previously exhibited as DK/03 - INQ000606579) states that grant holders (54%) reported using the CCSF grant to meet more than one need. Most used it to adapt their service delivery (82%), deliver new activities (59%), and/or to continue to deliver existing activities (55%). Notably, almost half of grant holders said the funding helped them continue to operate (48%) and/or respond to increased demand (44%). An estimated 3,900 grant holders had the financial resources to continue to operate during the Covid-19 pandemic, thereby reducing their risk of closure – suggesting about half of all grant holders benefitted in this way. The timing of the CCSF and the ability to use it for core costs meant it was instrumental for many grant holders. The grants also helped avoid or end furloughs for approximately 6,210 staff and mobilise around 183,200 volunteers, including over 47,000 who were new to these organisations.
116. In terms of longer-term resilience, the report titled 'Spotlight Findings Paper 1: Lasting Impacts and Legacy for CCSF Grant holders' dated September 2021, which I exhibit as DK/15 – INQ000606659, identified several organisational changes among grant holders as a funding legacy. These included the adoption of hybrid and flexible working practices, digital case management systems, and strengthened partnerships with local authorities and private sector actors. Many organisations also adjusted their staffing models and deepened community engagement.

## **Lessons learned**

### Effectiveness of the emergency grants

117. In England, the emergency grants delivered as part of the CCSF were effective in meeting the CCSF's objectives, as evidenced in the 'Impact Evaluation of the Coronavirus Community Support Fund' report previously exhibited as DK/03 - INQ000606579. The report found that the objectives of CCSF (to reduce temporary organisational closure, and to increase support in communities) were achieved. Grant holders were able to reach communities disproportionately affected by the pandemic, and most organisations indicated they would have provided fewer services without this support. There was also encouraging evidence that the grants helped reduce the temporary closure of essential charities and social enterprises, although this impact was less pronounced among larger organisations. Overall, the funding did contribute to organisations remaining operational and continuing to deliver vital services – impacting outcomes of VCSE organisations, their volunteers and the people and communities they served.

118. As noted on page 82 of the Scottish Government 'Supporting Communities Fund: evaluation' report, previously exhibited as DK/08 – INQ000606584, with respect to the effectiveness of the emergency grants in Scotland "Those involved in the fund recognised that although the adoption of a light-touch approach had its issues in terms of assessing outcomes and monitoring impact, it was generally felt that the agility of the fund and the reduced burden on CAOs [community anchor organisations] and funded organisations had allowed them to respond quickly to the needs of their local communities. It is also important to note that the SCF was administered as part of a much wider funding landscape. For example, a number of organisations reported in their monitoring forms that they had received funding from other sources to fund other areas of support or organisational delivery. Not only does this make it difficult to directly attribute specific outcomes to the activities delivered under the SCF where organisations have reported multiple funders but without a robust evaluation of all the emergency funds, the level of duplication is impossible to determine."

#### Implementation of the grants

119. The Fund's role in delivering CCSF funding during the Covid-19 pandemic provided a valuable opportunity for us to review and strengthen our approach to working with applicants and grant holders. It also enabled us to ensure that our governance arrangements supported increased flexibility while maintaining robust controls.
120. We acted swiftly to remove barriers that could have prevented organisations from applying for or accessing CCSF funding. This included addressing unforeseen challenges, such as applicants being unable to access banking information due to social distancing measures or bank closures, or experiencing difficulties in printing and signing key documents.
121. In response, we temporarily relaxed certain internal controls, mitigating associated risks, and exploring technical solutions that had not previously been considered. Elements of this flexible and risk-managed approach have been adopted more widely following Covid-19.
122. For grant holders with existing grants affected by lockdown measures, we communicated that we would take a flexible approach to budgets and delivery. Grant holders were given the option to pause their projects or adapt them to better support their communities during the pandemic.
123. We reviewed our approach to grant variations and introduced a new control process to guide how grant holders should request changes. To support this, we established new

- governance processes specifically focused on managing variations. This allowed us to provide more responsive and effective support as circumstances evolved.
124. Post-pandemic assurance work found that the average variation request was between 8-10% of the overall grant amount, consistent with our pre-existing variation thresholds. Based on this, it was agreed that the variations process should revert to the pre-pandemic arrangements.
  125. Due to lockdown restrictions, our funding teams were unable to conduct in-person meetings or project visits. As we transitioned to remote working, we determined that face-to-face contact would not be required for grant holders with a history of funding with us. Recognising that in-person visits were not feasible, we adapted our processes accordingly. At the same time, we acknowledged an increased risk of impersonation fraud within some programmes. To mitigate this, we introduced additional identity verification controls.
  126. Post-pandemic assurance work found that, while these additional controls were applied, the low number of issues identified through them did not support continued need for their use across all programmes. Post-pandemic, we have returned to face-to-face engagement where appropriate, though the enhanced controls remain available for use in higher-risk programmes, where necessary.
  127. The Fund has drawn several lessons from the implementation of the emergency grants, which are now shaping improvements to future emergency economic support initiatives such as the Community Organisations Cost of Living Fund.
  128. One insight was the value of requesting more detailed information at the initial application stage. By asking for comprehensive financial data and EDI (Equality, Diversity and Inclusion) information upfront, assessors were better able to determine eligibility and understand the real-time financial health of organisations rather than relying solely on outdated accounts. This also supported DCMS reporting requirements and enabled quicker decision-making, particularly for early rejections.
  129. Another significant lesson was the benefit of centralising decision-making. By establishing a Central Decision Panel rather than relying on regional panels, we achieved more consistency in assessment reporting and referral processes. The addition of an informal Pipeline Review streamlined the flow of applications through to full assessment in the Grants Management System by removing the need for further formal meetings, thereby speeding up the overall process.
  130. In terms of assessment, we found that a proportionate approach, which reduced the amount of follow-up contact with applicants and provided clearer guidance for early unsuccessful applications, improved efficiency. This reduced the administrative burden on Funding Officers and allowed resources to be focused on viable applications.

Furthermore, controls were adapted to allow emailed acceptances of offer letters and submission of bank details electronically. These changes significantly improved turnaround times, allowing funds to reach organisations more swiftly.

### **Covid-19 Charities Fund in Northern Ireland ('CCF')**

131. The DfC initially asked the Fund to deliver up to £15.5m of emergency funding. We delivered two rounds, which opened to applications in June and then August 2020 – committing a total of £8.8m to 501 VCSE sector organisations across Northern Ireland. The DfC then asked Community Finance Ireland to deliver further funding under the same scheme, so that we could focus on supporting communities through our National Lottery and Dormant Assets funding. An overview of the programme is set out in the published final report titled 'Covid-19 Charities Fund 2021' which I exhibit as DK/16 - INQ000606660.
132. A grant agreement was signed on 11 June 2020 which I exhibit as DK/17 – INQ000606661. This set out the relationship between the NLCF and the DfC during delivery of the programme, including the relevant statutory powers, our role as Principal on decision-making and the timeframe for delivery.
133. Between April and August 2020, our Northern Ireland Director was part of a small sectoral reference group. This was convened by the DfC, along with the then-CEOs of NICVA (Northern Ireland Council for Voluntary Action) and the Community Foundation for Northern Ireland, to provide insight into the immediate impact of Covid-19 on the community and voluntary sector and advice on options for financial support.
134. In May and June 2020, our Northern Ireland team worked closely with the DfC to develop the CCF and agree the terms under which we would distribute it on behalf of the Department. From June until October 2020, we acted as delivery partner for the Covid-19 Charities Fund.

### Design of the CCF intervention

135. The purpose of the CCF scheme was to meet unavoidable costs for charities which had exhausted all other avenues of support and were facing imminent closure. The primary aims, determined by the DfC, were to support as many charities as possible, to prevent their closure and the loss of key services, and to preserve a balanced sector representative of diverse societal interest and needs after the crisis had passed. Eligible charities could apply for up to £75,000 to support them with financial difficulties directly arising from the pandemic.

136. Our Northern Ireland Director was part of a sectoral reference group. This group provided advice and insight to the DfC about the impact of Covid-19 on communities and the VCSE sector and on options for financial support. Once the overall aim of the scheme and eligibility criteria were set by the DfC, we provided advice on all aspects of programme design (e.g. on grant size, criteria, applications, assessment, decision-making, controls, communications, stakeholder engagement and transparency), drawing on our experience as a trusted grant-maker.

#### Equitable access to financial support for smaller or less well-resourced charities

137. Accessibility for all organisations, regardless of size or resources, was a key consideration in the programme design. The application form and process were deliberately kept simple, requiring only the essential financial information needed to make a decision – information typically available from the charity’s most recent set of financial statements.
138. An advice line was established and staffed by DfC, and we provided a comprehensive set of FAQs to support enquiries from potential applicants. I exhibit this FAQ document as DK/18 - INQ000606662. The programme was widely publicised across the VCSE sector. We used our existing relationships with a wide range of helper and sectoral support organisations to co-facilitate outreach activity, including webinars. A dedicated page on our website included all the relevant application materials - this included a video to show applicants the financial information that they needed to provide.
139. We used our relationship-based approach, so during the assessment process Funding Officers actively sought clarification and provided guidance to ensure applicants submitted accurate and complete information. This was particularly beneficial for smaller organisations that lacked access to specialist financial expertise such as treasurers or accountants.
140. The original four-week window for applications for the programme was challenging for some organisations to meet so we reopened the programme to applications for a further three weeks in August 2020.

#### The process underpinning the scheme and our prior experience

141. The Fund uses a number of products to administer financial support which have been developed with an accompanying risk and controls matrix. For the CCF scheme, we used our Standard product, which we used to deliver grants over £10,000. The Standard product has a process that sets out the customer journey and the various grant making system controls.

142. In Northern Ireland, we commit between £25 million to £30 million per year through National Lottery funding programmes, through small grants (up to £20,000 over two years) and larger, multi-year funding programmes (up to £500,000 over five years). The Fund and its predecessors have been delivering funding to communities in Northern Ireland for over 25 years. We were therefore well-equipped with an established grant making system, experience in programme development, a deep understanding of the sector and wider political context, an expert communications function, strong stakeholder relationships, and a knowledge and learning function to provide real-time data and analysis. We are a relationship-based funder, which means that our Funding Officers are based in local communities and have a direct relationship with applicants and grant holders.
143. We did not need to seek general support from the Northern Ireland Executive or UK Government to administer the funding, but we worked closely with the DfC and sought clarification from them in cases where eligibility was not clear – for example, confirmation of charitable status. Our existing strong relationship with the DfC – as well as the clarity of roles and responsibilities set out in the grant agreement between the Fund and DfC – ensured that this process worked well.

#### Number of charities supported and impact on their operations

144. 642 organisations applied for the funding. Of the 630 that were assessed (12 were withdrawn), 501 were successful and were collectively awarded £8.8 million. Although criteria for prioritisation were developed and agreed with the DfC, we did not need to apply them due to lower than expected demand (linked to eligibility criteria). All organisations who applied and were assessed as meeting the eligibility criteria were awarded funding.
145. The programme was targeted at those charities which had lost income and were unable to meet unavoidable costs between 1 April 2020 and 30 September 2020. It provided direct support of up to £75,000 to meet revised budget deficits, which threatened key services and organisational sustainability. In follow-up interviews with a sample of funded organisations, responses indicated that the programme had met their financial needs at the time, provided working capital and resolved cash flow issues, gave them space to re-shape services; allowed them to continue to deliver vital services; saved jobs and avoided the organisations closing down. Illustrative examples of these impacts are provided in 'Covid-19 Charities Fund 2021' final report, exhibited at DK/16 - INQ000606660.

#### Challenges

146. We delivered the funding using our existing headcount while also ensuring our commitment to awarding National Lottery funding and supporting our current grant holders was not compromised during this challenging period. As our team was working remotely for the first time, we had to quickly adapt to new ways of working. It was our first experience of developing and implementing a funding programme with a fully remote team.
147. Some applicant organisations faced difficulties due to limited financial literacy and struggled to provide the necessary information. Many organisations had finance staff furloughed which meant we had to provide more direct support to individual organisations to ensure they provided the correct information. Many were not digitised and were unable to access hard copies of information because they could not access their offices.

#### Monitoring and evaluation

148. The Fund had no role in evaluating the impact of the programme, as this was out of scope as per the grant agreement (previously exhibited as DK/17 – INQ000606661) and was the responsibility of the DfC. We have referred in earlier paragraphs, to monitoring data collected by the Fund in relation to numbers of applicants, but the Fund has no evidence to add in terms of impact beyond the sampling data we highlight.
149. The grant agreement allowed for some resource from the Northern Ireland Knowledge and Learning team. They generated a weekly report for DfC using data from the responses to the application form questions 'About Your Charity' and 'Your Financial Position'. This analysis identified the location of applicants, amount requested, amount funded, income of applicants, and a self-declaration of the characteristics of the people who mainly benefit from their charity.
150. The data included the number of people the charity supports, and numbers of volunteers and paid staff. There was limited other data to collect given the focus of the scheme was financial liquidity.
151. Post-grant award, we monitored a random sample of 5% of grants awarded and all high risk as set out in the grant agreement. All other monitoring and evaluation were the responsibility of DfC.
152. The programme aimed to ensure that a balanced VCSE sector – representative of the diverse interests and needs of citizens, and of geographic spread – remained in place after the Covid-19 crisis had passed.

153. The scheme supported 501 charities, which were in severe financial difficulties because of the pandemic, and prevented these charities from closing down at that time.
154. We understand that the DfC developed a report card for the scheme which included a section about the survival rate of supported charities.

#### Evaluating the amount of funding

155. The DfC made an initial sum of £15.5 million available for the CCF. This was a quantum of money which we felt able to deliver with our existing capacity at a time when scaling up or recruiting additional resource was impossible. We delivered £8.8 million through the first two rounds of the CCF between June and September 2020, funding all applicants who met the eligibility criteria. We know that additional funding was made available by the DfC for a subsequent round of the CCF (delivered by Community Finance Ireland) and for a range of other interventions in support of the community and voluntary sector as the pandemic progressed.

#### Evaluating the eligibility criteria

156. This was a tightly defined programme of direct liquidity support for charities which could not meet essential costs during the period April to September 2020. The programme was developed without the aid of reliable data and evidence, given the fast-moving context of the early stages of the pandemic. During our reference group discussions, infrastructure bodies had indicated high levels of need and imminent threat to many charities. With a potential pool of approximately 8,000 registered charities, it was therefore necessary for the DfC to set specific eligibility criteria to target those most in need. We were, however, only able to commit £8.8 million of the £15.5 million available through the first two rounds of the CCF as a result of those criteria. In retrospect, it may have been possible to extend the timeframe of support (i.e. meet essential costs for a longer period than April to September 2020) and commit more of the initial funding at those early stages. We understand that these criteria were amended for the subsequent round which was delivered by Community Finance Ireland at a later date and the Northern Ireland Executive delivered a range of other interventions in support of the sector.

#### Evaluating the communication of the scheme

157. In Northern Ireland, all CCF materials signposted potential applicants to clear guidance on how to apply, funding criteria and indicative timeframes for the application and

decision process. Responses to sector media questions about the funding, timelines, application process, criteria and approach were clear and separate Q&A support documents were prepared for Fund and DfC officials. Accessibility for all organisations, regardless of size or resources, was a key consideration in the programme design. The application form and process were deliberately kept simple, requiring only the essential financial information needed to make a decision. An advice line was established and staffed by the DfC and we provided a comprehensive set of FAQs to support enquiries from potential applicants. The programme was widely publicised across the VCSE sector. We used our existing relationships with a wide range of helper and sectoral support organisations to co-facilitate outreach activity, including webinars. A dedicated page on our website included all the relevant application materials - this included a video to show applicants the financial information that they needed to provide.

158. In Northern Ireland, the DfC worked closely with us to communicate the support available and this worked very successfully. We were able to draw on our established stakeholder relationships with network and support bodies, asking them to communicate it to their members, as well as using our own channels and extensive network of contacts in the VCSE sector. Many of those sectoral infrastructure groups hosted webinars for us, giving us a platform to explain more about the support on offer and give advice directly to those wishing to apply. We provided online resources, including videos demonstrating how to complete the financial pro forma. The funding was delivered by our experienced team of Funding Officers, who are based locally in communities, and provided direct support to applicants during the assessment process.
159. The funding programme was promoted in traditional, social and sectoral/government press, promoted via press releases, website and social media, newsletters, and dissemination through VCSE networks. This was backed up by outreach activity via local funding teams.
160. Information about the programme was posted on our Northern Ireland webpages and shared widely on social media and with the sector press. Content was also posted on the Northern Ireland landing page of the website, with links to more detailed information about how to apply. This was also shared across our social media channels. Throughout the period the programme was open to applications, updates and prompts were issued through social media channels, alerting organisations to when the programme would be closing. Senior Fund staff had early conversations with key Northern Ireland stakeholders to alert them to the funding opportunity.

161. In addition to the communication approach outlined above we used our trusted relationships and connections with a diverse range of VCSE networks across Northern Ireland to ensure that we reached all communities. This involved working with sectoral networks and umbrella organisations to disseminate the programme to communities of interest.

#### Evaluating the timing of the introduction and cessation of the scheme

162. Support from the CCF was made available in the early stages of the pandemic. The CCF Grant Agreement was signed on 11 June 2020 (previously exhibited as DK/17 – INQ000606661) and the first round opened on 15 June, with funds flowing out to charities before the end of that month. This was an extremely compressed timeline by normal standards of grant making. We understood that DfC chose to appoint us as a delivery partner because of our experience and well-established processes, which they knew would enable money to reach the VCSE sector faster than they could deliver it if it was done in-house. As noted above, the support initially covered only essential costs which could not be met for a limited timeframe of April to September 2020, but we understand this was adjusted for the subsequent phase of the programme in January 2021 (delivered by Community Finance Ireland), and that the focus of the DfC's support for the sector moved then into adaptation and resilience support, as the longer-term impact of the pandemic became clearer.

#### Evaluating the delivery mechanism

163. We believe we were the best option for delivery of this funding, given our extensive experience of grant making in Northern Ireland, making the money available in a timely and accessible way. We did, however, have to deliver this alongside our National Lottery commitments and put on hold other programmes which would have provided additional support to the VCSE sector. When we had delivered two rounds of the CCF, we agreed with DfC and other sectoral stakeholders that it would be more beneficial for us to focus on our National Lottery funding offer, which was also providing crucial support, and to develop our Dormant Assets programme to provide longer term capacity, resilience and sustainability support to the sector. Another delivery partner was identified (Community Finance Ireland) who was able to adopt the programme framework we had developed and deliver a third tranche in January 2021. This collaborative effort meant that we were then able to launch additional programmes in support of the sector at the same time. This collaborative approach was a testament to

the strong relationship between ourselves and the DfC which allowed us to take a decision in the best interests of the VCSE sector.

#### Evaluating the impact of the CCF on the VCSE sector in Northern Ireland

164. The CCF ran for a limited period in the early stages of the pandemic. All funds were committed by early October 2020. Our analysis of the programme and insight from grant holders are set out in the 'Covid-19 Charities Fund 2021' report, previously exhibited at DK/16 – INQ000606660.
165. We do not have any analysis relating to later rounds of the programme delivered by another partner (Community Finance Ireland) or other schemes delivered in support of the sector by DfC as the pandemic progressed, all of which contributed to supporting the VCSE sector over the period under consideration by the Inquiry.

#### Contribution to resilience of charitable services

166. The CCF provided direct liquidity support to charities which had lost income in the early stages of the pandemic. This was unrestricted funding, which meant they could use it as appropriate for their individual circumstances. Insight from the sample of grant holders interviewed for the 'Covid-19 Charities Fund 2021' report (previously exhibited at DK/16 - INQ000606660), indicated that this funding was essential in resolving cash flow problems in order to continue as a going concern and in maintaining vital services or re-shaping those services to meet new or emerging needs. Our data in this report indicates that small, medium, and large organisations received more support from the programme than micro or super-large organisations who were mostly absent from the applicant pool. Community organisations received the most grants (123 out of the 501 awards), followed by faith-based organisations (114), health and wellbeing groups (106) and education, employment and training organisations (83).

#### Gaps in access and eligibility

167. Our data as evidenced in 'Covid-19 Charities Fund 2021' report (previously exhibited at DK/16 - INQ000606660) shows medium and large charities applied to this programme while micro and major/supermajor size organisations were mostly absent. From our wider understanding of the Northern Ireland Charity sector we believed that small organisations may have been able to more easily adapt by temporarily reducing their services and activities in line with reduced income. Similarly, we found that large organisations did not apply because they benefited from long-term contracts and grant

funding from multiple funding streams which protected them during the first six months of the pandemic.

168. Charities that operated in Northern Ireland but were not registered with the Charity Commission for Northern Ireland were not eligible to apply. They had to apply for funding in the jurisdiction in which they were registered (e.g. Ireland, Scotland, England, or Wales).
169. Charities that could not provide the financial information required as part of the application process were unable to apply.

#### Lessons learnt from delivering the CCF

170. We carried out an internal 'lessons learned' exercise in August 2020 and provided reflections by email to the DfC about ongoing and emerging needs as we came to the end of distributing the CCF in the ongoing context of the pandemic. I exhibit a copy of this email from our Northern Ireland Director dated 20 August 2020 as DK/19 - INQ000606663.
171. Longer term lessons drawn from working with the DfC to deliver the Covid-19 Charities Fund include:
  - The benefit of an existing strong working relationship between the Fund and the DfC at the start of the pandemic, which allowed us to provide advice and insight at an early stage.
  - The clarity of relationships set out in the grant agreement, particularly on the Fund primacy on decision-making, was essential to the quick delivery of the funding.
  - The programme gave us insight into the relative weak financial skills in many parts of the VCSE sector, particularly when finance officers were furloughed.
  - The CCF was developed at speed and with limited data or evidence available about need in the sector. It would be helpful for the DfC to have a stronger sectoral network which can be mobilised to provide insight and evidence in order to inform programme design for any future emergency funding.
  - As a Fund, we drew lessons about the need for greater collaboration between non-Government funders to avoid duplication and maximise impact of funding. We have subsequently driven the development of the Funders Forum for Northern Ireland to improve this in the future.
  - Emergency funding has to strike the right balance between short-term emergency support (such as the liquidity support for those at imminent risk provided by the CCF) and longer-term adaptation and resilience support to go beyond survival. We were able to agree with the DfC that we would not deliver the next tranche of the CCF so

that we could focus on different types of support in the medium term through our National Lottery and Dormant Assets programmes.

#### Fraud, error and duplication

172. The grant agreement required us to put in place appropriate process and checks to mitigate the risk of fraud on behalf of the DfC. We delivered the programme using the risk and controls matrix (RACM) for our Standard product. Some of these controls had been amended in the context of the Covid-19 pandemic.
173. Two charities that were awarded funding contacted us after receiving the successful notification correspondence as they had been awarded grants from other Government schemes, so they were therefore ineligible to receive the grant and we withdrew it.
174. All applications were assessed using our Standard product assessment framework and we used our assessment, upward review, moderation and decision-making procedures with additional guidance specific to the CCF programme.
175. The assessment approach was developed in conjunction with the DfC. The key controls included:
- Eligibility of all organisations was checked against the Charity Commission NI database and website. Ineligible organisations were rejected.
  - Previous organisation history with the Fund was considered e.g., risk concerns, previous proven fraud, previous proven issues, multiple email address usage.
  - Miscalculated costs in applications were identified and recommended awards adjusted accordingly.
  - Organisation's website and social media content was reviewed.
  - Checks were completed to ensure bank statements matched organisation name.
  - Risk level assigned – low, medium or high.
  - Authenticity checks on contacts in application form.
  - CIFAS checks by the controls assurance team.
  - Authenticity check on bank sort code and account to confirm validity.
  - Second set of eyes on bank account details.
  - 5% monitoring sample along with all high-risk projects completed.
176. The controls are in line with our controls for the Standard product and have proven to be effective in reducing the risk of fraud. It was agreed that there would be no grant reporting form or requests for receipts by the Fund, but that DfC may complete verification checks.
177. There were no instances of fraud identified, and no funding was withdrawn by us. The DfC carried out additional monitoring and verification, including checks on whether any

other Departmental funding had been accessed by those awarded grants. It was the DfC's responsibility to determine policy on recovery of grants and we do not hold any information relating to this.

#### **PART D: Inequalities, impact assessments and vulnerable groups**

178. In the Fund's framework document with DCMS published on 15 January 2025, we are classified as a central government organisation by the ONS/HM Treasury Classifications Team. The most updated version of the framework document, published 15 January 2025, is exhibited at DK/20 – INQ000606665.
179. Although the Fund is not explicitly named in Schedule 19 of the Equality Act 2010, our current classification as a central government organisation performing public functions means we must comply with the Public Sector Equality Duty pursuant to section 149 of the Equality Act 2010.
180. The Fund's current framework document outlines strategic priorities which include taking an equity-based approach to tackling inequality.
181. During the relevant years of the pandemic, the 'Big Lottery Fund Management Agreement 2019 – 2022' ('Management Agreement 2019-2022'), which I exhibit as DK/21 – INQ000606666, was in place as our framework document. The Management Agreement 2019-2022 sets out the framework in which we operated during the relevant period.
182. The Management Agreement 2019 – 2022 describes the Fund as an executive non-departmental public body within the DCMS family of arm's length bodies, but does not classify us as a central government organisation. Nonetheless, paragraph 21 of the Management Agreement 2019-2022 states that in exercising public functions, the Fund is subject to the Public Sector Equality Duty in section 149 of the Equality Act 2010.
183. During the pandemic, the Fund complied with its purposes, aims and duties as set out in the Management Agreement 2019-2022, including the Public Sector Equality Duty.
184. All staff working at the Fund during the pandemic were required to complete an online 'Workplace Essentials' training module on Equity, Diversity and Inclusion, which includes sections on understanding the Public Sector Equality Duty, positive action, and protected characteristics.
185. During the pandemic, Fund staff involved in decisions regarding the delivery of emergency grants continued to be provided with the guidance and tools to make sound decisions based on public law principles, for example the 'Making our Decisions

in Line with Public Law Principles' document which I exhibit as DK/22 – INQ000606667.

186. The Fund has developed equality principles which we expect everyone we work with to follow. These equality principles are: promoting accessibility, valuing cultural diversity, promoting participation, promoting equality of opportunity, promoting inclusive communities and reducing disadvantage and exclusion. Our equality principles were in place during the pandemic, and continue to be publicly available on our website.
187. As I understand, no Equality Impact Assessments were conducted as part of the delivery of Government-funded emergency grants during the pandemic. I understand that, although the Fund is required to comply with the Public Sector Equality Duty, we are not required to conduct Equality Impact Assessments.

#### Monitoring support for vulnerable groups

188. With respect to the CCSF in England, grant holders supported a range of beneficiary types as a result of funding. The majority had supported multiple beneficiary target groups, with over two thirds (70%) saying they had supported more than one group and two fifths (39%) saying they had supported four or more groups. The most common beneficiary groups were people with mental health conditions (40%), people with a long-standing illnesses or disability (39%), children and young people (39%), and people who faced financial hardship (36%). An estimated 2,600 grant holders targeted Black, Asian or ethnically minoritised communities (32%). Around one third (32%) targeted older people and a quarter (25%) supported carers and those supporting other groups. This is evidenced in the 'Impact Evaluation of the Coronavirus Community Support Fund' report dated September 2021 (exhibited as DK/03 – INQ000606579).
189. The Fund put into place a number of learning activities so insights could be shared as communities and organisations adapted to the pandemic. These were written up and shared internally and externally.
190. Internally, we have a wide range of examples of community insights that have been developed, including but not limited to the LGBTQ+ community, the homeless community, disability community, Black, Asian and ethnically minoritised communities, and vulnerable young people.
191. In addition to the CCSF Grant Holder Learning Hub I have previously referred to, at the time of writing there is a publicly available webpage that contains our various CCSF evaluation reports as well as 21 showcase studies, which reflect the grant holder

experience of applying for CCSF funding; how grants were used; and the impact the funding had on organisations, staff, volunteers and beneficiaries.

#### Steps taken to reduce disparities

192. When developing the CCSF, a list of priority communities was identified to support us to get funding to where it was most needed. However, we know that many of these underfunded communities experience barriers when accessing funding. As set out in our CCSF Staff Guidance (previously exhibited at DK/11 – INQ000606636), we sought to prioritise our funding to communities and organisations, supporting people and communities who experienced disproportionate challenge and difficulty as a result of the Covid-19 crisis. This category includes, for instance, organisations supporting older people, disabled people (including people with long-term health conditions) and Black, Asian and ethnically minoritised communities, all of whom faced specific challenges during the crisis. It also included organisations who provided advice and support to those pushed into crisis as a result of the pandemic. This category also includes those organisations supporting people and their families with end-of-life care. The second category was organisations providing services and support for vulnerable people, for which there was increased demand as a result of the Covid-19 crisis. This category included, for instance, organisations supporting people and families who faced financial hardship as a result of the pandemic. It included organisations working to prevent domestic abuse and violence against protected groups, those working with homeless people and those supporting vulnerable children and young people.
193. Volunteers acted as a 'critical friend' to support in collectively reviewing assessments with an EDI lens, to identify additional support needs and provide an extra review point. It is important to state here that the intention behind this process was not to 'award all EDI applications' but rather further consider these applications through an equity lens. The approach is evidenced in the report titled 'EDI Volunteers CCSF Learning Report', which I exhibit as DK/23 - INQ000606668.
194. The key lessons learned from this approach to working with vulnerable groups were related to risk aversion, responding in a crisis, intersectionality and single issues and challenging time constraints. This led to a number of recommendations for us to act upon with respect to our funding practices. Since the pandemic we have developed a dedicated EDI Funding team.
195. One of our localised approaches was in London and South East where we developed an EDI strategy in response to Covid-19. This is evidenced in the report titled 'L&SE C19 Regional Strategy' which was produced around May 2020 by the London and

South East team and which I exhibit as DK/24 - INQ000606669. The learning and recommendations regarding CCSF and vulnerable groups in London and the South East are evidenced in the 'Reflect and Review' presentation produced in October 2020 by the London and South East team and which I exhibit as DK/25 - INQ000606670.

## **PART F: Lessons Learned and Reflections**

### 196. Chronological list of lessons-learned exercises

#### **UK Wide**

Evaluation of the National Lottery Covid-19 Fund, September 2021 (previously exhibited as DK/01 – INQ000606577)

#### **England**

Process Evaluation of the Coronavirus Community Support Fund', July 2021 (previously exhibited as DK/05 - INQ000606581)

Impact Evaluation of the Coronavirus Community Support Fund, September 2021 (previously exhibited as DK/03 – INQ000606579)

Evaluation of the Coronavirus Community Support Fund - Value for Money Report, September 2021 (previously exhibited as DK/12 – INQ000606637).

Spotlight Findings Paper 1: Lasting impacts and legacy for CCSF grant holders, September 2021 (previously exhibited as DK/15 – INQ000606659)

Spotlight Findings Paper 2: Experiences of volunteers during the pandemic, September 2021 (exhibited now as DK/26 – INQ000606671)

Spotlight Findings Paper 3: Meeting the short-term basic needs of beneficiaries, September 2021 (exhibited now as DK/27 – INQ000606672)

Spotlight Findings Paper 4: Beneficiary experiences during the pandemic, September 2021 (exhibited now as DK/28 – INQ000606673)

Spotlight Findings Paper 5: Lessons from adapting during emergency circumstances, September 2021 (exhibited now as DK/29 – INQ000606674)

Spotlight Findings Paper 6: Patterns in the support delivered, the people reached and the outcomes achieved, September 2021 (exhibited now as DK/30 – INQ000606675)

## **Scotland**

'Immediate Impact of Covid-19 on the voluntary sector in Scotland' report (exhibited now as DK/31 – INQ000606676)

'Organisational Resilience Covid-19 Research May-August 2020' report (exhibited now as DK/32 – INQ000606677), August 2020

'Scotland Covid-19 Response September Update' (exhibited now as DK/33 – INQ000606678)

Intranet article, 'Scottish Government Covid-19 Funding: the SCF and the CRF', July 2021 (exhibited now as DK/34 – INQ000606679)

Scottish Government 'Supporting Communities Fund: evaluation' report, February 2022 (previously exhibited as DK/08 – INQ000606584)

## **Northern Ireland**

Notes from 'Covid-19 Lessons Learned Session', 18 August 2020 (exhibited now as DK/35 – INQ000606680)

197. In August 2020, the Northern Ireland team conducted an internal lessons-learnt exercise and provided reflections to the DfC about ongoing and emerging needs as we came to the end of distributing the CCF (previously exhibited as DK/19 - INQ000606663).
198. In June 2021, the England team commissioned a process evaluation with Ipsos, entitled 'Process Evaluation of the CCSF', previously exhibited as DK/05 - INQ000606581. The report found there was effective promotion of opportunity, and that almost half (45%) of CCSF grant holders had not received funding from the Fund previously. Further, there was satisfaction with the speed of grant delivery, with award decisions being made in an average of 61 days and funding being distributed within an average of 9 days after this. The consensus was that the right balance was found between getting funding out at the right pace and managing risk. The Fund was also able to effectively target those most in need: a quarter of CCSF grant funding went to organisations targeting people with disabilities and a fifth went to organisations targeting activities and support to Black and ethnically minoritised communities. Overall, the processes for distributing the funding were considered effective in enabling distribution of the funding within the required timescales. Key enablers included the Fund Grant Management System, the decision to align the application

processes for CCSF and National Lottery Covid-19 Fund, and gathering early customer experience insights and communicating these in a timely manner. The CCSF contributed to keeping some small and medium sized charities operating during the pandemic. Despite the rapidly changing context, including the periods of local and national lockdown restrictions, the majority of grant holders were able to use the grant in the way they had intended. CCSF was found to have facilitated increased partnership working amongst organisations in the VCSE sector. Grant management processes were intentionally light touch for the CCSF given the short term and emergency nature of the funding. Overall, at the planning stage, careful consideration should be given to the resources, processes and systems required to distribute funding at this scale and pace and early measures taken to put these in place. Further, building on established relationships between policy makers and partners with existing grant distribution processes and relevant experience represents an effective approach to distributing emergency funding efficiently and effectively.

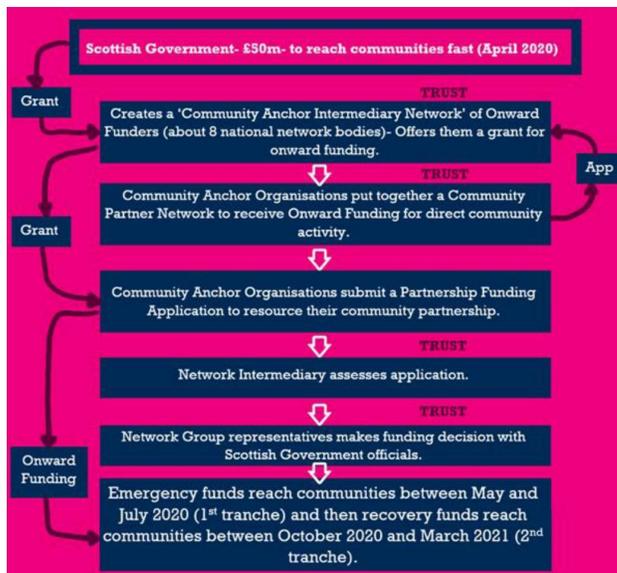
199. In September 2021, Ipsos MORI published a Fund-commissioned report 'Evaluation of the National Lottery Covid-19 Fund', previously exhibited as DK/01 - INQ000606577. The report, which evaluated National-Lottery funded grants during the pandemic (i.e., non-Government interventions) concluded that reach and engagement were successful. The Fund effectively reached small and medium-sized community organisations across the UK, the funding supporting a diverse range of beneficiaries, including those most affected by the Covid-19 pandemic. Positive outcomes were reached for beneficiaries, such as improved mental health, reduced loneliness, and increased social contact. The grants were essential in ensuring charities supported remained financially viable, continuing to deliver essential services; many grant holders used funds to prevent furlough, increase staff hours, and recruit more staff members. The funding provided also had a positive impact on volunteers – supporting increased volunteering time and recruitment. Volunteers reported positive benefits relating to mental health, overall wellbeing, and community connection. Finally, grant holders reported that activities provided had reduced strain on public services – as they were enabled to continue providing wrap-around and preventative support for beneficiaries.
200. In England, throughout the delivery of the CCSF, the Fund and DCMS undertook evaluation of the impact of the funding as well as a process review and a series worth of lessons learnt exercises. The results of each strand of work have been summarised in six distinct spotlight papers (previously exhibited as DK/15, DK/26, DK/27, DK/28, DK/29 and DK/30). The conclusions of this work were summarised in a further Ipsos report entitled 'Impact Evaluation of the Coronavirus Community Support Fund',

published in September 2021, previously exhibited as DK/03 - INQ000606579. The report found that the objectives of CCSF to reduce temporary organisational closure, and to increase support in communities, were achieved. Nearly all grant holders (95%) reported multiple positive outcomes for beneficiaries, including improved mental health and wellbeing (86%), reduced loneliness (79%), and increased social contact (70%). The funding helped organisations remain financially viable during the pandemic – allowing them to continue their essential services. Volunteers reported positive benefits, such as a sense of purpose, improved mental health, and a greater connection to their communities. Extrapolating the survey results as a whole suggests that an estimated 6.58 million beneficiaries were reached by the CCSF grant holders. The evidence was less clear regarding the impact on public services. In some cases, the support delivered through CCSF may have reduced demand for public services amongst beneficiaries in the short or longer term. At the same time, grant holders provided advice, guidance, and signposting, which could have increased demand for public services in the short term. Recommendations within this report included ensuring funding provision is flexible, enabling organisations to adapt to changing circumstances. It also suggests efforts should be made to reach and support organisations working with the most vulnerable and disproportionately affected communities. Further funding should focus on capacity building, enhancing the effectiveness and sustainability of funded organisations. Finally, robust monitoring and evaluation should be in place to assess the impact of funding and ensure accountability.

201. Also in September 2021 for England, a report entitled 'Evaluation of the Coronavirus Community Support Fund – Value for Money Report' was published, previously exhibited as DK/12 - INQ000606637. The report found that the CCSF provided a return of £1.38 to £1 spent. We are confident the CCSF grants were used efficiently (assessment of efficiency). Spending by grant holders on the main activities they conducted and on the key outputs of the grants – namely recruiting volunteers, hiring new staff, and returning existing staff from furlough or avoiding putting staff on furlough – are reasonable and in line with what would be expected in other times.
202. In England, we hosted the Coronavirus Community Support Fund Learning Hub, which was open to all recipients of CCSF and National Lottery emergency funding between October 2020 and August 2021 – acting as an opportunity for grant holders to come together and share and learn from each other during the pandemic.
203. In Scotland, along with the Scottish Government and fellow funders, we supported the Scottish Third Sector Tracker, which was established to track the impact of Covid-19 on the VCSE sector in Scotland and has continued to provide a useful overview of the

state of the sector. The Tracker is a longitudinal panel survey, with Scottish VCSE sector organisations. The aim of the project was to generate regular, robust, and timely insights about the sector through the Covid-19 recovery period. The data from the tracker continues to provide an essential source of timely information about how the sector is responding to a rapidly changing operating environment and the support that it needs. We have continued to use the evidence the Tracker provides both in our cost-of-living funding responses and development of new funding programmes.

204. In Scotland, research titled 'Organisational Resilience Covid-19 Research May- August 2020', previously exhibited as DK/32 – INQ000606677 was shared internally. Key findings included timescales for recovery – it being expected that organisations could begin to recover in Spring 2021. It considered impact on staff, including loss of morale whilst remote working and a need for updated digital equipment and funding therein. The report made recommendations for support, including support for core costs, funding for pilot projects and new ways of working, and an expectation of redesign of services and transformational organisational change.
205. An internal report was published entitled 'Immediate Impact of Covid-19 on the voluntary sector in Scotland', previously exhibited as DK/31 - INQ000606676, was delivered by the Scotland team. The report found an increase in remote delivery, with about 50% of grant holders shifting to deliver online or by phone. It detailed challenges faced by organisations, including running costs and wages, social distancing, and increased demand.
206. Throughout delivery the Scotland team reviewed activity through monthly update reports, enabling responsive tracking of activity and trends. In July 2021, an Intranet article was published summarising the Scottish Government Covid response entitled 'Scottish Government Covid-19 Funding: the SCF and the CRF' (previously exhibited as DK/34 – INQ000606679). The article outlines the flow of money from Scottish Government to communities as seen here:



207. The report found that a total of £9.47 million was distributed to 437 organisations across Scotland. In regard to the SCF, we made 51 grants totalling £3,147,098. The average grant was £61,717. The grant amounts ranged from £18,000 to £140,000. Across the SCF partnership, 258 awards were made. The award list is available on the SCVO website. The CRF ran from November 2020 until March 2021. We made 385 grants totalling £6,326,138, with an average grant size of £16,432. 97% of the grants made were to individual groups, with amounts of £5,000 to £25,000; 3% of the grants made were to partnerships, with grants over £25,000 to £75,000. We also made 102 uplifts to existing grants worth £839,946. In total, we awarded £7,150,944 through the CRF.
208. Key lessons included the usefulness of trusted networks in effectively distributing funding, minimising administrative burden. Further, by trusting communities to deliver, they felt more empowered to do so, and the flexible approach allowed funders to adapt, share data, and respond rapidly to need. Finally, coordination challenges arose in larger areas with multiple partnerships, leading to potential overlaps and differing priorities. Despite these challenges, trust and respect for local knowledge and experience facilitated a positive and supportive response.
209. The Scottish Government commissioned the 'Supporting Communities Fund: evaluation' report in February 2022, previously exhibited as DK/08 – INQ000606584. The SCF distributed £17,056,890 to 373 organisations across all 32 local authority areas in Scotland. The average amount of funding requested was £37,027, with grants ranging from £1,500 to £329,720. Most projects focused on food support (89%) and basic provisions (53%). Other common activities included volunteer management

(59%), operating costs (59%), social outreach (48%), digital access (40%), and health and wellbeing support (37%). Organisations estimated supporting 11,267 households and 173,676 individuals, although this is likely an underestimation. Projects commonly supported vulnerable people, those with low/no income, socially isolated individuals, people shielding, and those with existing mental health conditions. Common challenges included low uptake of services, pride and stigma among targeted groups, resource scarcity, and difficulties in supporting specific groups. Key learnings found that poverty and unemployment were identified as significant emerging needs, reflecting the financial impact of the pandemic. Health and wellbeing needs, particularly mental health, were highlighted.

210. Greater support for community organisations was seen as a priority going forward. Further, effective communication, partnership working, and a light touch approach were essential in ensuring funds were delivered effectively.

#### The Fund's response to reviews

211. In Northern Ireland, a close working relationship with the DfC has been maintained. When delivering a non-Covid-19 government programme for the Department of Infrastructure in 2022/3, we carried forward the lessons in terms of clarity of roles and decision-making responsibility, using a similar grant agreement. We also have driven forward collaboration with other non-statutory funders through our work leading the Funders Forum for Northern Ireland, with a view to reducing duplication and maximising collaboration between funders. Finally, we have taken the insight we gained from the CCF about weak financial skills in the sector and used it to inform our subsequent Dormant Assets programmes, which seek to build capacity, resilience, and sustainability in the VCSE sector.
212. In England, the delivery of CCSF created lessons for the Fund. Following the delivery of CCSF and our National Lottery Covid-19 response offer, we adapted the relaunch of our funding programmes to target people and communities most impacted by the pandemic. Since then, we have delivered the Community Organisations Cost of Living Fund on behalf of DCMS. While a smaller grant programme at £75 million, it has similar timescales and operational challenges. We were able to utilise some of the approaches designed for CCSF.
213. In Scotland, the key lesson taken into consideration of future grant design was the need to act quickly and be flexible, as well as to instil trust in people and organisations and work with partners openly. Further, there was emphasis placed on a need to

provide provisions first and account later, trust being an essential aspect of this. These lessons were a feature of our response to cost-of-living pressures.

#### What changes should be made in future

214. We have learned a great deal about the systems and processes we utilised through the pandemic. We have a strong base and, while we always strive to improve and build on our systems and processes, we have identified no significant changes required. I would like to reference the following by way of example. Our process evaluation of the CCSF found it to have been an effective route to distributing emergency response funding. Key points included:
- Most successful applicants were satisfied with the speed of award decisions.
  - The pace mobilised and scale were both a significant achievement and a challenge – putting pressure on funding staff.
  - Commitment across Government and positive working relationship between the Fund and DCMS enabled pace.
  - Making use of our existing products and processes offered consistency and efficiency.
215. Building on our core purpose, in the event of a pandemic or similar, we would again work with our partners and communities across the devolved administrations, acting on the evidence of what they were experiencing and needed.

#### Steps the Fund has taken to improve readiness for a future pandemic

216. The Fund's role in delivering funding during the Covid-19 pandemic enabled us to ensure that our governance arrangements supported increased flexibility while maintaining robust controls. It also provided a valuable opportunity for us to review and strengthen our approach to working with applicants and grant holders. As such we are as well placed as one can be for a future pandemic or similar crises.
217. Our Covid-19 experience informed our responses to the cost-of-living crisis and rioting in summer of 2024 – subsequent 'civil emergencies' where our funding and support offer was adapted and included delivery of further government economic interventions.

#### Recommendations to improve the economic response to a future pandemic

218. In recent years, communities in the UK have faced a series of profound crises, from the Covid-19 pandemic and the cost-of-living crisis to terror attacks. Voluntary and community organisations have consistently played a crucial role in response and recovery efforts. The Fund has played its part.

219. In my statement, I have set out a wide range of our actions, evidence to support, and lessons learned. In 2025, we again considered the learning from these events, in light of the 2024 Southport riots and the growing threat of climate crises. While we learned a lot to shape our future response to a crisis, what made our delivery during Covid-19 most effective was our response being underpinned by our tried and tested approach to grant making.
220. I have brought this together to inform the following recommendations.
221. First, utilising the funders' and partnership experience:
- Funders and partners have tried and tested methodologies and are able to adapt quickly to changing needs during a crisis, enabling funding to flow without unnecessary delays. This includes streamlining processes and systems, oversight of decision-making, providing access to emergency funding mechanisms, and adapting risk approaches.
  - Funders' and partners' experience of the VCSE sector should be used to avoid or navigate additional controls and overly complex risk and fraud management processes and post-award scrutiny. In circumstances of crisis, where there is high-risk or high uncertainty, it is important to adjust risk and control frameworks.
  - Understanding the need for the process to work for communities – for example, changing payment terms to payment in advance and adapting financial year end requirements.
  - Work with established funders and partners who are able to work through existing grant holders to connect to communities. There were rich lessons in the broader partnership landscape where the Fund played a key part (e.g. EDAs). There were also other routes. There was cross-sector collaboration, creative partnerships, and flexible channels - all significant and help explain why and how the £200 million via the Fund sat alongside other funding streams.
222. Second, put our communities at the heart of funding in a crisis. By communities I mean people living in the same area as well as people with similar interests or life experiences even if they do not live in the same area. Communities often respond to crises with remarkable speed and effectiveness, faster than large organisations. I also want to emphasise the enabling role of local knowledge, relationships, and networks. This means we are investing in areas of communities' greatest need in 'peacetime', and able to move, at pace, responding to crises.
223. Recognising and building upon the inherent strengths within our communities, I recommend taking clear, early steps to understand and utilise communities' local knowledge and connections for an effective tailored crisis response through flexible,

responsive programmes. This will help identify and target funding needs to maximise their impact.

224. Third, maximise relationships across Government, DCMS, the devolved administrations and the Fund. This should be joined-up, providing appropriate flexibility and controls so that we can review and strengthen our approach to working with applicants.
225. Fourth, when working with funders and partners in times of crisis, government needs to ensure an adaptable approach to meet the urgent needs of the time. Work with funders to design the best possible approach, factoring in that governments work at different paces.
226. Fifth, governments should trust and devolve funding decision-making and delivery to funders. This needs to be set out with clear delegation in allowing funders to drive the best practice in the circumstances being faced.

#### Preparedness for a future crisis

227. A crisis team response framework should be created, based on this learning, to improve grant programmes for an events-based crisis and ensure practical application.
228. Capacity building resilience is needed in the VCSE sector, ahead of any future pandemic, to be better equipped to respond. This is important for those communities that need support most, which are most likely not to have the community infrastructure in place. Longer term funding is required to achieve this.

**Statement of truth**

I believe that the facts stated in this witness statement are true. I understand that proceedings may be brought against anyone who makes, or causes to be made, a false statement in a document verified by a statement of truth without an honest belief of its truth.

**Signed:**

**Personal Data**

**Dated:** 04 September 2025