Department for
Digital, Culture
Media & Sport

# Tailored Review

## Heritage Lottery Fund/National Heritage Memorial Fund

## Annexes

November 2017

# Contents


**Annex A: Written Ministerial Statement** 3

**Annex B: Terms of Reference** 4

**Annex C: Background Information: Challenge Panel, Review Team, Steering Group** 6

**Annex D: List of stakeholders consulted** 8

**Annex E: Results of Public Consultation** 11

- Breakdown of survey responses 11
- Who are you? 12
- Form and functions 16
- Impact 19
- Effectiveness 23
- HLF as a funding body 25
- Customer perspective 31
- Management 36

**Annex F: Summary of NHMF's legislation** 38

**Annex G: National Heritage Memorial Fund Policy Directions** 41

**Annex H: National Heritage Memorial Fund Spending Review Letter** 44

**Annex I: Organisational Structure** 47

**Annex J: Alternative Delivery Model Assessment** 48

**Annex K: Good Governance Self-Assessment** 57

# **Annex A:** Written Ministerial Statement

*This Written Ministerial Statement was laid in both Houses of Parliament on Thursday 23rd February 2017 by the then Parliamentary Under Secretary of State for Sport, Tourism and Heritage, Tracey Crouch MP.*

## National Heritage Memorial Fund tailored review

I am today announcing the start of a tailored review of the National Heritage Memorial Fund (NHMF). As a Non-Departmental Public Body (NDPB), the NHMF, including its activities operating as the Heritage Lottery Fund (HLF), is required to undergo a tailored review at least once in each parliament.

The review will consist of two stages. The first stage will provide a robust challenge for the continuing need for the functions performed by the NHMF and the HLF, and, if there is, whether some or all of these functions should be delivered by alternative delivery models or continued to be delivered by a NDPB.

If it is agreed that the functions should continue to be delivered as a NDPB, the second stage will review the organisational control and governance arrangements in place to ensure that they are compliant with the recognised principles of good corporate governance and delivering good value for money. The structure, efficiency and effectiveness of both the NHMF and the HLF will be considered as part of both stages.

The findings at both stages of the review will be examined by a Challenge Group, chaired chaired by DCMS Non-Executive Director Charles Alexander. A separate steering group will consist of representatives from the Welsh Government, Scottish Government, Northern Ireland Executive and UK Government.

In conducting the review, officials will engage with a broad range of stakeholders across the UK from heritage, culture and natural environment sectors. The review will follow guidance published in 2016 by the Cabinet Office: 'Tailored reviews: guidance on reviews of public bodies'. The Terms of Reference for the review and a survey seeking evidence about NHMF and HLF can be found on the DCMS website.

I will inform the House of the outcome of the review when it is completed and copies of the report of the review will be placed in the Libraries of both Houses.

# **Annex B:** Terms of Reference

**Objective:** to carry out a review of the National Heritage Memorial Fund (NHMF) including its activities operating as the Heritage Lottery Fund (HLF).

(Note for the purposes of these Terms of Reference NHMF will be used throughout and will include HLF activities unless specified otherwise)

The NHMF review will have two principal aims, represented by two stages:

- Stage 1: To provide a robust challenge to the continuing need for the functions performed by the NHMF. This stage will include:
    - An examination of NHMF's current remit
    - Consideration of whether NHMF's functions should continue to be delivered by a Non-Departmental Public Body (NDPB)
    - Consideration of whether the legal construct on which NHMF is currently based remains fit for purpose.
- Stage 2: If it is agreed that the form and functions of the NHMF should remain unchanged, to review the control and governance arrangements in place to ensure that the organisation is complying with the recognised principles of good corporate governance and delivering effectively.
- The structure, efficiency, and effectiveness of the HLF will be considered as part of both stages.

**Areas in scope**

Within this context, the review will consider in more detail the effectiveness and efficiency of the NHMF including:

- The NHMF's current set of functions and responsibilities, and whether there is a demand for the NMHF's functions and services from stakeholders;
- How the NHMF sets priorities, and how these priorities contribute to the UK Government's policies (including economic growth, promoting the UK overseas and ensuring the opportunities of culture and heritage are available to everyone and not just the privileged few);
    - The extent to which the NHMF successfully carries out its Policy Directions (including the Policy Directions from the Devolved Governments), and whether the content of those Policy Directions still supports the UK Government's policies or require revision.
- How the NHMF makes grant investment decisions and how it assesses the success and impact of its investments;

- How well the NHMF engages with the public and with the six principal areas in which it administers its grants (Museums, libraries and archives, land and natural heritage, buildings and monuments, culture and memories, industrial maritime/transport and community heritage) and whether current arrangements remain appropriate;
- The NHMF's approach to reaching priority organisations/groups and locations, in particular the role of the NHMF in making heritage accessible to everybody regardless of their background;
- The NHMF's role to support a more resilient and sustainable Heritage sector;
- The efficiency of the NHMF, including:
    - How the NHMF works with other organisations to reduce costs;
    - How the NHMF manages its estate;
    - How the NHMF uses digital service;
- Whether the NMHF's governance and management arrangements are sufficiently robust and transparent. In particular:
    - Whether the NHMF Board is effective, and how this is assessed;
    - Innovation at the NMHF and how it plans for the future;
    - Whether the NHMF's Governance controls follow "good practice";
    - The effectiveness of NHMF's current strategy, the role of the Board in setting and monitoring the strategy and how well the NMHF has delivered on its priorities;
    - The DCMS oversight arrangements for the HLF;
- The evidence and emerging findings from DCMS's other ongoing reviews, the Churches and Cathedrals Sustainability Review and the Museums Review, will feed into the NHMF tailored review.

# **Annex C:** Background information on the Challenge Panel, Review Team and Steering Group

## Challenge Panel

**Role:** To challenge the scope, assumptions, methodology and emerging conclusions of the review to ensure that the final report was based on solid evidence and fair evaluation.

Members of the Challenge Panel were appointed in a personal capacity and did not represent any interest group or particular body. Members of the Panel were asked to declare any potential conflicts of interest to the review team.

| | |
|---|---|
| **Charles Alexander** | DCMS Lead Non-Executive Director (Chair) |
| **Lyn McDonald** | Deputy Director, Cabinet Office Fraud Error and Debt team |
| **Vanessa Trevelyan** | Former Director of the Norfolk Museums Service and former President of the Museums Association |
| **Liz Peace CBE** | Chairman, Architectural Heritage Fund |
| **Ingrid Samuel** | Historic Environment Director, National Trust |
| **Professor May Cassar** | Professor of Sustainable Heritage and Director of the UCL Institute for Sustainable Heritage |
| **Crispin Truman** | Chief Executive of the Campaign to Protect Rural England |
| **Stephanie Hilborne OBE** | Chief Executive of the Wildlife Trusts |

## Review Team

**Role:** To carry out the review, including setting the Terms of Reference, gathering and analysing evidence, and forming recommendations.

| | |
|---|---|
| **Tony Strutt** | Head of DCMS Arm's Length Bodies Team |
| **Georgina Howe and Alex Gillespie** | Joint-Lead Reviewers |
| **Hannah Hughes and Antoine Leclere** | Project Support |

Officials from the DCMS Evidence and Analysis Unit, Legal, Finance, Heritage Policy, Museums and Lotteries teams also contributed to the review.

## Steering Group

**Role:** To ensure collective agreement of the review's final conclusions and recommendations within the UK, Welsh, Scottish and Northern Irish Governments.

| | |
|---|---|
| **Helen Judge** | Director General for Performance and Strategy, DCMS (Chair) |
| **Kate Clark** | Museums, Archives and Libraries Division, Historic Environment Service, Welsh Government |
| **Iain Greenway** | Director, Historic Environment Division, Department for Communities, Northern Ireland Executive |
| **Fiona Lim** | Sponsorship and Funding Team, Culture and Historic Environment Division, Scottish Government |
| **Tom Robbins** | Infrastructure, Digital and Culture Team, HM Treasury |
| **Dan Barwick** | Defra's Natural Environment Strategy Team, Department for Environment, Food and Rural Affairs |
| **Tony Thompson** | Development Management Division (Planning), Department for Communities and Local Government |

The review team would like to record their thanks to all those who contributed, and to HLF for their prompt and helpful support during the review and the drafting of this report.

# **Annex D:** List of stakeholders consulted

## One-to-one interviews

1. Archives and Records Association
2. Art Fund
3. Arts Council England
4. Arts Council of Northern Ireland
5. Association of Independent Museums
6. Augustine Church, Edinburgh
7. Avon Wildlife Trust
8. Big Lottery Fund
9. Black Environment Network (BEN)
10. British Council
11. British Library
12. British Museum
13. Built Environment Forum Scotland
14. Canals and Rivers Trust
15. Catholic Church
16. Church of England
17. Churches Conservation Trust
18. Claire Herring Associates
19. Commonwealth War Graves Commission
20. Cornerstone Chapel, Cardiff
21. Council for British Archaeology
22. Country Land and Business Association (CLA)
23. Creative Scotland
24. Culture24 (Digital)
25. English Heritage
26. Environment Agency
27. Esmee Fairbairn Foundation
28. Friends of Friendless Churches
29. Heritage Alliance
30. Heritage Railway Association
31. Heritage Trust Network
32. Historic England
33. Historic Houses Association
34. Historic Religious Buildings Alliance
35. Historic Royal Palaces
36. Imperial War Museums
37. Inner Forth Landscape Partnership
38. Institute of Historic Building Conservation
39. Jewish Heritage Studios
40. Launcells Parish Council
41. Leeds Grand Theatre
42. Linenhall Library
43. Local Government Association
44. Locality
45. Museums Association
46. National Churches Trust
47. National Federation of Parks and Green Spaces
48. National Galleries Scotland
49. National Museum Scotland
50. National Museums Directors Council
51. National Secular Society
52. National Trust
53. Natural England
54. Natural Resources Wales
55. NECP
56. Northern Ireland Council for Voluntary Action (NICVA)
57. Northern Ireland Environment Agency
58. Northern Ireland Environment Link
59. Pier Art Centre, Orkney
60. Scott Polar Museum
61. Red Brick Belfast
62. Professor Rodney Harrison, UCL
63. Sandy Row Tours, Belfast
64. Scottish Episcopal Church
65. Scottish Waterways Trust
66. Scottish Wildlife Trust
67. The Architectural Heritage Fund
68. The National Holocaust Centre and Museum
69. The Institute of Conservation (Icon)
70. The Landmark Trust
71. The Royal Commission on the Ancient and Historical Monuments of Wales
72. The Wildlife Trusts
73. The Wolfson Foundation
74. The Woodland Trust
75. Twentieth Century Society

76. UK Lottery Forum
77. Ulster Wildlife
78. Universities Museums Group
79. Wellcome Trust
80. Welsh Government - Museums, Archives and Libraries Division
81. Wildlife and Countryside Link
82. Wildlife Trusts Wales
83. Windrush Foundation
84. Wrexham Warehouse Project

## Roundtable participants

**Roundtable 1: Edinburgh**

- National Trust for Scotland
- Glasgow Life
- Dundee City Council
- Renfrewshire Council
- Historic Environment Scotland
- GreenSpace Scotland
- Museums Galleries Scotland
- The Abbotsford Trust
- Cairngorms Outdoor Access Trusts
- Comhairle Nan Eilean Siar

**Roundtable 2: Bristol**

- Black South West Network
- Birmingham and Black Country Wildlife Trust
- Bristol City Council Culture Department
- Campaign for National Parks
- Canal & River Trust
- Complex Development Projects Ltd
- Gloucester Cathedral
- Gloucester City Council
- National Association of Areas of Outstanding Beauty
- National Trust
- Stoke on Trent City Council
- Tamar Valley AONB

**Roundtable 3: Belfast**

- Ards and North Down Council
- Armagh City,Banbridge and Craigavon Council
- Belfast City Council
- Causeway, Coast and Glens Heritage Trust
- Derry City and Strabane District Council
- RSPB Northern Ireland
- Tourism Northern Ireland
- National Museums Northern Ireland
- Woodland Trust
- Titanic Foundation
- Ulster Architectural Heritage Society (UAHS)

**Roundtable 4: Leeds**

- Bradford City Council
- Rotherham Borough Council
- Wakefield Cathedral
- Curious Minds
- Growth Lancashire
- Science Museum Group
- Beamish, The North of England Open Air Museum
- Sheffield Galleries and Museums Trust
- Sheffield Wildlife Trust
- Urban Splash Limited

**Roundtable 5: Pontypridd**

- RSPB Cymru
- Rhondda Cynon Taf Council
- Cardiff Story Museum
- National Museum Wales
- Monmouthshire Museums Service
- National Trust
- University of South Wales
- The National Library of Wales
- Mencap Cymru

**Roundtable 6: Cambridge**

- The National Archives
- The Parks Alliance
- Waltham Forest Council
- King's Lynn & West Norfolk Council
- Accentuate
- Green Light Trust
- Culture &
- Luton Culture
- SHARED Museums East

## Written submissions were also received from:

1. Art Fund
2. The Architectural Heritage Fund
3. The British Institute of Organ Studies
4. The British Library
5. Canal and River Trust
6. Church Buildings Division of the Church of England
7. Darlington Borough Council
8. Fields in Trust
9. Great Yarmouth Minster Preservation Trust
10. Historic Religious Buildings Alliance
11. Imperial War Museums
12. Jewish Heritage Studios
13. The National Archives
14. The Natural Capital Committee
15. The North East Culture Partnership
16. The Quilters' Guild
17. The Russell Group
18. Tees Valley Combined Authority
19. Wheal Martyn Trust
20. Wildlife Trust for Birmingham and the Black Country
21. The Windrush Foundation

Written submissions were also sought from organisations who represent the interests of underrepresented groups within the heritage and culture sector. Responses were received from:

21. CEMVOScotland
22. Draig Enfys
23. Global Link
24. Jez Dolan
25. Mencap Cymru
26. SAND: Safe Ageing No Discrimination
27. ShivaNova

*Three responses were also received from individuals who will not be named to respect their anonymity.*

# **Annex E:** Results of Public Consultation

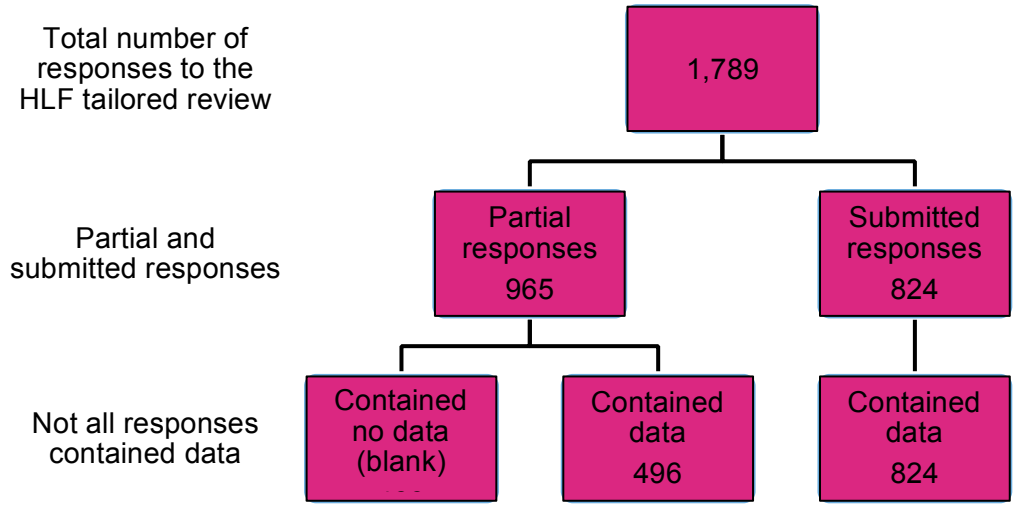
The Heritage Lottery Fund (HLF) tailored review was launched in-house via an online survey platform and ran from 23 February to midday on 6 April 2017.

In total, there were 1,789 responses to the online consultation: **1,320 contained data** and 469 were blank. Although all of the 1,320 responses contained **some** data, respondents did not necessarily answer all of the questions. This may have been because:

- the question was not applicable to them
- they made the decision not to answer a particular question
- they abandoned the survey part way through

Therefore, there is a proportion of 'non-responders' for each question[1] and this proportion tended to increase as the survey progressed[2]. The charts within this report only show the number/percentage of people who answered the question, they do **not** show the number/percentage of non-responders. Percentages may not add up to 100% due to rounding and where percentages are less than 1%, charts may show 0%, again due to rounding.

## Breakdown of survey responses




*Notes:*

- *Submitted response - respondent actively submitted response via the survey platform.*
- *Partial response - response was downloaded automatically when the online survey closed.*
- *Blank response - respondent clicked on the survey link but did not complete any of the questions.*

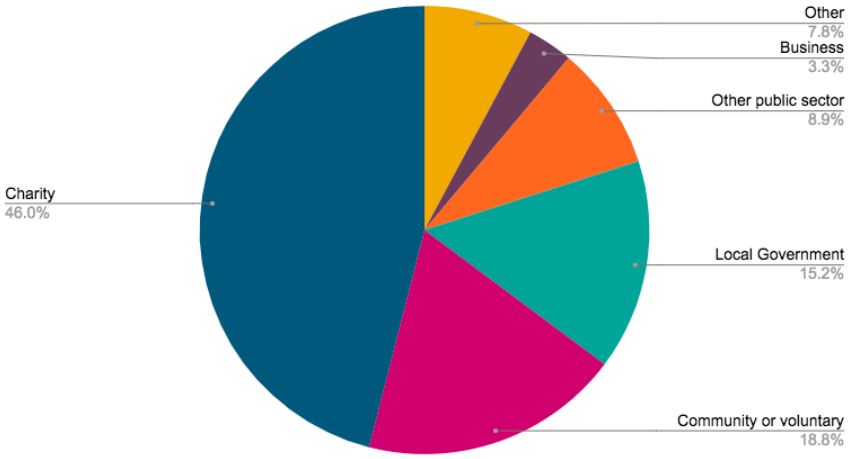
[1] Apart from question 1 which **had** to be answered in order to progress with the survey.
[2] The proportion of non-responders increased from around one tenth (11%) at the start of the survey to almost two fifths (39%) at the end of survey.

## Who are you?

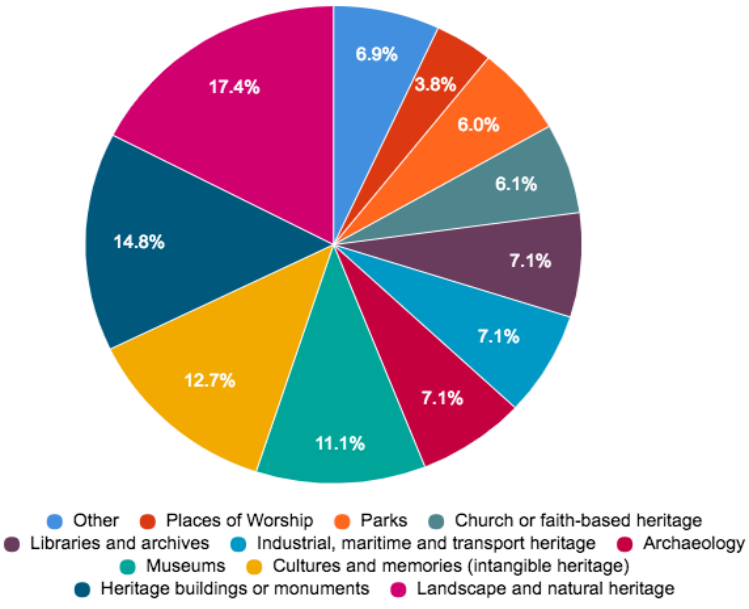
**Are you responding as an individual or as part of an organisation?**

| | Number of responses | Percentage |
|---|---|---|
| Individual | 639 | 48% |
| Organisation | 681 | 52% |
| **Total** | **1,320** | **100%** |

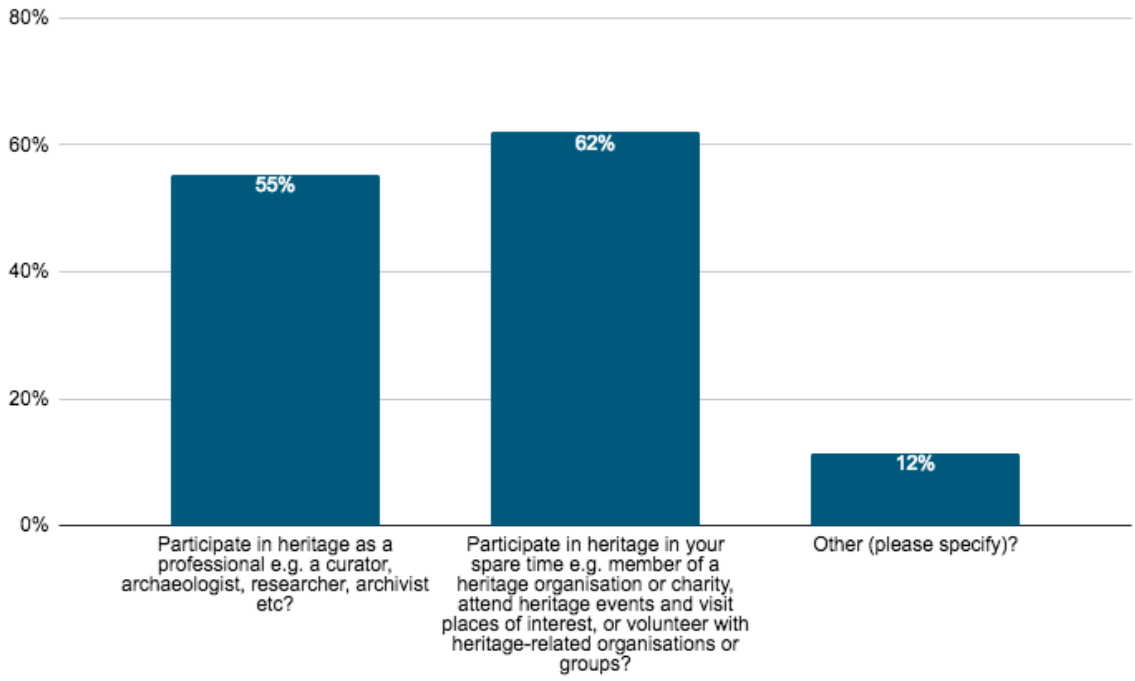
**Which type of organisation do you represent? (Select all that apply) n=704**



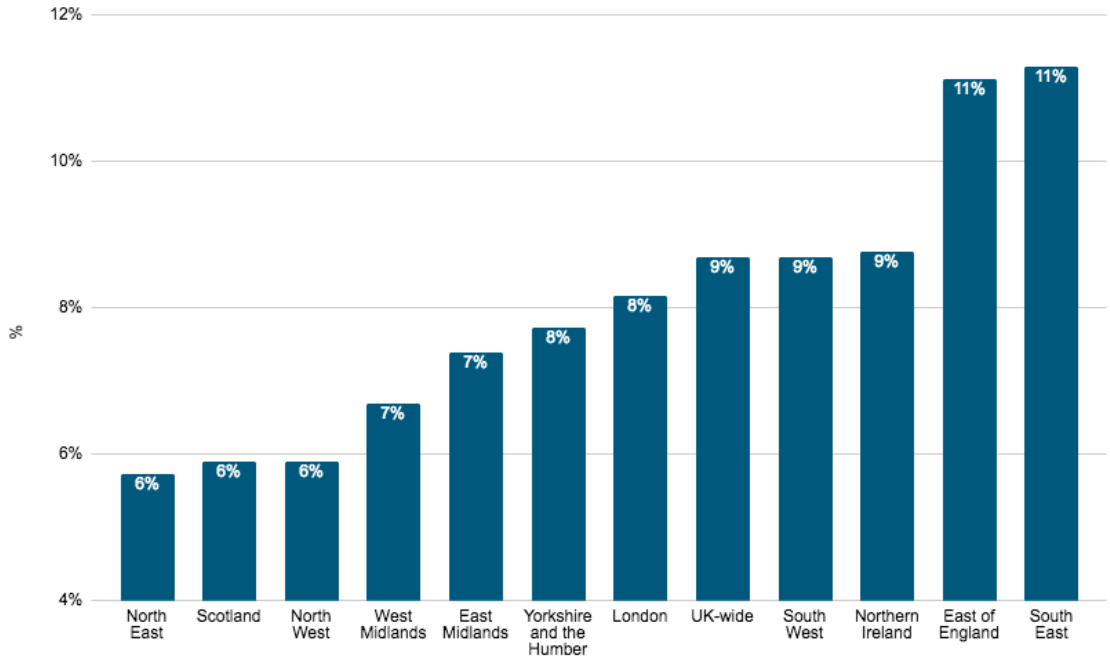

**Which sector(s) do you represent? Please select all that apply. n=1475**



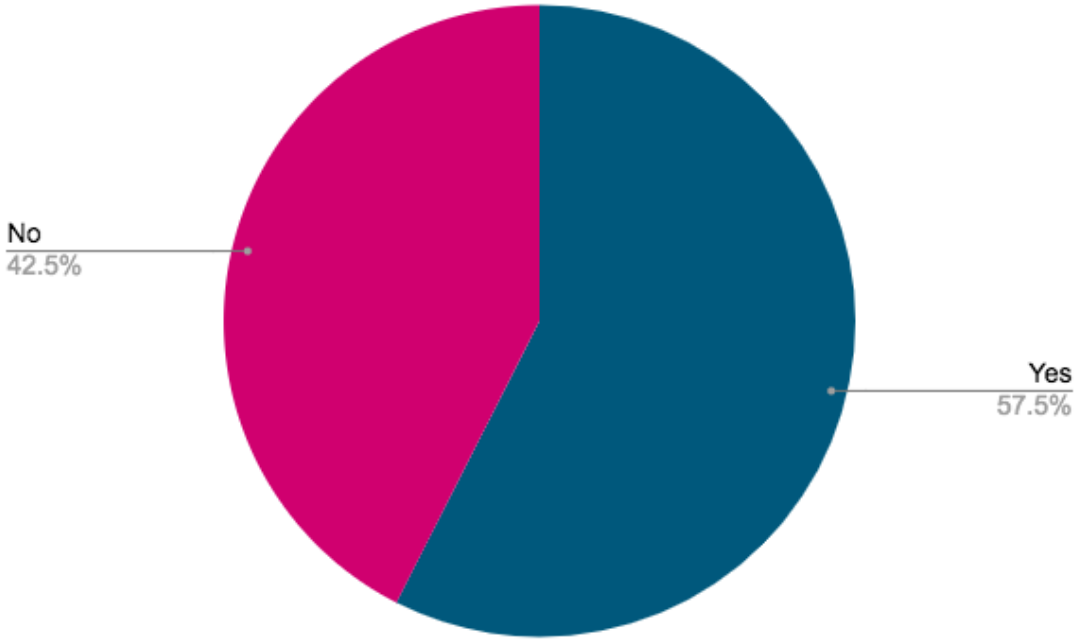
**How individual respondents participate in heritage (select all that apply). n=729**



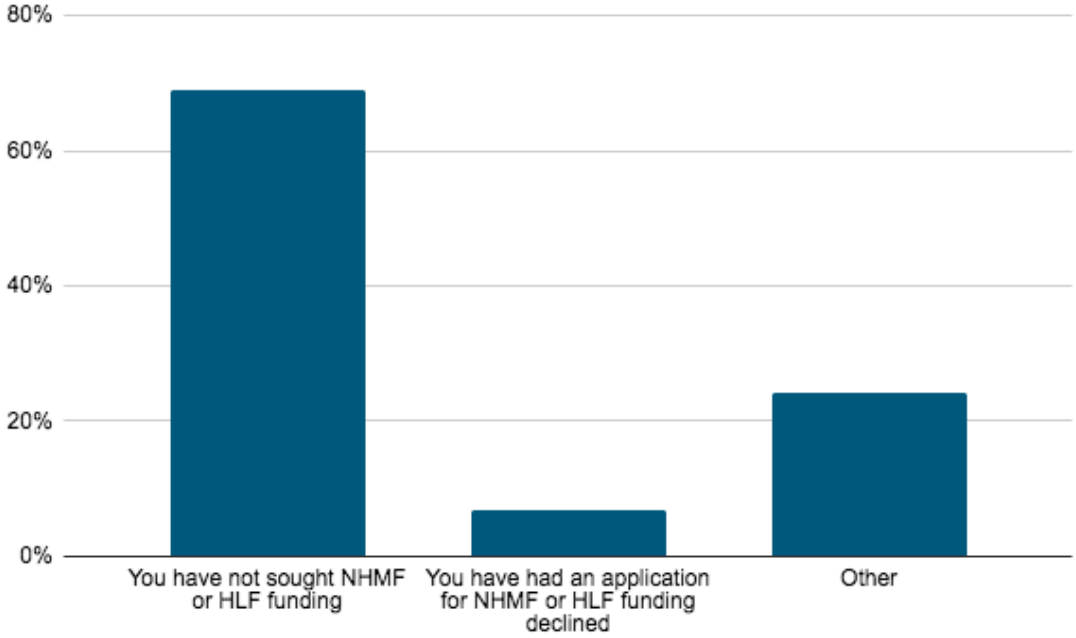

**Which of the twelve HLF geographical areas are you mainly based or work in? n=1152**



**Have you received funding from NHMF or HLF in the last three years? n=1136**



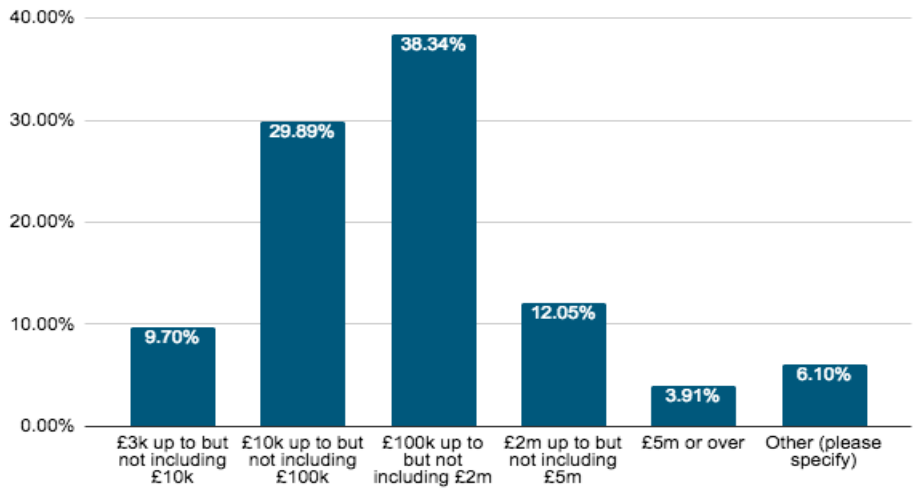

**To those who had not received funding – Is that because? n=471**



**To those who had received funding - Which of the following types of funding have you received? (Select all that apply) n=662**

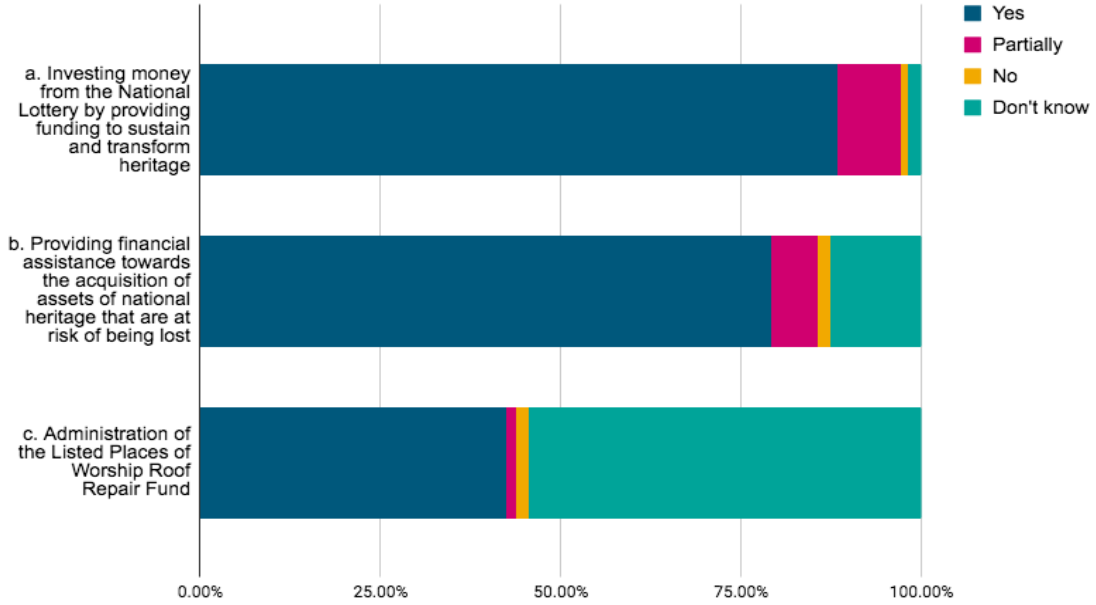
| Answer | Number of responses | % |
|---|---|---|
| Heritage Endowments | 4 | 1% |
| Heritage Enterprise | 8 | 1% |
| Start-up Grants | 9 | 1% |
| Collecting Cultures | 10 | 2% |
| Townscape Heritage | 16 | 3% |
| Transition Funding | 16 | 3% |
| Resilient Heritage | 16 | 3% |
| National Heritage Memorial Fund | 18 | 3% |
| Catalyst Umbrella | 26 | 4% |
| Parks for People | 27 | 4% |
| Other | 27 | 4% |
| Young Roots | 39 | 6% |
| Listed Places of Worship | 40 | 6% |
| Skills for the Future | 46 | 7% |
| Sharing Heritage | 47 | 8% |
| Grants for Places of Worship | 54 | 9% |
| First World War: then and now | 63 | 10% |
| Landscape Partnerships | 97 | 16% |
| Our Heritage | 183 | 29% |
| Heritage Grants | 290 | 47% |
| **Total** | **1036** | **100%** |

**To those who had received funding or who had application for funding declined - What was the size of the grant(s) you applied for? n=639**



## Form and functions

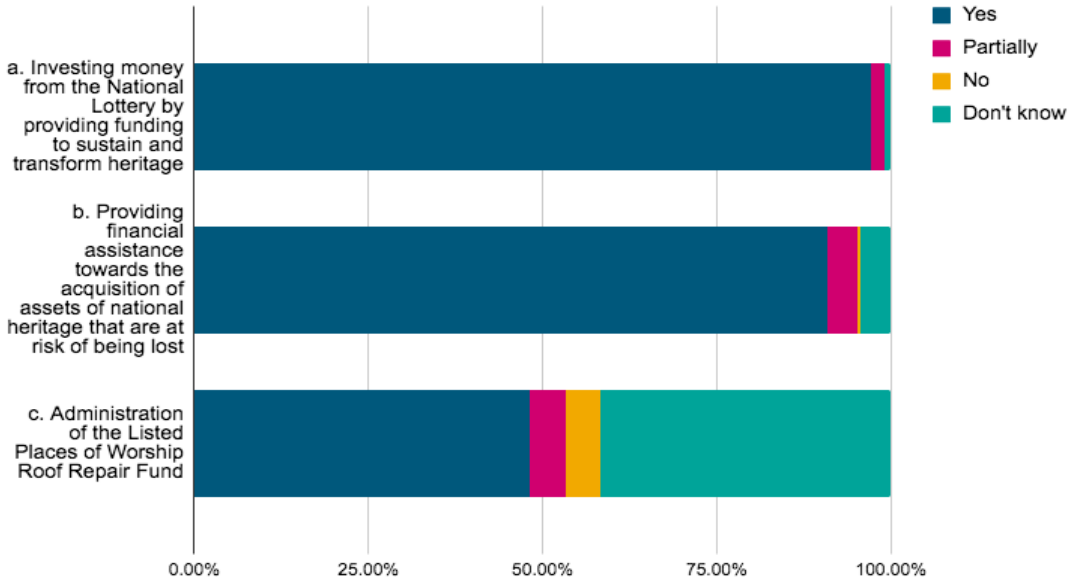
**Do the functions (a to c below) accurately describe what NHMF and HLF do?**




*Notes:*

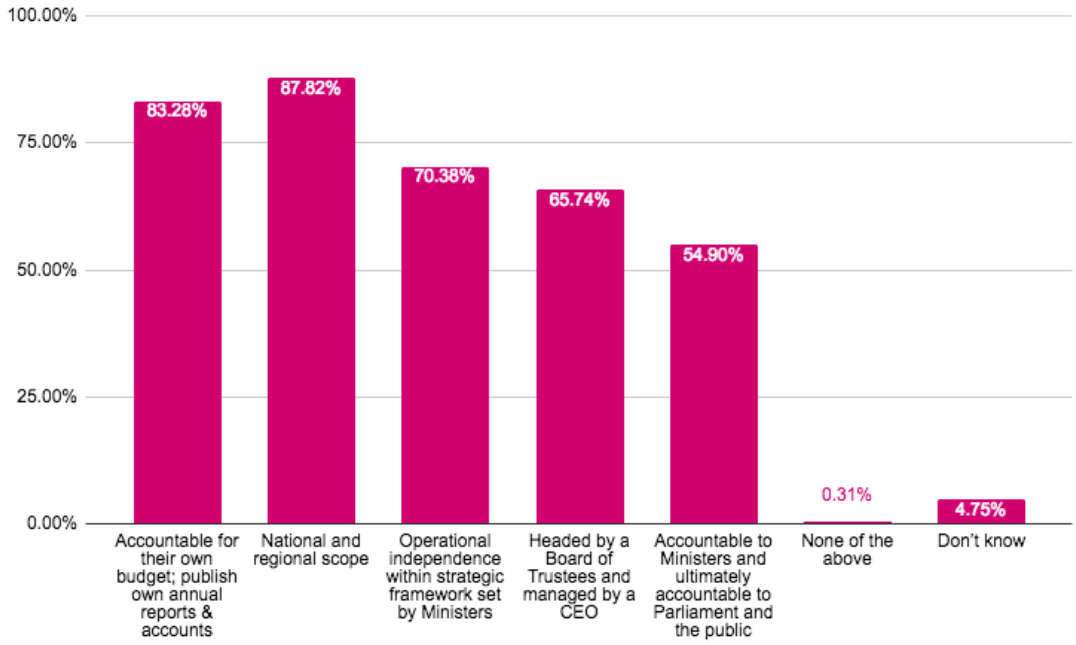
a. *Investing money from the National Lottery by providing funding to sustain and transform heritage: n=1,301*
b. *Providing financial assistance towards the acquisition of assets of national heritage that are at risk of being lost: n=983*
c. *Administration of the Listed Places of Worship Roof Repair Fund: n=968*

**Do you think these functions (a to c below) are still needed?**

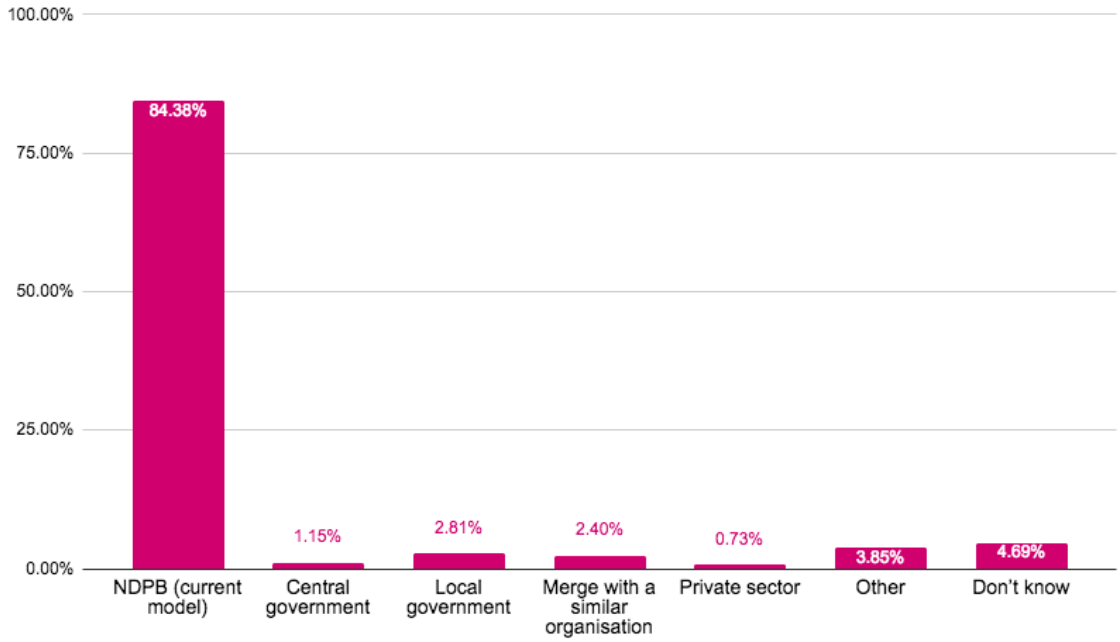



*Notes: a. n=983, b. n=972, c. n=958*

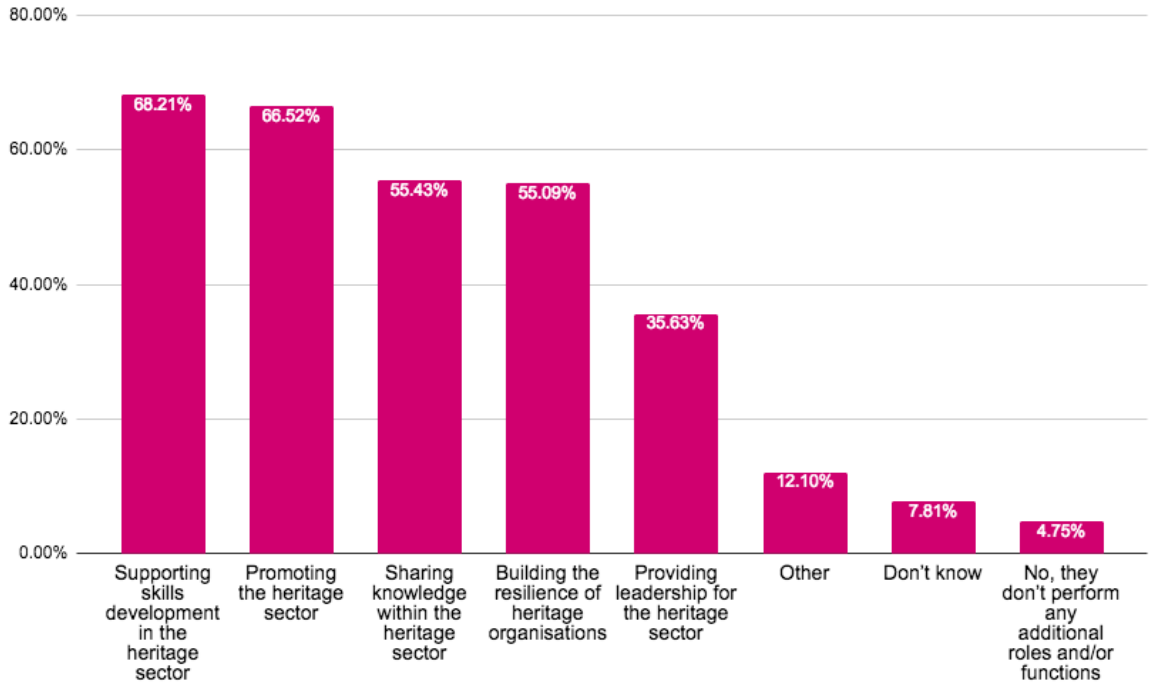
**The following features characterise a Non-Departmental Public Body (NDPB). Which of these do you think are essential for NHMF and HLF to operate? (Select all that apply) n=969**



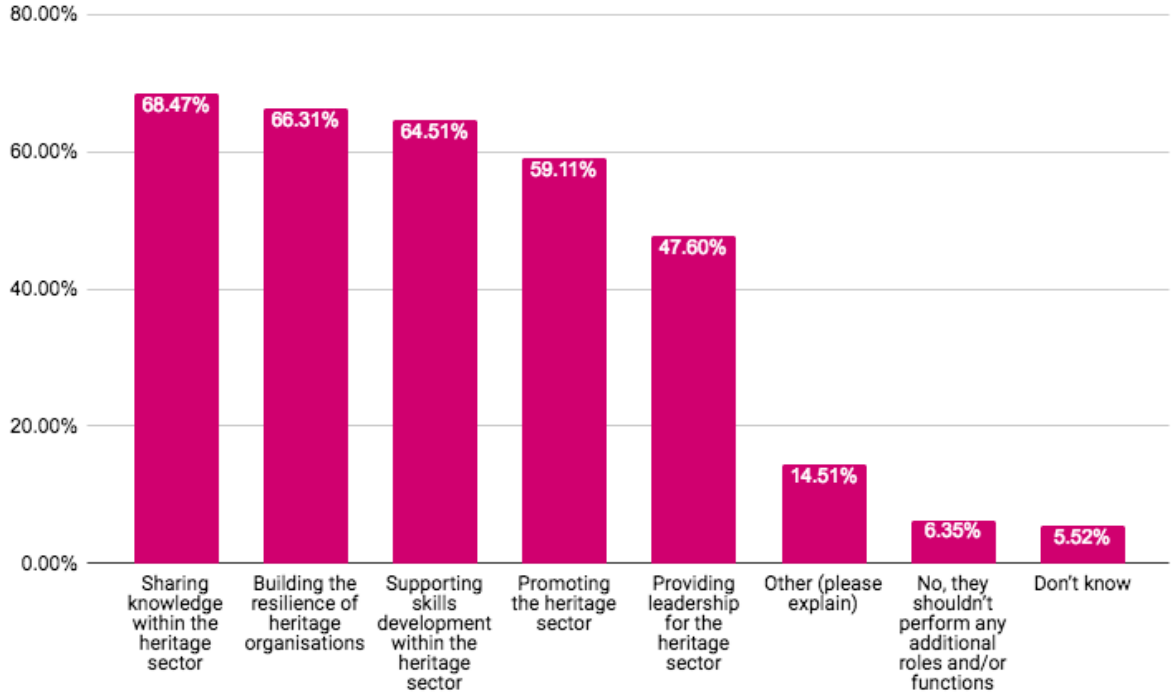

**In your view, what would be the most effective way to deliver the functions of NHMF and HLF? n=960**



**Do you think HLF currently performs any additional roles and/or functions, for example: (Select any that apply) n=884**

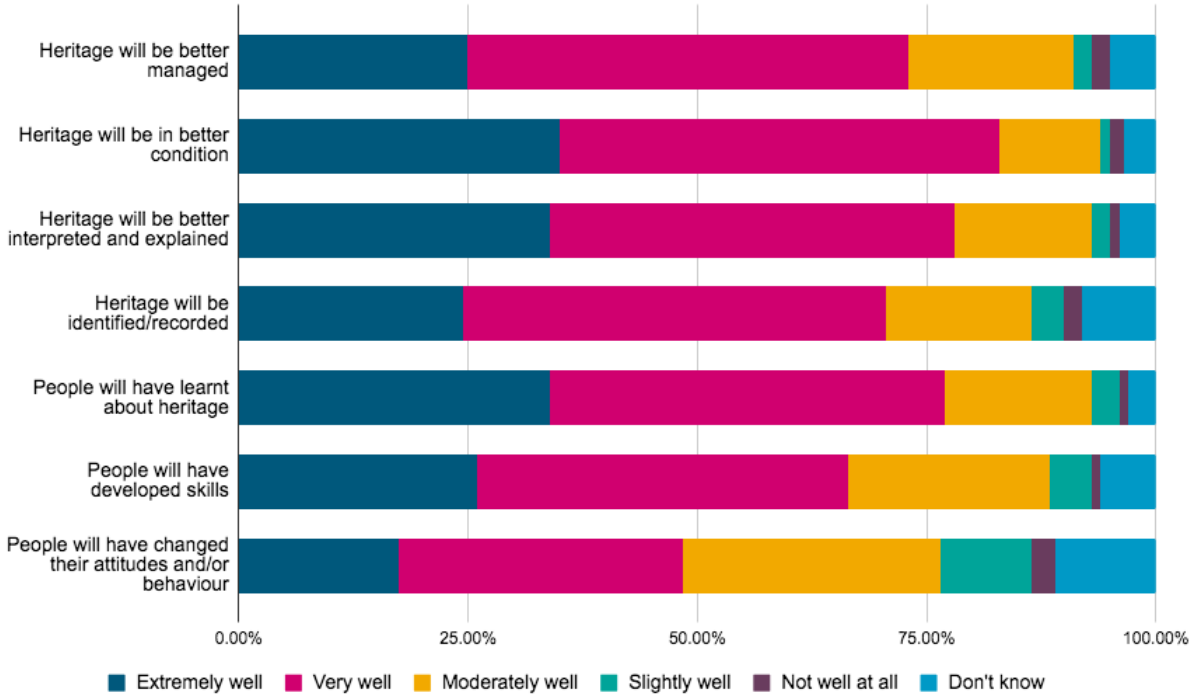



**Do you think HLF should perform any additional roles and/or functions, for example: (Select any that apply) n=834**

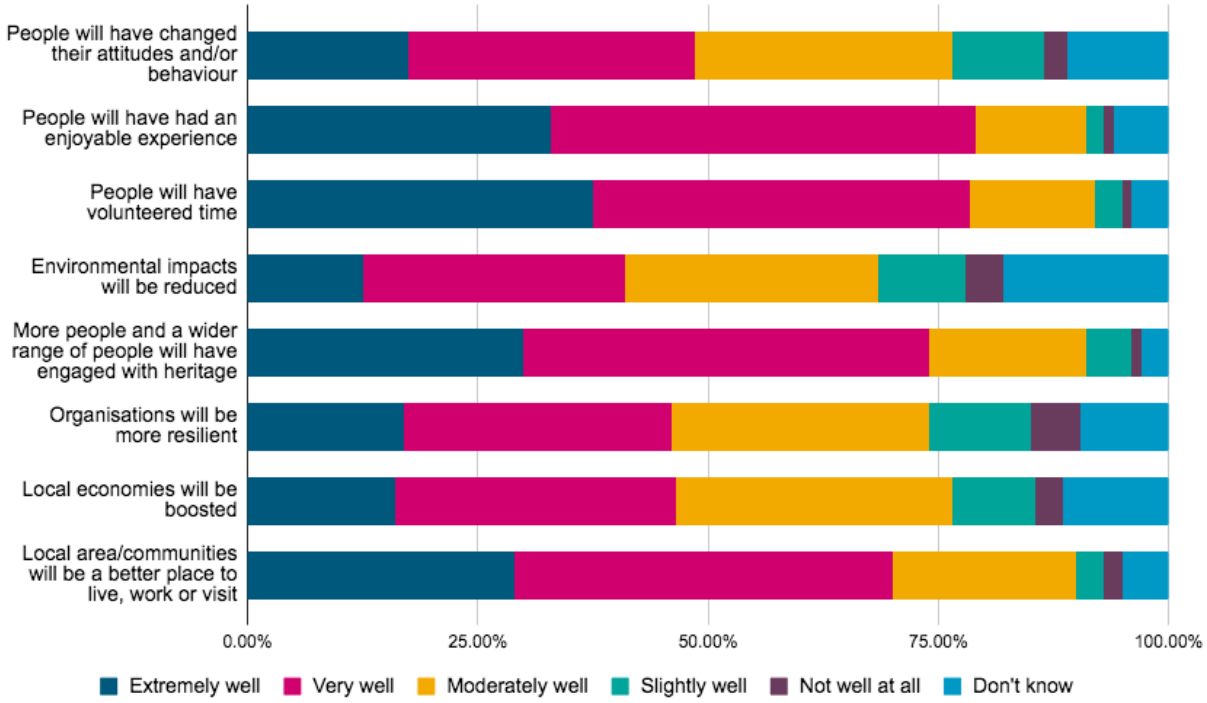


## Impact

**How well is HLF currently delivering the outcomes listed below through the funding it provides for projects? (1)**



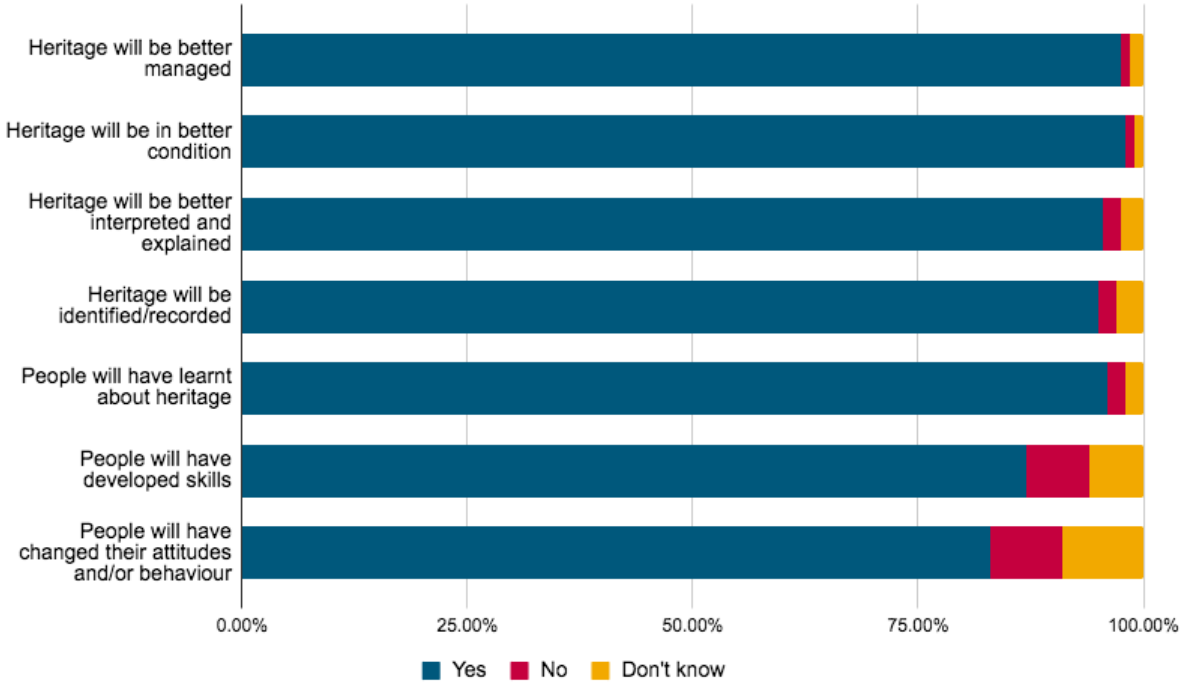

**How well is HLF currently delivering the outcomes listed below through the funding it provides for projects? (2)**



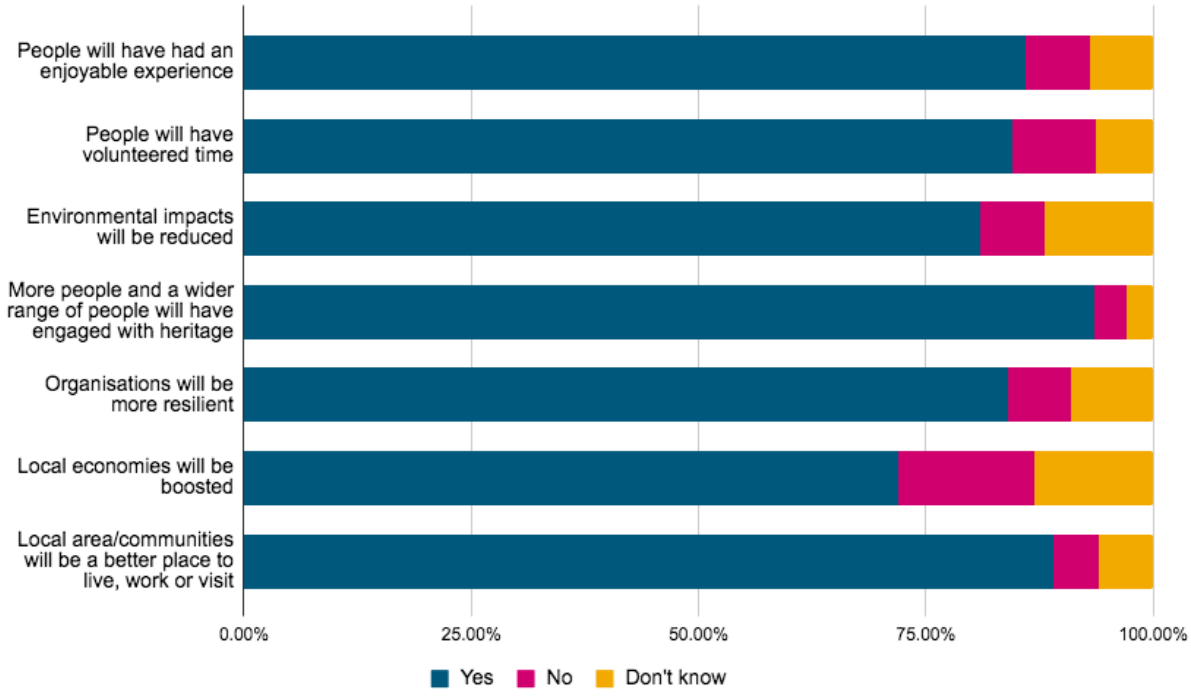
*Notes:*

- *Heritage will be better managed: n=892*
- *Heritage will be in better condition: n=889*
- *Heritage will be better interpreted and explained: n=891*
- *Heritage will be identified/recorded: n=891*
- *People will have learnt about heritage: n=888*
- *People will have developed skills: n=886*
- *People will have changed their attitudes and/or behaviour: n=884*
- *People will have had an enjoyable experience: n=886*
- *People will have volunteered time: n=889*
- *Environmental impacts will be reduced: n=881*
- *More people and a wider range of people will have engaged with heritage: n=887*
- *Organisations will be more resilient: n=884*
- *Local economies will be boosted: n=882*
- *Local area/communities will be a better place to live, work or visit: n=890*

**Do you think these are the right outcomes for HLF to consider as part of its funding decisions? (1)**



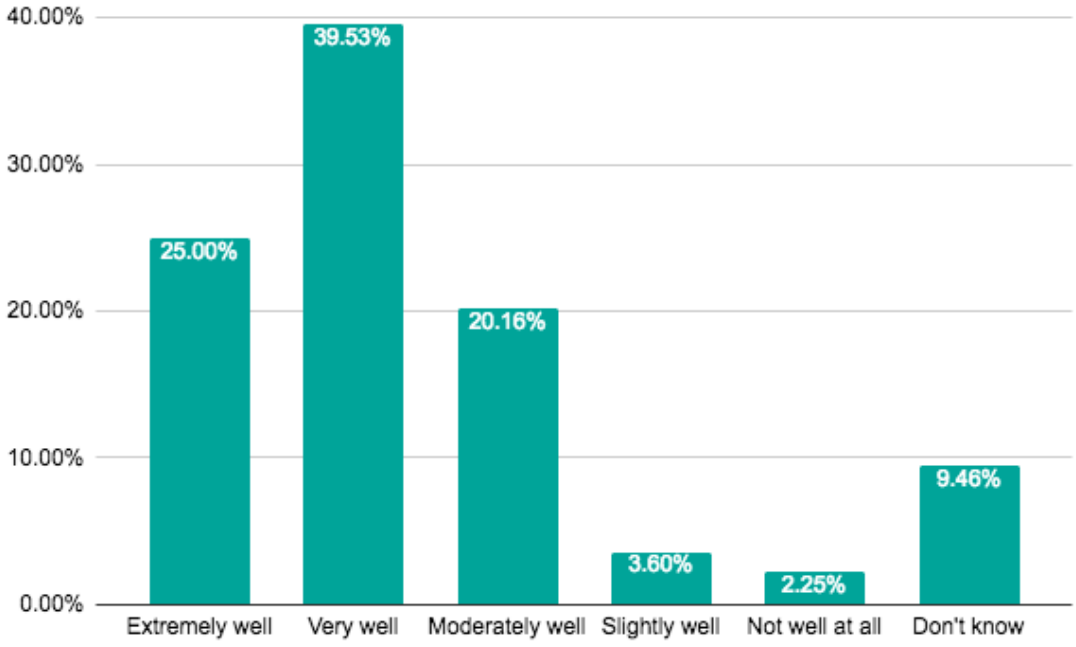

**Do you think these are the right outcomes for HLF to consider as part of its funding decisions? (2)**



*Notes:*

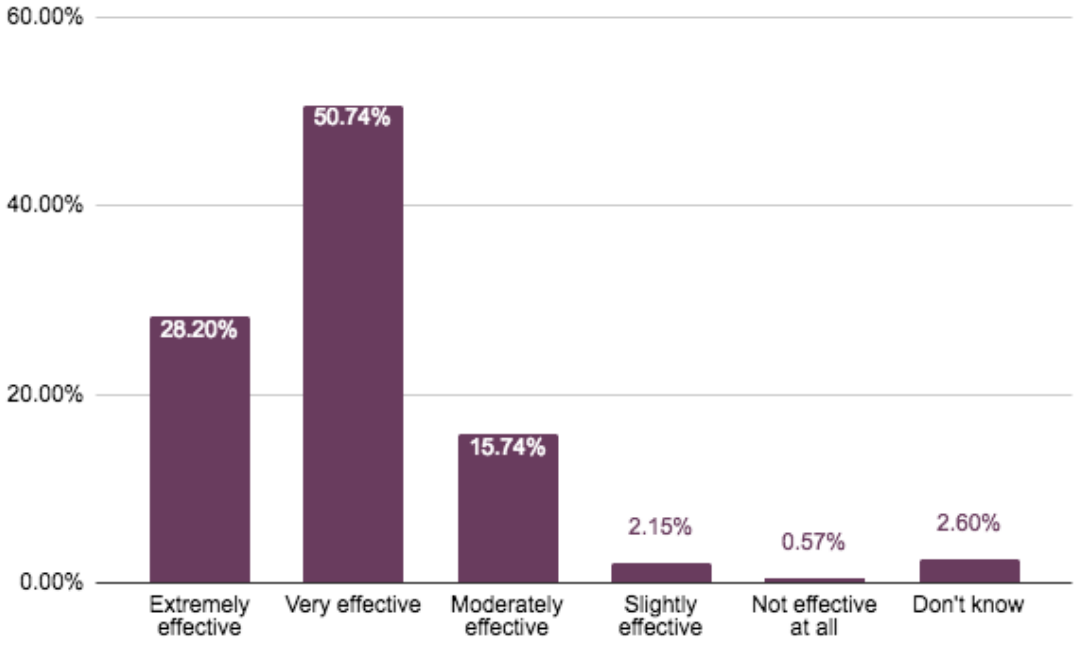
- *Heritage will be better managed: n=886*
- *Heritage will be in better condition: n=882*
- *Heritage will be better interpreted and explained: n=885*
- *Heritage will be identified/recorded: n=882*
- *People will have learnt about heritage: n=881*
- *People will have developed skills: n=881*
- *People will have changed their attitudes and/or behaviour: n=881*
- *People will have had an enjoyable experience: n=880*
- *People will have volunteered time: n=874*
- *Environmental impacts will be reduced: n=880*
- *More people and a wider range of people will have engaged with heritage: n=879*
- *Organisations will be more resilient: n=883*
- *Local economies will be boosted: n=873*
- *Local area/communities will be a better place to live, work or visit: n=878*

**In your view, how well does HLF understand what impact its funding makes? n=888**

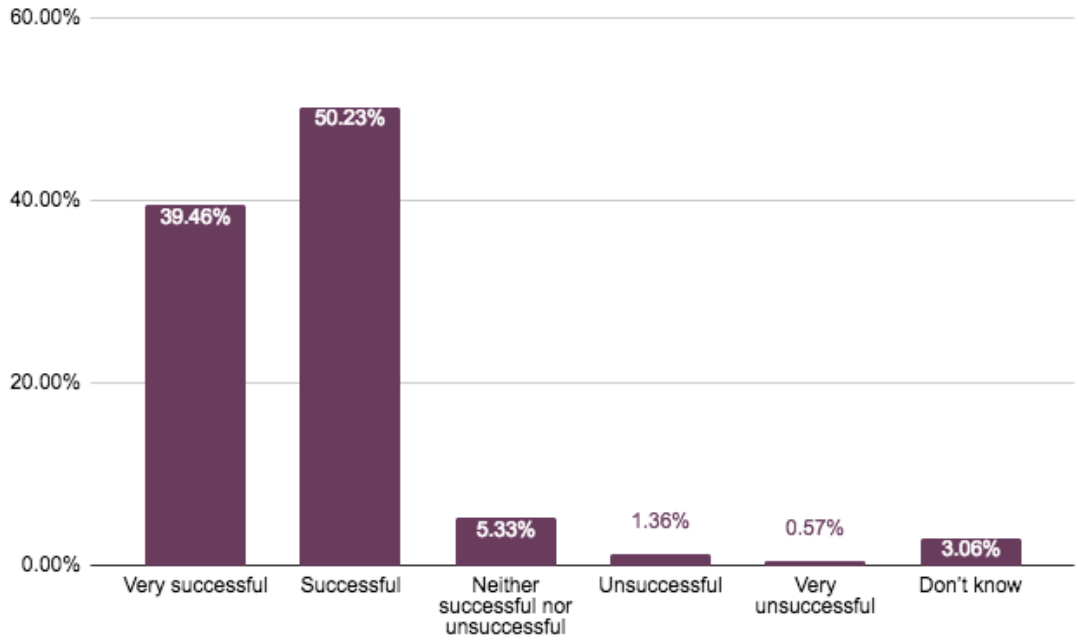



## Effectiveness

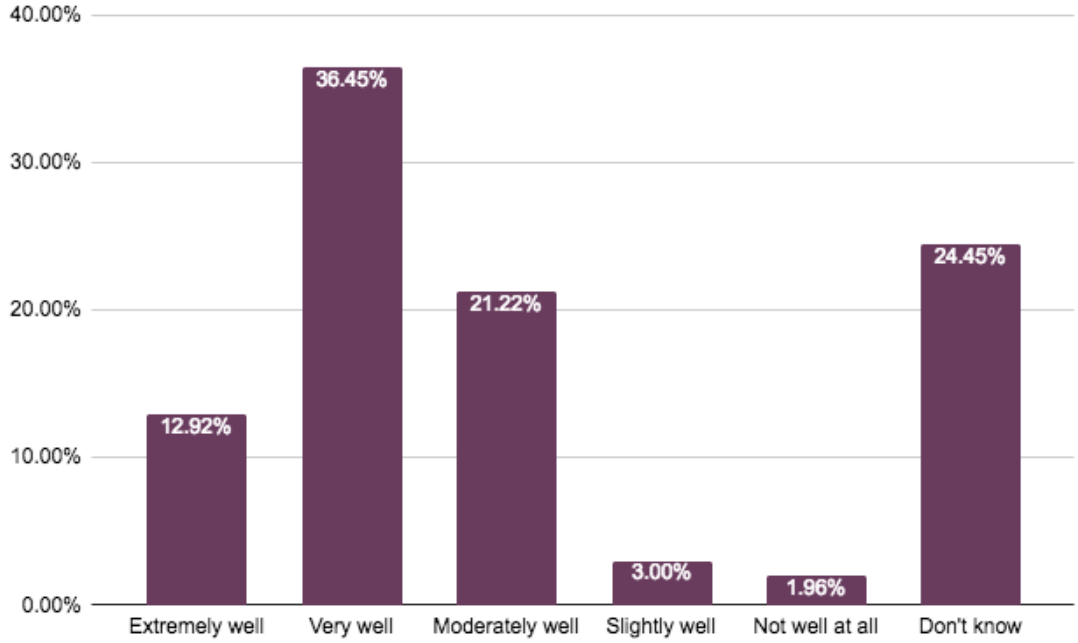
**Overall, how effective do you think HLF is as a funding body? n=883**



**How successful do you think HLF is in its mission to provide funding 'to sustain and transform heritage through projects that make a lasting difference for heritage, people and communities'? n=882**

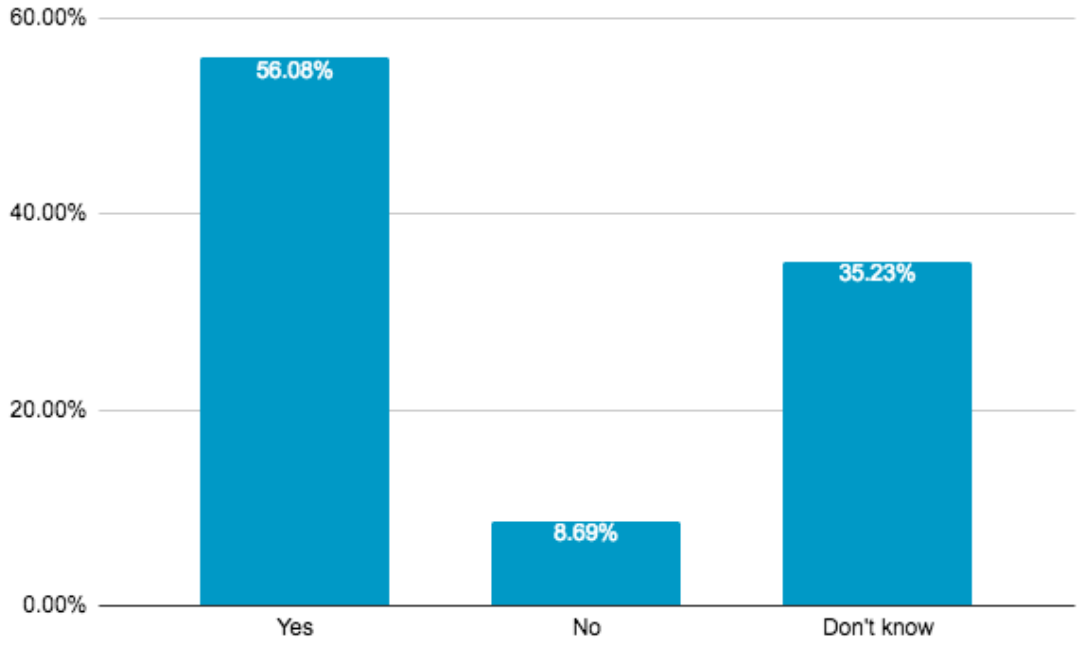



**How well does HLF work with partners across heritage and cultural sectors? n=867**

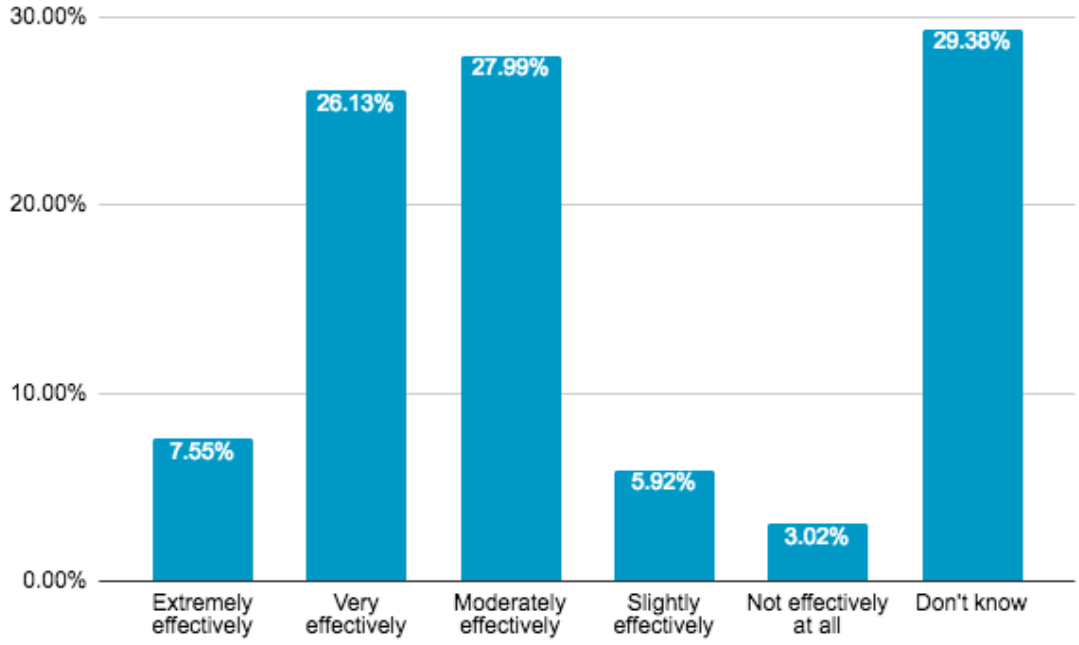


## HLF as a funding body

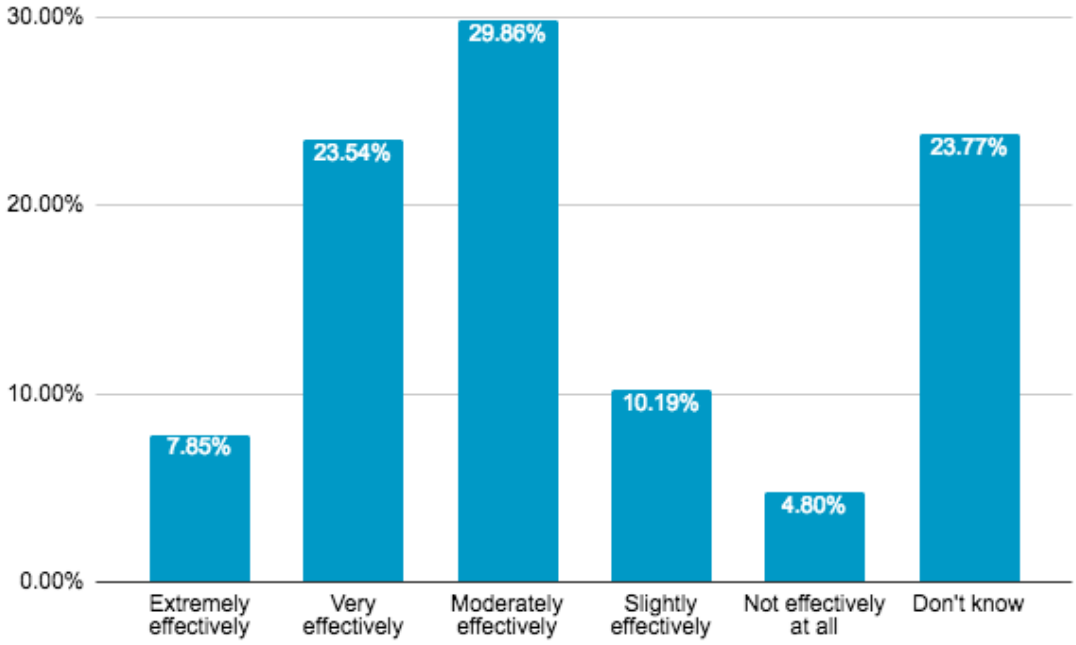
**Do you think that HLF strikes the right balance between awarding funding through open programmes and targeted programmes? n=863**



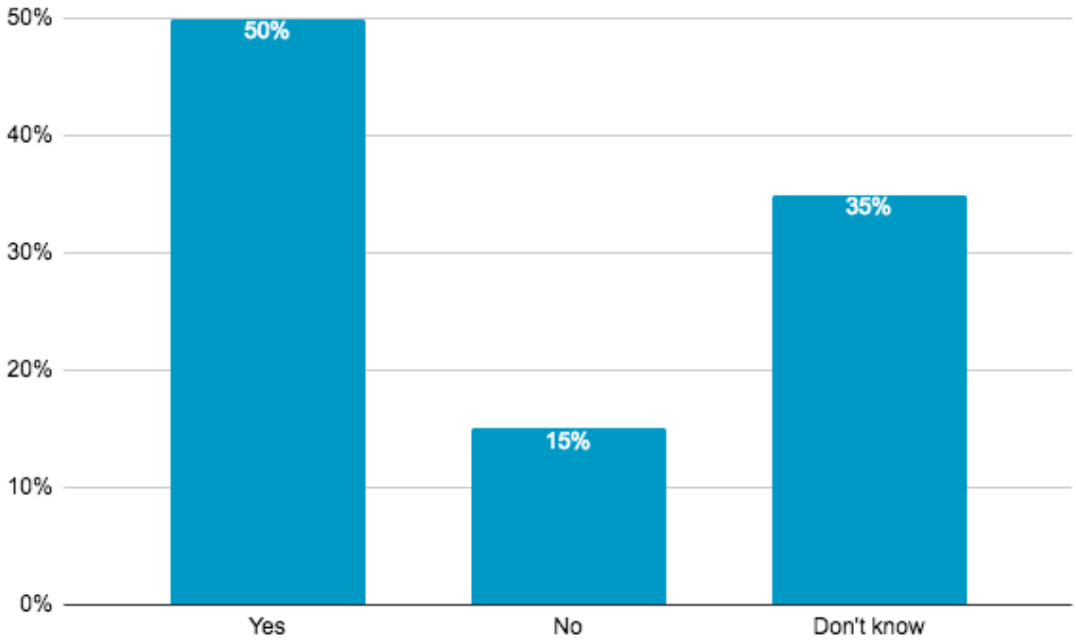

**How effectively does HLF encourage bids from new organisations and groups? n=861**



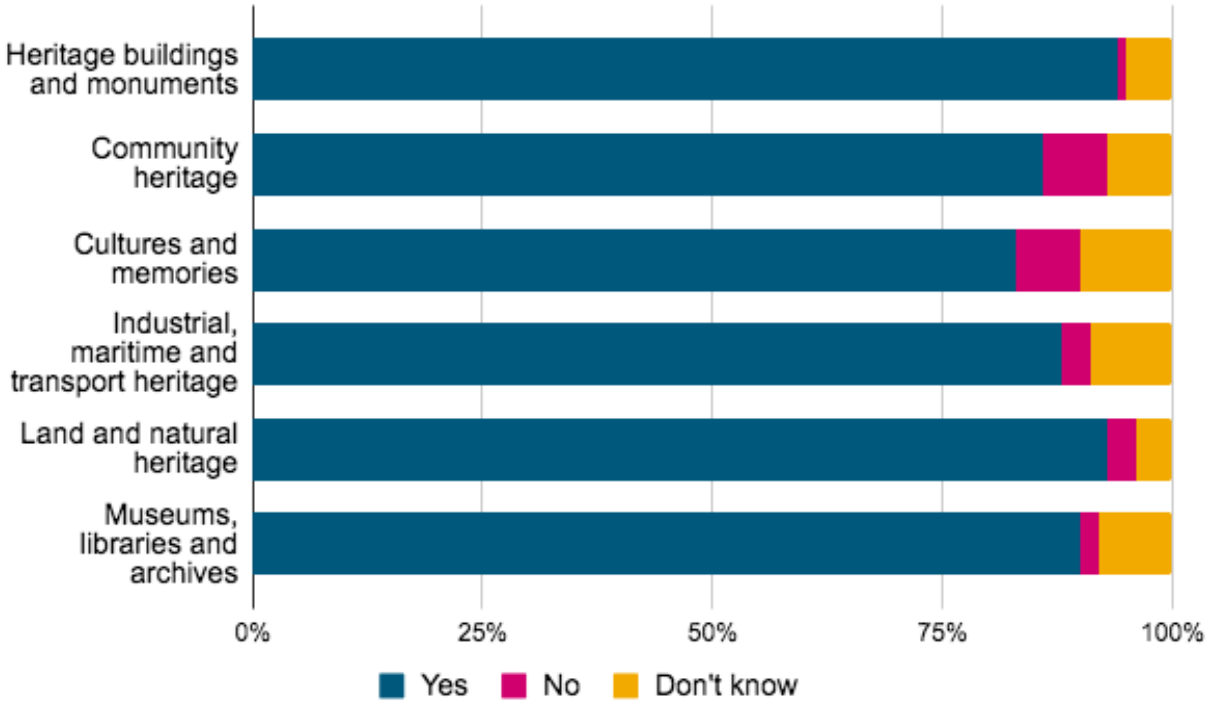
**How effectively does HLF encourage bids from smaller organisations and groups? n=854**




**Do you think HLF's approach means that funding is fairly distributed across the UK? n=859**



**HLF supports projects in six principal areas. In your view, should HLF continue to award funding for projects from all of these categories?**




*Notes:*

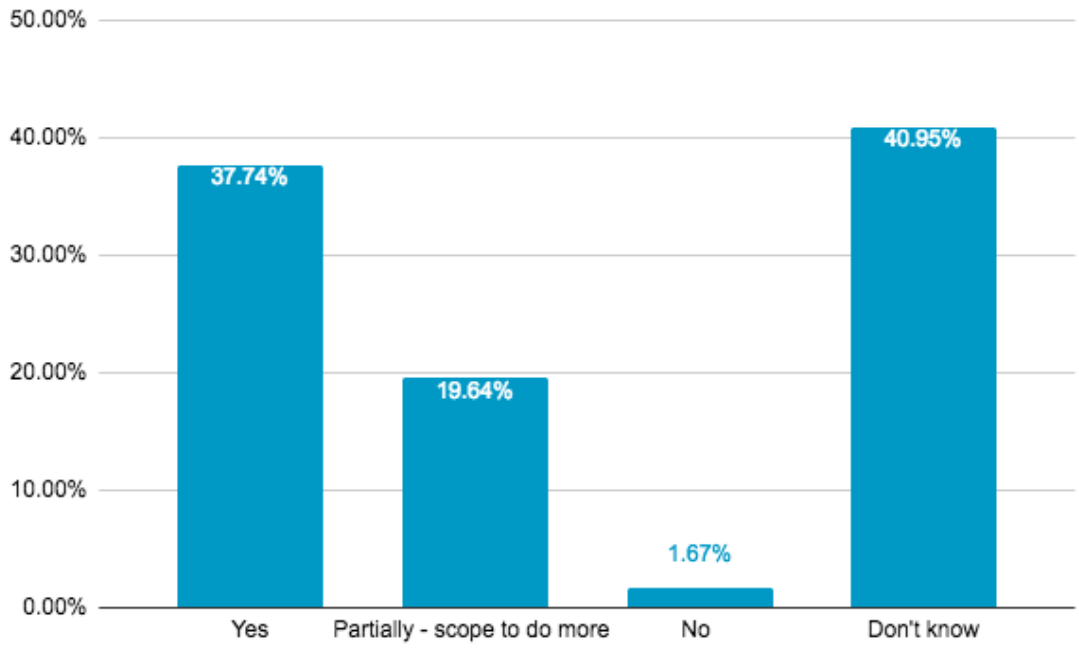
- *Heritage buildings and monuments: this includes projects relating to the repair, conservation or transformation of historic buildings and monuments. n=857*
- *Community heritage: this includes projects relating to the exploration of communities, projects designed to bring communities together or the celebration of local communities and areas. n=856*
- *Cultures and memories: this includes projects that support and promote cultural traditions, local dialects, family histories and the recording of memories. n=856*
- *Industrial, maritime and transport heritage: this includes projects relating to the buildings, transport and technology that helped to shape the modern world. n=857*
- *Land and natural heritage: this includes projects designed to reconnect people with nature and conserve threatened habitats and species, and revitalise public parks. n=859*
- *Museums, libraries and archives. This includes projects which support the conservation of material held by museums, libraries and archives, as well as projects designed to improve access to and the exploration of collections. n=856*

**In your view, how effectively does HLF support heritage organisations to be resilient and develop sustainable projects?**


*Notes:*

- *Encouraging organisations to seek alternative income streams which could complement lottery investment, such as philanthropy, commercial income, and social investment, for example through Resilient Heritage grants. n=834*
- *Supporting organisations to build financial resilience, for example through its development grants, its partnerships and/or encouraging private giving to heritage, such as through the Catalyst programme. n=830*
- *Building skills and training a diverse workforce for the heritage sector, for example through the Skills for the Future programme. n=832*
- *Considering the financial and other resources needed to sustain the benefits of its funding when making grant decisions. n=831*

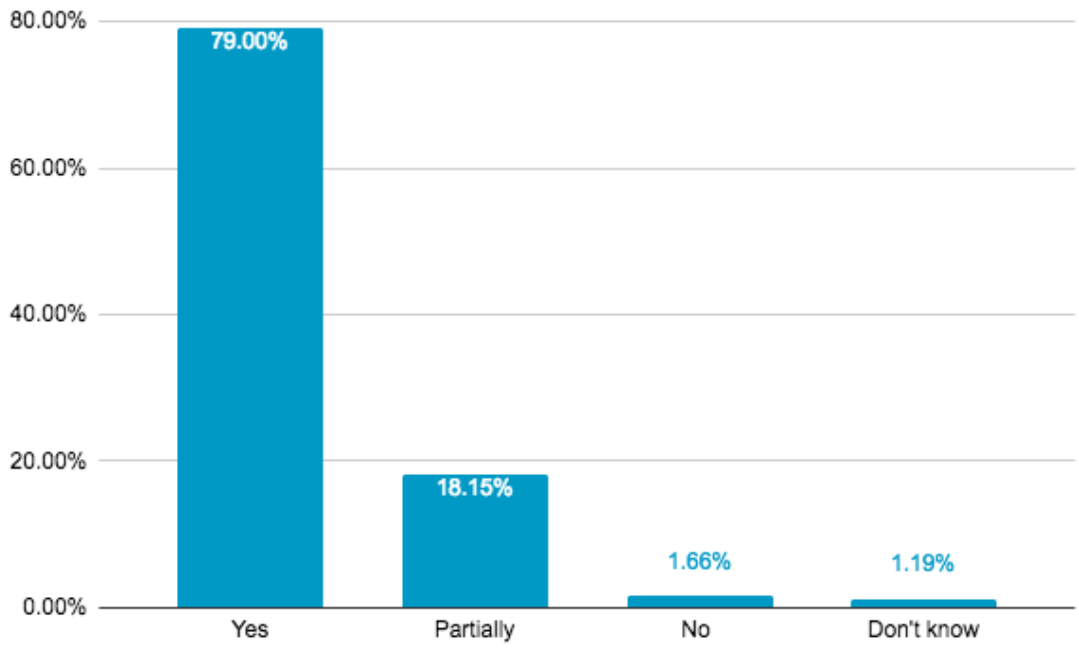
**Does HLF adequately support the development of digital content, and the use of digital technologies by heritage organisations through its investments? n=840**



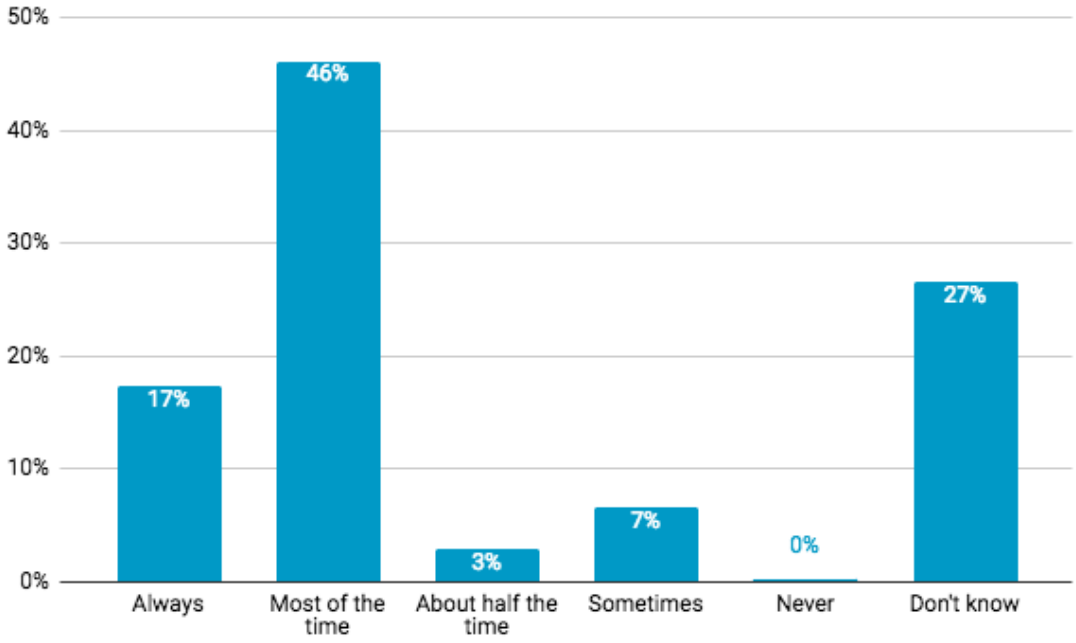
HLF's strategy is to fund the full breadth of heritage in the UK, invest in skills and growth, and help heritage organisations to thrive. To deliver this strategy, it prioritises projects that will deliver specified outcomes and make a lasting difference for heritage, people and communities. The outcomes HLF use to assess projects are:

- Heritage will be better managed
- Heritage will be in better condition
- Heritage will be better interpreted and explained
- Heritage will be identified/recorded
- People will have learnt about heritage
- People will have developed skills
- People will have changed their attitudes and/or behaviour
- People will have had an enjoyable experience
- People will have volunteered time
- Environmental impacts will be reduced
- More people and a wider range of people will have engaged with heritage
- Organisations will be more resilient
- Local economies will be boosted
- Local area/communities will be a better place to live, work or visit

**Do you think this is the right strategic approach for HLF? n=843**

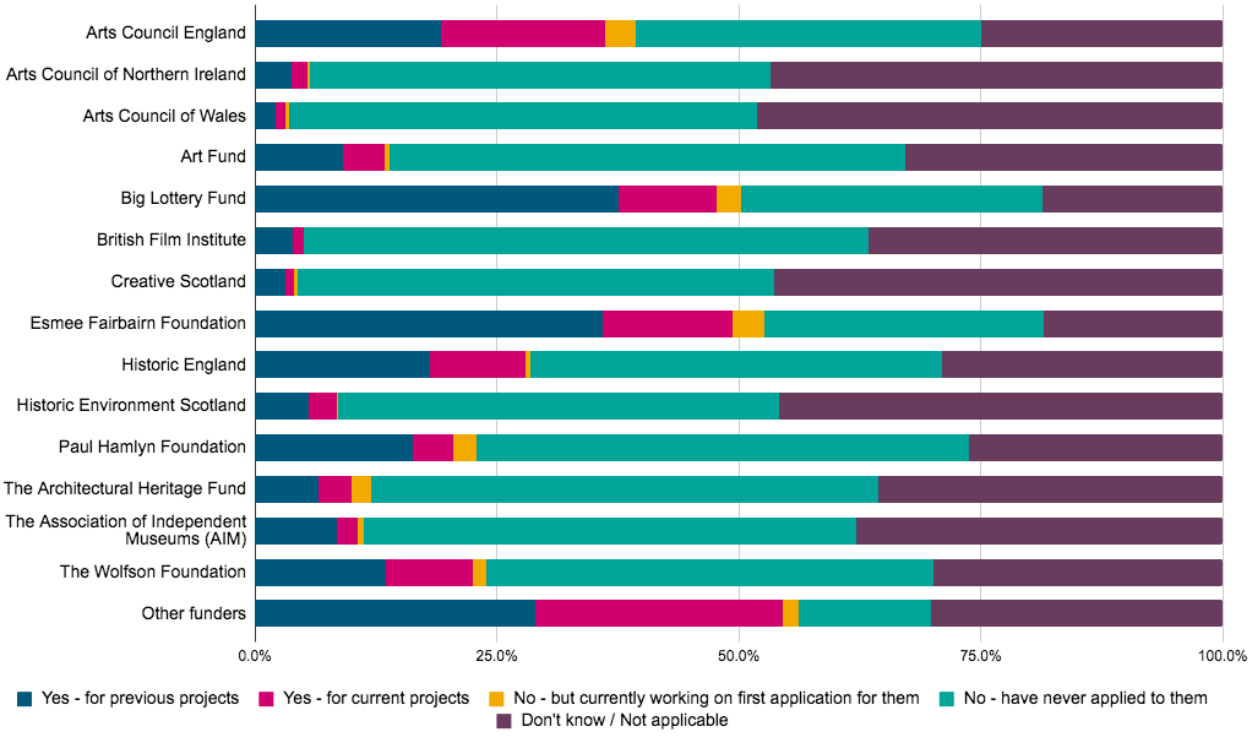


**Do you think HLF makes strategic decisions about which projects to invest in? n=841**




## Customer perspective

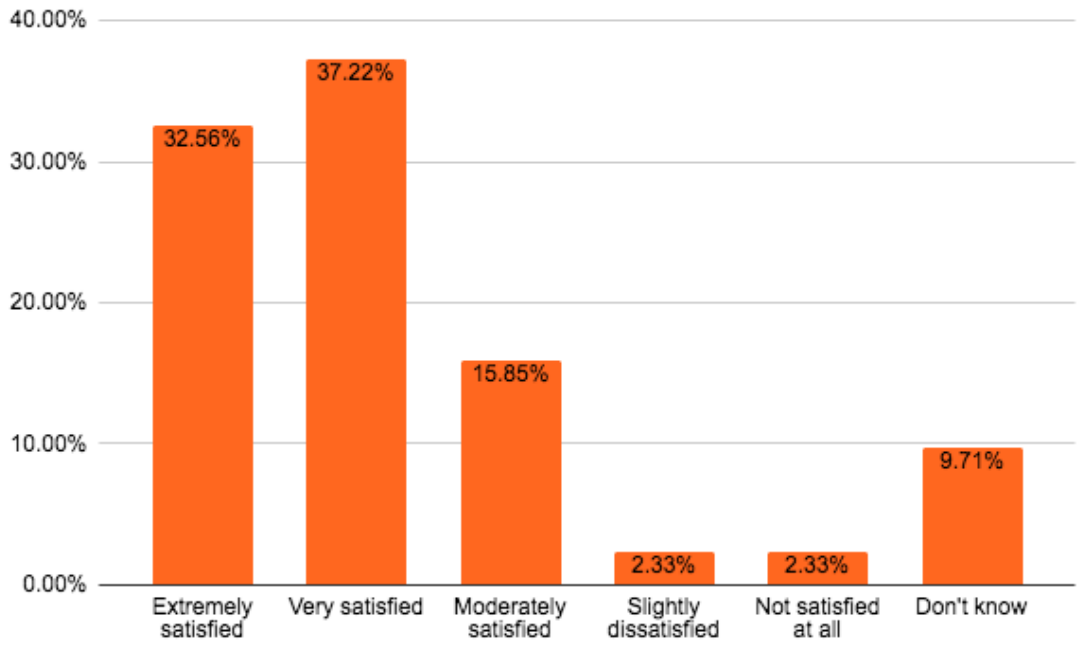
**Which Lottery distributors, or other funders, have you or your organisation applied to for funding, whether or not you have been successful?**



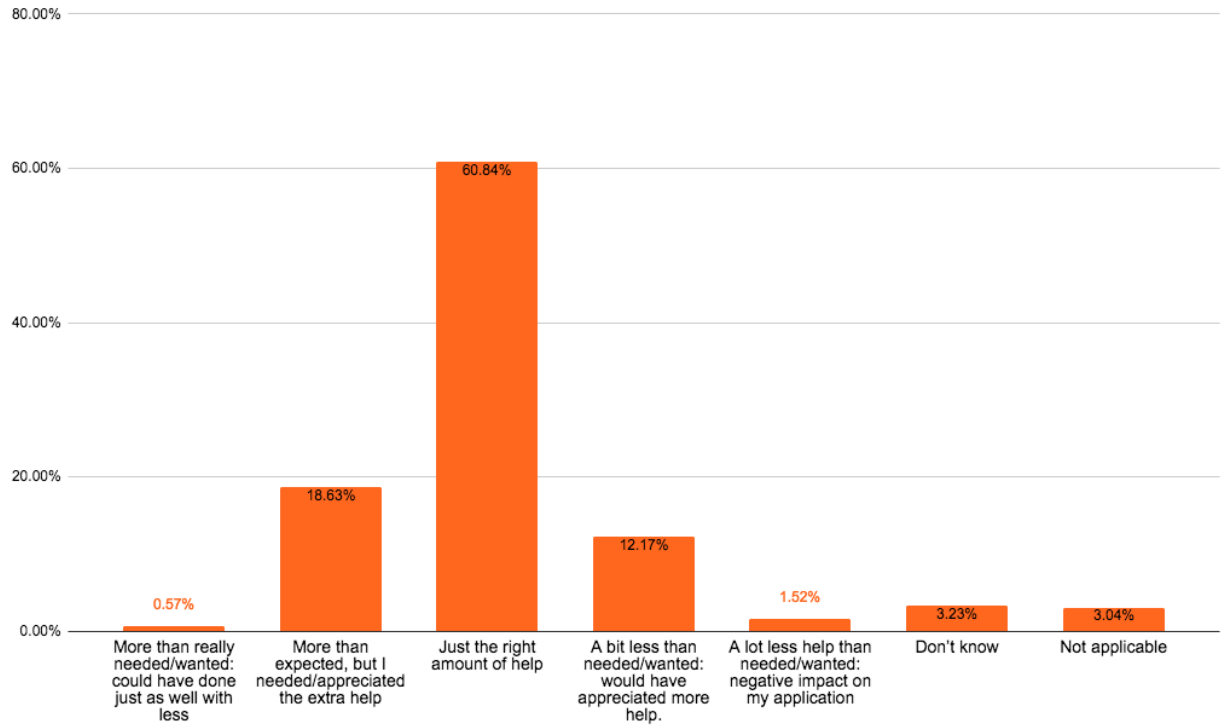
*Notes:*

- *Arts Council England: n=610*
- *Arts Council of Northern Ireland: n=529*
- *Arts Council of Wales: n=517*
- *Art Fund: n=530*
- *Big Lottery Fund: n=639*
- *British Film Institute: n=513*
- *Creative Scotland: n=516*
- *Esmee Fairbairn Foundation: n=620*
- *Historic England: n=558*
- *Historic Environment Scotland: n=521*
- *Paul Hamlyn Foundation: n=545*
- *The Architectural Heritage Fund: n=531*
- *The Association of Independent Museums (AIM): n=517*
- *The Wolfson Foundation: n=1011*

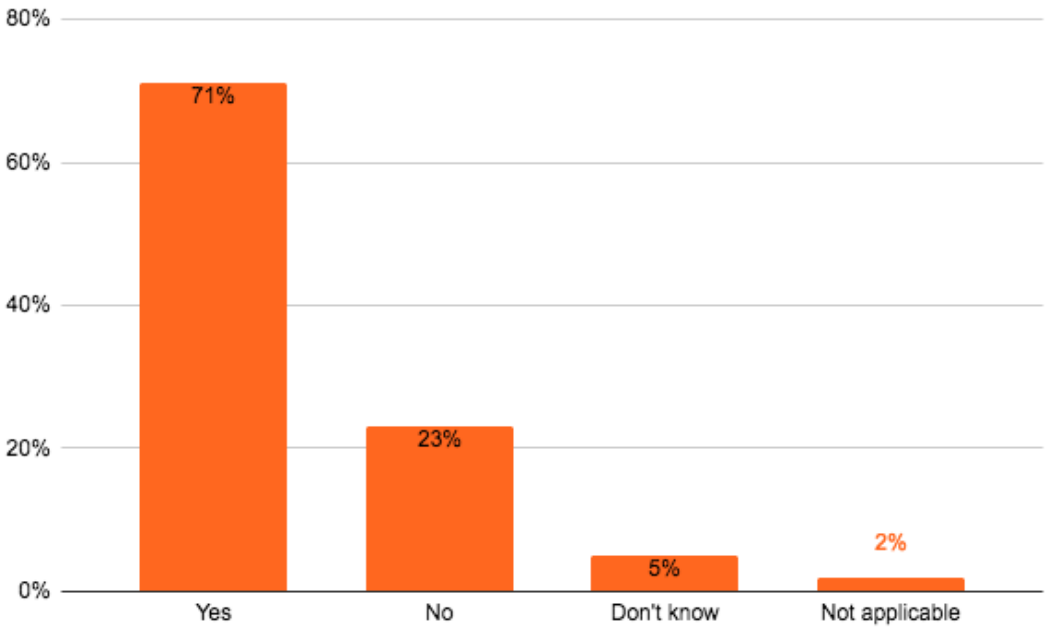
**How satisfied are you with your interactions with HLF? n=814**



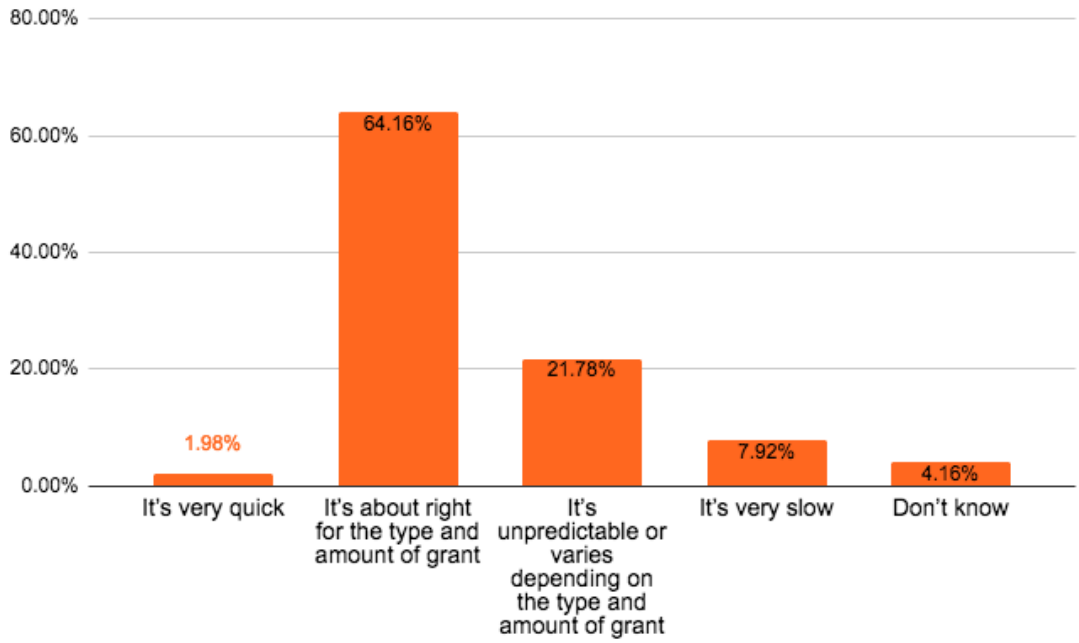
**To those who had received funding or who had application for funding declined - When you applied to the HLF for a grant, how much help (time, attention and support) did HLF staff give you through the application process? n=526**



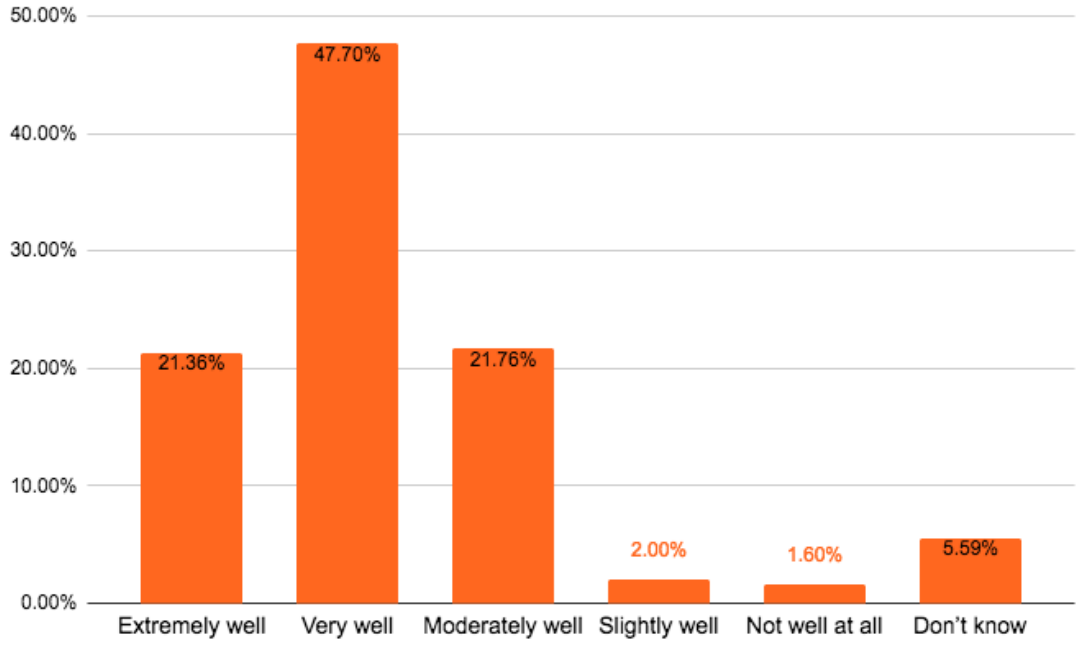

**To those who had received funding or who had application for funding declined - In your experience, is the process of applying for NHMF and/or HLF funding, and the resource required to submit an application, proportionate to the grant type and amount being sought? n=685**



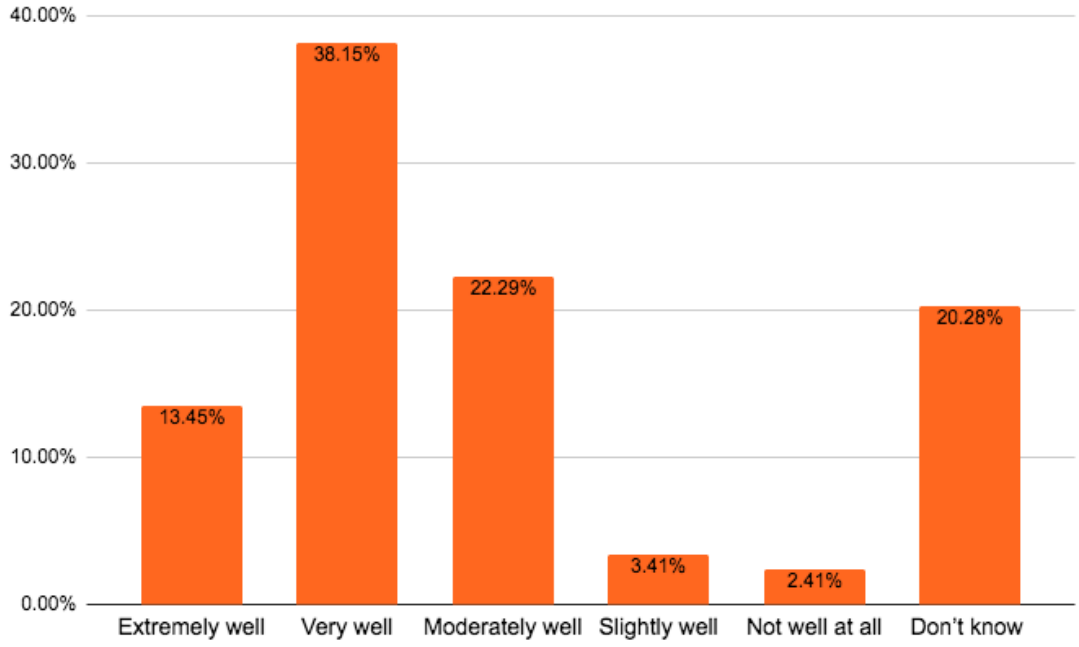
**To those who had received funding - What is your experience of how long the application process takes, from submission through to receiving a funding decision on your application? n=505**



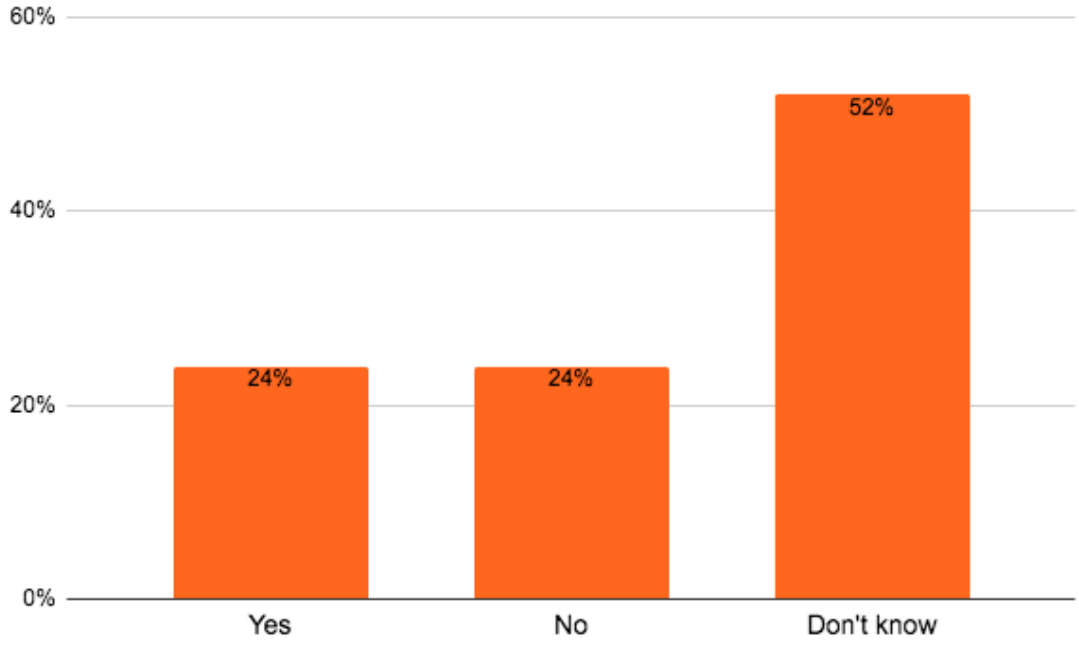

**To those who had received funding - In your experience, how well does HLF monitor its investments throughout the course of a project? n=501**



**To those who had received funding - In your experience, how well does HLF evaluate its investments once projects have been completed? n=498**

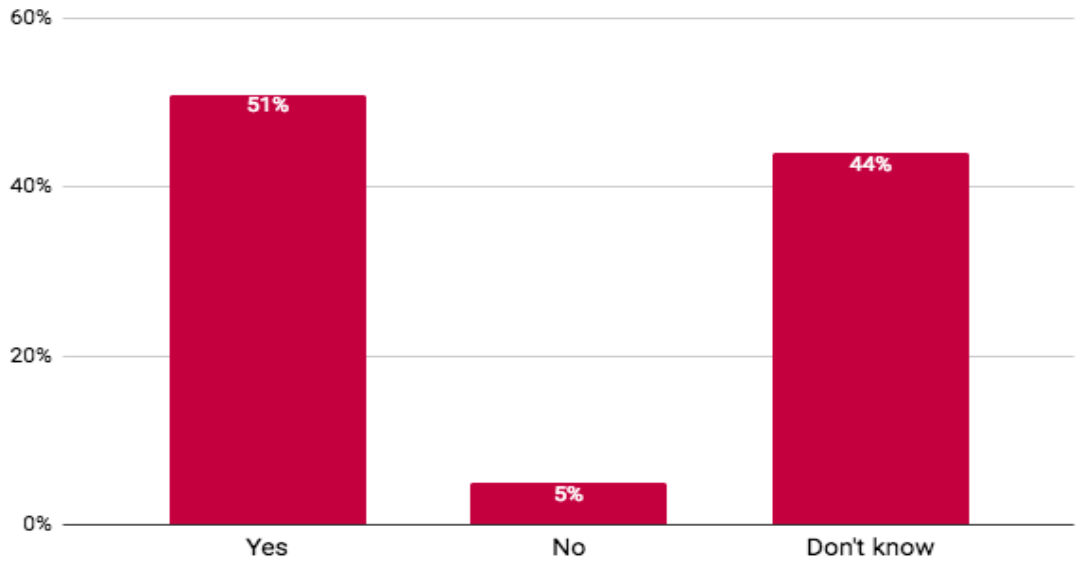



**To those who had not received funding – If you have ever been unsuccessful in an application for HLF funding, did you feel that you were provided with an adequate explanation and useful feedback? n=483**

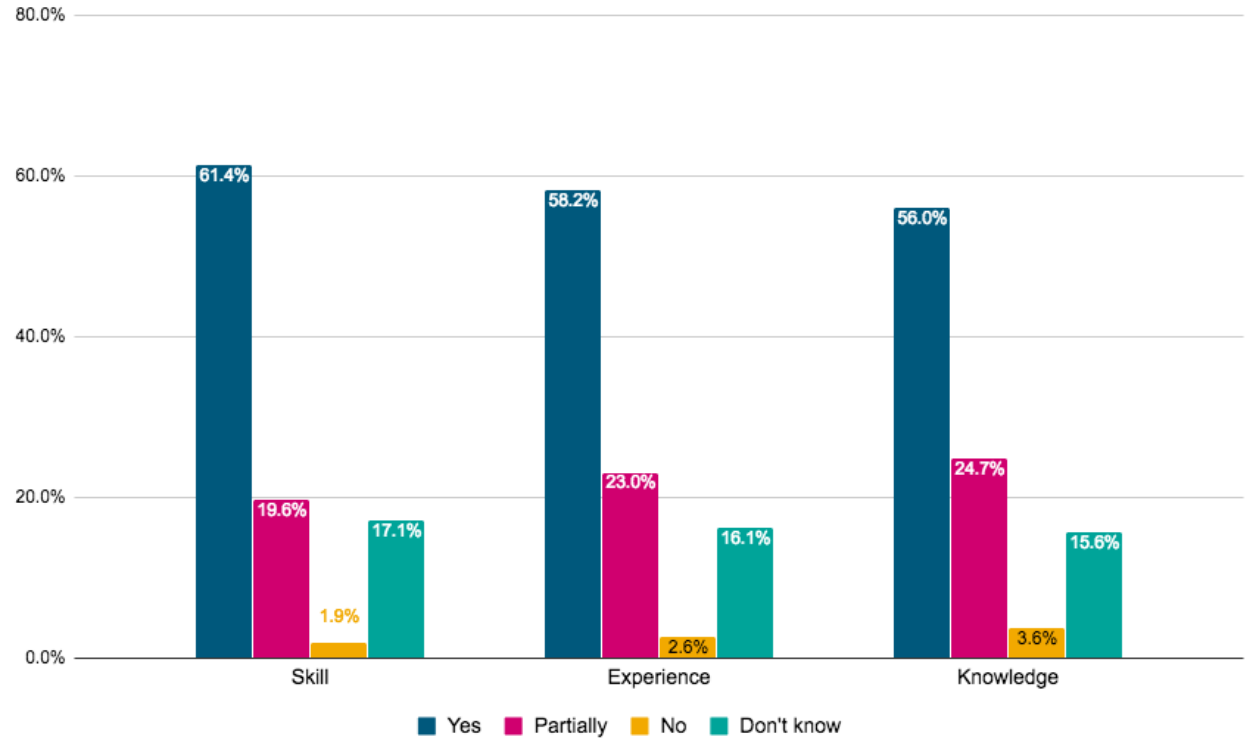


## Management

**Do you feel that there is strong leadership within NHMF and HLF? n=811**



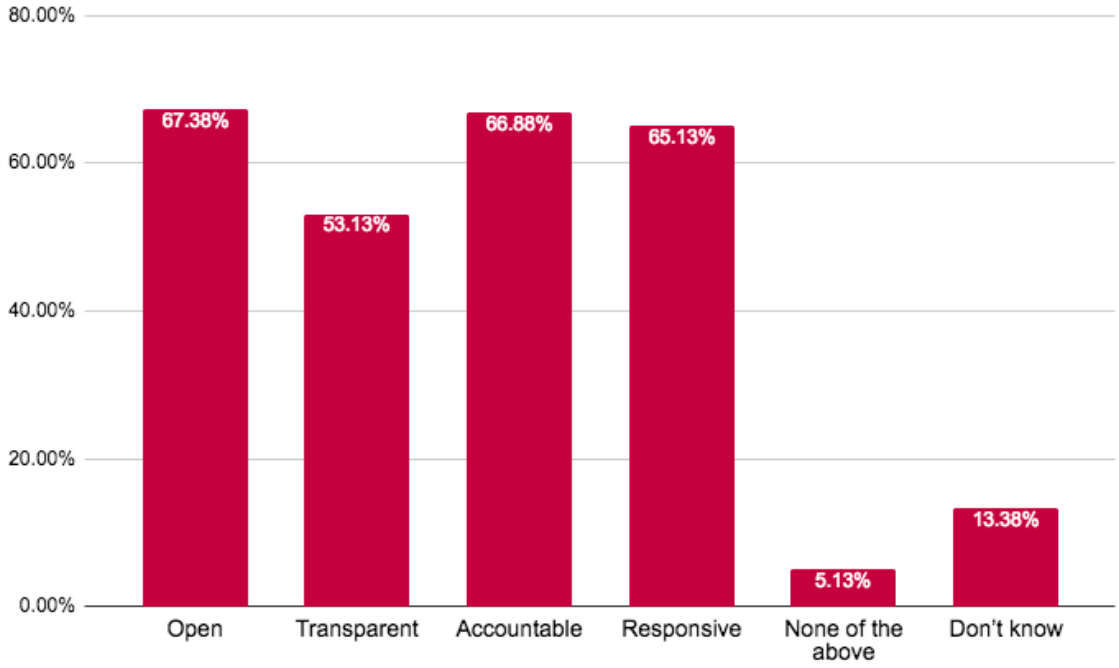

**Within NHMF and HLF, do you feel that there is an appropriate level of the following attributes?**




*Notes:*

- *Skill: n=800; Experience: n=794, Knowledge: n=796*

**As an organisation, do you feel that NHMF and HLF are? (Select all that apply) n=800**



# **Annex F:** Summary of NHMF's legislation

Legislative background

The National Heritage Memorial Fund was established by the National Heritage Act 1980 to provide financial assistance within the United Kingdom for the acquisition, maintenance and preservation of land, buildings and objects of outstanding importance to the national heritage. The National Lottery etc. Act 1993 subsequently designated the National Heritage Memorial Fund as the distributor for the whole of the United Kingdom of the heritage share of the proceeds from the National Lottery,which it does under the trading name Heritage Lottery Fund. The National Heritage Act 1997 extended the powers of the National Heritage Memorial Fund to assist projects directed to increasing public understanding and enjoyment of the heritage and to interpreting and recording important aspects of the nation's history, natural history and landscape. The National Lottery Act 1998 allowed the National Heritage Memorial Fund to delegate Lottery grant decisions to staff and to committees containing some independent members.

The National Heritage Memorial Fund's purposes are defined as follows:

Sections 1(1), 3(1, 3, 6), 4(1) of the National Heritage Act 1980:

> 1(1) There shall be a fund known as the National Heritage Memorial Fund, to be a memorial to those who have died for the United Kingdom, established in succession to the National Land Fund. which shall be applicable for the purposes specified in this Part of this Act.
>
> 3(1) Subject to the provisions of this section, the Trustees may make grants and loans out of the Fund to eligible recipients for the purpose of assisting them to acquire, maintain or preserve-
>
> (a) any land, building or structure which in the opinion of the Trustees is of outstanding scenic, historic, aesthetic, architectural or scientific interest;
> (b) any object which in their opinion is of outstanding historic, artistic or scientific interest;
> (c) any collection or group of objects, being a collection or group which taken as a whole is in their opinion of outstanding historic, artistic or scientific interest;
> (d) any land or object not falling within paragraph (a), (b) or (c) above the acquisition, maintenance or preservation of which is in their opinion desirable by reason of its connection with land or a building or structure falling within paragraph (a) above; or
> (e) any rights in or over land the acquisition of which is in their opinion desirable for the benefit of land or a building or structure falling within paragraph (a) or (d) above.
>
> 3(3) In determining whether and on what terms to make a grant or loan under this section in respect of any property the Trustees shall have regard to the desirability of securing, improving or controlling public access to, or the public display of, the property.

3(6) Subject to subsection (7) below, the eligible recipients for the purposes of this section are--

(a) any museum, art gallery, library or other similar institution having as its purpose or one of its purposes the preservation for the public benefit of a collection of historic, artistic or scientific interest;
(b) any body having as its purpose or one of its purposes the provision, improvement or preservation of amenities enjoyed or to be enjoyed by the public or the acquisition of land to be used by the public;
(c) any body having nature conservation as its purpose or one of its purposes;
(d) the Secretary of State acting in the discharge of his functions under section 5 of the Historic Buildings and Ancient Monuments Act 1953 or section I1(1) or 13 of the Ancient Monuments and Archaeological Areas Act 1979 ; and
(e) the Department of the Environment for Northern Ireland acting in the discharge of its functions under so much of section I (I) of the Historic Monuments Act (Northern Ireland) 1971 as relates to the acquisition of historic monuments by agreement, section 4 of that Act or Article 84 of Ihe Planning (Northern Ireland) Order 1972.

4(1) Subject to the provisions of this section, the Trustees may apply the Fund for any purpose other than making grants or loans, being a purpose connected with the acquisition, maintenance or preservation of property falling within section 3(1) above, including its acquisition, maintenance or preservation by the Trustees.

Sections 44(1) of the National Lottery etc. Act 1993:

44(1) In this Part—
"charitable expenditure" means expenditure
(a) by charities, or
(b) by institutions, other than charities, that are established for charitable purposes (whether or not those purposes are charitable within the meaning of any rule of law), benevolent purposes or philanthropic purposes;
"the Charities Board" means the National Lottery Charities Board;
"the Distribution Fund" means the National Lottery Distribution Fund;
"expenditure on or connected with the national heritage" means expenditure for the purpose—

(a) of acquiring, maintaining or preserving (or assisting in the acquisition, maintenance or preservation of) any property of a description mentioned in section 3(1)(a) to (e) of the National Heritage Act 1980, or
(b) of carrying out (or assisting in the carrying out of) anything mentioned in section 3(2B)(a) to (g) of that Act (as inserted by paragraph 3 of Schedule 4);

"financial year", in relation to a body, means—
(a) the period beginning with the which the body is established and ending with the next 31st March, and
(b) each successive period of twelve months ending with 31st March.

The National Heritage Act 1997 set out further amendments in Section 1(1, 2), schedule part 1 (sections 1(3), 2(3), 4, 5).[3]

The Lottery distribution activities are governed in detail by the policy, financial and accounts directions issued by the Secretary of State under sections 26(1, 3, 3A, 4) of the National Lottery etc. Act 1993 (as amended by the National Lottery Act 1998).

Control by the Secretary of State

26.—(1) A body shall comply with any directions given to it by the Directions to Secretary of State as to the matters to be taken into account in distributing determining the persons to whom, the purposes for which and the bodies. conditions subject to which the body distributes any money under section 25(1).
(2) The Trustees of the National Heritage Memorial Fund shall comply with any directions given to them by the Secretary of State as to the matters to be taken into account in determining the purposes for which and the conditions subject to which the Trustees apply any money under section 25(4).
(3) A body shall comply with any directions that the Secretary of State considers it appropriate to give the body for securing the proper management and control of money paid to the body under section 24.
(A) In exercising any power under section 25A, a body which distributes money under section 25(1) shall comply with any directions given to it by the Secretary of State.
(4) Directions under subsection (3) or (3A) may in particular require a body—
(a) to obtain the consent of the Secretary of State before doing anything specified, or of a description specified, in the directions;
(b) to provide the Secretary of State at times specified by him with such information as he may require.
(5) The Secretary of State shall consult a body before giving any directions to it under this section.

[3] National Heritage Act 1997: http://webarchive.nationalarchives.gov.uk/20080805193916/http://www.opsi.gov.uk/acts/acts1997/ukpga_19970014_en_1

# **Annex G:** National Heritage Memorial Fund Policy Directions

## Policy Directions to the Heritage Lottery Fund

1. These directions are given by the Secretary of State for Culture, Media and Sport, using her powers under section 26(1) and (2) of the National Lottery etc. Act 1993 in relation to distributing money under Section 25(4) of that Act.

2. In deciding to whom it distributes money, for what purpose, and under what conditions, the Trustees of the National Heritage Memorial Fund shall take into account the following matters:-

    A. Their assessment of the needs of the national heritage and their priorities for addressing them.

    B. The need to involve the public and local communities in making policies, setting priorities and distributing money.

    C. The need to increase access and participation for those who do not currently benefit from the heritage opportunities available in the United Kingdom.

    D. The need to inspire children and young people, awakening their interest and involvement in the activities covered by the heritage good cause.

    E. The need to foster initiatives which bring people together, enrich the public realm and strengthen communities.

    F. The need to support volunteers, and encourage volunteering activity, in heritage.

    G. The need to encourage innovation and excellence and help people to develop their skills.

    H. The need to ensure that money is distributed for projects which promote public value and which are not intended primarily for private gain.

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

    J. The desirability of reducing economic and social deprivation and of ensuring that all areas of the United Kingdom have access to the money distributed.

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

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

    M. The need to require an element of partnership funding, or contributions in kind from other sources, to the extent that this is reasonable to achieve for different kinds of applicants in particular areas.

N. The need (a) for money distributed to be applied to projects only for a specific time-limited purpose (b) to ensure that they have the necessary information and expert advice to make decisions on each application and (c) for applicants to demonstrate the financial viability of projects.

O. Where capital funding is sought, the need (a) for a clear business plan showing how any running and maintenance costs will be met for a reasonable period, and (b) to ensure that appraisal and management for major projects reflect the Office of Government Commerce's Gateway Review Standards.

9 November 2007

## Policy Directions in relation to Wales

The Welsh Ministers, in exercise of their powers conferred by section 26(2) of the National Lottery Etc. Act 1993 as transferred by the National Assembly for Wales (Transfer of Functions) Order 1999 and having consulted the Trustees of the National Heritage Memorial Fund ("the Fund") pursuant to section 26(5), hereby gives the following directions to the Fund:

1. In these Directions any reference to a section is a reference to a section of the National Lottery Etc. Act 1993, as amended.

2. In exercising any of its functions, the Fund shall take into account the following matters in determining the persons to whom, the purposes for which and the terms and conditions subject to which they may make grants or loans, and the process used to determine what payments to make in distributing any money under section 25(1):

    A. The need to have regard to the interests of Wales as a whole and the interests of different parts of Wales, taking account of the diverse demographic and deprivation patterns in the different parts of Wales, and the desirability of encouraging public service bodies to work together wherever it will result in better outcomes for people and heritage.

    B. The need to promote and support the Welsh Language and reflect the bilingual nature of Wales, including the principle of equality between the English and Welsh languages in the Fund's activities in Wales, in line with Welsh Language Board's publication, and monitored in accordance with agreed procedures.

    C. The need to ensure an outcome focussed approach, working closely with appropriate partners for the benefit of communities and heritage across Wales, where this is an effective means of achieving the Fund's strategy.

    D. The need to encourage the conservation, preservation, presentation, promotion and interpretation of all aspects of the heritage of Wales.

    E. The need to encourage the financial sustainability of the heritage assets of Wales.

F. The need to provide opportunities for people, especially young people and the disadvantaged parts of society, to gain the skills required to conserve and preserve the heritage of Wales.

G. The need to encourage the use of appropriate professional standards in all projects.

H. The need to provide opportunities for people of all ages and all backgrounds, especially children and young people and the disadvantaged parts of our society, to have access to, to learn about, to enjoy and thereby promote the diverse heritage of Wales, where appropriate.

1 April 2008

## Policy Directions in Relation to Scotland

Directions issued to the Trustees of the National Heritage Memorial Fund under section 26 (2) as read with section 26A(2)(b) of the National Lottery etc. Act 1993

With the agreement of the Secretary of State, the Scottish Ministers, in exercise of the powers conferred by section 26(2) as read with section 26A(2)(b) of the National Lottery etc Act 1993 1, and having consulted with the Trustees of the National Heritage Memorial Fund (the "Trustees"), hereby give the following directions:

1. These directions apply only to Scotland and relate to any distribution made by the Trustees for a purpose which does not concern reserved matters.

2. In determining the persons to whom, purposes for which and the conditions subject to which they apply any money under section 25(4) of the National Lottery etc. Act 1993 in Scotland, the Trustees must take into account the following priorities and other matters:

    A. The need to have regard to the interests of Scotland as a whole and the interests of different parts of Scotland, taking account of the diverse demographic and deprivation patterns in the different parts of Scotland, and the desirability of encouraging public service bodies to work together wherever it will result in better outcomes for people and heritage.

    B. The need to ensure an outcome focussed approach, working closely with appropriate partners for the benefit of communities and heritage across Scotland, using the following principles:

        **ENGAGEMENT:** the development of programmes should be based on the active engagement of appropriate partners.

        **GREENER:** People have better and more sustainable services and environments.

        **HEALTHIER:** People and communities are healthier.

        **SAFER AND STRONGER:** Communities work together to tackle inequalities.

        **SMARTER:** People having better chances in life.

**SOLIDARITY AND COHESION:** ensuring that individuals and communities across Scotland have the opportunity to contribute to, participate in, and benefit for a more successful Scotland.

**SUSTAINABILITY:** to improve Scotland's environment today and for future generations while reducing Scotland's impact on the global environment.

**WEALTHIER AND FAIRER:** A flourishing and sustainable economy.

C. The need to encourage the conservation, preservation, presentation, promotion and
interpretation of, and access to, all aspects of the heritage of Scotland.

D. The need to promote and support throughout Scotland the cultural significance of the Gaelic and Scots languages.

E. The need to encourage the financial sustainability of the heritage assets Scotland including those that are of the national importance to the people of Scotland.

F. The need to provide opportunities for people, especially young people and the disadvantaged parts of society, to gain the skills required to conserve and preserve the heritage of Scotland

G. The need to encourage the use of appropriate professional standards in projects.

H. The need to provide opportunities for people of all ages and all backgrounds, especially children and young people and the disadvantaged parts of our society, to have access to, to learn about, to enjoy and thereby promote the diverse heritage of Scotland, where appropriate.

I. The need to encourage heritage projects that sustain a cultural legacy arising from international events in Scotland.

J. The need to keep Scottish Ministers informed of the development of policies, setting priorities and the making of grants in Scotland.

Signed on behalf of the Scottish Ministers
RUTH PARSONS
4 MAY 2011
Director of Culture and Digital The Scottish Government

# **Annex H:** National Heritage Memorial Fund Spending Review Letter

*The letter in this annex is intended to provide an overview of the funding settlement and the priorities and expectations set by then DCMS Secretary of State in the 2015 spending review round. The annexes to the letter, which detail the specifics of the settlement, are not relevant to this report and therefore not included in this annex.*


Secretary of State for Culture, Media and Sport
4th Floor
100 Parliament Street
London SW1A 2BQ
T: 020 7211 6000
F: 020 7211 6309
www.gov.uk/dcms

Our Ref:

Sir Peter Luff
Chair
National Heritage Memorial Fund
7 Holbein Place
LONDON
SW1W 8NR

3 March 2016

Dear Peter

**Spending Review 2015**

I am writing to inform you about the outcome of the 2015 Spending Review for my Department. DCMS's overall settlement maintains the current resource budget in cash terms over the Spending Review period. In real terms, this represents a 5% reduction to the resource budget by 2019/20. In addition, DCMS will make £1.6 billion of capital investment across the Spending Review period.

This is a very positive settlement. DCMS is rightly contributing to reducing the deficit but this settlement reflects the Government's continued strong support for the economic and social benefits provided by the culture, media and sport sectors, and will allow DCMS to focus on its vision of driving growth and enriching lives. We will do this through our core work of promoting culture, heritage and sport, and driving economic growth by supporting the creative industries, tourism, broadband rollout and the digital economy. It will also enable the Department and its Arm's Length Bodies to achieve our strategic objectives and deliver the Government priorities set out in our Single Departmental Plan. DCMS will also ensure that the UK continues to project itself as a global cultural powerhouse, promoting and protecting British values.

In light of the Government's aim of achieving a structural budget surplus by 2019/20, this settlement is also conditional on a number of efficiency objectives that will enable us to deliver even more value for taxpayers' money.

I am keen to take this opportunity to build on the work of the last five years by further transforming the relationship between DCMS sectors and Government, and enabling them to deliver services with increased efficiency and effectiveness. Over the next five years, therefore, Government support for DCMS sponsored bodies will be focused on helping them to become more resilient, independent and entrepreneurial.

Whilst this is a very good settlement for DCMS, I also recognise that it will be challenging in some areas.

This letter sets out the funding settlement for the National Heritage Memorial Fund covering the financial years 2016/17 to 2019/20 on resource and 2020/21 on capital. The total resource grant-in-aid budget will be £25.5 million over four years and the total capital grant-in-aid budget will be £24.5 million over five years.

The Department has a capital allocation of £1.6 billion for the period 2016/17 to 2020/21. To ensure this funding is spent most effectively, we will be putting in place measures that will allow Ministers, with the support of the DCMS Finance Committee, to actively manage the portfolio of major projects across the Group.

Details of your settlement are set out at Annex A with further guidance on specific aspects at Annex B.

Within this settlement I expect you to ensure that all public bodies, however they are funded, meet increasingly stringent targets for efficiency, including the efficiency of grant administration.

In addition, I expect you to work with DCMS to deliver the Department's allocated Government priorities for this Parliament as set out in DCMS's Single Departmental Plan. For your organisation, this includes continuing to support essential roof repairs to local churches and cathedrals, along with other places of worship.

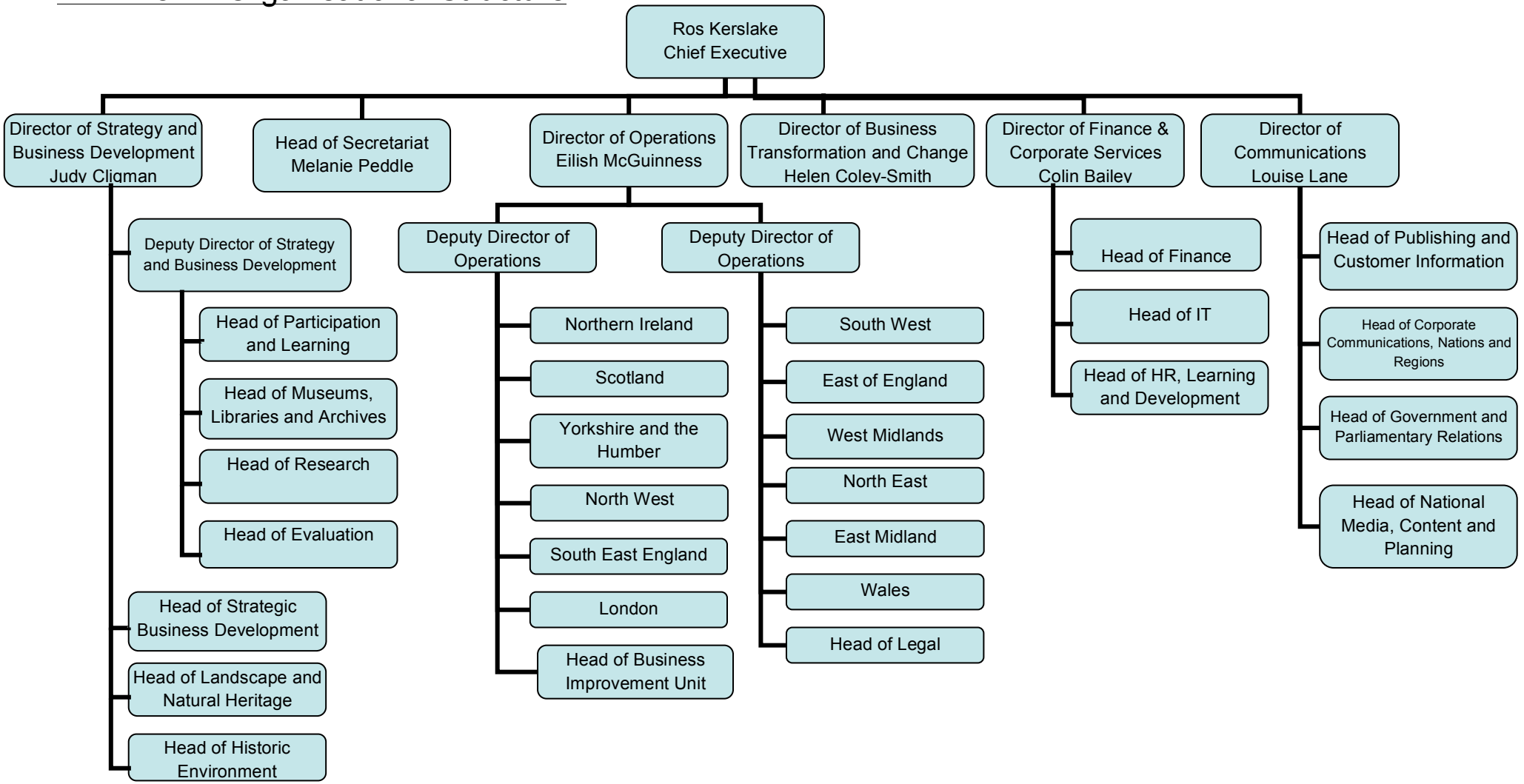
I would also encourage all Lottery distributors to work together to promote National Lottery good causes.

In conclusion, I hope you are as pleased as I am with the Government's continued support for the Department and the importance of the work we do for the nation and its citizens. My Ministerial Team and I look forward to working with you over the next five years.

**The Rt Hon John Whittingdale OBE MP**

**Secretary of State for Culture, Media and Sport**

## **Annex I:** Organisational Structure



# **Annex J:** Alternative Delivery Model Assessment

This assessment is based on how well each option would meet the delivery model criteria:

a. Give full **governance accountability** and operational control to NHMF's Board to lead, manage and improve the organisation
b. Be an appropriate vehicle for the **financial management of public money**, providing sufficient controls, transparency, and assurance to DCMS Ministers
c. Enable **Ministers to fulfil their statutory responsibilities** for NHMF as a National Lottery distributor
d. Allow and enable **NHMF to fulfil its purpose of distributing Lottery money** to Good Causes, as set out in legislation, and recognising the 'additionality principle'
e. Ensure that NHMF can make all its funding decisions independently of government influence, and with **political impartiality**
f. Allow and enable effective delivery of all the functions of NHMF at **across the UK**
g. Have **credibility** with both the heritage sector and with the Lottery ticket buying public
h. Allow and enable NHMF to **keep operating costs to a minimum** so it can channel the maximum amount of its income into funding and frontline services

The **checklist of delivery options** is:

1. Abolish
2. Delivery model options inside central government
    - Bring in-house
    - Merge with another public body
    - Deliver the functions via an Executive Agency
    - Continue delivery by the existing Non-Departmental Public Body (NDPB)
3. Delivery model options outside central government
    - Transfer the functions to local government
    - Deliver the functions via a more commercial model

**Overview**

1. Abolish
2. Delivery model options inside central government
    - Bring in-house
        - This would mean integrating all existing NHMF staff into the Department for Digital, Culture, Media and Sport (DCMS), which is the central government department that sponsors NHMF as a grant making body. DCMS could not absorb the functions of NHMF without also taking on its staff: it is a small, policy delivery department that has neither the existing grant making or project delivery expertise on the scale of NHMF, nor the resource to take on its transactional functions.
    - Merge with another public body
        - The most appropriate merger would seem to be with another National Lottery distributor (e.g. UK Sport, Big Lottery Fund, British Film Institute), or with another heritage body given the shared focus on the heritage sector.
    - Deliver the functions via an Executive Agency
        - An Executive Agency is part of a government department; it enables functions to be carried out by a well defined business unit that has a clear focus on delivering specified outputs, within a framework of accountability to ministers. They are therefore closer to their sponsoring department than are NDPBs. Executive Agency staff are civil servants.
    - Continue delivery by the existing NDPB
        - This means retaining the status quo, with NHMF operating as an executive NDPB.

3. Delivery model options outside central government
    - Transfer the functions to local government
        - This would require the devolution of (a) National Lottery income, (b) funding decisions and (c) grant making administration to a local level, e.g. via the local authority, Local Enterprise Partnership (LEP), or to charitable trusts set up locally by either of these. It may also require a means of calculating the proportions of National Lottery income to be received by each local authority, which would need to be set out in statute, as is the current apportionment between Lottery distributors. Therefore, rather than dealing with 12 National Lottery distributors, the National Lottery Distribution Fund would be dealing with up to 400 local authorities on an individual level.
    - Deliver the functions via a more commercial model
        - This would require identification, or creation of a charity/private sector organisation with capability and capacity to deliver the functions. Alternatively it could mean privatising the existing NHMF organisation, and changing its relationship with government to a contractual one.

**Assessment**

| | |
|---|---|
| **Abolish** | The evidence strongly suggests a continued need for NHMF's functions of distributing National Lottery funding (the HLF) and providing a fund of last resort for heritage at risk (the Memorial Fund).<br><br>The distribution of National Lottery funding for heritage is a vital contributor to DCMS's core business of *'driving growth, enriching lives and promoting Britain to the world'*, it is significant in the work of other departments such as the Department for Environment, Food & Rural Affairs (Defra), Department for Communities and Local Government (DCLG), and it is a vital contributor to government agendas in Scotland, Wales and Northern Ireland.<br><br>Heritage has intrinsic, social and economic value, and contributes to wider government objectives such as local growth and placemaking, environmental conservation, health and wellbeing, employment, and international engagement.<br><br>There is also a legal requirement for the functions delivered by NHMF. The legal framework for the existence of NHMF is set out in the National Heritage Act 1980, and for HLF in the National Lottery etc Act 1993, and subsequently in the National Heritage Act 1997 and the National Lottery Act 1998.<br><br>Stakeholders and the public strongly called for NHMF's functions to continue as a valuable use of public money. 97% of stakeholders felt that the HLF function of 'investing money from the National Lottery by providing funding to sustain and transform heritage' was still needed. Similarly, 91% thought that the Memorial Fund function of 'providing financial assistance towards the acquisition of assets of national heritage that are at risk of being lost' was still needed. And 87% said the organisations should remain in its current form as an NDPB (1-3% of people picked each of the other options, showing no strong call for any specific alternative).<br><br>**CONCLUSION: NOT RECOMMENDED** |

| | Delivery model options inside central government | | | | Delivery model options outside central government | |
|---|---|---|---|---|---|---|
| **Delivery model criterion** | Bring in-house | Merge with another public body | Deliver the functions via an Executive Agency | Continue delivery by the existing NDPB | Transfer the functions to local government | Deliver the functions via a more commercial model |
| Give full **governance accountability** and operational control to NHMF's Board to lead, manage and improve the organisation | **No**<br>Under this model, NHMF would likely be run by a Director General, reporting into the DCMS Permanent Secretary. | **Probably**<br>Likely to be the same or similar to the status quo, once Board structure and membership had been decided. | **No**<br>As an Executive Agency, NHMF would not have a Board; it would be led by a Chief Executive, who would be a civil servant. | **Yes**<br>This is the status quo, although the review recommends that the Board's focus on strategic management of the organisation rather than grant decision making should be strengthened. | **No**<br>Under this model there would be no Board. | **No**<br>The Board of the private sector provider would be accountable for delivering against the contractual requirements. |
| Be an appropriate vehicle for the **financial management of public money**, providing sufficient controls, transparency, and assurance to DCMS Ministers | **Yes**<br>Subject to HM Treasury and Cabinet Office spending controls and public sector pay restraints.<br>Clear Accounting Officer reporting lines.<br>Subject to Freedom of Information requirements and Civil Service | **Yes**<br>Subject to HM Treasury and Cabinet Office spending controls and public sector pay restraints.<br>Clear Accounting Officer reporting lines.<br>Subject to Freedom of Information requirements and Civil Service transparency | **Yes**<br>Subject to HM Treasury and Cabinet Office spending controls and public sector pay restraints.<br>Clear Accounting Officer reporting lines.<br>Subject to Freedom of Information requirements and Civil Service transparency | **Yes**<br>Subject to HM Treasury and Cabinet Office spending controls and public sector pay restraints.<br>Clear Accounting Officer reporting lines.<br>Subject to Freedom of Information requirements and Civil Service transparency | **Maybe**<br>Local authorities are already subject to controls around public money and transparency requirements. However, this model would make transparency on National Lottery funding on a national level very difficult, and would make fulfilling DCMS | **Probably**<br>This model would require the establishment of a new contract management function in central government to act as an intelligent client. |

| | | | | | | |
|---|---|---|---|---|---|---|
| | transparency policies. | policies. | policies. | policies.<br>Grant-aided activity is governed by a Financial Memorandum drawn up by DCMS in consultation with the Devolved Administrations.<br>National Lottery distribution activity is governed by Financial Directions issued by the DCMS Secretary of State. | requirements to account for all the income received from the National Lottery much more complex. | |
| Enable **Ministers to fulfil their statutory responsibilities** for NHMF as a National Lottery distributor | **Yes**<br>This model gives far greater control to the Secretary of State. | **Yes**<br>Likely to be the same as the status quo. | **Yes**<br>This model gives greater control to the Secretary of State. | **Yes**<br>NDPB status is a key means of ensuring this whilst giving NHMF autonomy in day to day management/ funding decisions. | **No**<br>Ministers would lose the ability and leverage to fulfil current statutory responsibilities. | **Yes**<br>Ministers would have greater control while the provider would have less autonomy. |
| Allow and enable **NHMF to fulfil its purpose of distributing Lottery money** to Good Causes, as set out in legislation, and recognising the 'additionality | **Probably**<br>DCMS Ministers lead on policy in relation to heritage and it is unlikely that this policy will significantly change during this Parliament. | **Probably**<br>This should be possible, although if NHMF were to merge with another National Lottery distributor it would lose the focus on heritage that is highly valued by | **Probably**<br>Any Executive Agency would be established expressly for this purpose.<br><br>However, there may be a risk that with a closer relationship to | **Yes**<br>The status quo allows NHMF to fulfil its purpose well, although the review makes recommendations about the need to do this in a more strategic way, | **Maybe**<br>This option would likely lead to the loss of expertise in grant making that NHMF has. Local authorities may also face pressure to use National Lottery funding to fill gaps | **Probably**<br>This would depend on the terms of the contract with central government. |

| | | | | | | |
|---|---|---|---|---|---|---|
| principle' | However, there may be a risk that within central government, NHMF would come under pressure to use National Lottery funds to save government expenditure. | the sector, and merging funding pots would likely need legislation. A change to legislation would also be needed if NHMF were to merge with a body which does not distribute grants, does not cover all four nations, and may have different drivers and priorities. | central government, NHMF would come under pressure to use National Lottery funds to save government expenditure. | working with partners. The 'additionality principle' can be challenging, but the review suggests that NHMF should think about the principle in a contemporary context, and consider how its funding can be used to sustain the sector during times of austerity. | left by their own decreasing funding, blurring the distinction between National Lottery funding and government funding that the additionality principle is aimed at maintaining. | |
| Ensure that NHMF can make all its funding decisions independently of government influence, and with **political impartiality** | **No**<br>Civil servants are required to support the government of the day in developing and implementing its policies and in delivering public services. They are not in a position to refuse to carry out a minister's instructions (although they can, and in some cases must, advise a minister against | **Yes**<br>The other National Lottery distributors are all NDPBs sponsored by DCMS, so also operate 'at arm's length' from government as NHMF does. | **No**<br>Executive Agency staff are civil servants, required to support the government of the day in developing and implementing its policies and in delivering public services. They are not in a position to refuse to carry out a minister's instructions (although they can, and in some cases must, advise a | **Yes**<br>Although government sets heritage policy, NHMF makes funding decisions independently with no influence exerted by government officials or ministers. | **No**<br>Political impartiality would be not be delivered if responsibility was transferred to local authorities, which are overseen by political parties. | **No**<br>As a contractor, a private company would have to take more, not less, direction from their clients in central government. |

| | | | | | | |
|---|---|---|---|---|---|---|
| | pursuing a particular course). | | minister against pursuing a particular course). | | | |
| Allow and enable effective delivery of all the functions of NHMF at **across the UK** | **Maybe**<br>There may be challenges for DCMS to operate in the devolved administrations, particularly as Scotland and Wales set Policy Directions for NHMF; there would need to be a governance structure put in place to incorporate the directions of the devolved administrations for DCMS. | **Maybe**<br>Of the other National Lottery distributors, the Big Lottery Fund, the British Film Institute and UK Sport currently operate nationally, the others serve only one of the home nations. No other heritage bodies operate across all four nations. | **Maybe**<br>There may be challenges for DCMS to operate in the devolved administrations, particularly as Scotland and Wales set Policy Directions for NHMF; there would need to be a governance structure put in place to incorporate the directions of the devolved administrations for DCMS. | **Yes**<br>NHMF operates at both a national and regional level, with 12 offices across the UK, each with an independent Area Committee making local funding decisions. Feedback from the sector was positive about NHMF's awareness of and engagement with local needs and priorities across the UK. | **No**<br>Local authorities could potentially deliver demand-led funds and small grants in local areas. But delivery would vary depending on the resource and expertise of individual local authorities, and would be unlikely to achieve a consistent level of operational effectiveness across the 400 local authorities. This model also does not support the strategic delivery of targeted programmes, which are best run on a UK wide and/or home nation basis. | **Maybe**<br>This may work if the existing NHMF organisation became a new company, retaining the existing knowledge base. But existing NHMF staff are unlikely to welcome a move to the private sector. Alternatively this would depend on capabilities and geographic reach of an existing or new private sector provider. |
| Have **credibility** with both the heritage sector and with the Lottery ticket | **No**<br>This model would be extremely unpopular with the heritage sector, | **Maybe**<br>There would be widespread concern if NHMF was perceived to | **No**<br>This model would be extremely unpopular with the heritage sector, which wants | **Yes**<br>There is strong evidence that NHMF is a highly valued organisation across | **No**<br>The heritage sector is very unlikely to welcome the dissolution of NHMF, | **No**<br>Private sector handling of public money is likely to be questioned by the |

| | | | | | | |
|---|---|---|---|---|---|---|
| buying public | which wants NHMF to be politically impartial and autonomous. It is also likely to raise public concerns about whether National Lottery money is genuinely ring fenced and kept separate from departmental income received from the Exchequer. | lose its focus on heritage or if the amount of funding for the heritage Good Cause was perceived to be diluted by the priorities of the other organisation. There would obviously be concerns if NHMF was merged with an organisation that did not cover the whole of the UK, or if NHMF was merged with a National Lottery distributor with a very different remit e.g. UK Sport. | NHMF to be politically impartial and autonomous. The National Lottery ticket buying public are unlikely to understand the difference between an NDPB and an Executive Agency, and may wonder why government is spending public money on a change from which they cannot see any obvious benefits. | the sector, and is seen as an expert in grant making and project delivery. The review makes recommendations about how NHMF could further strengthen its credibility with the sector through engagement with partner organisations, and with the National Lottery ticket buying public through improved communications. | and is likely to be sceptical of local government as a credible alternative, especially given the likely loss of the expertise in project delivery and grant making that NHMF holds. | heritage sector and the public. The depth of private sector understanding of the heritage sector it serves would also likely be questioned. |
| Allow and enable NHMF to **keep operating costs to a minimum** so it can channel the maximum amount of its income into funding and frontline services | **Probably**<br>Once NHMF was inside central government it would be subject to the same Civil Service pay, procurement and spending controls as the rest of DCMS. Costs | **Probably**<br>A merger should provide greater economies of scale and efficiencies, particularly in back office functions. This could provide particular benefits with another grant distributing body. | **Probably**<br>Although there would be costs incurred by changing to this model, any Executive Agency would be established to be able to do this in the long term. Once NHMF was inside central | **Probably**<br>The Review found evidence to suggest that NHMF could be more efficient and cost-effective. | **No**<br>Devolving existing grant making activities to a local level would mean losing economies of scale by replicating administration costs and resources across 400 local authorities. | **Maybe**<br>Commercial expertise would be used to drive efficiencies. But it could in practice increase operating costs, as private operators charge market rates (cost plus margin) for their |

| | | | | | | |
|---|---|---|---|---|---|---|
| | could potentially be delivered if back office functions such as HR and Finance were integrated into DCMS.<br>DCMS does not have the necessary IT grantmaking software and would need to import current NHMF systems. | | government it would be subject to the same Civil Service pay, procurement and spending controls as the rest of the Cabinet Office. | | Local authorities would likely need to hire additional staff to make grants and would likely need to seek expertise (at a cost) to make funding decisions. | services. |
| **Summary of alternative delivery options** | **This option has significant disadvantages, not least of all the potential risk to NHMF's political impartiality in distributing National Lottery money, which is seen as vital by the government, NHMF, the heritage sector and the public.**<br><br>**NOT RECOMMENDED** | **This option appears to offer some potential for efficiency savings, but these are not outstanding enough to outweigh the cost, risks and disruption of implementing such a merger.**<br><br>**NOT RECOMMENDED** | **This option has significant disadvantages, not least of all the potential risk to NHMF's political impartiality in distributing National Lottery money, which is seen as vital by the government, NHMF, the heritage sector and the public.**<br><br>**NOT RECOMMENDED** | **By far the strongest option, albeit with some areas for improvement.**<br><br>**RECOMMENDED** | **This model would result in both the loss of NHMF as a key asset in the heritage sector, and a drop in efficiency and effectiveness.**<br><br>**NOT RECOMMENDED** | **This model may deliver greater efficiencies and increased control for ministers, but any benefits would be offset by a reduction in effectiveness and credibility.**<br><br>**NOT RECOMMENDED** |

# **Annex K:** Good Governance Self-Assessment

| ACCOUNTABILITY | | | | |
|---|---|---|---|---|
| **PRINCIPLE** | **SUPPORTING PROVISION** | | **COMPLY** | **EXPLAIN** |
| **Statutory Accountability**<br><br>***The public body complies with all applicable statutes and regulations, and other relevant statements of best practice.*** | 1. | The public body must comply with all statutory and administrative requirements on the use of public funds. This includes the principles and policies set out in the HMT publication "Managing Public Money" and Cabinet Office/HM Treasury spending controls. The body must operate within the limits of its statutory authority and in accordance with any delegated authorities agreed with the sponsoring department | | NHMF complies with all statutory and administrative requirements on the use of public funds, including the principles and policies set out in "Managing Public Money" and Cabinet Office/HM Treasury spending controls.<br><br>NHMF operates within the limits of its statutory authority as outlined within the management agreement in place with DCMS. |
| | 2. | The body should operate in line with the statutory requirements and spirit of the Freedom of Information Act 2000. It should have a comprehensive publication scheme. It should proactively release information that | | NHMF complies with the statutory requirements of the Freedom of Information Act 2000 (FOIA) and operates within its spirit.<br>Information is proactively released and |

| | | | | |
|---|---|---|---|---|
| | | is of legitimate public interest where this is consistent with the provisions of the act. | | made available on the HLF website in line with the provisions of FOIA and our Publication Scheme, available on our websites, provides an overview of the organisation and the information we hold and publish. |
| | 3. | The body must be compliant with data protection legislation. | | NHMF is compliant with the requirements of the Data Protection Act. Policies and practices on the acquisition of data, its retention, its use and its safeguarding are in place.<br>Further work is being undertaken to look at digitising records and creating a new corporate Information management system to deliver further improvements in this area. |
| | 4. | The body should be subject to the Public Records Acts 1958 and 1967. | N/A | NHMF is not subject to the Public Records Acts 1958 and 1967 |
| **Accountability for Public Money**<br><br>***The accounting officer of the public body is personally responsible and accountable to Parliament for the use of public money by the body and for the stewardship of assets.*** | 5. | There should be a formally designated accounting officer for the public body. This is usually the most senior official (normally the chief executive). | | The Chief Executive is designated as the Accounting Officer. |
| | 6. | The role, responsibilities and accountability of the accounting officer should be clearly defined and understood. The accounting officer should have received appropriate training and induction. The body should be compliant with the requirements set out in | | The Chief Executive understands her responsibilities and role as Accounting Officer. Ros Kerslake joined NHMF as Chief Executive Officer in April 2016. On appointment she received the necessary training and induction to ensure she is |

| | | | | |
|---|---|---|---|---|
| | | "Managing Public Money", relevant "Dear Accounting Officer" letters and other directions. In particular, the accounting officer of the NDPB has a responsibility to provide evidence-based assurances required by the principal accounting officer (PAO). The PAO requires these to satisfy him or herself that the accounting officer responsibilities are being appropriately discharged. This includes, without reservation, appropriate access of the PAO's internal audit service into the NDPB. | | fully informed of her responsibilities as the Accounting Officer, as set out in Chapter 3 of Managing Pubic Money and within the Management Agreement in place with DCMS.<br>She attended the Civil Service College Public Accountability training course in November 2016. |
| | 7. | The body should establish appropriate arrangements to ensure that public funds:<br>- are properly safeguarded;<br>- used economically, efficiently and effectively; - used in accordance with the statutory or other authorities that govern their use; and<br>- deliver value for money for the Exchequer as a whole. | | Appropriate financial procedures, internal controls and reporting structures are in place with the Audit Committee and Board receiving regular reports.<br><br>NHMF complies with the Public Contracts Regulations 2015 in its procurement activities. A Procurement Policy and procedures are place in accordance with Government guidelines to ensure all procurement of goods and services is based on value for money, having due regard to propriety and regularity.<br><br>A Procurement Manager is in place.<br><br>Funding is awarded following assessment against clear criteria and outcomes to ensure these are met for each programme. |

| | | | | |
|---|---|---|---|---|
| | 8. | The body's annual accounts should be laid before Parliament. The Comptroller and Auditor General should be the external auditor for the body. | | The Annual Report and Accounts are laid before Parliament annually.<br>The Comptroller and Auditor General are the external auditor for the body |

| **ROLES AND RESPONSIBILITIES** | | | | |
|---|---|---|---|---|
| **PRINCIPLE** | **SUPPORTING PROVISION** | | **COMPLY** | **EXPLAIN** |
| **Role of the Board**<br><br>***The public body is led by an effective board which has collective responsibility for the overall performance and success of the body. The board provides strategic leadership, direction, support and guidance.***<br><br>***The board – and its committees – have an appropriate balance of skills, experience, independence and knowledge.*** | 9. | The board of the public body should:<br>• meet regularly;<br>• retain effective control over the body; and<br>• effectively monitor the senior management team. | | The Board meets regularly through the year. Following a review of board efficiency the number of meetings has been reduced from 11 to 9 per year, and the Board has introduced measures to better balance its grant giving, strategy and governance responsibilities.<br><br>The Board retains effective control over NHMF/HLF and effectively monitors the senior management team through regular meetings and robust reporting processes. |
| | 10. | The size of the board should be appropriate. | | The Board can constitute up to 15 members, including the Chair. As at 1 April 2017 the Board is made up of 13 trustees (including the Chair). This is in line with government guidance. |

| | | | | |
|---|---|---|---|---|
| ***There is a clear division of roles and responsibilities between non-executive and executives. No one individual has unchallenged decision-making powers.*** | 11. | Board members should be drawn from a wide range of diverse backgrounds. | | The Board comprises individuals from a range of backgrounds and from a variety of sectors. The Board undertakes a review of their effectiveness, including consideration their balance of skills and diversity, on an annual basis.<br><br>The current board is made up of:<br>• Female 46% : Male 54%<br>• BAME 8% : White 92%<br>• No disabilities declared<br>• Age range 44 to 78 |
| | 12. | The board should establish a framework of strategic control (or scheme of delegated or reserved powers). This should specify which matters are specifically reserved for the collective decision of the board. This framework must be understood by all board members and by the senior management team. It should be regularly reviewed and refreshed. | | A framework of strategic control is in place with delegated and reserved powers clearly defined.<br><br>The framework is understood by all board members, regional and country committee members and senior staff. |
| | 13. | The board should establish formal procedural and financial regulations to govern the conduct of its business. | | NHMF has a formal structure of procedural and financial regulations in place to govern the conduct of its business.<br><br>The Finance Strategy is approved by the Board and a set of Financial KPIs for its grant giving are in place. |

| | | | | |
|---|---|---|---|---|
| | | | | There is an established and successful business planning process, including grant programme budget setting and admin budget setting.<br><br>Clear internal delegations for grant giving decisions and admin budget decisions are in place.<br><br>The Financial Directions are set by DCMS and supplemented through the Management Agreement (and sub agreements). External and Internal Audits regularly check financial controls, and to date these have been found to be satisfactory and complied with. |
| | 14. | The board should establish appropriate arrangements to ensure that it has access to all such relevant information, advice and resources as is necessary to enable it to carry out its role effectively. | | The NHMF Board are supported by the Chief Executive and Management Board, with regular contact and reporting in place to ensure they have access to information as required. The Secretariat Team support the Board to ensure information is provided in a clear and timely manner, and to ensure there is appropriate resource to enable the Board to carry out its role effectively. |
| | 15. | The board should make a senior executive responsible for ensuring that appropriate advice is given to it on all financial matters. | | The Director of Finance and Corporate Services is the Chief Finance Officer at NHMF and is responsible for ensuring the board receives appropriate advice on all financial matters. |

| | | | | |
|---|---|---|---|---|
| | 16. | The board should make a senior executive responsible for ensuring that board procedures are followed and that all applicable statutes and regulations and other relevant statements of best practice are complied with. | | The Chief Executive and Director of Finance and Corporate Services, with support from the Head of Secretariat, are responsible for ensuring that Board procedures are followed and all requirements are complied with. |
| | 17. | The board should establish a remuneration committee to make recommendations on the remuneration of top executives. Information on senior salaries should be published. The board should ensure that the body's rules for recruitment and management of staff provide for appointment and advancement on merit. | | The Finance, Staffing and Resources Committee sit once a year as the Remuneration Committee to review senior staff's performance and pay.<br>Details of salaries for senior staff are published on the HLF website and are included within the annual report. |
| | 18. | The chief executive should be accountable to the board for the ultimate performance of the public body and for the implementation of the board's policies. He or she should be responsible for the day-to-day management of the body and should have line responsibility for all aspects of executive management. | | The Chief Executive is accountable to the Board for performance and for the implementation of the Board's policies.<br>She is responsible for the day-to-day management of the public body and has line management responsibility for all aspects of executive management. |
| | 19. | There should be an annual evaluation of the performance of the board and its committees – and of the chair and individual board members | | Annual evaluation of the performance of the Board as a whole is undertaken.<br>Committee members meet with their Chair at the end of their first year and when they are due for reappointment to evaluate performance during their term. |

| | | | | |
|---|---|---|---|---|
| | | | | Trustees meet regularly with the board chair to discuss performance. A form for recording feedback has been recently introduced. The board Chair is appraised by the Chair of the Audit and Risk Committee, with feedback from all trustees sought. |
| **Role of the Chair**<br><br>***The chair is responsible for leadership of the board and for ensuring its overall effectiveness.*** | 20. | The board should be led by a non-executive chair. | | The Chair of the Board, Sir Peter Luff, is a non-executive. |
| | 21. | There should be a formal, rigorous and transparent process for the appointment of the chair. This should be compliant with the code of practice issued by the Commissioner for Public Appointments. The chair should have a clearly defined role in the appointment of nonexecutive board members. | | The Chair is appointed by the Secretary of State for Culture Media and Sport following an open recruitment process compliant with the Code of Practice issued by the Commissioner for Public Appointments.<br><br>The Chair is actively involved in the appointment of non-executive board members. Recruitment follows an open recruitment process compliant with the Code of Practice issued by the Commissioner for Public Appointments. |
| | 22. | The duties, role and responsibilities, terms of office and remuneration of the chair should be set out clearly and formally defined in writing. Terms and conditions must be in line with Cabinet Office guidance and with any statutory requirements. | | The NHMF Chair's appointment letter from the Secretary of State sets out his terms and conditions of appointment and level of remuneration.<br><br>The Chair's responsibilities are also detailed in NHMF's Management Agreement with the DCMS and the Code of |

| | | | | |
|---|---|---|---|---|
| | | | | Best Practice, which forms part of the Trustee Handbook. |
| | 23. | The roles of chair and chief executive should be held by different individuals. | | The NHMF Chair and Chief Executive roles are held by separate individuals. |
| **Role of Non-Executive Board Members**<br><br>***As part of their role, non-executive board members provide independent and constructive challenge.*** | 24. | There should be a majority of non-executive members on the board. | | The Board is entirely comprised of non-executive members. |
| | 25. | There should be a formal, rigorous and transparent process for the appointment of non-executive members of the board. This should be compliant with the code of practice issued by the Commissioner for Public Appointments. | | Recruitment of non-executive board members follows an open recruitment process that is formal, rigorous and transparent. It is compliant with the Code of Practice issued by the Commissioner for Public Appointments. |
| | 26. | The duties, role and responsibilities, terms of office and remuneration of non-executive board members should be set out clearly and formally defined in writing. Terms and conditions must be in line with Cabinet Office guidance and with any statutory requirements. | | The duties, role and responsibilities, terms of office and remuneration of non-executive board members are set out clearly and formally defined in writing in their letter of appointment from the Prime Minister and in the Code of Best Practice, which forms part of the Trustee Handbook.<br><br>Terms and conditions are in line Cabinet Office guidance and with statutory requirements. |
| | 27. | All non-executive board members must be properly independent of management | | All non-executive board members are properly independent of management. |
| | 28. | All non-executive board members must allocate sufficient time to the board to | | All non-executive board members allocate sufficient time to discharge their |

| | | | | |
|---|---|---|---|---|
| | | discharge their responsibilities effectively. Details of board attendance should be published (with an accompanying narrative as appropriate). | | responsibilities effectively. |
| | 29. | Details of board attendance should be published (with an accompanying narrative as appropriate). | | Attendance at all board and committee meetings is formally recorded and reported on within the annual report. |
| | 30. | There should be a proper induction process for new board members. This should be led by the chair. There should be regular reviews by the chair of individual members' training and development needs. | | An induction process is in place.<br><br>A review of individual training needs for trustees is included within the individual trustee appraisal process. |

| **EFFECTIVE FINANCIAL MANAGEMENT** | | | | |
|---|---|---|---|---|
| **PRINCIPLE** | **SUPPORTING PROVISION** | | **COMPLY** | **EXPLAIN** |
| ***The public body has taken appropriate steps to ensure that effective systems of financial management and internal control are in place.*** | Annual Reporting | | | |
| | 31. | The body must publish on a timely basis an objective, balanced and understandable annual report. The report must comply with HM Treasury guidance. | | Annual Reports and Accounts are prepared for both HLF and NHMF. The reports are objective, balanced and understandable and comply with HM Treasury guidance. |

| | | | | |
|---|---|---|---|---|
| | Internal Controls | | | |
| | 32. | The body must have taken steps to ensure that effective systems of risk management are established as part of the systems of internal control. | | NHMF/HLF has an effective system of risk management. All policy setting and grant decision-making is informed by the risk management culture and approach of the NHMF.<br>Each individual department has their own replicated risk identification and management process and their own risk register in support of the corporate risk register. |
| | 33. | The body must have taken steps to ensure that an effective internal audit function is established as part of the systems of internal control. This should operate to government internal audit standards and in accordance with Cabinet Office guidance. | | An effective internal audit function is in place that operates to Government Internal Audit Standards and Cabinet Office guidance.<br>The internal auditors produce an opinion and annual certificate of assurance with regard to the adequacy of the systems and the operation of internal controls within NHMF. |
| | 34. | There must be appropriate financial delegations in place. These should be understood by the sponsoring department, by board members, by the senior management team and by relevant staff across the body. Effective systems should be in place to ensure compliance with these delegations. These should be regularly reviewed. | | Appropriate financial delegations and an authorisation schedule are in place and understood by the sponsoring department, by board members, by the senior management team and by relevant staff across the public body.<br>Effective checks and internal controls are in place to ensure delegations are complied with. |

| | | | | |
|---|---|---|---|---|
| | 35. | There must be effective anti-fraud and anti-corruption measures in place. | | Anti-fraud and anti-corruption measures are in place. New staff attend compulsory training and in 2016-17 all staff received refresher fraud awareness training. Non-Executive members of the Audit and Risks committee with experience in counter fraud have recently been appointed. |
| | 36. | There must be clear rules in place governing the claiming of expenses. These should be published. Effective systems should be in place to ensure compliance with these rules. The body should proactively publish information on expenses claimed by board members and senior staff. | | An expenses policy is in place for trustees, committee members and all staff.<br><br>Effective authorization processes are in place.<br><br>Expenses claimed by trustees and senior staff are proactively published on the HLF website. |
| | 37. | The annual report should include a statement on the effectiveness of the body's systems of internal control. | | The annual report includes a statement on the effectiveness of the body's systems of internal control. |
| | Audit Committee | | | |
| | 38. | The board should establish an audit (or audit and risk) committee with responsibility for the independent review of the systems of internal control and of the external audit process. | | The Audit and Risk Committee meets 4 times per year. It takes an independent view of the systems of internal controls at NHMF and the external audit process. |
| | External Auditors | | | |

| | | | | |
|---|---|---|---|---|
| | 39. | The body should have taken steps to ensure that an objective and professional relationship is maintained with the external auditors. | | An objective and professional relationship is maintained with the external auditors at all times. |

| **COMMUNICATIONS** | | | | |
|---|---|---|---|---|
| **PRINCIPLE** | **SUPPORTING PROVISION** | | **COMPLY** | **EXPLAIN** |
| ***The body is open, transparent, accountable and responsive.*** | Communications with Stakeholders | | | |
| | 40. | The public body should have identified its key stakeholders. It should establish clear and effective channels of communication with these stakeholders. | | NHMF works with a wide range of key stakeholders and partners, including the Lottery-playing public, applicants and grantees, strategic agencies and lead bodies for heritage and other policy areas and elected Members for both local and national governments. NHMF consults with key stakeholders extensively when developing our strategic framework and grant-making policy and practice.<br><br>Effective channels of communication with stakeholders are in place, including: the HLF and NHMF websites; social media; corporate e-newsletters; an Online Community; press releases and direct, regular liaison with key organisations. |
| | Communications with the Public | | | |
| | 41. | The public body should make an explicit commitment to openness in all its activities. It | | HLF regularly consults with the public through stakeholder engagement activities, social media and |

| | | | | |
|---|---|---|---|---|
| | | should engage and consult with the public on issues of real public interest or concern. This might be via new media. | | events. Recently a wide ranging consultation/research study was undertaken with players of The National Lottery.<br>Board and Committee minutes and decisions are published on our website.<br>A strong focus is placed on reaching the public via our consumer media relations work. |
| | 42. | It should publish details of senior staff and board members together with appropriate contact details. | | Senior staff, Board and Committee member profiles are published on our website.<br>Individual contact details are not provided for senior staff listed on the website, however appropriate processes are in place to ensure communications received are directed to the relevant staff member as necessary. |
| | 43. | The body should consider holding open board meetings or an annual open meeting. | | The nature of grant-giving at board meetings makes them inappropriate for open invitation, however the possibility of annual open meetings or digital alternatives for continuing to open up our work will be considered.<br>More targeted mechanisms for engaging the Board with lottery players are being developed as part of the new strategic framework consultations. |
| | 44. | The body should proactively publish agendas and minutes of board meetings. | | Summary minutes of meetings are proactively published on the website.<br>An annual overview of Board business is available on the website providing information on standing |

| | | | | |
|---|---|---|---|---|
| | | | | agenda items for Board and sub-Committee meetings for the year. |
| | 45. | The body should proactively publish performance data. | | Performance data is published in the Annual Report and Accounts. |
| | 46. | In accordance with transparency best practice, bodies should consider publishing their spend data over £500. By regularly publishing such data and by opening their books for public scrutiny, bodies can demonstrate their commitment to openness and transparency and to making themselves more accountable to the public. | | All grants awarded are published on the HLF/NHMF websites as appropriate.<br>Data on spending over £25,000 is proactively disclosed on the HLF website.<br>Consideration has been given to publishing spend data over £500 however the resource requirements make the option unviable. |
| | 47. | The body should establish effective correspondence handling and complaint procedures. These should make it simple for members of the public to contact the body and to make complaints. Complaints should be taken seriously. Where appropriate, complaints should be subject to investigation by the Parliamentary Ombudsman. | | A three-stage complaints procedure is in place and information is available on the HLF website. If having gone through stages one and two, a complainant remains unhappy they can refer their complaint to the Independent Complaints Reviewer (ICR).<br>Complaints reviewed by the ICR together with HLF's response to the ICR's recommendation are published on the HLF website. |
| | 48. | The body should monitor and report on its performance in handling correspondence. | | Customer service standards are in place across the organisation, and monitoring is in place in key areas. |
| | Marketing and PR | | | |
| | 49. | The public body must comply with the Government's conventions on publicity and | | NHMF/HLF is fully compliant with the conventions insofar as these apply to Lottery distributors. |

| | | | | |
|---|---|---|---|---|
| | | advertising. | | |
| | 50. | These conventions must be understood by board members, senior managers and all staff in press, communication and marketing teams. | | The conventions are shared and understood by staff at all appropriate levels. |
| | 51. | Appropriate rules and restrictions must be in place limiting the use of marketing and PR consultants. | | PR contractors delivering local work are tendered for and operate within Government framework/rules. |
| | 52. | The body should put robust and effective systems in place to ensure that the public body is not, and is not perceived to be, engaging in political lobbying. This includes restrictions on board members and staff attending party conferences in a professional capacity. | | Board and Committee members' handbooks contain guidance on lobbying. Staff receive training through induction on HLF's status and responsibilities in relation to lobbying. Guidance on party conferences (non-attendance), restricted periods is provided. The Communications team has expertise in advising non-executives and executives on engagement with political stakeholders. Where there is pro-active contact/joint working with elected representatives we keep even handedness under review. |

| CONDUCT AND BEHAVIOUR | | | | |
|---|---|---|---|---|
| **PRINCIPLE** | **SUPPORTING PROVISION** | | **COMPLY** | **EXPLAIN** |
| **The board and staff of the public body work to the highest personal and professional standards. They promote the values of the body and of good governance through their conduct and behaviour.** | Conduct | | | |
| | 53. | A code of conduct must be in place setting out the standards of personal and professional behaviour expected of all board members. This should follow the Cabinet Office code. All members should be aware of the code. The code should form part of the terms and conditions of appointment. | | The Code of Best Practice, which forms part the trustee and member handbook, is provided to all trustees and committee members on appointment.<br><br>It is based on the Cabinet Office Code, and the duty to comply with the code forms part of the Terms and Conditions of Appointment. |
| | 54. | A code of conduct must be in place setting out the standards of personal and professional behaviour expected of all staff. This should follow the Cabinet Office code. All staff should be aware of the provisions of the code. The code should form part of the terms and conditions of employment. | | There is Conduct Policy, which forms part of the Staff Handbook, in place for staff.<br><br>All staff are made aware of this as part of their induction.<br><br>It does not form part of the terms and conditions of employment for staff, apart from for Ros Kerslake, the Chief Executive. |
| | 55. | There are clear rules and procedures in place for managing conflicts of interest. There is a publicly available register of interests for board members and senior staff. This is regularly updated. | | NHMF has clear rules and procedures in place for managing conflicts of interest for staff, trustees and committee members.<br><br>The register of interests for trustees and members is publically available on the HLF and NHMF websites. |

| | | | | |
|---|---|---|---|---|
| | | | | A register of interests for senior staff is not currently proactively published on the website but would be available to the public on request. |
| | 56. | There are clear rules and guidelines in place on political activity for board members and staff. There are effective systems in place to ensure compliance with any restrictions. | | Guidance is set out in the Trustee handbook and further information is communicated via briefings as necessary. Political stakeholder engagement is coordinated to ensure it is appropriate and complies with restrictions as necessary. Engagement with political stakeholders is monitored. |
| | 57. | There are rules in place for board members and senior staff on the acceptance of appointments or employment after resignation or retirement. These are effectively enforced. | | The Conduct Policy clearly outlines that staff who seek to take up employment elsewhere, and who have had any official dealings with their prospective employer during their last two years of employment with NHMF, must gain formal approval from the Chief Executive of NHMF before taking up the new employment. The same applies to staff who are leaving in order to become a consultant (whether independent or employed), and whose services are likely to be offered to firms or organisations with which they have had official dealings during their last two years of employment with NHMF and this restriction continues to apply for a period of two years after leaving the employment of NHMF.<br><br>Guidance for retiring trustees and committee members has been updated and is |

| | | | | |
|---|---|---|---|---|
| | | | | communicated to them as part of the retirement process.<br>There is no formal process in place for enforcing the rules once the staff member, trustee or committee member has left the organisation. |
| | Leadership | | | |
| | 58. | Board members and senior staff should show leadership by conducting themselves in accordance with the highest standards of personal and professional behaviour and in line with the principles set out in respective codes of conduct. | | Board members and senior staff adhere to the Seven Principles of Public Life and conduct themselves in accordance with the highest standards of personal and professional behavior. |