





## National Heritage Memorial Fund

Annual Report and Accounts 2023–2024  
For the period 1 April 2023 to 31 March 2024

Presented to Parliament pursuant to Section 7(1) of the National Heritage Act 1980, and accounts presented to Parliament pursuant to Section 7(3) of the National Heritage Act 1980.

Ordered by the House of Commons to be printed on 17 July 2024  
Laid before the Scottish Parliament by the Scottish Minister on 17 July 2024  
Laid before the Northern Ireland Assembly on 17 July 2024  
Laid before the Welsh Parliament on 16 September 2024

HC 80  
SG/2024/144



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Any enquiries regarding this publication should be sent to us at:

National Heritage Memorial Fund

4th Floor

Cannon Bridge House

25 Dowgate Hill

London

EC4R 2YA

ISBN 978-1-5286-5081-6

E03151608

07/24

Printed on paper containing 40% recycled fibre content minimum.

Printed in the UK by HH Associates Ltd on behalf of the Controller of His Majesty's Stationery Office.

## Saving the UK's greatest treasures

The National Heritage Memorial Fund (NHMF) has been awarding grants to safeguard the UK's most important heritage since 1980.

As a fund of last resort, NHMF has helped save thousands of our most-loved treasures from being lost forever. These range from historic houses and works of art to trains, boats and ancient landscapes.

Taken together, these treasures form a permanent memorial to those who have given their lives for the UK.

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# Foreword by Dr Simon Thurley CBE

Chair of the National Heritage Memorial Fund

The National Heritage Memorial Fund plays a critical role in our national life because it is the funding source of last resort for outstanding national heritage at risk. Our grants secure heritage as a memorial to those who have given their lives for our country. Our definition of heritage is broad, and this year we awarded grants to a diverse range of recipients, from historic art, to monuments and literary treasures. We have both acquired and conserved heritage so it will survive for generations to come.

In April of 2023, we awarded our largest ever grant for an art acquisition to secure the magnificent Portrait of Mai (Omai). Undoubtedly a landmark acquisition for the UK, it involved a unique collaboration and shared ownership with the Getty Museum, forming a lasting partnership between the two institutions. The portrait was the centrepiece of the National Portrait Gallery's spectacular reopening in June 2023, plus the NPG's UK Sharing Programme will ensure the portrait is seen in galleries across the UK, including, poignantly, locations we know Mai visited in his lifetime. Our annual grant-in-aid budget of £5million would not have allowed us to fund at this level, so we had to use our endowment, illustrating both the cultural value of this portrait, but also the challenges we face in the commercial art market. We will continue to make the case for the importance of central government's support for NHMF funding against the gradual erosion of its purchasing power.

We were delighted to help English Heritage secure the North Henge at Thornborough in Yorkshire when it was offered for sale on the open market. It is the third and final piece of a unique Stone Age monument sometimes known as the 'Stonehenge of the North'. The three henges now join the National Heritage Collection held in trust for the nation; the public will have access in perpetuity to the entirety of this astonishing Neolithic monument.

As a funder of last resort, NHMF is occasionally called on to support emergency repairs to heritage. This year we were able to support urgent works to the hull of HMS Unicorn in Dundee, safeguarding the world's most complete Georgian ship while long term conservation plans are prepared.

“ In April of 2023, we awarded our largest ever grant for an art acquisition to secure the magnificent Portrait of Mai (Omai). Undoubtedly a landmark acquisition for the UK.”



We also supported two standout literary collections this year. The archive of the Anglo-American writer Raymond Chandler gives exceptional insight into his writing process, while a rich collection of letters from Elizabeth Barrett Browning to her sister reveal how her life informed her work. These wonderful resources will now remain in the Bodleian Libraries and British Library respectively and be accessible to all.

This year we completed the commitment of the National Heritage Memorial Fund COVID-19 Response Fund, which the UK government established to safeguard nationally important heritage put at risk by the impact of the pandemic. This fund combines the Cultural Assets Fund; a £20million allocation secured from DCMS for distribution to outstanding heritage assets within England, with additional funding from the NHMF endowment of £10m, enabling support for exceptional heritage across the UK.

Among the heritage assets safeguarded is New Lanark World Heritage Site. There our funds will tackle the backlog of essential maintenance that arose during the pandemic. Likewise, for the intensely romantic Gwrych Castle in Wales, our funding will enable the continuation of restoration works that were stalled by the impact of COVID-19.

The NHMF provides a vital safety net when heritage assets face emergencies. With an increasing number of applications and limited funds the sound judgement of staff, members of our NHMF Advisory Panel, and trustees has, as always, been invaluable. My sincere thanks go to panel members, advisors and our NHMF team for energetically supporting our trustees in their work of protecting and enriching our extraordinary national heritage.

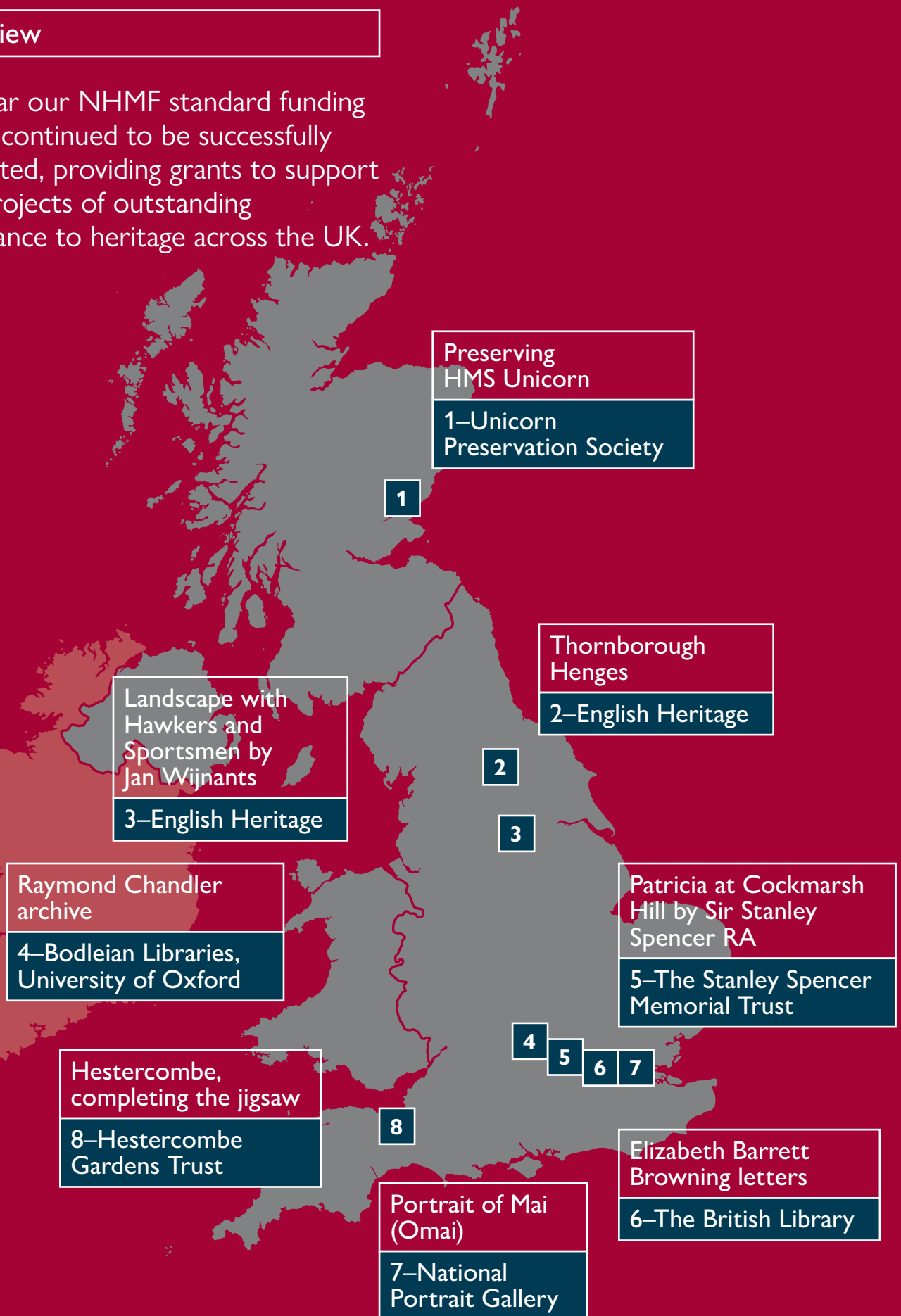
A handwritten signature in black ink that reads "Simon Thurley". The signature is written in a cursive, slightly slanted style.

**Dr Simon Thurley CBE**  
Chair of NHMF

# NHMF projects

## Overview

This year our NHMF standard funding stream continued to be successfully distributed, providing grants to support eight projects of outstanding importance to heritage across the UK.





## Hestercombe, completing the jigsaw

Hestercombe Gardens Trust

£126,750



“Thanks to the NHMF, as well as generous donations from benefactors, we have managed to complete the picture at Hestercombe by securing an adjoining 28 acres of unique and wonderful landscape. This includes the remaining section of the 18th century circuit walk and will create a lasting legacy for future generations.”

**Richard Mira**  
Chief Operating Officer,  
Hestercombe Gardens Trust

Hestercombe, near Taunton in Somerset, is a 320-acre Grade I registered site of exceptional interest and unique character. It's the only historic landscape in the UK with three complete period gardens: a Georgian landscape garden designed by Bampfylde; a Victorian garden; and a Lutyens/Jekyll garden that's cited as the best surviving example of their collaboration. Recent investigations have discovered a possible fourth garden thought to have been created by Richard Warre around 1620.

However, the Hestercombe Garden Trust did not own 28 acres of designed landscape that are included in the Grade I registered area. This includes the furthest extent of a medieval park; the former site of a medieval warren; part of a garden circuit walk by Bampfylde; an 18th century orchard; and a stone and tile stockyard.

The 28 acres were offered to the Trust by the Crown Estate in 2023. A contribution of £126,750 from the NHMF has helped them acquire it, reuniting the registered landscape. Future Hestercombe visitors will have access to the full 18th century circuit walk. The orchard will be replanted with heritage apple trees as a community project. The whole landscape will create a new and valuable foraging area for Hestercombe's population of rare and endangered Lesser Horseshoe bats. Plus, holistic, integrated management will preserve these important heritage assets for posterity.





## Landscape with Hawkers and Sportsmen by Jan Wijnants

English Heritage

£152,500

On a bright, clear day, five men with hounds and retrievers are out hawking and shooting. To the left are dunes dominated by the silhouette of a blasted tree. To the right, the landscape stretches away past a rustic bridge to distant low hills. Painted in 1659, this striking scene is typical of Jan Wijnants (1632?–84), one of the most influential landscape painters of the Dutch Golden Age.

The painting is an excellent example of 19th century British collectors' taste for Dutch art of this period. It became part of the noted collection of William Theobald, a hosier based in London. When he died in 1850 his son-in-law, Charles Augustus Thellusson, bought the painting. It became part of the original furnishings of Brodsworth Hall in South Yorkshire. Its position as the first painting visitors saw on entering the dining room was fundamental to Thellusson's vision for the most prestigious space in his new house.

The painting has remained one of the most distinguished in Brodsworth's nationally significant collection and was on loan to English Heritage. When the owners gave notice the loan agreement would not be renewed, a grant of £152,500 from the NHMF helped bring this beautiful artwork into the UK public collection, retaining it at Brodsworth Hall.

“Landscape with Hawkers and Sportsmen is one of the most distinguished paintings in Brodsworth's nationally significant art collection. We are grateful for the support of the NHMF and the Art Fund, with a contribution from The Wolfson Foundation, which has allowed the painting to become a part of our permanent collection.”

**Eleanor Matthews**

Curator of Collections and Interiors  
(South Yorkshire, North Midlands,  
Lancashire), English Heritage

## Preserving HMS Unicorn

Unicorn Preservation Society

£1,110,930



HMS Unicorn is the one of the last remaining warships from the age of sail still afloat. She is considered of international significance because of her original surviving fabric, national associations and rarity. First launched in 1824, she's a spectacular surviving relic of the UK's maritime heritage and the most original historic ship in the world.

Just over £1.1m from the NHMF is enabling the Unicorn Preservation Society to press on with critical and long overdue preservation work strengthening and supporting the now-decaying hull. This decay is causing rapidly accelerating structural damage and strain on the ship. The focus is on retaining as much of the 1824 fabric as possible and improving the long-term durability of the ship in a way that will lighten the future maintenance burden.

The work will be completed over the next 18 months in advance of a planned move of HMS Unicorn to East Graving Dry Dock for future restoration work.

“HMS Unicorn is at the beginning of a journey toward establishing a safe environment and stable condition for one of the world's oldest ships. The NHMF's support means we can progress this to the high standard commensurate with Unicorn's status as the most complete and original Georgian warship.”

**Matthew Bellhouse Moran**  
Director – Museum & Development,  
Unicorn Preservation Society

## Elizabeth Barrett Browning letters

The British Library

£245,550

Elizabeth Barrett Browning (1806–61) was one of the few female writers to achieve prominence in Victorian Britain and remains today an outstandingly important literary figure. She was so popular her verse novel *Aurora Leigh* was reprinted 20 times and she was considered a candidate to succeed William Wordsworth as Poet Laureate. Her writing also frequently tackled social and political issues and indeed helped influence child labour reform.

Covering the years 1846–1860 this collection comprises 131 family letters which give many unique insights into her life. The vast majority are long and detailed letters to her sister Henrietta, reflecting the importance of their relationship to Barrett Browning's life and work. The collection also contains 10 letters

written by Robert Browning to Elizabeth's sisters and two written by their son. Barrett Browning was in contact with many other prominent writers, including George Sand, Alfred Tennyson, John Ruskin and Harriet Beecher Stowe, and her letters provide important insights into her literary networks.

The collection is of major national and international significance for the study of Victorian literature and was at significant risk of an overseas sale. A contribution of £245,550 from the NHMF has helped to retain it for research and study in the UK in perpetuity. Once catalogued, the letters will be available in the Library's Manuscripts Reading Room and online through full digitisation for both academic study and wider public engagement.



“Elizabeth Barrett Browning was one of the major figures of 19th century English literature. I am delighted that with generous support from the NHMF, this important collection of her letters now has a permanent home at the British Library where it will be available for research and study by future generations.”

Dr William Frame  
Head of Modern Archives &  
Manuscripts, British Library

## Portrait of Mai (Omai)

National Portrait Gallery

£10,000,000

Mai was the first Polynesian to visit Britain. He came to Europe when Captain James Cook's second expedition returned from the South Pacific in 1774. Sir Joshua Reynolds' (1723–92) full-length Portrait of Mai is the first to depict a person of colour with grandeur, dignity and agency. As such, the painting is a masterpiece of considerable historic and artistic significance and is widely accepted as one of the greatest portraits in British art history.

Placed on the open market by its private owner, the painting was at high risk of leaving the country. An export bar kept it in Britain while the National Portrait Gallery (NPG) tried to raise the recommended purchase price of £50million, but with the deferral deadline looming, the funds had only been raised in part.

At this point, a partnership agreement with the Getty Center in Los Angeles emerged as the only viable route to securing continued public access. The NHMF agreed to an exceptional grant of £10million – 20% of the purchase price – making it possible for the NPG to secure part ownership. This superb painting will initially be displayed in the NPG for two years, then tour the UK for a year, before being shown in Los Angeles from 2026–2029. Thereafter, it will be displayed in the UK and LA for equal periods of time.

“Thanks to unprecedented support from the NHMF, the NPG has made its most significant acquisition to date, ensuring that Sir Joshua Reynolds' majestic Portrait of Mai entered public ownership in 2023. Already seen by 1.6 million people, the portrait will travel to museums across the country to be enjoyed by many more people in 2025.”

**Dr Nicholas Cullinan**  
Director, National Portrait Gallery





## Patricia at Cockmarsh Hill by Sir Stanley Spencer RA

The Stanley Spencer Memorial Trust £450,000

This painting depicts Patricia Preece on a hillside near Cookham in Berkshire. She became Sir Stanley Spencer's (1891–1959) second wife, and this portrait captures the period when Spencer was consumed by his obsession with her. It features some of the diamond and amethyst jewellery he lavished on her and that he saw as chiming with the purple thistles in the meadow around her. It's also compositionally captivating, with the intensity of foreground detail gradually paring down to the white sky at the top of the canvas.

One of England's leading 20th century painters, Spencer was born in Cookham, and found lifelong artistic inspiration there. He met Preece in a Cookham teashop, and married her eight years later,

but they never lived together. The emotional turmoil of this period led Spencer to develop a new artistic language.

The Stanley Spencer Gallery was established in Cookham in 1962 as a memorial to the artist and now holds one of the largest collections of his works. Patricia at Cockmarsh Hill had been on loan to the gallery for 12 years, when its owner decided to remove and potentially sell the painting. A £450,000 grant from the NHMF has helped the Gallery acquire it, so the portrait, and the story behind it, can continue to be shared with the public.



“Our permanent collection has been greatly enhanced by this acquisition. This portrait is crucially important to our regular programme of exhibitions exploring the artist’s life experience and imaginative world. We are especially grateful to the NHMF and the Art Fund, and all the contributors who made this acquisition possible.”

**Dr Scot McKendrick**  
Chair of Trustees,  
The Sir Stanley Spencer  
Memorial Trust



## Thornborough Henges

English Heritage

£150,000



The Thornborough Henges in North Yorkshire are of outstanding national significance. They comprise three identical, aligned, circular earthworks (the ‘hengés’), each more than 200m in diameter. Dating from 3000 to 2500 BC, people gathered at this site for rituals and ceremonies for at least 2,000 years, making this the most important ancient site between Stonehenge and the Orkneys.

At the start of 2023, the central and southern henges plus their surrounding lands were gifted to Historic England and English Heritage by the construction companies Tarmac and Lightwater Holdings. In 2024, the northern henge was put onto the open market by its private owner. With £150,000 from the NHMF English Heritage was able to buy it.

All three parts of the monument are now united in the care of a single owner for the first time in at least 1,500 years and Thornborough Henges – in its entirety – has joined numerous Roman sites as well as Stonehenge, Iron Bridge, Dover Castle and

Kenwood in the National Heritage Collection. Under the expert custodianship of English Heritage, the acquisition ensures the henges’ preservation and guarantees public access to all three monuments for generations to come.

**“The Thornborough Henges are a remarkable survivor from the prehistoric past. We are incredibly proud that all three are now reunited under one single owner and their future secured, ensuring the public is now able to explore all three and re-connect with the people who gathered here 4,500 years ago.”**

**Gerard Lemos CMG CBE**  
Chair of English Heritage

## Raymond Chandler archive

Bodleian Libraries,  
University of Oxford

£250,000

“The Bodleian Libraries is delighted to have been able to acquire the Chandler archive. This amazing collection has been part of the Libraries’ literary holdings for decades and it is a joy to secure its future as a permanent part of our collections.”

**Susan Thomas**

Head of Archives & Modern Manuscripts, Bodleian Libraries



Raymond Chandler (1888 –1959) was a notable 20th century British-American author and screenwriter, with enormous popular and scholarly appeal. His novels have been translated into 25 languages and have had a notable impact on British literary culture. His archive is of outstanding cultural and artistic value because of the insights it provides into Chandler’s writing process, personal beliefs and business practices.

The collection contains papers held by Chandler’s British literary agent Helga Greene and his American literary agents Brandt and Brandt. It includes two of Chandler’s working notebooks, drafts of his works, discarded film scripts, book pages and letters.

It also includes a complete set of business correspondence with Greene that illustrates the business of being an internationally successful writer

in the mid-20th century, and some personal letters to her (she was briefly his fiancée) as well as other close personal correspondence. The archive has been housed at the Bodleian Libraries since 1983 but was being sold by its owner, and was at risk of sale into private ownership, as well as of dispersal and degradation of condition.

A £250,000 grant from the NHMF is supporting the Bodleian to secure the archive. This will enable continued cataloguing of the collection and continued public engagement through exhibitions, activities and digital engagement.

Note on Typewriter Ribbon Code Dating

The number on the back of the box, e.g. F6322V is the date written backwards. The letter V expresses the month, determined by eliminating all the letters of the alphabet before K. V is thus the 18th or December. The rest of the number in reversed order, i.e. 2236 is the day of the month and the year. The date on this ribbon is thus December 22 1936. The letter F at the beginning of the reversed number is probably the type ribbon color and degree of inking, or maybe just color and degree of inking, as each type has also a name, e.g. Bentico. But this last is just guesswork. As to the letter which starts the year, it can of course be varied, and probably is. i.e. K is January in this set-up, but January could be any letter.

FASHION NOTES—MEN

May 16-1937

Gazelle slather sports coat nutmeg brown

2. coconut straw hat deep beige with pugaree band

3. Light tweed jacket with dark buttons, plaid slacks, alligator shoes, soft brown shirt, narrow bow tie, brown felt hat with narrow snap brim

4. Creamy white shetland wool sports coat with dark Oxford gray slacks, solid burgundy four in hand tie, plaided handkerchief to match, plain white shirt and tie. Collar slightly stiffened.

*Shetland*

ADVICE TO AN EMPLOYEE.

1. You're now an employer. Do not let this upset you. Other people will still do the work for you.
2. Never be at loss for a word. If you are, just look natural and the disagreeable aura will suffice.
3. Always tell your secretary you have nothing to dictate until it is time for dinner. Then rattle off a lot of letters you have left since dimesday.
4. PHONE CALLS. It is improper for an employer to answer the phone. ALWAYS let the help do it: especially if she has gone to the toilet. In this case just yell: "Miss Whoozis, is that THE PHONE?"
5. If you owe a bill or dislike someone, always make the help call and say you are pregnant, or your mother died. Never be a man and tell the truth.
6. ALWAYS mess up the files. This makes sure the secretary can be blamed if YOU have lost something.
7. If your employee seems stupid, and you feel you should tell her DON'T. Chances are she has her own opinions about you.
8. If you cannot find anything, just roar.
9. Always ask for six copies of everything AFTER you have seen the poor browbeaten help start the letter.
10. In your position as an employer, do not worry about your help. They can replace you and get two weeks pay from the state anyhow.

PERSONAL REQUESTS WE HAVE HEARD FROM TIME TO TIME, from EMPLOYEES to EMPLOYER.

Please do not go to sleep in the middle of the day.  
Please do not fall on your employe or their animals.  
No working while drinking.  
Please do not eat because it uses up food.

833

"Don't you enjoy it ~~just~~ a little?"

He stood up. I stood up too. He put out his lean hand. I shook it.

"Goodbye, Senor Maioranos. Nice to have known you for a little while."

"Goodbye."

He turned away ~~quidly~~ and went out. I watched the door close and listened to his steps going away.

*Then*  
After a little while I couldn't hear them, but I kept on listening. *anyway. As if he might come back.*

*Don't ask me why. I couldn't tell you.*

*but I still can't get out of it like he would.*

RC

July 11, 1953.

# COVID-19 Response Fund projects

## Overview

Launched in June 2021, our COVID-19 Response Fund supports heritage that is of national importance and is at risk due to the impact of the pandemic across the UK. A total of over £30million has been distributed by NHMF, which includes a £20m Cultural Assets Fund for heritage

assets within England made available by DCMS as part of the government's wider Culture Recovery Fund.

In 2023–2024 we completed our distribution of this funding to projects across the UK.

### UK-wide projects



New Lanark World Heritage Site

**£2,395,140**



Rescuing two medieval churches

**£769,309**



Gwrych Castle

**£2,241,000**

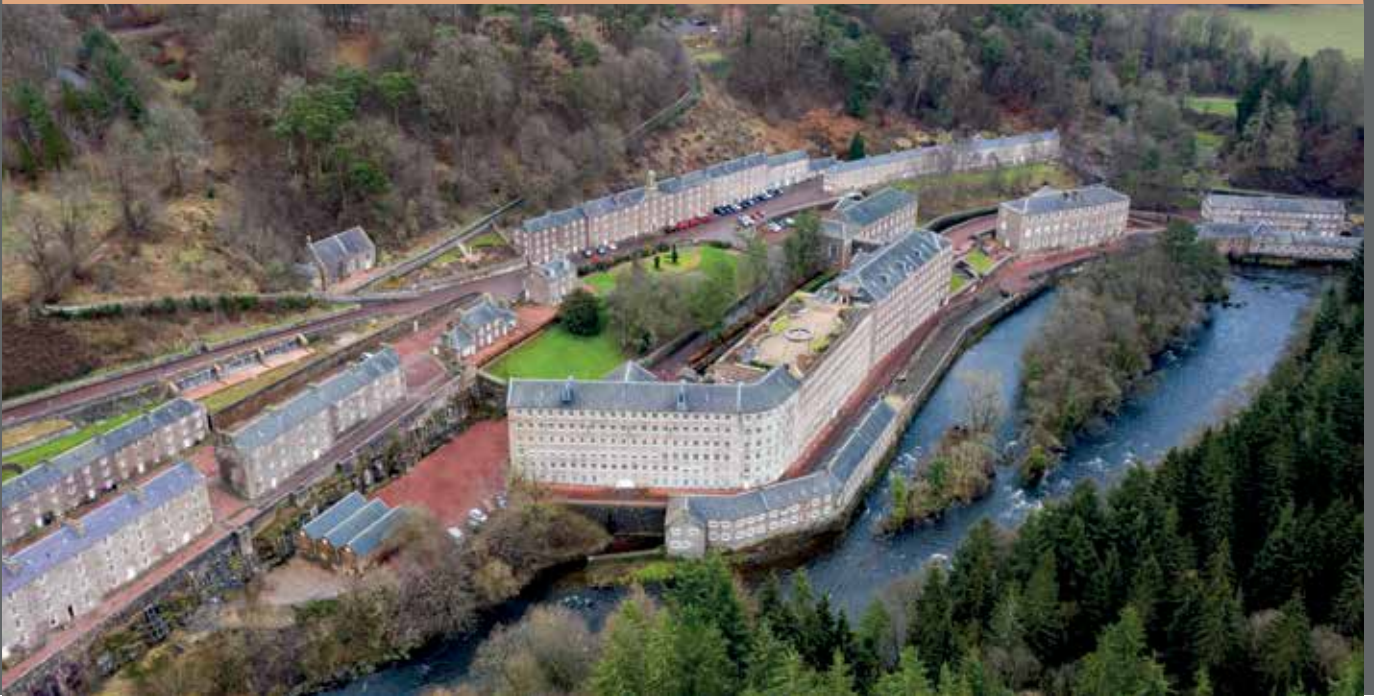


Safeguarding Insole Court

**£328,938**

# New Lanark World Heritage Site

## New Lanark Trust



New Lanark village was founded in 1785 as a model industrial settlement. By the early 19th century, it had become one of the largest factory sites in the world. Its cotton mills, powered by waterwheels, were operational from 1786 to 1968.

Moreover, its planning and architecture were integrated with a humane concern for the well-being of workers. They were provided with good homes, education, free health care and affordable food. New Lanark became internationally recognised as a milestone in social and industrial history. Preserved from its 19th century heyday, the site is now recognised as a UNESCO World Heritage Site for its outstanding universal value and historical significance.

COVID-19 caused the site to close completely. This had a severe impact on income and the planned maintenance programme, risking deterioration across the estate and in some cases exposing assets to irreversible damage.

A grant of £2,395,140 from the NHMF COVID-19 Response Fund is helping tackle the maintenance backlog and unplanned works that have arisen, including urgent roof repairs. It will help ensure the site continues to be conserved with integrity, maximising public access so the people who live in, work in and visit New Lanark can continue to enjoy and learn about its unique heritage.

“With this significant grant from the NHMF we can accelerate much needed repairs to ensure the site continues to be preserved with integrity, and to provide a place where people who live, work and visit can enjoy and learn about the unique heritage that New Lanark World Heritage Site has to offer.”

**James Pow**  
Chairman, New Lanark Trust

## Rescuing two medieval churches

Friends of Friendless Churches



St James's Church, Llangua, Monmouthshire and St Lawrence's Church, Gumfreston, Pembrokeshire are Grade II\* listed Welsh churches of exceptional interest. Llangua is a late 15th century church with important surviving medieval fabric. It was the first restoration undertaken by the founder of Friends of Friendless Churches (FoFC) in 1954–1955. The existing church is of historic interest for the long history of Christianity associated with the site.

Gumfreston has early medieval origins and is closely associated with three holy wells in its churchyard. It retains significant early detail including fragments of wall painting. It is of high architectural and historic significance, and high aesthetic value.

Both churches became redundant as a result of COVID-19, leading to rapid deterioration that left them at exceptional risk of irrecoverable loss of historic fabric and detail. A grant of £769,309 from the NHMF COVID-19 Response Fund has helped fund urgent repairs, enabling FoFC to take ownership. Once repairs are complete the churches will be re-opened to the public with FoFC working to establish community volunteer groups to facilitate public access.

The cost of condition surveys of a further nine redundant listed Welsh churches was also included in the grant to help FoFC consider taking ownership of them over the next five years.

“Twelve months ago, these ancient churches had collapsing roofs and pews rotting in pools of rainwater. The NHMF grant has turned everything around. Superb teams are working on the repairs and, against the odds, these churches will survive. On behalf of everyone involved with the projects: thank you, NHMF.”

**Rachel Morley**  
Director, Friends of Friendless Churches

# Gwrych Castle

Gwrych Castle Preservation Trust



Gwrych Castle in North Wales pays homage to its ancient predecessors with gothic windows, crenellations, battlements and towers, but in fact was built between 1820 and 1840. The castle was further extended and embellished throughout the 19th century. The state apartments were redesigned including the construction of a marble staircase now regarded as one of the Seven Wonders of Wales. Today Gwrych is a Grade I listed building and one of Britain's most important and magnificent examples of castellated Gothic architecture.

ITV filmed the high-profile 'I'm A Celebrity...Get Me Out Of Here!' at Gwrych in 2020 and 2021, bringing it to national attention. Notwithstanding, during COVID-19 a lack of income made it impossible for urgent works to take place and the castle's physical condition worsened considerably, with extreme weather accelerating its decay.

A grant of £2,241,000 from the NHMF COVID-19 Response Fund is now funding a two-year project to stabilise and protect the core of the castle. This involves a shell repair enabling the building fabric to begin to dry out, providing stability, and making it weathertight. The work will help return Gwrych to its former glory and will offer visitors the best experience when they come to learn about the fascinating heritage it has to share.

“We are extremely grateful to the NHMF for providing a lifeline to the Trust. We can now reverse the critical situation the site currently faces, restoring Gwrych Castle to its former glory and ensuring our visitors enjoy the best possible experience as they explore its fascinating heritage.”

**Dr Mark Baker**  
Chairperson, Gwrych Castle  
Preservation Trust

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## Safeguarding Insole Court

Insole Court Trust



Insole Court is the creation of Victorian industrialists. It was built in 1856 by the Insoles, who were prominent entrepreneurs in the Rhondda Valleys coal industry. It comprises a Grade II\* listed mansion, Grade II listed stables, and Grade II\* listed gardens. Insole is the last surviving such urban estate in Cardiff with original buildings and gardens intact.

The site is owned by Cardiff Council and leased to the Insole Court Trust. The interior decoration includes gilded ceilings and alabaster stonework and is of exceptional importance. Insole is also used for a wide range of events and purposes including music, theatre, markets, lectures, fairs, exhibitions, tours and heritage research. Its historic, architectural, aesthetic and communal value are all exceptionally high.

COVID-19 forced the closure of Insole Court, and a necessary re-allocation of reserves meant that funds for planned developments were no longer available. Meanwhile, the rain started coming in, threatening the precious historic interior decoration and causing areas to be closed off, limiting income streams.

A grant of £328,938 from the NHMF COVID-19 Response Fund has been vital to making urgent repairs and securing the structural integrity of Insole. A number of associated improvements will generate income and increase sustainability, ensuring this outstanding community resource continues to be available for years to come

“The disruption of the global pandemic risked years of progress safeguarding an important part of Cardiff’s cultural heritage. This grant provides vital support. It not only helps us overcome the challenge of urgent repairs but allows us to continue our development, welcoming new visitors and serving as a valuable community hub.”

**Lloyd Glanville**  
Chief Executive Officer,  
Insole Court Trust



# Performance report

## Performance overview

This section provides information on the main objectives and strategies of the National Heritage Memorial Fund (NHMF). The overview section gives the user information on the organisation's purposes and activities, the key risks to the achievement of its objectives and how it performed during the year. The analysis section is where the Board reports on its most important performance measures, including analysis using financial information from the financial statements.

### Our performance in 2023–2024: A statement from the Chief Executive

This was a year in which the NHMF continued to play a significant role in the nation's life by safeguarding and securing a rich diversity of world-class heritage for the UK public. It was also the last year in which we recognised the continuing aftermath of the pandemic with grants from the COVID-19 Response Fund.

### NHMF funding

Through our National Heritage Memorial Fund funding we continued to act as a funding source of last resort for outstanding national heritage at risk. Our grants secure heritage for the future that acts as a memorial to those who have given their lives for the country. We have a broad definition of heritage and provided grants to a diverse range of recipients this year, from historic art to Neolithic monuments and literary treasures. We helped both to acquire and repair heritage to ensure it is preserved for generations to come.

In April 2023, we were delighted to make one of the largest grants the NHMF has awarded in recent years to secure the Portrait of Mai (Omai), making us the major UK funder in securing the portrait. Our ability to fund exceptionally important items in this way is due to our endowment. Our Board were clear that acquisition of this extraordinarily important painting justified the commitment of endowment funds, ensuring that the UK public will now have access to Reynolds' groundbreaking depiction of the first Polynesian to visit this country. The innovative partnership proposal for its ownership was supportable in the knowledge that otherwise the painting would be lost to the UK public.

The other items supported this year reflect the wide range of heritage that NHMF can consider and includes: Hestercombe Historic Landscape, Stanley Spencer's painting Patricia at Cockmarsh Hill and HMS Unicorn, one of the last remaining warships from the age of sail.

### COVID-19 Response Fund

Early in 2022–2023 we completed committing the NHMF COVID-19 Response Fund, launched in July 2021 to support and protect a varied range of nationally important heritage put at risk by the impact of the pandemic.

We supported nationally important heritage assets, including granting essential funds to clear the maintenance backlog at New Lanark Mills World Heritage Site that arose due to the pandemic. We also supported urgent repairs at Insole Court and Gwrych Castle and emergency works at two medieval churches in Pembrokeshire that had fallen out of use during the pandemic.

All told, the COVID-19 Response Fund has helped protect a wide range of outstanding heritage in all its diverse forms.

We are grateful to Historic Environment Scotland and Museums Galleries Scotland for their support and advice on the grants made from the COVID-19 Response Fund in Scotland and to Cadw for their support and advice on applications in Wales. Their expertise has assisted in ensuring this funding safeguards those nationally important assets most at risk due to the impacts of the pandemic.

### Additional funding for heritage

Our partnerships with the Welsh Government and Defra continued to grow. The NHMF is the preferred partner for several programmes across the current Welsh Government Programme for Government, continuing programmes (including Local Places for Nature, The Woodland Investment Grant (TWIG) and Nature Networks) and launching new programmes (TWIG: Coetiroedd Bach (Tiny Forests)). We awarded over £11million this year in Wales, as well as looking ahead to additional grant rounds in 2024–2025.

In addition, we delivered the Species Survival Fund on behalf of Defra and awarded an additional £25million to organisations in England to support the creation and restoration of wildlife-rich habitats. Throughout the year we had 11 grant-in-aid programmes in the active monitoring stage, where grants were awarded, and projects were underway. We closed three programmes out this year, all of which were part of our partnerships with the Welsh Government and Defra.

### Our purpose and activities

NHMF is vested in and administered by a body corporate known as the trustees of the National Heritage Memorial Fund, consisting of a Chair and

## Performance report (continued)

not more than 14 other members appointed by the Prime Minister. NHMF was set up on 1 April 1980 by the National Heritage Act 1980 ('the 1980 Act') in succession to the National Land Fund as a memorial to those who have given their lives for the UK. It receives an annual grant-in-aid from the government to allow it to make grants. The powers of the trustees and their responsibilities were extended by the provisions of The National Lottery etc Act 1993 ('the 1993 Act'), the National Heritage Act 1997 ('the 1997 Act') and The National Lottery Act 1998.

Under the 1993 Act, trustees also became responsible for the distribution of the proportion of National Lottery proceeds allocated to heritage. Trustees of NHMF have to prepare separate accounts for the receipt and allocation of grant-in-aid and for their operation as a distributor of National Lottery money. Trustees have chosen to refer to the funds as NHMF for sums allocated under the provisions of the 1980 Act and The National Lottery Heritage Fund (the Heritage Fund) for receipts under the provisions of the 1993 Act.

Under sections 3 and 3a of the 1980 Act, trustees may make grants and loans out of NHMF for the purpose of acquiring, maintaining or preserving:

1. any land, building or structure which in the opinion of the trustees is of outstanding scenic, historic, aesthetic, architectural, archaeological or scientific interest
2. any object which in their opinion is of outstanding historic, artistic or scientific interest
3. 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

Section 4 of the 1980 Act (as amended) extends the powers of trustees to improving the display of items of outstanding interest to the national heritage by providing financial assistance to construct, convert or improve any building in order to provide facilities designed to promote the public's enjoyment or advance the public's knowledge.

Under the 1980 Act (as amended) and the 1997 Act, trustees are now also able to assist projects directed to increasing public understanding and enjoyment of heritage and to interpreting and recording important aspects of the nation's history, natural history and landscape. Trustees use these extended powers

primarily in connection with The National Lottery Heritage Fund. Trustees believe that NHMF has a vital role as the central defence in protecting the nation's items of outstanding importance that are at risk, and as a memorial to those who have given their lives for the UK. Trustees will continue to use the resources provided by government, as well as resources generated by its endowment fund, to offer financial assistance as a fund of last resort towards the acquisition, preservation and maintenance of heritage that is threatened by destruction or loss.

### Our key risks

Our Exchequer/grant-in-aid distribution activities encountered various risks, all of which were successfully and efficiently handled to reduce any negative effects on our applicants/grantees, stakeholders, and the NHMF. The Board of Trustees were appraised and assured of our mitigations to these risks through their own review during Board meetings and with the thorough examination conducted by the Audit and Risk Committee on their behalf.

### External risks

In the past year, we encountered external risks arising from economic and political uncertainties both in the UK and beyond. Specifically, inflation and the escalating cost pressures impacted on our applicants, grantees, and the projects we funded.

As a result of these economic pressures we needed to manage more requests for grant increases, due mainly to the rise in costs from higher material prices, within the available funding envelope for grant funding.

We are fully aware of the risk posed by cyberattacks. Cybersecurity presents an ever-growing challenge, and we have consistently strengthened our controls and processes to mitigate this risk. Additionally, the Heritage Fund maintained its accreditation to the National Cyber Security Council-recommended cybersecurity standard, Cyber Essentials Plus.

### Internal risks

Staff resources, especially recruitment, remained a challenge in a thriving job market, particularly for those with IT and data skills. We continued to focus on the wider employee value proposition in order to attract new talent while concentrating on retention and internal opportunities for employees to reduce our staff turnover rate.

We continued to be alert to the potential for fraud both internally and externally in relation to grant-

making activities. To mitigate this risk, all staff members are required to participate in fraud awareness training, including sessions provided by DCMS. Our investment teams and officers are vigilant against fraud and will promptly identify and report any concerns or potential fraud indicators associated with awarded grants.

Lastly, we managed the continued transition from our legacy grant management system to our new investment management system (IMS) effectively. This year saw the delivery of significant functionality in time for applications to be invited under our new Heritage 2033 investment approach. There is further development to do in relation to grant awards and monitoring, and this will continue to be a significant risk in the next business year.

### Going concern

The accounts have been prepared on a going concern basis. This is because:

1. Assets exceeded liabilities at the date of the Statement of Financial Position. £25.4million of grant awards were made for the Species Survival

Fund in the final quarter of 2023–2024 while the grant-in-aid for these commitments has not yet been drawn down. Had the drawdown been made in the year, the balance of cash and investments within the endowment fund would have significantly exceeded the current value of existing liabilities.

2. Trustees have set a grant award budget for 2024–2025 that is not expected to alter that position.
3. DCMS has issued the 2024–2025 indicative NHMF budget delegation letter to the NHMF.

Trustees have no reason to believe that their chief source of income – grant-in-aid – will not continue to be received. Therefore, the Board has no reason to believe that NHMF will not continue to operate in the foreseeable future.

### Grant-in-aid programmes

We distributed funds on behalf of our sponsor department DCMS, as well as Defra and the Welsh Government. The programmes were:

Programme title	Programme aims	Fund managed on behalf of	Amount awarded	Award information
Nature Networks Fund Round 3	Part of the Welsh Government's wider Nature Networks Programme, Nature Networks Fund seeks to improve the condition and resilience of Wales' network of protected land and marine sites.	Welsh Government	£8,268,085	Grants of £50,000 to £250,000 awarded to 42 projects, delivering over two years.
The Woodland Investment Grants (TWIG)	Capital programme intended to create, restore and enhance woodlands in Wales, as part of the Welsh Government's National Forest programme.	Welsh Government (85%) and the Heritage Fund (15%)	£1,914,168	Two decision points, awarding £274,992 in Q1 and £1,639,176 in Q2. Grants of £40,000 to £250,000 awarded for two-year projects.
Coetiroedd Bach (Tiny Forests)	Capital programme contributing to the Welsh Government's National Forest programme by funding publicly-accessible tiny forests of dense, native woodland.	Welsh Government	£370,230	Four projects awarded grants of £10,000 to £25,000. Projects delivering to March 2025.
Local Places for Nature Capital Fund	Capital programme intended to enable areas of highest deprivation, peri-urban/urban communities, and/or those with least access to nature in Wales to restore and enhance nature 'on your doorstep'.	Welsh Government (85%) and the Heritage Fund (15%)	£555,641	Ten projects awarded grants of £10,000 to £250,000. Projects delivering over one year.
Species Survival Fund	A programme supporting the creation and restoration of wildlife-rich habitats in England, including capital and revenue costs.	Defra	£25,370,500	Twenty projects awarded. Grants of £250,000 to £3million for projects of maximum two years' duration.

# Performance report (continued)

## Performance analysis

NHMF operates two funds: its grant-in-aid fund (NHMF) and its National Lottery distribution activities (the Heritage Fund). It is required, by the accounts direction of the Secretary of State for DCMS to account for these activities separately and no consolidated accounts are prepared.

This review discusses solely the activities of NHMF's grant-in-aid work. The purpose of this section is to discuss the performance of NHMF in distributing funds derived from DCMS and other government bodies in 2023–2024. The analysis below discusses financial highlights of the year including significant movement on the Statement of Comprehensive Net Expenditure and the Statement of Financial Position as well as some key performance indicators.

NHMF made awards to ten projects this year, the applications of which were supported by trustees, to a total of £15,165,730, awarded across a range of heritage spanning the whole UK. One project was an £80,000 increase to an existing project. A second project for £2.6m was awarded in-year and subsequently decommitted as the grantee withdrew.

Established as a lasting memorial to those that have given their lives for this country, the NHMF can help fund items of outstanding importance to the national heritage at risk of loss, or of memorial character. But not all approaches to us meet this high standard of importance. Therefore, the NHMF Advisory Panel assists in prioritising early funding approaches. The highest priority cases proceed to make applications.

This year's most impactful grant award, made by trustees at the end of the 2022–2023 financial year as a forward commitment for this financial year, was that to the National Portrait Gallery to acquire the export-deferred Portrait of Mai (Omai) in partnership with the Getty Museum. The NHMF was able to support this innovative partnership acquisition in the knowledge that it would ensure UK public access to a painting that would otherwise be lost. In June 2023 the reopening of the National Portrait Gallery saw Portrait of Mai (Omai) in pride of place as the star exhibit in the beautifully refurbished gallery. The National Portrait Gallery is committed to share the painting through loans with UK partners and is developing an ongoing programme for this.

We also awarded a grant increase for the medal group of Arthur Scarf VC, adding to our grant award in the last financial year to enable the Royal Air Force Museum to complete their purchase.

In addition, this year the NHMF supported the significant literary archival acquisitions of the papers of Raymond Chandler and a collection of letters of Elizabeth Barrett Browning.

We provide support for the acquisition of nationally important artworks, this year awarding grants for Jan Wijnants' Landscape with Hawkers and Sportsmen and Stanley Spencer's Patricia at Cockmarsh Hill.

While the NHMF is a regular source of support for acquisition of archaeological items through the Treasure Act process, this year we supported the acquisition of land for its archaeological importance, awarding a grant to acquire the North Henge at Thornborough to reunite this unique triple henge complex. We also supported the acquisition of land at Hestercombe, to enable the final part of the historic designed landscape to be secured.

The NHMF also awards grants to items of strong memorial character, which is reflected this year in our support for emergency repairs to HMS Unicorn.

Early in this financial year we made the final awards from the NHMF COVID-19 Response Fund, supporting urgent repairs to two medieval churches in Wales, which have fallen out of use due to the pandemic, as well as addressing the backlog of urgent repairs that arose at New Lanark World Heritage Site. Urgent repairs will also be undertaken at Gwrych Castle and at Insole Court, where the pandemic caused backlogs in maintenance and fundraising.

Trustees also agreed grant increases to four of the Cultural Asset Fund projects within England this year, where the complexities of delivery had led to increased costs in addressing the risks to nationally important heritage assets. Grant increases to Macclesfield Silk Mill, Brixham Trawler Vigilance, Waltham Abbey Gunpowder Mills and Torre Abbey will ensure the original approved purposes of grant awards will be achieved. As the Cultural Assets Fund commitment from DCMS has been fully committed, these grant increases will be met from the NHMF's own commitment to the NHMF COVID-19 Response Fund.

Total standard grants awarded came to just over £15million. In addition, we made awards of £43million as part of various emergency and other programmes on behalf of other funders, as follows:

	Amounts awarded (before decommitments)
Standard Memorial Fund activity	£15,165,730
NHMF COVID-19 Response Fund	£7,020,674
Species Survival Fund	£25,370,500
Various programmes on behalf of the Welsh Government	£11,108,124
Green Recovery Challenge Fund	£17,919
<b>Total</b>	<b>£58,682,947</b>

### Financial performance

Overall, the balance on our income and expenditure account decreased by £53.6million because our grant-in-aid drawdown during the year was less than our grant expenditure. The NHMF had outstanding grant liabilities of £76.9million at 31 March 2024 (see note 3 in the accounts section). These will firstly utilise the cash and cash equivalents balance held of £41.0million (see note 16 of the accounts section) before further drawdowns from DCMS thereafter in 2024–2025 and future years to cover the remaining grant commitments.

The return on the endowment fund in 2023–2024 was an increase of 10.2%.

Our operating costs fell from £2.7million to £2.0m. This is due to reduced grant-in-aid activity in 2023–2024 up until the last quarter of the financial year, when £25.4million of grant awards on the Species Survival Fund programme were made.

Our non-operating income was £2.9million (£1.6m in 2022–2023) driven by an increase in interest and dividends received in the endowment cash account.

The value of investments in capital accumulation units fell from £46.3million to £37.7m primarily due to endowment sales of £10.8m offset by a net gain on revaluation of £2.2m. As a result of cashing out some units, cash held in the endowment fund at year-end was £29.1million (£27.6m in 2022–2023).

### Key performance indicators

Trustees recognise that the NHMF should strive for high performance in its activities. To this end we have two performance indicators. These indicators cover the most significant aspects of customer service: the speed of processing a grant application and the speed of payment for a grant payment request (see table on page 26).

### Payables

NHMF adheres to the government-wide standard on invoice payment and the Public Contracts Regulations 2015, which state that all valid invoices should be settled within 30 days. In 2023–2024, 95% of invoices were paid within 30 calendar days (2022–2023: 91%).

We also measure our commitment to paying suppliers using the ratio of creditor days. This is the ratio of trade payables at the end of the year to the total value of purchases in the year expressed in terms of calendar days. At 31 March 2024, the figure was 24 days (2022–2023: 38 days).

### Environmental policies and sustainability reporting

This year we continued delivering against our decarbonisation plan to reach net-zero for our operations by 2030. We improved the quality of our travel data by appointing a new supplier that enables us to understand our travel patterns on a monthly basis. We also improved reporting of vehicle types, making it easier to measure use of electric vehicles. We undertook a review of our office spaces to ensure the space we have is optimised. In tandem, we introduced new ways of working that enable staff to access coworking spaces in addition to our office spaces.

In line with our strategy delivery plan, we further embedded environmental sustainability in our organisational culture. We introduced sustainability and our organisational approach to it into our recruitment process and staff welcome. Through our culture champions and our organisation-wide Green Impact Scheme, we continued staff engagement.

Our Heritage 2033 strategy commits us to reduce the carbon footprint of the projects we fund. To progress this ambition, we completed a research project that enhanced our understanding of how we can measure the environmental impact of our portfolio and explore pathways to decarbonisation. We hope this innovative piece of work will support the work of other arm's length bodies, funders and the wider heritage sector.

In addition to our net-zero by 2030 commitment for our operations, we committed to reducing the carbon impact of our investments by 2050.

### Greenhouse gas emissions

Despite reducing the environmental impact of our office estate we emitted a similar level of greenhouse gases as last year. This was because of the environmental impact of our business travel: we travelled 60,000km more this year than in 2022–2023 (see table on page 26).

# Performance report (continued)

## Key performance indicators by year

	Target	2023–24	2022–23	2021–22
Application processing times (months)				
– urgent applications	3	2.7*	1.4	1.3
– non-urgent applications	6	1.9	2.2	1.9
Grant payment (number of working days after payment request)				
– standard grants	15	5	5	13

\* Two award applications (Portrait of Mai (Omai) and Portrait of Risaldar Jai Singh and Risalda Man Singh) were delayed by external factors beyond NHMF's control. Excluding these two awards, the processing time was 1.3 months.

## Greenhouse gas emissions

		2023–24	2022–23	2021–22
Greenhouse gas emissions	Scope 1 emissions (tCO <sub>2</sub> e)	1.9	2	26
	Scope 2 emissions (tCO <sub>2</sub> e)	26	33	44
	Scope 3 emissions (tCO <sub>2</sub> e)	101	94	70
	<b>Total gross emissions (tCO<sub>2</sub>e)</b>	<b>129</b>	<b>130</b>	<b>140</b>
Energy and water consumption	Electricity (kWh)	126,783	169,109	207,051
	– from renewable sources (kWh)	59,895	19,211	27,777
	– from non renewable sources (kWh)	66,888	149,898	179,274
	Gas (kWh)	10,510	13,588	140,457
	Water (m <sup>3</sup> )	559	436	1,530
Expenditure (£'000s)	Utilities (inc. rent and service charges)	1,030	624	329
	Business travel (inc. accommodation)	380	422	172

## Waste minimisation and management

		2023–24	2022–23	2021–22
Waste (tonnes)	Hazardous (inc. WEEE*)	0.011	0.001	0
	Landfill	0.037	0	0
	Energy from waste	59	1.92	0.77
	Mixed recycling	33	1.15	0.43
	<b>Total waste</b>	<b>92</b>	<b>3.25</b>	<b>1.20</b>
Waste expenditure (£'000s)	<b>Total waste (inc. cleaning for 2020–21)</b>	<b>Inc. in Utilities</b>	<b>Inc. in Utilities</b>	<b>26</b>

\* WEEE = waste electrical and electronic equipment

## Finite resource consumption

		2023–24	2022–23	2021–22
Finite resources	Water (m <sup>3</sup> )	559	436	1,530
	Paper use (sheets)	31,000	33,340	6,930
	Paper use (tCO <sub>2</sub> e)	140	152*	0.73

\* Greenhouse gas emissions associated with paper use in 2022–2023 has been restated due to calculation error. Was previously stated as 3.5.

We continued to review our office spaces, ensuring they meet our business needs and identifying opportunities to reduce our environmental impact. This year we reduced the total area of our office space from 858m<sup>2</sup> to 803m<sup>2</sup> and selected more energy efficient spaces with office providers who prioritise environmental sustainability. We relocated our Edinburgh and Exeter offices, saving 3.3tonnes of CO<sub>2</sub>e by selecting more efficient or smaller spaces. Through working with landlords, we also increased the use of renewable energy providers. Approximately 47% of the electricity we consumed in offices last year came from renewable sources.

For the most part landlords were able to provide apportioned gas and electricity use – covering seven of our 11 offices, which is 44% of the total estate. Where the data was not available, we used EPC data as a proxy, in line with previous years. In most cases, this is more conservative than actual consumption.

The expenditure data provided includes all costs related to the running and management of the office space. In previous years we have been able to separate out utility costs from rent costs. However, 2023–2024 was the first financial year in which all our office spaces were serviced, so this is no longer possible. As such, the expenditure related to utilities was far higher than in previous years as it reflected all costs related to office spaces. In addition to this reporting difference, costs related to office spaces rose significantly over the past 18 months.

We did not include homeworking greenhouse gas emissions in our reporting as these currently fall outside reporting guidelines. We will review this on an annual basis to ensure we reflect best practice. Concurrently, we are monitoring estimated electricity usage from devices, which is likely to be the largest additional contributor to the environmental impact of homeworking, and will use that data to inform future procurement.

In reporting our business travel, we included radiative forcing in calculating the impact of our flights, to reflect the true environmental impact of this activity. We now have better insight into our road travel and can identify that 10% of the distance travelled by vehicles was completed by an electric or hybrid vehicle. We will continue to track this trend going forward.

## **Waste minimisation and management and finite resources consumption**

Following the reopening of our offices post pandemic, we saw a vast reduction in waste through our offices. This can in part be accounted for through a move to hybrid work and smaller offices, however we were also aware of challenges around reporting and have been working with our landlords over the past 12 months to address this. Our general waste and recycling data is limited as it relies on reported data from landlords. Where apportioned data was provided, this was used to determine an average value per m<sup>2</sup> extrapolated for the entire estate. Actual data was provided for 44% of the estate, 56% was estimated. This approach to calculation is an improvement on previous years, leading to an increase in reported waste. We took a similar approach to calculating water consumption (see table on page 26).

We continued to work to improve practices in the offices we use. For example, through staff engagement with our landlord in Cardiff, a food waste collection was introduced. We continued to run a Green Impact Scheme across the organisation which, among other areas, had a key focus on waste minimisation and reducing single use plastics, recognising that waste reduction is reliant on culture change and the behaviour of our staff.

Paper use remained at a similar level to last year and was much higher than was seen during the closure of offices in 2020–2021 and 2021–2022. However, it is a quarter of the consumption rate recorded in 2019–2020 as changing working habits have led to an increase in digital over physical documents. We have introduced a portal for committee and board meetings to facilitate a reduction going forwards.

We continued to prioritise resale and reuse of our old devices, of which 79 were identified for resale this year through a third-party partner. We refreshed our oldest mobile phones to ensure we retain a high level of security. Given the age of these devices they were not viable for reuse, and we ensured they were appropriately recycled.

## **Nature recovery and biodiversity action planning**

We do not own any land or natural environments. Our greatest impact on nature is through our grant giving. Our new strategy has introduced a focus on nature recovery in addition to embedding nature in our strategic initiatives. We ask all projects to report on their environmental performance. Our guidance is available on our website.

# Performance report (continued)

## Sustainable procurement

In 2023–2024 we tendered for a new framework of our Register of Specialist Services (RoSS). We ensured that environmental impact was embedded throughout the process, asking each supplier to minimise their environmental impact. Guidance was provided to colleagues to support assessing the tenders and to achieve consistency.

Next year, we will be reviewing our sustainable procurement policies to align with the new Procurement Act.

## Climate change adaptation

Our physical estate is small and agile. As we do not own or operate infrastructure the risk to our organisation from climate change is largely limited to the safety and wellbeing of staff and the potential risk to business continuity in the face of increased extreme weather events. The associated risks are covered in the appropriate risk registers, and we are not considering climate change adaptation at this time, however we will keep this under review.

## Reducing environmental impacts from IT and digital uses

We made great progress in reducing the environmental impact of ICT and digital. We changed our approach to physical assets to reduce the consumption of new technology. This meant introducing an opt-out for mobile phones, which were previously issued as standard to all staff, and amending our technology upgrade from complete replacement every three years to a rolling replacement when required. We continued to work with technology resale partners to allow us to offer our technology for reuse once it is no longer usable in an intensive work setting.

To reduce our digital footprint, we are monitoring the greenhouse gas emissions resulting from our file and email storage. We reduced the quantity of legacy systems through the decommission and migration of our previous grant management software and the networks and systems that supported it. We improved our retention policies, applying retention to internal messaging and our employee communication platform, which allows us to reduce our overall storage.

## Policy objectives and targets

We have set a target to reach net-zero emissions for our operations by 2030. To do this, the main areas of focus are our offices, IT infrastructure, travel and our supply chain. We put targets in place to increase the energy efficiency of the office spaces we occupy over

the next six years to 2030. We met this year's target through selecting smaller office spaces in Exeter and Edinburgh and prioritising energy performance when selecting new spaces.

For travel we exceeded our emissions target of 77 tonnes CO<sub>2</sub>e, contributing 87 tonnes CO<sub>2</sub>e this year. This was due to a general increase in travel, particularly in air travel where we exceeded our target by 117%. Reducing total travel continues to be challenging. We aim to reduce distance travelled by 100,000km each year, with a target for 2023–2024 of 1million kilometres (actual distance travelled was 1.28m km). Going forward, we are reviewing our travel and subsistence policy and working to provide clear guidance on sustainable travel. Even with staff being regionally based, a certain level of travel will always be necessary in our work in order for staff to visit projects and grant recipients in situ but we want to ensure that this travel is as sustainable as possible. We will also work with teams with the highest levels of travel to identify barriers to reducing the environmental impact of our operations.

We continued to work to understand the carbon footprint of the projects we fund and to set a science-based reduction target which includes these emissions. We hope that by gaining a greater understanding of the environmental impact of the projects we fund, we can provide practical support and leadership to the heritage sector in the transition to a sustainable future.

## Rural proofing

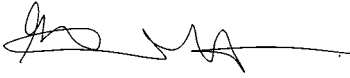
The National Lottery Heritage Fund has a national reach, supporting projects across the UK. Many of our projects are in rural areas and our investments help to create jobs and support communities. We recognise the challenges that rural communities face, including representation, access to public transport, and availability and equality of paid work. Through our strategic initiatives: Heritage Place, Nature Cities and Towns, and Landscape Connections, we are supporting underserved communities across the UK. Many of these are within rural settings and areas included in Defra's rural proofing strategy, including: County Durham, Neath Port Talbot and Torbay.

As an organisation we support our colleagues to work nationwide and our hybrid working policy sets out how staff can work flexibly.



### **Sustainable construction**

As an organisation we are not responsible for new construction or any capital assets.



**Eilish McGuinness**

Chief Executive and Accounting Officer

4 July 2024

# Accountability report

The accountability report has three sections:

- a corporate governance report – a discussion of our governance structure and its achievements in the year under review
- a remuneration and staff report – this details remuneration for trustees and senior management as well as pension arrangements for staff. In addition, we discuss our achievements in workplace equality and diversity of staff.
- a parliamentary accountability report – a report by our auditors on the results of their audit of our accounts for 2023–2024 in line with accounting and auditing standards. This section is also comprised of additional disclosures required by Parliament on such matters as regularity of expenditure and how funding was spent.

## Corporate governance report

The purpose of this corporate governance report is to explain the composition and organisation of NHMF's governance structures and how they support the achievement of our objectives.

### The directors' report

#### Chair and trustees of NHMF

Chair	Dr Simon Thurley CBE
Trustees	Maria Adebowale-Schwarte <a href="#">to 15 February 2024</a>
	Anna Eavis <a href="#">from 16 February 2024</a>
	Dr Claire Feehily <a href="#">to 30 November 2023</a>
	Julian Glover
	Roisha Hughes <a href="#">from 16 February 2024</a>
	Denise Lewis-Poulton
	Ray Macfarlane
	Taryn Nixon
	Carol Pyrah
	Mukesh Sharma MBE DL
	Dr David Stocker <a href="#">to 15 February 2024</a>
	James Twining <a href="#">from 1 December 2023</a>
Chief Executive	Eilish McGuinness

The gender split of our staff (including those on fixed term contracts) working on our Exchequer-related activities, and our trustees at 31 March 2024 was as follows:

	Male	Female	Total
Executive directors	1	3	4
Staff	32	101	133
Trustees	4	6	10

### Register of Trustees' Interests

As a matter of policy and procedure, the trustees declare any direct interests in grant applications and commercial relationships with the NHMF and exclude themselves from the relevant grant appraisal, discussion and decision processes within the NHMF. In their contacts with grant applicants, trustees seek to avoid levels of involvement or influence that would be incompatible with their responsibilities as a trustee of the National Heritage Memorial Fund. There are corresponding arrangements for staff to report interests and avoid possible conflicts of interest. The Register of Trustees' Interests is available on The National Lottery Heritage Fund website – [www.heritagefund.org.uk](http://www.heritagefund.org.uk).

### Data and research

This year we successfully consolidated our reporting infrastructure following the grant management system migration at the end of last year. We also installed Geographic Information Systems (GIS) into the Heritage Fund infrastructure, completing our first GIS pilot project; and published our Data for Heritage Places research which was the starting point for the identification of the first nine Heritage Places by committees.

We continued to collaborate with other public bodies on research and evaluation projects such as Heritage Pulse and Green Recovery Challenge. Our commitment to open data and transparency is demonstrated through our continued publication of data to 360Giving as well as to our own website and to the DCMS National Lottery Grants database. We are also at the forefront of efforts across the National Lottery distributor family to improve the quality and usability of data held by each organisation.

To support our Heritage 2033 strategy, we are developing an impact framework identifying the key measures through which we will track progress on the strategy. We are doing this in collaboration with external partners and DCMS – sharing our process to help support measurement and learning in the heritage sector. Our strategic evaluations will also act as 'test beds' for trialling innovative measurement

approaches, such as the Heritage Places evaluation.

Our ambition for the coming year focuses on improving the use of research and data within our own work through completion of the GIS rollout, partially refreshing the Heritage Places index and evaluations of place-based strategic initiatives, and protecting the environment. Through implementation of our impact measurement framework and creation of case studies in partnership with Allwyn we will continue to learn and share our work with the wider heritage and funding sectors.

### Appointment of auditors

The 1980 Act provides for the annual accounts of NHMF to be audited by the Comptroller and Auditor General. The 1993 Act extends this to the National Lottery distribution activities of trustees.

### Key stakeholders

We work with a wide range of key stakeholders and partners and consult with them extensively when developing our strategic frameworks and grant-making policies and practice. Among them are DCMS, The National Lottery-playing public, applicants and grantees, strategic agencies and lead bodies for heritage and other policy areas relevant to our funding across the UK, as well as elected members for both local and national governments.

### Personal data

The NHMF had eight incidents where personal data was inadvertently disclosed to a third party. However, in line with the Information Commissioner's Office (ICO) guidance, none of these incidents required reporting to the ICO. Lessons were learned and remedial actions taken to minimise the possibility of any reoccurrence. The NHMF will continue to monitor and assess its information risks in order to identify and address any weaknesses and ensure continuous improvement of its systems.

### Statement of Trustees' and Accounting Officer's Responsibilities

Under section 7(3) of the 1980 Act, trustees of NHMF are required to prepare a statement of accounts for each financial year in the form and on the basis determined by the Secretary of State for DCMS with the consent of HM Treasury. The accounts are prepared on an accruals basis and must give a true and fair view of the NHMF's state of affairs at the year end and of its income and expenditure, recognised gains and losses and cash flows for the financial year.

In preparing the accounts, trustees of NHMF are required to comply with the government financial reporting manual (FReM) and in particular to:

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

DCMS has appointed the senior full-time official, the Chief Executive, as Accounting Officer for the NHMF.

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

### Accounting officer confirmation

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

The Annual Report and Accounts in its entirety is fair, balanced, and understandable. I take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced, and understandable.

### Governance statement

As Chief Executive and Accounting Officer it is my responsibility to ensure that there are robust governance, risk management, and internal control arrangements across the whole organisation that support the achievement of the NHMF's purpose, while safeguarding the public funds and assets for which I am responsible.

# Accountability report (continued)

The NHMF is required to prepare an annual governance statement to describe the organisation's system of internal control, record the assurances received and provide an assessment of the organisation's risk profile and effectiveness in managing those risks.

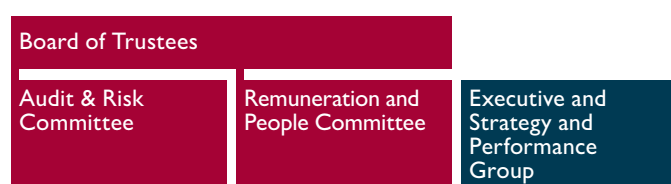
This statement sets out how I, as Accounting Officer, have discharged my responsibility to manage and control the NHMF's resources during the year. It draws on the work of the NHMF's Board of Trustees, the Audit and Risk Committee and the Remuneration and People Committee, as well as the executive directors as its executive body. I have also reviewed and considered the annual assurance report prepared by internal audit.

As the Accounting Officer for the National Heritage Memorial Fund, I am required by the accounts direction issued by the Secretary of State to account separately for my two main sources of income – grant-in-aid and funds derived from the National Lottery. I am also accountable for maintaining a sound system of internal control that supports the achievement of NHMF's policies, aims and objectives, while safeguarding the public funds and assets for which I am personally responsible. This is in accordance with the responsibilities assigned to me in Managing Public Money.

The National Heritage Memorial Fund and The National Lottery Heritage Fund are operated as a single entity as I believe that this is more efficient and effective. Consequently, there is one governance structure, and this statement covers the distribution of both grant-in-aid awards and National Lottery grants. Although we operate one overall governance structure, we have adapted and flexed our governance to meet the demands of our grant-in-aid programmes. This has been through using small panels of trustees and providing flexibility for some of our decision delegations.

## Governance structure

NHMF's governance structure is set out in the diagram below. The Board and its sub-committees are as described, alongside the Executive and the Strategy and Performance Group.



## Board of Trustees

The Board is responsible for:

- giving strategic leadership and direction
- approving control mechanisms to safeguard public resources
- approving investment and administration budgets
- supervising the overall management of NHMF activities
- reporting on the stewardship of public funds

The Board operates as a group and holds six meetings during the year to set NHMF policy and make decisions in line with that policy. The Chief Executive and the executive directors attend these meetings.

Dr Simon Thurley CBE is Chair of the NHMF and throughout the year regular liaison meetings were held between him, the Chief Executive, and senior staff. The Board is legally constituted up to a maximum of 15 trustees, including the Chair. In 2023–2024, two trustees were re-appointed, three trustees retired and three new trustees were appointed.

The overall attendance rate of trustees at Board meetings was 97%. Trustees have also delegated some of their tasks to the three committees shown above – these committees oversee the activities of management and provide guidance and support to senior staff. The minutes of committee meetings are standing items at the Board's meetings. The committee chairs also provide a full report on their activities.

Attendance at the Board meetings throughout 2023–2024 was as follows:

Trustee	Eligible meetings	Meetings attended
Dr Simon Thurley CBE (Chair)	6	6
Maria Adebowale-Schwarte to 15 February 2024	5	4
Anna Eavis from 16 February 2024	1	0
Dr Claire Feehily to 30 November 2023	4	4
Julian Glover	6	6
Roisha Hughes from 16 February 2024	1	1
Denise Lewis-Poulton	6	6
Ray Macfarlane	6	6
Taryn Nixon	6	6
Carol Pyrah	6	6
Mukesh Sharma MBE DL	6	6
Dr David Stocker to 15 February 2024	5	5
James Twining from 1 December 2023	2	2

### Board composition

Of the 13 trustees who attended the Board throughout the year, 54% were female and 46% were male. Two (15%) came from ethnically diverse communities.

### Board conflicts of interest

Trustees and staff are responsible for ensuring that their entries in the Register of Interests are maintained and updated as necessary. The Legal and Governance team oversee a process to ensure that these entries are updated each year. At the beginning of each Board meeting all trustees and staff are asked to declare any potential conflict of interests. These are noted in the minutes where the matter is deemed to constitute a conflict and trustees and staff remove themselves from Board discussions on those matters.

### Board committees

#### Audit and Risk Committee

The Audit and Risk Committee provides constructive challenge on the NHMF's governance, risk management and financial controls. It also provides assurance of the financial report and accounts.

At the end of March 2024 it was chaired by James Twining (a Board Trustee) who replaced the previous chair, Dr Claire Feehily, from January 2024. Membership comprises two Board trustees, one of whom is appointed chair, and two independent members. It is also attended by the Chief Executive, executive directors of Business Delivery and Business Services, and other NHMF employees who attend as required.

Officials from National Audit Office (external auditors), BDO (internal auditors) and DCMS also attend the meetings. The Committee holds in-camera sessions and private discussions with internal and external auditors before the meetings.

At each meeting, the Committee reviews the NHMF's Corporate Risk Register and receives updates on progress against internal audit findings, procurement exemptions, fraud prevention and whistleblowing. The Committee also reviews the Annual Reports and Accounts for both the National Heritage Memorial Fund and National Lottery Heritage Fund. During 2023–2024, in addition, the Committee considered the following:

- progress updates on the investment management system
- updates on the NHMF's approach to cybersecurity
- revisions to the NHMF's risk management policy and corporate risk reporting

The committee meeting minutes, and summary reports are shared with the Board and the chair of the Committee verbally updates the Board on committee business and decisions.

The chair of the Committee also attends the DCMS Audit Chairs Forum providing feedback and further assurance to the Accounting Officer during the course of the year.

Attendance at the committee meetings throughout 2023–2024 was as follows:

	Eligible meetings	Meetings attended
Dr Claire Feehily (Chair) to 30 November 2023	3	3
James Twining (Chair) from 1 December 2023	1	1
Maria Adebawale-Schwarte to 15 February 2024	4	3
Taryn Nixon from 17 October 2023	2	2
Warren Mead Independent member	4	4
Robert Milburn Independent member	4	4

#### Remuneration and People Committee

The Committee was reconstituted during the 2023–2024 business year and renamed, its previous title being Nominations and Remuneration Committee. The Committee is constituted of four Board trustees. Both the Chief Executive and Executive Director of Business Services attend all meetings, with the Director of Human Resources attending as required.

The Committee met once during 2023–2024, to consider the executive pay award for 2023 and receive updates on the pay settlements for employees and the results of the annual staff survey.

	Eligible meetings	Meetings attended
Mukesh Sharma MBE DL (Chair)	1	1
Dr Simon Thurley CBE	1	1
Carol Pyrah	1	1
Denise Lewis–Poulton	1	1

#### Executive and Strategy and Performance Group (SPG)

The Board delegate day-to-day management of the NHMF to the Chief Executive.

The Executive comprises the Chief Executive and the executive directors of the three departments (Business Delivery, Business Innovation and Insight and Business Services). This Executive is responsible for the strategic management and delivery of business in the NHMF. The Executive meets weekly or

# Accountability report (continued)

fortnightly according to business need with a minimum of one formal meeting each month.

The SPG consists of directors and senior staff from all three departments. They have delegated responsibility from the Executive to monitor and manage operational delivery and have responsibility for horizon scanning, day-to-day performance management and corporate planning. The SPG meets monthly and holds joint meetings with the Executive twice a year.

Each executive director provides reports to the Board on activities and issues within their remit.

In addition, at the start of each year, I issue a Letter of Responsibility to each executive director setting out their responsibilities and the need to operate within NHMF, Cabinet Office and HM Treasury guidance and rules. At the end of each year, I receive signed Memorandums of Assurance from each executive director confirming their compliance or identifying any breaches. Full compliance was reported for 2023–2024.

## Risk management and internal control

The Board and Executive ensure there are effective arrangements for internal control including risk management at the NHMF. The system of internal control is based on an ongoing process designed to identify and prioritise risks to the achievement of the NHMF's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The NHMF takes the view that the absolute mitigation of all risk is neither possible nor desirable. We believe it is important we support and encourage innovation and can take managed risks in support of our strategic objectives. We identify and manage risk at three levels:

- corporate: the principal risks, opportunities and uncertainties affecting the achievement of our mission and strategic outcomes, overseen by the Executive
- operational: risks to the delivery of the themes set out in our delivery plan, managed by departments and the SPG
- programmes/projects risk: risks to the delivery of individual programmes, projects and to particular areas of our work, managed by programme boards.

Our system of risk management and internal control is designed to manage risk to an acceptable level rather than eliminate all risk of failure to achieve requirements and objectives. The NHMF's appetite for risk varies according to the nature of the activity. The level of risk that we are willing to take is one of the key factors we consider when making decisions on how best to invest, develop and champion heritage.

We seek to minimise exposure to financial, legal, compliance and reputational risk.

During the year the NHMF, supported by its internal auditors, undertook a thorough review of the organisation's management policy and approach to reporting and managing corporate risks. This work included a number of workshops with the Executive as well as discussion with the Audit and Risk Committee. The revised approach was considered by the Audit and Risk Committee in February 2024 and presented to the Board in March 2024.

A number of corporate risks were restated and re-evaluated to take account of the NHMF's Heritage 2033 strategy and its revised three year business delivery plan. Risks are associated with a risk tag, associating the risk with one of six themes that have been identified as:

- financial
- strategic delivery
- environmental
- IT and cyber
- heritage landscape
- people

The register distinguishes between the 'inherent' level of risk and the 'residual' level of risk, so that it is possible to judge the effectiveness of existing controls and mechanisms for mitigating the risk. It uses a 5 x 5 likelihood/impact grid to score both the pre- and post-mitigation positions.

Each corporate risk is assigned a risk owner at the executive level who is accountable to the Chief Executive for the effective management of that risk.

Our controls on fraud include a clear counter-fraud policy and a whistleblowing policy, together with means for the public to directly refer concerns to our Audit and Investigations team.

A programme of internal audit work is prepared annually by the Head of Internal Audit and agreed with the Executive and the Audit and Risk Committee. This programme is designed to give assurance that appropriate controls have been designed and are operating correctly in relation to all the significant risks faced by the NHMF.

Over the course of the year, internal audit reports addressed key risk areas within the programme of audit work set out below:

Key risk	Audit	Assurance rating – design	Assurance rating – effectiveness
Strategic delivery	New strategy	Limited	Moderate
Financial	Core financial controls	Limited	Moderate
Environmental	Sustainability	Moderate	Moderate
People	New ways of working	Substantial	Substantial
IT and cyber	Cyber security*	Moderate	Moderate
IT and cyber	IMS – process, functionality and integrity of end-to-end process	Moderate	Moderate

\* Provisional

All internal audit reports are discussed by the Audit and Risk Committee with senior members of staff in attendance, including those whose departments were reported upon. This gives me and the Committee the opportunity to discuss the findings, recommendations and proposed management actions in detail. Where recommendations for improvements or correction were accepted, directors also had to provide an implementation response and timetable for each recommendation. The implementation of these recommendations was tracked and monitored by the Business Services Department and the internal auditors. That control list was also seen as a standing item by the Audit and Risk Committee.

#### Counter fraud approach

The NHMF's counter fraud control framework is designed to minimise the risk of fraud and includes a counter fraud policy and strategy with key outputs. During the year, the NHMF reviewed its approach against the Government Functional Standard for Counter Fraud (GovS 013) and undertook a gap analysis against the provided organisational checklist.

As a result, we strengthened our counter fraud policy and are in the process of developing an action plan to further embed a counter fraud approach across the organisation.

Combined with this review we provided a revised programme of mandatory fraud prevention and antibribery training to all staff and are reviewing our training for staff undertaking grant application assessments to align with the new investment management system.

#### Write-offs

As can be seen from note 22 in the financial statements section, the level of grant write-off is extremely small relative to the level of grants that we distribute each year. Also, the high level of customer satisfaction demonstrated in independent surveys suggests that our working practices are not too onerous on applicants.

Consequently, I am able to conclude that there is no cause for concern about the level of risk implicit in our grant giving processes.

#### Information management and security

The NHMF continued to respond effectively to information requests, identify opportunities to proactively disclose information, and embed good information handling behaviours across the organisation.

There were no major security incidents involving data at the NHMF during 2023–2024. During this period, eight personal data security breaches were reported. No personal data breaches were reported to the Information Commissioner's Office. The NHMF dealt with all incidents immediately; each was investigated to see if any changes needed to be made to the systems and processes.

Our senior information risk owner, the Executive Director of Business Services, chairs the Technology & Information Governance Group (TIGG) which oversees the framework and processes in place to monitor information assets and associated risks. TIGG is also responsible for developing a culture of awareness among all staff. The Group is supported in its work by the Data Protection Officer who assists the organisation to monitor internal GDPR compliance and inform and advise on our data protection obligations.

# Accountability report (continued)

All new staff receive guidance in information security, data protection and Freedom of Information as part of their induction with refresher training part of the NHMF's mandatory eLearning platform.

## Whistleblowing arrangements

The NHMF's whistleblowing policy is derived from the Public Interest Disclosure Act 1998 (PIDA) which exists to protect any members of staff who make disclosures in good faith about wrongdoing or activity which is against the public interest. Our policy procedures for raising concerns are accessible to all NHMF employees and we offer several avenues for staff to voice their concerns including the use of external whistleblowing hotlines.

During the year, no concerns were raised under whistleblowing arrangements. Staff raise issues and make suggestions as part of day to day working in line with our culture.

## Functional standards

Government Functional Standards are a suite of 15 management standards that set expectations for functional work across all government departments, including arm's length bodies, and provide a consistent and coherent basis for assurance, risk management and capability improvement. During 2023–2024, we complied with all of the mandatory requirements of these standards relevant to our operations. Our sponsor department requested and reviewed the NHMF's stated position for four of the Functional Standards (Grants, Counter Fraud (Economic Crime), Analysis and Security)) and acknowledged our assessment.

## Business critical models

I consider we are compliant with the recommendations contained within the Macpherson Report. I judge that we use one business critical model – the cash flow forecast used for setting annual grant budgets out of our National Lottery income. We aim to ensure that we award the highest amount possible in terms of the level of grants without the risk of running out of cash or overextending ourselves. The model has been employed against scenarios of different levels of National Lottery income, one-off contributions to the 2012 London Olympics, and significant new grant programmes and we have found that it provides a reasonable forecast of our financial sustainability.

During the year, the Board reviewed our financial framework. The framework sets out target ratios for the total level of commitments, approved actual liabilities, income from the National Lottery and our balance at

The National Lottery Distribution Fund (NLDF). The Board considered the grant ratios and approved minor changes to reduce the ratio of the NLDF balance to commitments in order to reduce the significant surplus that built up during the COVID-19 pandemic.

We believe that the model and the financial framework continue to provide a robust basis for our grant giving, and will continue to closely monitor our income levels and commitment ratios to ensure the ongoing financial sustainability of the NHMF.

## Board performance and effectiveness

The most significant activity for the Board has been oversight of the NHMF's response to the re-opening of The National Lottery open programmes and the increasing grant-in-aid activity. The Board received detailed and regular updates on all interventions; and subsets of the trustees have acted as decision makers in the grant-in-aid funded programmes in England and Wales.

Nothing of concern emerged from any of the committees supporting the Board. Report findings from both the internal and external auditors were satisfactory during the year.

The Board are satisfied that they continue to meet the requirements of HM Treasury Corporate Governance Code.

The auditors did not put any matters to the Audit and Risk Committee, acting on the Board's behalf, that gave it any cause for concern. In consequence the Board believes it can rely on the information and assurance provided by management for its decision making.

All newly appointed trustees receive induction at the time of their appointment which sets out their obligations and duties as a trustee, the work of NHMF and its systems/processes, thereby helping them make a full contribution to the workings of the Board. This formal induction programme is continued through the on-going programme of events and other training opportunities for trustees. The effectiveness of trustees is appraised by the Chair on a regular basis. The Chair's performance is currently overseen by the senior independent trustee.

## Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the systems of internal control that supports the achievement of the NHMF's policies, aims and objectives to safeguard public money and the NHMF's assets.



My review is informed by, but not limited to, assurances gained and received from the following sources:

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

No high priority recommendations were made for the year ended 31 March 2024. External audit work on transactions gives audit assurance that sufficient controls are in place, in addition to management assurances obtained from oversight and controls over grant awards and spending to demonstrate propriety and regularity of our funding activity.

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

As a result of their programme of work the internal auditors have produced an opinion and annual certificate of assurance with regard to the adequacy of the systems and the operation of internal controls within the NHMF. This opinion, a rating of Moderate, certifies that there is an adequate and effective system of governance, risk management and internal control to address the risk that management's objectives are not fully achieved. I have reviewed this report in detail, and although this represents a lower overall rating than the previous year's Substantial opinion, I am content that this is a result of a specific focus on areas of governance and internal control which were identified as areas of potential weakness and where new and additional guidance and compliance requirements have been released. I am satisfied that any material areas of note have either already been addressed or have defined action plans for improvement.

#### 3. Annual assurance statements from executive directors

As part of the governance process, assurance statements are received from the executive directors confirming that they have discharged their responsibilities in ensuring that the NHMF's policies and procedures are complied with. Throughout the year, directors received induction and refresher sessions where relevant to outline their responsibilities for annual assurance. Directors' annual assurance statements are submitted to me as Accounting Officer for review and consideration in the preparation of this governance statement.

As a result of the above, I believe that the NHMF's control framework provides me with the level of assurance that I require. There is nothing of which I am aware that leads me to believe that our processes for detecting and responding to inefficiency, for preventing conflicts of interest, for preventing and

detecting fraud and for minimising losses of grant-in-aid and National Lottery grants are not adequate.

#### 4. Risk management

The risk registers are reviewed in detail on a quarterly basis. The operational risk registers are discussed by the SPG which may recommend changes to, or risks that should be added or removed from, the corporate risk register. Thereafter, the corporate risk register is approved by the Executive prior to being presented to the Audit and Risk Committee for review and scrutiny.

The NHMF's risk management framework is guided by recommended requirements of the HM Treasury Orange Book and adopts the three lines of defence assurance model. During 2023–2024 further improvements to the risk management framework were introduced, which provided enhanced assurance to the Audit and Risk Committee.

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

#### 5. Audit and Risk Committee

The Audit and Risk Committee meets every quarter to review and discuss all risk updates to ensure that risks are effectively managed by mitigating controls and control assurances. During the year, the Committee focused on receiving additional assurances from officers in respect of people/HR-related matters, data and information security arrangements and counter fraud arrangements. The Committee provided challenges and scrutiny over the NHMF's risk recording, reporting and assurance arrangements and also required assurances regarding management's responsiveness to the implementation of internal audit recommendations. These assurances were provided to the satisfaction of the Committee.

#### 6. Corporate planning and performance management

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

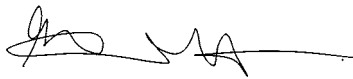
Additional key management information is also collated and analysed for the Executive throughout the year in various forms. This presents data on such matters

# Accountability report (continued)

as employment statistics and grant-making services. Our approach to planning continues to evolve and has supported our plans and budget for 2024–2025. This includes setting certain priorities for development against our four strategic goals.

## Overall assessment of governance and internal control

In my opinion, in consideration of the Head of Internal Audit's assurance report, the NHMF's systems of governance and internal controls are sufficient. They enable me to assure myself of the NHMF's compliance with the National Lottery Acts and all policy, financial and accounts directions that necessarily apply to the National Heritage Memorial Fund.



**Eilish McGuinness**

Chief Executive and Accounting Officer

4 July 2024

## Remuneration and staff report

The remuneration report covers the whole organisation and the costs have been apportioned to both grant-in-aid and Lottery distribution accounts.

### Remuneration of the Chair and trustees

All trustees were entitled to receive an annual salary for time spent on the activities of the NHMF. In addition, the NHMF reimburses travel expenses of trustees when travelling from their homes to their office of employment.

The remuneration of trustees, including reimbursement of taxable expenses and the tax thereon, falls into the bands in the table below. All trustees are appointed by the Prime Minister.

Trustees have three-year appointments, which are potentially renewable for a second term. They are not members of the pension scheme used by NHMF. No contributions were made by the NHMF to a pension scheme on the trustees' behalf.

### Remuneration of the Chair and trustees (audited information)

Trustees' remuneration was allocated between NHMF and its National Lottery distribution activities on the basis of 1%:99%. The total remuneration of trustees in 2023–2024 was £188,290 (2022–2023: £179,088). The pay and contracts of trustees are discussed and set by DCMS. Their contracts do not contain any bonus clauses.

	2023–24 £'000	2022–23 £'000
Dr Simon Thurley CBE (Chair)	40–45	40–45
Maria Adebowale-Schwarte to 15 February 2024	5–10 (Full-year equivalent: 10–15)	10–15
Anna Eavis from 16 February 2024	0–5 (Full year equivalent: 10–15)	–
Dr Claire Feehily to 30 November 2023	5–10 (Full year equivalent: 10–15)	10–15
Julian Glover from 1 May 2022	15–20	10–15 (Full year equivalent: 10–15)
Roisha Hughes from 16 February 2024	0–5 (Full year equivalent: 10–15)	–
Denise Lewis-Poulton from 6 February 2023	20–25	0–5 (Full year equivalent: 20–25)
Ray Macfarlane	20–25	20–25
Taryn Nixon from 1 May 2022	15–20	10–15 (Full year equivalent: 10–15)
Carol Pyrah from 9 May 2022	15–20	10–15 (Full year equivalent: 10–15)
Mukesh Sharma MBE DL	20–25	20–25
Dr David Stocker to 15 February 2024	5–10 (Full year equivalent: 10–15)	10–15
James Twining from 1 December 2023	0–5 (Full year equivalent: 10–15)	–

### Cash equivalent transfer values (CETV)

CETV is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement that the member has transferred to the civil service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take

account of any actual or potential reduction to benefits resulting from lifetime allowance tax that may be due when pension benefits are taken.

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

All senior staff roles had permanent contracts of employment, except one staff member who was on a fixed term contract, and were either ordinary members of the Principal Civil Service Pension Scheme (PCSPS) or of alpha. Their costs were allocated between The National Lottery Heritage Fund and NHMF on the basis of 99:1 (2022–2023: 99:1).

CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2024. HM Treasury published updated guidance on 27 April 2023; this guidance will continue to be used in the calculation of 2024–2025 CETV figures.

### Pensions

Pension benefits are provided through civil service pension arrangements. From April 2015, a new pension scheme for civil servants was introduced: the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's state pension age (or 65 if higher). From April 2015, all newly appointed civil servants and the majority of those already in service joined alpha.

Prior to that date, civil servants participated in PCSPS, which has four sections: three providing benefits on a final salary basis (classic, premium and classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

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

# Accountability report (continued)

The remuneration and pension of the Executive is shown in the tables below.

## Executive remuneration (audited information)

	Salary 2023–24 £'000	Salary 2022–23 £'000	Pension benefits accrued during 2023–24 £'000	Pension benefits accrued during 2022–23 £'000	Total 2023–24 £'000	Total 2022–23 £'000
<b>Eilish McGuinness</b> Chief Executive and Accounting Officer	145–150	140–145	(172)*	182	(20–25)	320–325
<b>Harnish Hadani</b> Executive Director Business Services to 30 June 2023	25–30 (Full year equivalent: 110–115)	100–105 (Full year equivalent: 110–115)	11	39	30–40	135–140
<b>Isabel Hunt</b> Executive Director Business Innovation and Insight	125–130	120–125	48	46	175–180	165–170
<b>Anne Jenkins</b> Executive Director Business Delivery	110–115	105–110	14	201	125–130	305–310
<b>Richard Sydee</b> Executive Director Business Services from 19 June 2023	90–95 (Full year equivalent: 115–120)	–	13	–	100–105	–

## Executive pension disclosure (audited information)

	Real increase in pension and lump sum £'000	Total accrued pension at pension age and lump sum £'000	Cash equivalent Transfer Value (CETV) at 31 March 2024 £'000	CETV at 31 March 2023 £'000	Real increase in CETV funded by NHMF £'000
<b>Eilish McGuinness</b> Chief Executive and Accounting Officer	0 plus a lump sum of 0	55–60 plus a lump sum of 150–155	1,430	1,529	(209)*
<b>Harnish Hadani</b> Executive Director Business Services to 30 June 2023	0–2.5	5–10	104	86	8
<b>Isabel Hunt</b> Executive Director Business Innovation and Insight	2.5–5	10–15	217	153	36
<b>Anne Jenkins</b> Executive Director Business Delivery	0–2.5 plus a lump sum of 0	50–55 plus a lump sum of 140–145	1,289	1,180	0
<b>Richard Sydee</b> Executive Director Business Services from 19 June 2023	0–2.5 plus a lump sum of 0	40–45 plus a lump sum of 100–105	859	800	(3)

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the higher of 65 or state pension age for members of alpha, the new Civil Servants and Others Pension Scheme. The pension figures quoted for directors show pension earned in the Principal Civil Service Pension Scheme (PCSPS) or alpha as appropriate.

Where the director has benefits in both PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.

Any members affected by the Public Service Pensions Remedy were reported in the 2015 scheme for the period between 1 April 2015 and 31 March 2022 in 2022–2023, but are reported in the legacy scheme for the same period in 2023–2024.

\*This relates to a final salary member (classic/classic plus/premium) who has transitioned to alpha. The final salary pension of a person in employment is calculated by reference to their pay and length of service. The pension will increase from one year to the next by virtue of any pay rise during the year. Where there is no or a small pay rise, the increase in pension due to extra service may not be sufficient to offset the inflation increase – that is, in real terms, the pension value can reduce, hence the negative values.

and five months from their normal pension age on 1 April 2012 switched into alpha between 1 June 2015 and 1 February 2022. Because the government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period (and this may affect the Cash Equivalent Transfer Values shown in this report – see above). All members who switched to alpha have their PCSPS benefits banked, with those who have earlier benefits in one of the final salary sections of PCSPS having those benefits based on their final salary when they leave alpha.

Members who joined from October 2002 may opt for either the appropriate defined benefit arrangement or a money purchase stakeholder pension with an employer contribution (a partnership pension account). Employee contributions are salary-related and range between 4.6% and 8.05% of pensionable earnings for members of classic, premium, classic plus, nuvos and alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition a lump sum equivalent to three years of initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic there is no automatic lump sum.

Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as per premium. In nuvos a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with pensions increase legislation.

Benefits in alpha build up in a similar way to nuvos except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. Employer's contributions of £44,250 (2022–2023: £45,276) were paid to a panel of appointed stakeholder pension providers. The Heritage Fund makes a basic contribution of between

8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from the panel of providers. During 2018–2019, the panel was reduced to one supplier, Legal & General.

The employee does not have to contribute, but where they do make contributions the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

There are currently seven members of staff working on National Lottery distribution activities with a partnership pension account.

Further details about civil service pension arrangements can be found at [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk). Although the schemes are defined benefit schemes, liability for payment of future benefits is a charge to PCSPS or alpha. Departments, agencies and other bodies covered by PCSPS and alpha meet the cost of pension cover provided for the staff they employ by payment of charges calculated on an accruing basis.

For 2023–2024, employer's contributions of £3,096,114 (2022–2023: £2,878,911) excluding amounts paid to partnership pension schemes were paid to PCSPS and alpha at the rates set out as follows:

Salary band	%
£23,000 and under	26.6
£23,001–£45,500	27.1
£45,501–£77,000	27.9
£77,001 and above	30.3

### Remuneration ratio (audited information)

The highest paid executive director in 2023–2024 and 2022–2023 was the Chief Executive as disclosed in the table on page 40. The annualised banded remuneration of the Chief Executive was £145,000 to £150,000 (2022–2023: £140,000 to £145,000). This was 3.7 times (2022–2023: 3.8 times) the median remuneration of the workforce, which was £39,730 (2022–2023: £37,546). There were no employees who received remuneration in excess of the highest paid executive director. Remuneration ranged from £21,838 to a banding of £145,000–£150,000 (2023–2024: £19,800 to a banding of £140,000–£145,000).

# Accountability report (continued)

## Fair pay disclosure

The percentage change from 2022–2023 to 2023–2024 in respect of the highest paid director and the average percentage change across all staff (excluding the highest paid director) are below. In 2023–2024, the staff bonus payments were higher than the prior year because the total staff bonus budget was higher.

	Total salary and allowances 2023–24	Staff Bonus Payments 2023–24	Total salary and allowances 2022–23	Staff Bonus Payments 2022–23
Staff average	5.32%	25.51%	2.59%	–12.24%
Highest paid director	3.51%	–	–3.39%	–

The ratio of the Chief Executive’s total remuneration as compared to the 25th, 50th and 75th percentile full time equivalent of staff pay is disclosed below.

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

	2023–24 £	2023–24 Ratio	2022–23 £	2022–23 Ratio
25th percentile	28,541 (28,082 salary component)	5.2	27,255	5.2
50th percentile	39,730 (39,087 salary component)	3.8	37,546	3.8
75th percentile	45,011 (44,497 salary component)	3.3	43,019	3.3

## Exit packages (audited information)

As required by the Cabinet Office, the Heritage Fund is required to publish details of all exit packages agreed in the financial year under review. Exit packages include compulsory and voluntary redundancies, early retirement, compensation for loss of office, and ex-gratia payments. The Heritage Fund did not incur any such packages in 2023–2024 (2022–2023: nil).

## Staff costs (audited information)

	2023–24 £'000	2022–23 £'000
Salaries	906	1,315
Employer’s NI payments	98	109
Payments to pension schemes	247	266
Temporary staff costs	14	56
	1,265	1,746

Due to the way our systems operate, we are not able to provide a breakdown of costs between staff on permanent contracts and those on fixed term contracts. Similarly, figures for temporary and agency

staff have not been included in the tables below as our systems do not allow for the collection and calculation of a full-time-equivalent figure.

The average number of employees working on grant-in-aid distribution activities in 2023–2024 was as follows:

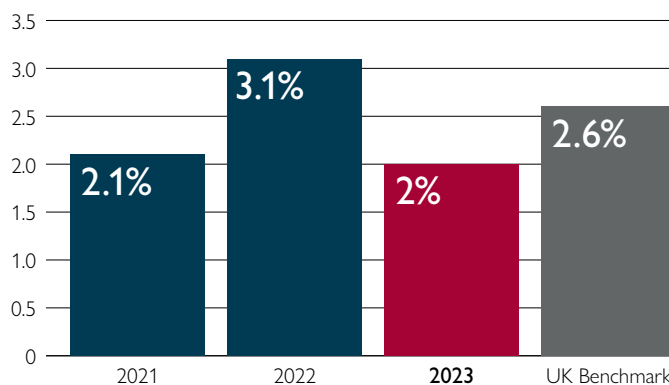
2023–24	Business Delivery	Business Services	Business Innovation and Insight	Total
Permanent staff	18	2	3	23

2022–23	Business Delivery	Business Services	Business Innovation and Insight	Total
Permanent staff	18	4	4	26

## Absence levels

Sickness levels in the Heritage Fund fell to 2% last year, moving back towards pre-pandemic levels. This compares well with national absence metrics which place average UK sickness levels at 2.6% (and even higher in public sector only comparators). We continued to invest in supporting wellbeing and provided excellent facilities for staff (see Health and Safety at Work section below). In addition, we continued to provide excellent hybrid working opportunities to help staff balance personal and work commitments, and we introduced a range of new special leave arrangements to support staff during times when they need additional assistance.



Source: Sickness absence in the UK labour market – Office for National Statistics (ons.gov.uk)

## Employee engagement and consultation

We conducted an employee engagement pulse survey in 2023. This was a short check-in survey, taking stock of where we are a year on from our full 2022 survey. The response rate of 83% showed great participation. Overall, the pulse survey results were comparable with our 2022 full survey. The results told us that we highly value our ability as an organisation to make a difference and have a real purpose in the heritage sector. In particular, our staff shared our view that the organisation’s sense of direction, vision and ambition

in Heritage 2033 are clear. The survey also highlighted that an understanding of how we all contribute to the organisation's success is allied to a strong commitment to and interest in the work we do.

We also saw clear areas for development. More sustained effort is needed to address challenges in how colleagues experience career development and leadership. In addition, workloads, resourcing and living our values more explicitly are areas for further development. Some of these themes also appeared in the 2022 survey results. We continued to work across four key action themes, which were identified in 2022 and resonated with the feedback from 2023's pulse survey.

These action areas are:

- leadership visibility and behaviours
- career and skills development
- leadership skills
- performance management

Many actions will be multi-year as we need to ensure sufficient time for design, implementation, embedding and evaluation. Our knowledge briefings, leaderships vlogs, inductions videos and blogs have increased leadership visibility, and we will continue to explore new ways to engage with staff. We increased our learning budget and next year will continue exploring how we ensure we have the right skills in the organisation. We recognise that these initiatives need to be sustained and continuously developed.

#### Staff networks

We continued to support our five internal staff networks, which provide peer support opportunities and a useful channel for employee engagement and consultation. Our network leads have regular meetings with the CEO. Our networks are:

- Global Majority Network
- Gender Network
- LGBT+ Network
- Neurodiversity Network
- Disability Network

#### Culture champions

Our culture champions are a voluntary peer network of staff who support our work to embed our values, behaviours and culture throughout the organisation. They bring the staff voice and their own experiences

to conversations about organisational plans and activities. They are empowered to be open and honest, to challenge the status quo and to share their knowledge and expertise with HR and leadership.

In addition to holding regular meetings with our culture champions, in 2023–2024 we organised several successful away days to 'deep dive' into important themes. Among other topics, our culture champions fed into discussions on pay and reward, wellbeing and workloads, embedding Heritage 2033, and shaping actions arising from our staff survey results. Membership of the group continued to expand in the year.

#### Trade unions

The Heritage Fund recognises two trade unions, PCS and FDA, with whom we hold formal quarterly and informal monthly meetings. We are strongly committed to partnership working and support trade union membership. All trade union representatives play valuable roles in the workplace and have a statutory right to reasonable paid time off during normal working hours to complete union duties, according to their trade union role and to undertake trade union activities. We also have a statutory requirement to disclose information about trade union facility time and relevant expenditure.

#### Trade union representatives and full-time equivalents

	Number of representatives
Trade union representatives	23
FTE trade union representatives	21.31

#### Percentage of working hours spent on facility time

Percentage of working hours	Number of representatives
0%	0
1–50%	23
51%–99%	0
100%	0

#### Total pay bill and facility time costs

Total cost of facility time	£30,150
Total pay bill	£18,817,169
Percentage of pay spent on facility time	0.16%

#### Paid trade union activities

Hours spent on paid TU activities time	0%
Percentage of total paid facility time spent on paid TU activities	0%

# Accountability report (continued)

## Equality, diversity and inclusion monitoring

Equality, diversity and inclusion (EDI) remain a central part of our work in grant-giving as well as our governance, workforce, values and behaviours. Our new strategy, Heritage 2033, places inclusion at the heart of everything we do.

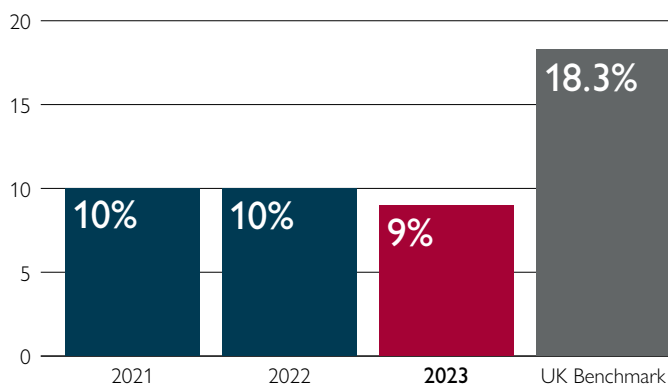
## Workforce diversity analysis

The charts below illustrate workforce diversity, for ethnicity, gender, sexual orientation and disability. Comparable benchmark data is also shown (based on UK working population levels). Although we saw increased representation of disability and diverse sexual orientations in the workforce, we recognise that there are still under-represented staff groups. We recognise wider heritage sector trends and barriers to entry that impact on the makeup of our workforce and continue to invest in positive action schemes to help address this, as well as continuing to promote values-based recruitment.

### Ethnic diversity in the workforce

The representation of diverse ethnic groups in our workforce fell to 9% in 2023–2024, which we recognise is lower than national benchmark levels of diversity in the wider UK. Diverse ethnic groups are underrepresented across the heritage sector. However, we recognise that there are challenges we can address in our own workforce, including potential barriers to entry for new candidates.

We reviewed our recruitment practices in 2023–2024, to help us better understand potential barriers to entry. We also continued to invest in positive action with our long-term partners the Windsor Fellowship. We provide four paid internships each year for ethnically diverse candidates to help them pursue career opportunities in heritage.

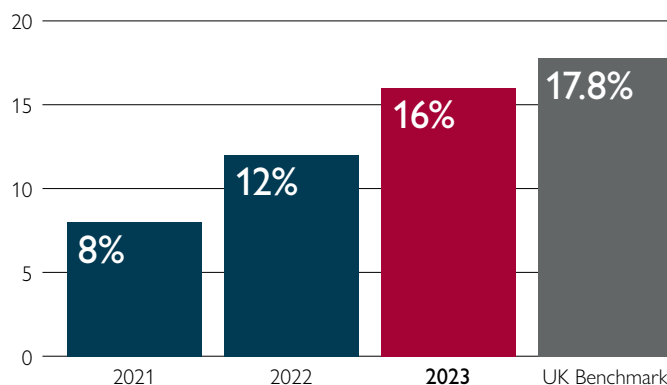


Source: Ethnic group, England and Wales – Office for National Statistics (ons.gov.uk)

### Disability in the workforce

The percentage of our workforce with a disability has continued to increase, rising to 16% in 2023–2024. Although we have a slight under-representation when compared to the representation of disabled people in the UK, the percentage of our workforce with a disability now matches disability levels in the Civil Service.

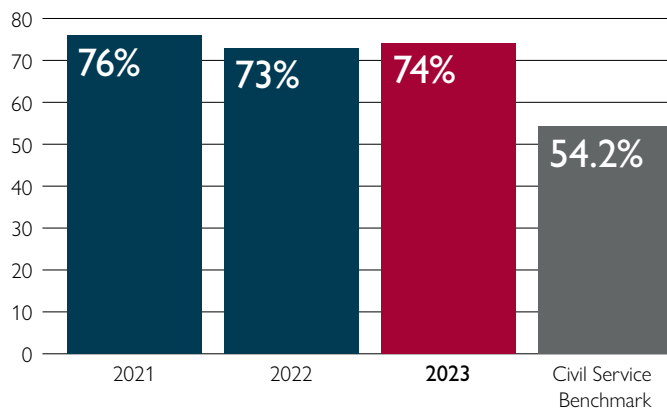
We remain a Disability Confident employer and will renew our commitment to this important scheme in 2024–2025. As part of our commitment to positive action, we continue to participate in the Leonard Cheshire 'Change 100' programme. Each year we provide two paid internships to students or graduates with disabilities/long-term health conditions.



Source: Disability, England and Wales – Office for National Statistics (ons.gov.uk)

### Gender diversity in the workforce

The percentage of women in our workforce in 2023–2024 was 74%. This remains significantly higher than the UK benchmark of women in the wider UK workforce and the Civil Service benchmark comparison of 54.2%. We recognise that many other organisations in the heritage and charity sectors also have higher levels of female representation in their workforce.

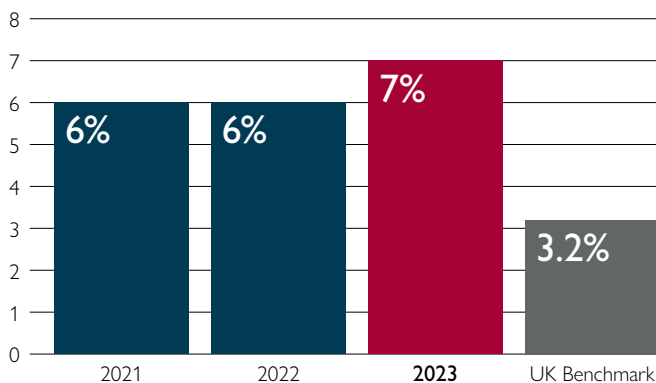


Source: Civil Service Diversity and Inclusion Dashboard – GOV.UK (www.gov.uk)



### Sexual orientation in the workforce

The percentage of colleagues who identify as lesbian, gay, bisexual, queer or another sexual orientation (LGBQ+) has increased to 7%. This remains higher than the UK benchmark and other peer organisations. Although declaration rates rose slightly in 2023–2024, we recognise that we still have employees who choose not to share their sexual orientation data. This shows us we need to make continued efforts to improve the inclusion of LGBQ+ colleagues.



Source: Sexual orientation, England and Wales  
– Office for National Statistics (ons.gov.uk)

### Health and safety at work

Although workplace wellbeing challenges for many staff have reduced in the post-pandemic world, we recognise the need to continue to prioritise support for employee wellbeing and the health and safety of our staff. Our Employee Pulse Survey in 2023–2024 highlighted ongoing workload and wellbeing challenges faced by some staff, and we are actively committed to providing support to those who need it. We provide access to an award-winning employee assistance programme, with online resources and guides and access to counselling services. We also offered access to:

- free yoga and tai chi
- pre-employment health assessment support for new recruits
- Nuffield Health screening
- occupational health support and reasonable adjustments for those living with long term conditions
- a fitness and wellbeing scheme
- improved opportunities for support through our new and expanded special leave arrangements

Among other requirements, all new staff are required to undertake mandatory health and safety training including fire training, mental health awareness, display screen equipment and manual handling.

### Human capital management

Our People Strategy for 2023–2026 has five themes: performance management; leadership and management; a great place to work; building skills and capabilities; and responsive HR and people services.

We continued to recognise and support our workforce as our key asset in achieving our business objectives by offering a comprehensive range of training sessions and workshops to enhance workforce effectiveness. This included personal and professional development. Our recently redesigned ‘Be Remarkable’ programmes also supported ongoing learning and professional development opportunities for employees across all levels of the Heritage Fund and received excellent feedback. In addition, our learning provision covered executive and leadership development, management skills, core skills for all and EDI training and awareness.

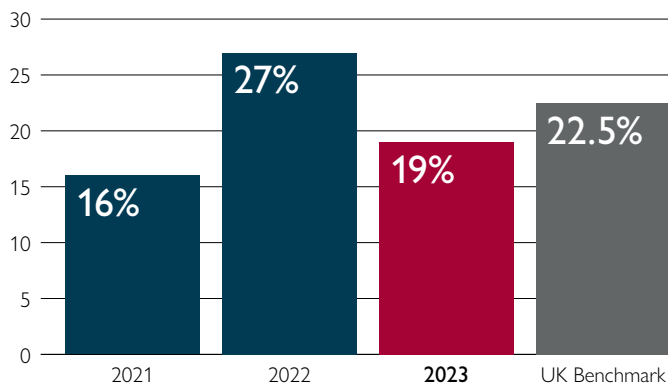
Our staff also have access to hundreds of online learning resources to support remote/hybrid learning opportunities. As part of our ongoing commitment to management and leadership development, our Executive team and Strategy & Performance Group continued to work closely with experienced coaches to leverage their strengths and drive business performance.

### Staff turnover

Staff turnover in the year was 19%, which was lower than the UK employer benchmark of 22.5%. This was a significant reduction from the previous year which saw a post-pandemic high of 27% (which itself was not out of line with most other UK employers that year). The turnover rate has shown a consistent decline throughout the year, reaching 13% for permanent staff by April 2024, not accounting for the departures of fixed-term contract employees.

We continue to recognise there is a balance to be achieved between healthy staff retention rates and recruiting new talent. To help retain staff we made investments through our business planning processes to improve job security and reduce our past reliance on fixed term contracts to manage workload peaks. We also improved our ability to recruit and 85% of our recruitment campaigns are now successful the first time we advertise. We continued to invest in our workforce to support engagement and retention through workforce development opportunities and improved benefits and wellbeing support.

# Accountability report (continued)



Source: Labour turnover rates:  
XpertHR data 2023 | Survey analysis | Tools | XpertHR.co.uk

## Expenditure on consultancy

The Heritage Fund spent £2,468 on consultancy in 2023–2024 (2022–2023: nil) as part of its National Lottery distribution activities in respect of the provision of advice and expertise to support our operations. This mostly related to the new Geographic Information System (GIS).

## Whistleblowing

The Heritage Fund has a clear whistleblowing policy to enable staff to raise concerns and disclose information that the individual believes shows malpractice or impropriety. This covers concerns that are in the public interest and includes the following (non-exclusive) matters:

- financial malpractice or impropriety or fraud
- failure to comply with a legal obligation or statutes
- dangers to health and safety or the environment
- criminal activity
- improper conduct or unethical behaviour
- attempts to conceal any of the above

There were no instances of whistleblowing in the year.

## Off-payroll engagements

During 2023–2024 the Heritage Fund has not engaged any individuals through off payroll contracts that have an IR35 implication. (2022–2023: nil).

## Eilish McGuinness

Chief Executive and Accounting Officer

4 July 2024

## Parliamentary accountability and audit report

The certificate and report of the Comptroller and Auditor General to the Houses of Parliament, the Scottish Parliament, Senedd Cymru and Northern Ireland Assembly

### Opinion on financial statements

I certify that I have audited the financial statements of the National Heritage Memorial Fund for the year ended 31 March 2024 under the National Heritage Act 1980.

The financial statements comprise the National Heritage Memorial Fund's:

- Statement of Financial Position as at 31 March 2024;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted International Accounting Standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the National Heritage Memorial Fund's affairs as at 31 March 2024 and its total comprehensive expenditure for the year then ended; and
- have been properly prepared in accordance with the National Heritage Act 1980 and Secretary of State directions issued thereunder.

### Opinion on regularity

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

### Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 'Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022)'. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of my certificate.

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

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

### Conclusions relating to going concern

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

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

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

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

# Accountability report (continued)

## Other Information

The other information comprises the information included in the Annual Report, but does not include the financial statements nor my auditor's certificate and report thereon. The Chief Executive as accounting officer is responsible for the other information.

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

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

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

I have nothing to report in this regard.

## Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the National Heritage Act 1980.

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

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with Secretary of State directions made under the National Heritage Act 1980; and
- the information given in the Performance and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

## Matters on which I report by exception

In the light of the knowledge and understanding of the National Heritage Memorial Fund and its environment obtained in the course of the audit, I have not identified material misstatements in the Accountability Report.

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

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

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

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

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the National Heritage Memorial Fund from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error;
- preparing financial statements which give a true and fair view in accordance with Secretary of State directions issued under the National Heritage Act 1980;

- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with Secretary of State directions issued under the National Heritage Act 1980; and
- assessing the National Heritage Memorial Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the National Heritage Memorial Fund will not continue to be provided in the future.

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

My responsibility is to audit, certify and report on the financial statements in accordance with the National Heritage Act 1980.

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

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

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

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

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

- considered the nature of the sector, control environment and operational performance including the design of the National Heritage Memorial Fund's accounting policies.

- inquired of management, the National Heritage Memorial Fund's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the National Heritage Memorial Fund's policies and procedures on:
  - identifying, evaluating and complying with laws and regulations;
  - detecting and responding to the risks of fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the National Heritage Memorial Fund's controls relating to the National Heritage Memorial Fund's compliance with the National Heritage Act 1980 and 'Managing Public Money'.
- inquired of management, the National Heritage Memorial Fund's head of internal audit and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations;
  - they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

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

I obtained an understanding of the National Heritage Memorial Fund's framework of authority and other legal and regulatory frameworks in which the National Heritage Memorial Fund operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the National Heritage Memorial Fund. The key laws and regulations I considered in this context included National Heritage Act 1980, employment law and 'Managing Public Money'.

# Accountability report (continued)

## Audit response to identified risk

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

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports; and
- in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

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

## Other auditor's responsibilities

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

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

## Report

I have no observations to make on these financial statements.

## Gareth Davies

Comptroller and Auditor General

4 July 2024

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

# Financial statements

## Statement of Comprehensive Net Expenditure

	Notes	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
<b>Sundry income</b>	2	–	81
<b>Expenditure</b>			
Grant expenditure	3	(58,683)	(24,245)
Less lapsed or revoked grant expenditure	3	4,187	2,913
		(54,496)	(21,332)
<b>Operating costs</b>			
Staff costs	7	(1,265)	(1,746)
Depreciation and amortisation	11, 12, 13	(6)	(12)
Other operating costs	6	(766)	(920)
		(2,037)	(2,678)
<b>Total expenditure</b>		(56,533)	(24,010)
<b>Operating deficit</b>		(56,533)	(23,929)
<b>Non-operating income</b>			
Interest receivable	9	60	7
Distributions received	10	1,410	477
Profit on sale of long-term financial assets	17	1,427	1,146
		2,897	1,630
<b>Net expenditure for the year</b>		(53,636)	(22,299)
<b>Other comprehensive income/(expenditure)</b>			
Net gain/(loss) on revaluation of Responsible Multi-Asset Fund	20	2,158	(2,294)
<b>Total comprehensive expenditure</b>		(51,478)	(24,593)

The Statement of Comprehensive Net Expenditure excludes the National Lottery distribution activities of NHMF, which are reported in a separate set of accounts.

The notes on pages 55 to 63 form part of these accounts.

# Financial statements (continued)

## Statement of Financial Position

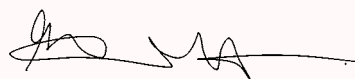
	Notes	As at 31 March 2024 £'000	As at 31 March 2023 £'000
<b>Non-current assets</b>			
Intangible fixed assets	11	6	9
Property, plant and equipment	12	4	7
Right of use assets	13	—	—
Investments	14	37,707	46,347
		<b>37,717</b>	<b>46,363</b>
<b>Current assets</b>			
Trade and other receivables	15	12	2
Cash and cash equivalents	16	12,110	20,424
Cash held in the endowment funds	16	29,058	27,582
		<b>41,180</b>	<b>48,008</b>
<b>Total assets</b>		<b>78,897</b>	<b>94,371</b>
<b>Current liabilities</b>			
Trade and other payables	18	(565)	(830)
Grant liabilities	3	(76,892)	(58,623)
<b>Total assets less net current liabilities</b>		<b>1,440</b>	<b>34,918</b>
<b>Non-current liabilities</b>			
Trade and other payables	18	—	—
Grant liabilities	3	—	—
		—	—
<b>Assets less liabilities</b>		<b>1,440</b>	<b>34,918</b>
<b>Represented by:</b>			
Fair value reserve	20	7,220	5,062
Income and expenditure account		(5,780)	29,856
		<b>1,440</b>	<b>34,918</b>

This statement excludes balances relating to the National Lottery distribution activities of NHMF, which are reported in a separate set of accounts.

The notes on pages 55 to 63 form part of these accounts.



**Dr Simon Thurley CBE**  
Chair



**Eilish McGuinness**  
Chief Executive and Accounting Officer

4 July 2024



## Statement of Cash Flows

	Notes	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Operating deficit for the period		(56,533)	(23,929)
Depreciation	11, 12, 13	6	12
<b>Operating deficit adjusted for non-cash transactions</b>		<b>(56,527)</b>	<b>(23,917)</b>
Increase/(Decrease) in grant liabilities	3	18,269	(25,462)
(Increase)/Decrease in receivables (excluding capital and investments)	15	(10)	3
(Decrease) in non-capital payables	18	(265)	(11,254)
<b>Net cash outflow from operating activities</b>		<b>(38,533)</b>	<b>(60,630)</b>
<b>Cashflow from investing activities</b>			
Payments to acquire investments	13	–	(3,940)
Proceeds from sale of investments		12,225	9,458
Income from investments	9, 10	1,470	484
<b>Net cash inflow from investing activities</b>		<b>13,695</b>	<b>6,002</b>
<b>Cashflow from financing activities</b>			
Grant-in-aid	5	18,000	–
<b>Decrease in cash</b>		<b>(6,838)</b>	<b>(54,628)</b>
<b>Net decrease in cash and cash equivalents</b>			
Cash balances carried forward	16	41,168	48,006
Less cash balances brought forward		(48,006)	(102,634)
<b>Decrease in cash</b>		<b>(6,838)</b>	<b>(54,628)</b>

The notes on pages 55 to 63 form part of these accounts.

# Financial statements (continued)

## Statement of Changes in Taxpayers' Equity

	Fair value reserve £'000	Income and expenditure account £'000
Balance at 31 March 2023	5,062	29,856
<b>Changes in taxpayers' equity in 2023–2024</b>		
Net loss on revaluation of financial assets	2,158	–
Comprehensive net expenditure transferred to the accumulated fund	–	(53,636)
Grant-in-aid from DCMS	–	18,000
<b>Balance at 31 March 2024</b>	<b>7,220</b>	<b>(5,780)</b>
<b>Changes in taxpayers' equity in 2022–2023</b>		
Balance at 31 March 2022	7,356	52,155
Net gain on revaluation of financial assets	(2,294)	–
Comprehensive net expenditure transferred to the accumulated fund	–	(22,299)
Grant-in-aid from DCMS	–	–
Balance at 31 March 2023	5,062	29,856

The fair value reserve relates to the difference between book cost and market value of the investments in the endowment fund (see note 20).

## Notes to the accounts

### 1. Statement of accounting policies

These financial statements have been prepared in a form directed by the Secretary of State for DCMS with the Heritage Act 1980 and to meet the requirements of the Government Financial Reporting Manual (FRoM).

The accounting treatments contained in the FRoM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FRoM permits a choice, the accounting policy that is judged to be most appropriate to the particular circumstances of NHMF for the purpose of giving a true and fair view has been selected. The particular policies adopted by NHMF are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

We have not adopted any IFRS that have been issued but are not yet effective.

#### a) Accounting convention

These accounts have been prepared under the historic cost convention modified where appropriate for fair value. The accounts meet the accounting and disclosure requirements of the Companies Act, FRoM and International Financial Reporting Standards, where appropriate.

#### b) Going concern

These accounts have been prepared on a going concern basis; this is consistent with the guidance set out in the FRoM which says to “have regard to the underlying assumption that financial statements shall be prepared on a going concern basis”. Further, it states that “sponsored entities whose statements of financial position show total net liabilities should prepare their financial statements on the going concern basis unless, after discussion with their sponsors, the going concern basis is deemed inappropriate”. No such discussions have taken place. NHMF has no reason to believe that DCMS has plans to change the grant-in-aid distribution arrangements for the heritage sector and so trustees assume that they will continue to receive funding.

#### c) Government grants

Our grant-in-aid from DCMS is not treated as income. Instead, it is treated as financing as it is regarded as a

contribution from a controlling party that gives rise to a financial interest. This is accomplished by making a credit to the income and expenditure account.

No allocation is made between grants for revenue and capital purposes. The amount of grant-in-aid recognised in these accounts reflects the amounts actually received from DCMS during the financial year.

#### d) Donations

Donations are treated differently from money received as part of joint grant programmes. A donor is someone that has no involvement in any decision to spend that money. If there is involvement, then it would be treated as a joint grant programme.

Donations are normally recognised in the period in which the funds were received. However, where there is a contractual relationship between NHMF and the donor, the donation is recognised in the period when the associated activity occurred, irrespective of when the funds were received.

#### e) Non-current assets

Non-current assets are recognised in the Statement of Financial Position at cost, except for items costing less than £2,000, which are charged to the Statement of Comprehensive Net Expenditure in the year of acquisition.

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

Right of use asset (property leases)	– Over the life of the lease
Office equipment and fittings	– 4 to 10 years
Grant-assessment and other software	– Up to 5 years

Depreciation commences in the month after the asset is brought into operation.

#### f) Allocation of costs

NHMF accounts separately for its National Lottery distribution activities, which it is required to do under its National Lottery accounts direction.

NHMF incurs indirect costs that are shared between activities funded by grant-in-aid and activities funded by The National Lottery. NHMF is required to apportion these indirect costs in accordance with ‘Managing Public Money’, issued by HM Treasury. This cost apportionment seeks to reflect the specific proportion of time and expenses committed to each activity.

# Financial statements (continued)

At the end of the financial year, the proportion of joint costs apportioned to our National Lottery distribution activities was 99% (2022–2023: 99%).

## g) Investments

As per IFRS9 Financial Instruments, our investments are included in the accounts at market value as reported to us by our investment managers. Realised gains and losses are included in the Statement of Comprehensive Net Expenditure and are calculated as the difference between sales proceeds and historic cost. Unrealised gains and losses on these investments are reflected in the fair value reserve, which is disclosed in the Statement of Financial Position and the Statement of Changes in Taxpayers' Equity. The investments have been classified as fair value through other comprehensive income.

## h) Taxation

No provision is made for general taxation as NHMF is statutorily exempt under section 507 of the Income and Corporation Taxes Act of 1988.

NHMF is not registered for Value Added Tax (VAT), therefore VAT-inclusive costs are included under the relevant expenditure descriptions in these accounts.

## i) Pension

The regular cost of providing benefits is charged to the Statement of Comprehensive Net Expenditure over the service lives of the members of the scheme on the basis of a constant percentage of pensionable pay. Almost all of our staff are members of PCSPS or alpha (the follow-up scheme to PCSPS) and the percentage of pensionable pay is notified by the Cabinet Office prior to the start of each financial year. See the remuneration and staff report for further details.

## j) Leases

Right of use assets are identified in the Statement of Financial Position at cost determined by the present value of payments due under each lease. The costs are amortised over the minimum period of the lease. The finance costs of servicing the leased assets is charged as interest in the Statement of Comprehensive Net Expenditure.

## k) Grant liabilities

Grant awards are recognised as liabilities in the Statement of Financial Position if they meet the definition of liabilities in IAS37 Provisions, Contingent Liabilities and Contingent Assets, whether arising from legal or constructive obligations.

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

- the award has been formally decided on by NHMF; and
- the award has been notified to the intended recipient; and
- the award is free from any specific performance conditions under the control of NHMF.

When liabilities need no longer be recognised because the project being funded does not require all the money set aside for it under the grant contract, we reduce the value of the outstanding liabilities. All grant liabilities are payable immediately upon receipt of valid payment requests. Theoretically, grantees could demand their entire grant within the next 12 months if their projects were completed in that period. Hence we adopt a prudent approach and show the maturity of liabilities to be all within one year.

Grant liabilities come in two types:

1. where the final decision to award a grant has been made but there is not yet a signed contract with the grantee. When the grantee has been notified of our decision to award them a grant, the commitment is treated as a full liability.
2. where a round one pass is given to a heritage project. In these circumstances where funding is subject to a second decision, we disclose these as contingent liabilities.

Decommitments on contingent liabilities occur when a commitment does not crystallise into a full liability. This is normally because the grantee decides not to undertake their project or because trustees feel unable to fund round two applications due to the need to maintain sufficient financial reserves.

## l) Cash and cash equivalents

Cash includes cash in hand and deposits held at call with our investment managers.

## m) Estimation uncertainty

The preparation of these accounts requires that senior management make judgements, estimates and assumptions that can affect the measurement of reported income, expenses, assets, liabilities and the disclosure of contingent liabilities. It can also affect the allocation of costs between our grant-in-aid and our National Lottery distribution activities.

If these estimates and assumptions, which are based on senior management's best estimate or judgement at the date of the financial statements, deviate from actual circumstances in the future, the original estimates and assumptions will be updated in the period in which the circumstances change.

Our estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The most significant judgements are:

#### Provision on grant liabilities

Every year we make a provision against grant liabilities recognised in the accounts. This is made up of:

- known decommitments after year-end
- liabilities that may be inactive (ie: have had no grant payments or contact for several years)

#### Allocation of costs between our two main activities

We have a time recording system in place for staff to indicate which grant-in-aid programmes they are working on and base recharges of costs on that data. Staff are required to record how much time they spent on each programme on a monthly basis.

## 2. Sundry income

	2023–24 £'000	2022–23 £'000
Repayment of grants	–	81

## 3. Grant liabilities

	2023–24 £'000	2022–23 £'000
Liability brought forward	58,623	84,085
Commitments in the year	58,683	24,245
Decommitments	(4,187)	(2,913)
Commitments paid	(36,227)	(46,794)
<b>Liability carried forward</b>	<b>76,892</b>	<b>58,623</b>

The balance of grant liabilities at the year-end represents amounts due in the following periods:

	2023–24 £'000	2022–23 £'000
In one year	76,892	58,623
In two to five years	–	–
	<b>76,892</b>	<b>58,623</b>

While the grants paid in the year for grant-in-aid programmes are £36.2million, this figure includes grant payments of £0.2m made using our National

Lottery derived funds. These are reflected in the accounts as a debt owed by our grant-in-aid activities to our Lottery distribution activities.

At 31 March 2024, the above amounts are net of a provision of £31,000 (31 March 2023: £162,000) for amounts we forecast may not be paid out in the coming years.

## 4. Contingent liabilities

There are not any contingent liabilities in 2023–2024 (nil in 2022–2023) because all the grant liabilities made during the year were full grant awards with no development grants or explicit performance grants.

## 5. Grant-in-aid

	2023–24 £'000	2022–23 £'000
Grant from DCMS	18,000	–

We did not make any grant-in-aid drawdowns in 2022–2023 because we held surplus cash balances from prior years and this was agreed with DCMS. This is because cash is paid out to grantees in stages, not at the time the award is made. The surplus cash balances have now been fully utilised and therefore cash was drawn down from DCMS in the year.

## 6. Other operating costs

	2023–24 £'000	2022–23 £'000
Accommodation	72	75
Postage and telephone	26	26
Travel, subsistence and hospitality	16	13
Professional fees		
– Grant-related	67	81
– Non-grant-related	434	650
Communications	49	20
Staff training	40	2
Sundry expenses	4	2
Office equipment	16	11
Auditors' remuneration	42	40
	<b>766</b>	<b>920</b>

There were no non-audit fees paid to the external auditors.

Other operating costs were lower in 2023–2024 than the prior year because of the reduction in grant-in-aid activity up until the last quarter of the financial year.

# Financial statements (continued)

## 7. Staff costs

	2023–24 £'000	2022–23 £'000
Salaries	906	1,315
Employer's NI payments	98	109
Payments to pension scheme	247	266
Temporary staff costs	14	56
	<b>1,265</b>	<b>1,746</b>

Staff costs were lower in 2023–2024 than the prior year because of the reduction in grant-in-aid activity up until the last quarter of the financial year.

## 8. Recharged costs

During 2023–2024, NHMF distributed sums of money from various central government organisations. At the end of the financial year, the proportion of joint operating costs apportioned to the NHMF core funding programme distribution was 1% (2022–2023: 1%).

We also identify the proportion of work undertaken by staff on non-National Lottery activities and recharge the various grant-in-aid supported programmes. We also calculate an associated overhead allocation as part of this recharge.

The total value of these recharges in 2023–2024 was £1.7m (2022–2023: £2.4m).

## 9. Interest received

	2023–24 £'000	2022–23 £'000
On cash held in endowment fund	60	7

## 10. Distributions received

	2023–24 £'000	2022–23 £'000
Income from endowment fund investments	1,410	477

## 11. Intangible assets

	Information Technology	
	2023–24 £'000	2022–23 £'000
Cost at start of year	15	15
Additions	–	–
Disposals	–	–
<b>At end of year</b>	<b>15</b>	<b>15</b>
Amortisation at start of year	6	3
Disposals	–	–
Charge for the year	3	3
<b>At end of year</b>	<b>9</b>	<b>6</b>
Net book value at start of year	9	12
<b>At end of year</b>	<b>6</b>	<b>9</b>

The capitalisation of information technology represents the development of electronic application forms and an application assessment management system. The above figures represent the NHMF's share of costs invoiced to NHMF by software developers; almost all the costs have been charged to our National Lottery distribution activities. No internally-generated costs have been capitalised. Additions have been amortised over their expected useful lives.

## 12. Property, plant and equipment

	Short-leasehold property		IT and other equipment		Office fittings		Total	
	2023–24 £'000	2022–23 £'000	2023–24 £'000	2022–23 £'000	2023–24 £'000	2022–23 £'000	2023–24 £'000	2022–23 £'000
Cost at start of year	–	8	7	17	–	1	7	26
Additions	–	–	–	–	–	–	–	–
Disposals	–	(8)	–	(10)	–	–	–	(18)
<b>At end of year</b>	<b>–</b>	<b>–</b>	<b>7</b>	<b>7</b>	<b>–</b>	<b>1</b>	<b>7</b>	<b>8</b>
Depreciation at start of year	–	6	–	6	–	1	–	13
Disposals	–	(8)	–	(10)	–	–	–	(18)
Charge for the year	–	2	3	4	–	–	3	6
<b>At end of year</b>	<b>–</b>	<b>–</b>	<b>3</b>	<b>–</b>	<b>–</b>	<b>1</b>	<b>3</b>	<b>1</b>
Net book value at start of year	–	2	7	11	–	–	7	13
<b>At end of year</b>	<b>–</b>	<b>–</b>	<b>4</b>	<b>7</b>	<b>–</b>	<b>–</b>	<b>4</b>	<b>7</b>

Short leasehold property represents the cost of refurbishment of properties that we lease. We do not currently have any leases under IFRS 16 as they are out of scope (see note 13). The value of property, plant and equipment represents a proportionate split of the assets used by both NHMF's grant-in-aid and its National Lottery distribution activities. This split is currently 99% National Lottery and 1% grant-in-aid.

### 13. Right of use asset

	2023–24 £'000	2022–23 £'000
Balance at start of the year	–	3
Amortisation	–	(3)
Balance at close of year	–	–

### 14. Investments

NHMF was set up in 1980 as successor to the National Land Fund. Trustees believed that, of the initial grant-in-aid that established NHMF, the sum of £10million should be regarded as the residue of the National Land Fund and was to be treated as an endowment fund. They decided to invest it with the aim to maintain its capital value in real terms when compared to the Retail Prices Index. Beyond that, the investment aim is to achieve sufficient growth in real terms to enable NHMF to meet its obligations. To this end, investment in readily marketable financial assets can be made outside the UK. The table on analysis of investments at the year-end below summarises the spread of investments by type and area.

In 2018–2019, trustees changed the target index from the Retail Prices Index to the Consumer Prices Index. The former index is no longer popular in the investment world and there was concern that index numbers might not be produced in the future.

The aim is that the surplus value of the endowment fund, ie: the excess over the current value of the initial £10million, can be drawn down to help fund NHMF's grant giving. On occasions, trustees have drawn down funds that take the value of the endowment fund below its target value. Trustees do this reluctantly and only when faced with the possibility of losing a significant part of the UK's heritage. In these circumstances, trustees monitor the shortfall and use future grant-in-aid to replenish the endowment fund if capital growth does not exceed the increase in the Consumer Prices Index.

At 31 March 2024, the original £10million investment would be worth £57.9m taking into account indexation. The actual market value was £67million including cash held within the endowment (£29.1million).

The endowment fund comprises the following:

	Market value 2023–24 £'000	Market value 2022–23 £'000
Long-term financial assets	37,707	46,347
Cash	29,058	27,582
	<b>66,765</b>	<b>73,929</b>

The element of this fund held in cash is disclosed in these accounts as a current asset as part of the cash balances.

The remainder of the endowment fund is invested in the Responsible Multi-Asset Fund run by our investment management provider which invests in a range of 22 unit and investment trusts across many asset types and geographic markets. Units in the Responsible Multi-Asset Fund are sold to raise funds for grant payments and administrative expenses. Trustees have no plans to liquidate the entire endowment fund.

Movements on these investments during the year were:

	2023–24 £'000	2022–23 £'000
Cost and net book value		
At start of year	41,285	45,657
Additions	–	3,940
Disposals	(10,798)	(8,312)
	<b>30,487</b>	<b>41,285</b>
Net book value		
– Listed on the London Stock Exchange	–	–
– Unlisted investments	30,487	41,285
	<b>30,487</b>	<b>41,285</b>
Cost	30,487	41,285
Market value	37,707	46,347
Unrealised gain	7,220	5,062

There is no liability to taxation on gains realised by NHMF. An analysis of investments at the year-end was:

	2023–24 %	2022–23 %
Bonds	11	11
UK equity	–	–
Europe equity (excluding UK)	–	–
Thematic equity	15	17
Global equity funds	56	49
Property	5	5
Diversifiers	9	10
Infrastructure	–	–
Cash	4	8
Commodities	–	–
	<b>100</b>	<b>100</b>

# Financial statements (continued)

Further information about the underlying investments of the endowment fund can be found under note 21 (Financial instruments) and the Disclosure of Investments note in this report.

## 15. Trade and other receivables

	2023–24 £'000	2022–23 £'000
Prepayments and accrued income	12	2
	12	2

## 16. Cash and cash equivalents

	2023–24 £'000	2022–23 £'000
Instant access		
– Cash at bank	12,110	20,424
– Cash held in liquidity funds	29,058	27,582
	41,168	48,006

Cash at bank is held to support our day-to-day activities. Cash held in liquidity funds is cash liquidated from endowment fund sales.

## 17. Profit on the sale of investments

	2023–24 £'000	2022–23 £'000
Profit on sale of long-term financial assets	1,427	1,146

## 18. Trade and other payables

	2023–24 £'000	2022–23 £'000
Trade payables	16	116
Other payables including taxation and social security	444	636
Accruals and deferred income	105	78
	565	830

All trade and other payables are due within one year and included in current liabilities.

## 19. Related-party transactions

NHMF is a non-departmental public body sponsored by DCMS. DCMS is regarded as a related party.

During the year, NHMF (including its National Lottery distribution activities) has had various material transactions, other than grant awards, with DCMS itself and with five entities for which DCMS is regarded as the sponsor department: the National Lottery Community Fund, Sport England, UK Sport, Historic England and Arts Council England.

Further details of these transactions and balances can be found in the accounts of the National Lottery distribution activities of NHMF.

As referenced elsewhere in these accounts, NHMF has distributed funds on behalf of various government organisations: the Department for Digital, Culture, Media and Sport, Defra; and the Welsh Government.

There were three projects where trustees and members declared a conflict of interest:

### The British Library

A grant of £245,550 – Acquisition of the Elizabeth Barrett Browning Letters

Orlando Rock declared an interest as Chairman of Christie's. Christie's were involved in the sale of the letters.

Simon Thurley declared an interest as he had just stepped down as Trustee of the British Library. He was still a member of their Major Projects Committee.

### The Landmark Trust

A grant of £5,300,000 – Saving Mavisbank House

Simon Thurley declared a conflict of interest as his wife, Anna Keay, was the Director of The Landmark Trust.

### Urban Green Newcastle

A grant of £701,417 – #Species Newcastle's Nature Networks

Carol Pyrah declared an interest as she is Chief Executive of Urban Green Newcastle.

## 20. Fair value reserve

	2023–24 £'000	2022–23 £'000
At start of year	5,062	7,356
Movement in the year	2,158	(2,294)
<b>At end of year</b>	<b>7,220</b>	<b>5,062</b>

The reserve relates to the difference between book cost and market value of investments (see note 14).

## 21. Financial instruments

IFRS 7, Financial Instruments: Disclosures, requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities.

Financial instruments play a much more limited role in creating or changing risk for NHMF than is typical of the listed companies to which IFRS 7 mainly



applies. NHMF does not have powers to borrow but can invest grant-in-aid derived funds. With the exception of the endowment fund, financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the organisation.

### Liquidity risk

Trustees maintain an endowment fund and its underlying investment in our investment management providers' Responsible Multi-Asset Fund is widely traded. Trustees are able to liquidate assets on a daily basis should the need arise to fund grant payments. Therefore trustees are satisfied that they have sufficient liquid resources, in the form of their cash balances (worth £41million at the date of the Statement of Financial Position) and the endowment fund investments (worth £38m at the date of the Statement of Financial Position), to cover all outstanding grant awards of £76.9m and administrative liabilities of £0.6m. The endowment is invested in a fund that is mostly invested in unit trusts, which are readily marketable; the prices are quoted daily in the Financial Times. NHMF monitors its cash balances on a daily basis and keeps in regular contact with grantees to ascertain their likely cash drawdown requirements.

Trustees consider that the NHMF is not exposed to significant liquidity risks.

### Market and interest rate risk

Cash balances were held in a variety of bank accounts – all at variable interest rates.

The year-end cash balances were £41million and were held as disclosed in the table in note 16. Other financial assets and NHMF's financial liabilities carried nil rates of interest.

At the year end, the market value of the endowment, excluding its cash element, was £38million. Returns are dependent upon global stock and commodity markets and performance of investments included within the portfolio. In the year, the return on the endowment was an increase of 10.2%.

The balance of cash and investments within the endowment fund exceeds the current value of existing liabilities. £25.4million of grant awards were made for the Species Survival Fund in the final quarter of 2023–2024 while the grant-in-aid for these commitments has not yet been drawn down. Had the drawdown been made in the year, the balance of cash and investments within the

endowment fund would have significantly exceeded the current value of existing liabilities. Furthermore, we received notification that our normal funding of £5.3million a year from DCMS will remain in place for the period of the next Spending Review.

Should the value of the endowment fund significantly decline in the long term, trustees would seek an increase in their grant-in-aid while reducing their future grant award budgets. Should this approach be declined by DCMS, trustees would review their long-term grant award strategy.

### Credit risk

NHMF's receivables mostly comprise trade debtors and prepayments. It is not, therefore, exposed to significant credit risk.

### Foreign currency risks

The element of the endowment fund that is invested by our investment management provider in a Responsible Multi-Asset Fund, is denominated in sterling. The NHMF invests in a large number of unit trusts and similar products, many of which include investment in assets denominated in other currencies. It is not possible to be precise about the proportion of the investments denominated in foreign currencies, but it is around two thirds of our investment holding. The NHMF mitigates its exposure to foreign exchange risks by investing in a global spread of equities, bonds and commodities and, therefore, currencies. The Trustees' Investment Panel monitors the investment of our endowment fund, including the exposure to foreign currencies within the NHMF. All other assets of NHMF are denominated in sterling.

### Investment risk

The investments are invested in a fund controlled by our investment management provider. Underlying investments are normally investment trusts that ultimately are underpinned by share investments. The value of shares can go up and down for a wide variety of reasons. By investing with our investment management provider, we are buying into their expertise in making investments. Having invested originally in the Charity Multi-Asset Fund and now in the Responsible Multi-Asset Fund, we seek a track record of returns above inflation while reducing the impact of market volatility.

By investing in a multi-asset fund, our money is distributed across a large number of investments and asset types, including those designed to maintain value in falling markets, in order to spread the risk.

# Financial statements (continued)

These investments are held for the long-term benefit of the NHMF allowing us to draw down sums when demand for grant awards exceeds our annual grant-in-aid. Therefore, should the value of the investments significantly rise or fall in any one year, this would not immediately impact on our grant-giving. Depending upon the nature of the significant change in investment value, and its likelihood for continuing in the medium to long-term, trustees may amend future grant budgets to reflect the impact.

The Investment Panel includes three independent members with extensive experience in financial markets. The Investment Panel reports directly to the Board of Trustees.

## Financial assets by category

	2023–24 £'000	2022–23 £'000
Assets per the statement of financial position		
– Investments	37,707	46,347
– Cash and cash equivalents	41,168	48,006
– Loans and receivables	12	2
	<b>78,887</b>	<b>94,355</b>

## Financial liabilities by category

	2023–24 £'000	2022–23 £'000
Liabilities per the statement of financial position		
– Grant commitments	76,892	58,623
– Trade and other payables	460	752
– Accruals	105	78
	<b>77,457</b>	<b>59,453</b>

## Fair values

Set out below is a comparison, by category, of book values and fair values of NHMF's financial assets and liabilities as at 31 March 2024 and 2023.

### Financial assets at 31 March 2024

	Book value £'000	Fair value £'000
Cash	41,168	41,168
Investments	37,707	37,707
Receivables	12	12
	<b>78,887</b>	<b>78,887</b>

### Financial assets at 31 March 2023

	Book value £'000	Fair value £'000
Cash	48,006	48,006
Investments	46,347	46,347
Receivables	2	2
	<b>94,355</b>	<b>94,355</b>

### Financial liabilities at 31 March 2024

	Book value £'000	Fair value £'000
Grant payables	76,892	76,892
Operating payables	16	16
Other payables	444	444
Accruals	105	105
	<b>77,457</b>	<b>77,457</b>

### Financial liabilities at 31 March 2023

	Book value £'000	Fair value £'000
Grant payables	58,623	58,623
Operating payables	116	116
Other payables	636	636
Accruals	78	78
	<b>59,453</b>	<b>59,453</b>

Basis of fair valuation:

1. Cash is the value of short-term money market investments and deposits with commercial banks. It is expected that book value equals fair value.
2. Investments are made in readily marketable securities and are valued at mid-market at close of business on the date of the Statement of Financial Position. Where relevant, the closing exchange rate between the base currency and sterling is taken at the date of the Statement of Financial Position. Book value reflects the price actually paid in sterling at the date of completion of the transaction.
3. No provision for bad debts is deemed necessary. None of the debts are long-term and so no discounting factor has been applied.
4. All non-grant payables are due within normal contractual terms, usually 14–30 days, and so no difference exists between book value and fair value.

## Maturity of financial liabilities

The Statement of Financial Position discloses the figures above separated between amounts due in one year and amounts due in more than one year. Our contracts with grantees contain no split between amounts due within one year and beyond one year.

Theoretically, grantees could demand their entire grant within the next 12 months if their projects were completed in that period.

Hence we have adopted a prudent approach and shown the maturity of liabilities to be all within one year. In 2023–2024, this is £77,457k (£59,453k in 2022–2023).

## 22. Losses and special payments

Losses occur where there is no evidence that a funded project's objectives were met. In 2023–2024, NHMF had no write offs (2022–2023: one totalling £3,287).

Special payments arise where:

- A grant has been made inadvertently to an organisation that is ineligible under the law but where the grant is within the broad intention of statutory legislation.

- Ex-gratia payments are approved.

No special payments were made in the year (2022–2023: nil).

### 23. Capital commitments

At 31 March 2024, NHMF had no capital commitments contracted for or capital commitments approved but not contracted for.

### 24. Events after the reporting period

There are no events after the Statement of Financial Position date and up to the date the accounts were authorised for issue requiring an adjustment to the financial statements. The date the accounts were authorised for issue is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General.

# Disclosure of investments

## The investment of the endowment fund

Trustees regard a £10million lump sum given to the NHMF in 1980 as an endowment to be occasionally used alongside its grant-in-aid to help support the UK's heritage. The endowment fund is invested in order to maximise the return over the long term.

Investment management is outsourced to specialist fund managers, Cazenove Capital.

Investment policy is the responsibility of the Investment Panel – a sub-committee of the Board. The panel comprises of one trustee and three independent financial experts who meet with the investment management provider twice a year to discuss its performance.

The Board recognises that there can be public interest in disclosure of the investments being made and sets out details of them below. The Responsible Multi-Asset Fund invests in a large number of investment trusts and other types of investment, most of which regularly buy and sell assets. The information was correct at 31 March 2024 and will be updated annually in the Annual Report.

The investment management provider has its own responsible investment policy that it adopts when making investments. It considers environmental, social and governance issues and produces an annual responsible investment report detailing its activities. The investment management provider complies with the United Nations' Principles for Responsible Investment. We require the provider to notify us if it is considering investing in any organisation that could lead to embarrassment to NHMF.

## Responsible Multi-Asset Fund

<b>Growth assets</b>	<b>71.1%</b>
<b>Core Global equities</b>	<b>56.2%</b>
Direct Equities, 30–50 of the world's leading sustainable businesses	56.2%
<b>Thematic equities</b>	<b>14.8%</b>
HSBC Global Equity Sustainable Healthcare Fund	2.2%
Schroders Global Energy Transition Fund	2.3%
Schroder Global Sustainable Value	8.8%
UBAM Positive Impact Emerging Equity	1.5%
<b>Alternatives</b>	<b>13.7%</b>
<b>Property</b>	<b>4.6%</b>
Charities Property Fund	2.4%
Property Income Trust for Charities	2.2%
<b>Diversifiers</b>	<b>9.1%</b>
BlueOrchard Microfinance Fund	0.9%
Brevan Howard Absolute Return Fund	1.4%
Schroder Sustainable Diversified Alternative Assets	3.6%
Wisdom Tree Energy Transition Metals	1.5%
Wisdom Tree Physical Gold	1.7%
<b>Defensive assets</b>	<b>15.2%</b>
<b>Bonds</b>	<b>10.6%</b>
Federated Hermes Climate Change Fund	0.8%
1.125 Gilt 2039	1.9%
Inflation Linked Gilt 2027	1.3%
iShares Global Government Bond	1.7%
Lombard Odier Global Climate Bond Fund	1.0%
Morgan Stanley Global Asset Backed Securities	1.9%
Threadneedle European Social Bond Fund	1.0%
TwentyFour Sustainable Short Term Bond Fund	1.0%
<b>Cash &amp; equivalents</b>	<b>4.6%</b>
Cash	2.3%
HSBC ESG Liquidity Fund	2.3%

Source: Cazenove 31 March 2024

# Chair, trustees and management

## NHMF Chair and trustees

### Chair

Dr Simon Thurley CBE

### Trustees

Maria Adebowale-Schwarte

to 15 February 2024

Anna Eavis

from 16 February 2024

Dr Claire Feehily

to 30 November 2023

Julian Glover

Roisha Hughes

from 16 February 2024

Denise Lewis-Poulton

Ray Macfarlane

Taryn Nixon

Carol Pyrah

Mukesh Sharma MBE DL

Dr David Stocker

to 15 February 2024

James Twining

from 1 December 2023

## Executive directors

### Chief Executive and Accounting Officer

Eilish McGuinness

### Executive directors

Harnish Hadani

to 30 June 2023

Isabel Hunt

Anne Jenkins

Richard Sydee

from 19 June 2023

## NHMF

4th Floor

Cannon Bridge House

25 Dowgate Hill

London EC4R 2YA

[nhmf\\_enquiries@nhmf.org.uk](mailto:nhmf_enquiries@nhmf.org.uk)

[www.nhmf.org.uk](http://www.nhmf.org.uk)

## NHMF Advisory Panel

Anna Eavis (Chair)

from 16 February 2024

Eilish McGuinness (Chair)

to 15 February 2024

Peter Barber OBE, SA

Lennox Cato

Professor Aonghus MacKechnie

Sally Montgomery

Dr Tessa Murdoch FSA

Geoff Pick

to 31 March 2024

Orlando Rock

Dr David Stocker

to 15 February 2024

## NHMF Trustees' Investment Panel

Dr Simon Thurley CBE (Chair)

Sarah Bates

to 30 June 2023

Jamie Korner

Sir Laurie Magnus

to 26 September 2023

Katrina Norris

from 26 September 2023

David Smart

from 26 September 2023

James Twining

from 7 February 2024

## Acknowledgements

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HMS Unicorn © The Unicorn Preservation Society

One of 119 autograph letters from Elizabeth Barrett Browning to her sister Henrietta © The British Library

A selection of the volumes that contain the extensive series of letters from Elizabeth Barrett Browning to her sisters © The British Library

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Raymond Chandler's 'Advice to an Employer'

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