

The National Lottery
Heritage Fund

Annual Report and Accounts
2023–2024

The National Lottery Heritage Fund

National Heritage Memorial Fund National Lottery Distribution
Annual Report and Accounts 2023–2024
for the period 1 April 2023 to 31 March 2024

Presented to Parliament pursuant to section 34 (3) of the National Lottery etc Act 1993 (as amended by the National Lottery Act 2006), and accounts presented to Parliament pursuant to section 35 (5) of the National Lottery etc Act 1993

Ordered by the House of Commons to be printed on 29 July 2024
Laid before the Scottish Parliament by the Scottish Minister on 29 July 2024
Laid before the Northern Ireland Assembly on 29 July 2024
Laid before the Welsh Parliament on 26 September 2024

HC 79
SG/2024/143



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ISBN 978-1-5286-5082-3

E03151607 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.

The National Lottery Heritage Fund is the largest funder of the UK's heritage. We believe in the power of heritage to ignite the imagination, offer joy and inspiration, and to build pride in place and connection to the past.

Our devolved network of staff across the UK ensures that the differences in heritage character across England, Scotland, Wales and Northern Ireland are reflected in our decision-making. Our UK-wide expertise supports our vision for heritage to be valued, cared for and sustained for everyone, now and in the future.

We distribute money raised by National Lottery players as grants from £10,000 to £10million and invest in projects that connect people and communities to heritage.

We deliver additional funding for heritage on behalf of governments and partner with organisations that are best placed to get our funding to where it's most needed.

Discover more at www.heritagefund.org.uk

**National
Lottery
Funding**

£8.6bn

invested since 1994

47,000

projects supported

**Total funding
distributed**

(including grant-in-aid)

£9.1bn

invested since 1994

52,000

projects supported

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Performance report

Performance report

Performance overview

This section provides information on the main objectives and strategies of the National Heritage Memorial Fund (Lottery Distribution), otherwise known as The National Lottery Heritage Fund (the Heritage Fund). The overview section gives information on the organisation's purposes and activities, the key risks to the achievement of its objectives and how it has 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

The National Lottery Heritage Fund continued to play an essential role this year in connecting people and communities to the UK's heritage, through grant investments large and small across the length and breadth of the four nations. We believe in the power of heritage to offer joy and inspiration, to build pride in place and connection to the past. It is through embracing this power that we will achieve our vision that heritage is valued, cared for and sustained for everyone, now and in the future.

One of our key priorities in 2023–2024 was to implement our new 10-year strategy, Heritage 2033. We launched the strategy in March 2023 with the first 12 months being a transition period, as we moved from our Strategic Funding Framework 2019–2024 to our new investment principles and long-term ambitions. Alongside delivering the transition, we continued to provide high level support to the heritage sector, assessing over 2,000 grant applications and investing more than £293m raised by National Lottery players in almost 1,300 projects across the UK.

This has been a busy and productive year, which would not have been possible without the support and hard work of the Board, our six committees and over 300 staff working across the UK. Their commitment enabled us to deliver all the achievements set out in this annual report and to continue to support heritage across the UK. My thanks goes out to all of them.

Our transition year and implementing Heritage 2033

We published our first Heritage 2033 three-year delivery plan in July, in which we committed to invest over £1bn between 2023 and 2026, announced changes to our National Lottery Heritage Grants programme, and detailed priorities for targeted investment, through a series of strategic initiatives. By August we had already received some impressive and exciting expressions of interest for projects seeking major funding following our decision to offer an increased £10m upper grant threshold in January. In March we awarded a £412,000 development grant ahead of a potential £9.4m delivery grant to Amgueddfa Lechi Cymru, the National Slate Museum, in Gwynedd to transform it into a world-class visitor attraction. We also awarded £730,000 ahead of a potential £6.6m grant to repair, conserve and share the history of the ruins of the Abbey of St Edmund in Suffolk.

Across the UK this year, we invested in many significant projects, from our £2.1m grant to revitalise Cardiff's Grade II* listed Victorian market, and £3m to connect people in north and west Belfast to the iconic Divis and the Black Mountain, to a combined £4.3m for three churches in the Midlands and East of England to establish themselves as community hubs, and £1.6m to transform Scotland's last remaining clay smoking pipe factory into a cultural centre for Glasgow. We welcomed the reopening of major redevelopment projects where we provided significant National Lottery support, such as London's National Portrait Gallery, the re-opening of the new Scottish Galleries at the National Gallery of Scotland, Templemore Baths in Belfast, the transformed Hyde Park Picture House in Leeds and St Michael's Church in Llanfihangel-y-Creuddyn. Against this backdrop of investment and openings, we strengthened our support for heritage projects amid a more challenging

financial climate, through the active engagement of our local teams, consultancy support, resilience grant funding and greater flexibility.

It was also a joy to celebrate the impact our funding had on those at the heart of heritage projects, many of whom are young people. In May we marked the King's coronation with a £1m boost to our investment in our brilliant New to Nature programme, working with Groundwork UK to create work placements for nearly 100 young people from backgrounds typically under-served by the nature and environmental sectors. Some of those trainees shared their experiences and ambitions with Lord Parkinson, Minister for Arts, Heritage and Libraries, MPs and Peers at our parliamentary event in Westminster in May.

This year marked the end of our four-year £4.2m Digital Skills for Heritage initiative, co-funded with DCMS. This £1m investment initiative has delivered impressive far-reaching results at a time when digital skills and engagement are in increased demand: funding 55 projects and supporting over 53,000 individuals working and volunteering in over 6,400 organisations. Of those projects, 85% reported an increase in participants' digital skills and confidence. We celebrated the initiative's impact at an event in October at the British Museum, which brought together more than 500 people in person and online, including many who had benefited from the funding. The digital resources that have been developed through the initiative will live on through our Digital Heritage Hub and guidance, such as our recent briefing on the use of artificial intelligence (AI) in the heritage sector.

We continued to see strong progress from our ambitious Heritage Horizon Awards with three transformative projects progressing to delivery phase in December: Plymouth Sound National Marine Park (awarded £11.6m), Great Yarmouth Winter Gardens (£11.8m) and the Cairngorms 2030 project (£10.7m). And 17 of our Heritage Innovation Fund cohort progressed to the second funding phase with a grant up to £75,000 each to continue developing potential solutions to their workforce challenges. Their projects range from experimentation with AI driven approaches to learning and development to harnessing digital technology to enhance nature conservation work.

Once again, we supported the UK's City of Culture, with a £4.95m grant to Bradford to help shine a light on its fascinating heritage in 2025. Through multiple years of support for the City of Culture, we have seen first-hand the transformational effects that an exciting heritage programme can bring, creating a deeper sense of connection and pride in place and creating long-term impact.

Throughout the year we continued to work with organisations across the UK to share our grant making expertise and maximise the impact of funding for heritage. Working with the Scottish Government and NatureScot, we supported 29 projects with a total investment of £2.4m through the Facility for Investment Ready Nature Scotland to help develop propositions for new Green Finance investment. We continued our partnership with the Welsh Government to support nature's recovery through multiple programmes, including Local Places for Nature, Coetiroedd Bach/Tiny Forests, The Woodland Investment Grant and Nature Networks, investing over £11m in 2023–2024. In England, we delivered the Species Survival Fund on behalf of Defra, awarding £25m to support the creation and restoration of wildlife-rich habitats. All this work has consolidated our reputation as a trusted grant maker across the UK.

Introducing our strategic initiatives

We want to create the greatest impact and benefit from our funding for the UK's heritage, and one of the ways we are doing this is through the targeted strategic initiatives set out in Heritage 2033. These strategic initiatives are designed to address long-standing heritage issues at scale, support coordinated cross-territory approaches and accelerate new ideas and innovations.

In October, we announced the first nine locations for our Heritage Places programme: Armagh City, Banbridge and Craigavon, County Durham, Glasgow, Leicester, Medway, Neath Port Talbot, North-East Lincolnshire, Stoke-on-Trent, and Torbay. Our ambition is to invest at least £200m in 20 places over the 10 years of our strategy. Through this focus on close partnership working, we want to boost pride in place and connection to heritage across whole places rather than individual projects.

Performance report (continued)

Our aim is to make heritage integral to plans and approaches that will make local areas better places to live, work and visit. Our commitment to Heritage Places builds on our track record and expertise in funding placemaking: from the Heritage Horizons Awards and Areas of Focus delivered under our previous strategy, to partnerships such as our Great Places Scheme.

In the year we scoped two further strategic initiatives with partners: one will focus on delivering urban nature recovery through thriving historic parks and green spaces, and the other on connecting and enhancing nature at landscape scale. We expect both these initiatives to launch in 2024.

Collaboration and partnership working are important enablers to help maximise the impact of our investment through Heritage 2033. We are committed to sharing expertise and drawing on the connections and networks of others to ensure our funding reaches where it is needed most. This year we committed £5m to working with the Architectural Heritage Fund to bring disused heritage buildings back to life, nearly £2m to help increase the resilience of places of worship working with the National Churches Trust and our staff collaborated with local Area Towns Groups across England to revitalise and 'level up' places. We worked with Historic England on the High Street Heritage Action Zones programme to bring culture to the heart of English towns and communities and continued to collaborate on our joint research panel, UK Heritage Pulse, to capture valuable insights from across the heritage sector.

This year was also an important one for all the National Lottery distributors with the change to a new operator, Allwyn, in February 2024. We worked closely with DCMS and the other distributors to support a successful transition and to prepare to celebrate the 30th anniversary of The National Lottery in November 2024. Our staff played a significant role in delivering the 29th anniversary parliamentary event in November, which featured National Lottery award winners as special guests – many of them from heritage projects we have funded.

Our operational delivery

Our operational focus this year was on the implementation of Heritage 2033: developing the communications, systems, processes and training needed to bring the new strategy to life. In January, we launched our new, streamlined National Lottery Heritage Grants. We simplified the process of applying for a grant, making it easier for grant applicants to tell us about the heritage project they want to deliver, and we streamlined our requirements for smaller grant applications. Our first National Lottery Heritage Grants under the new guidance and processes have already been made. To support the new strategy, we have also appointed a new roster of consultants to our support services framework: a network of experts who will play an important role in monitoring the projects we fund and mentoring grantees and potential applicants.

Following the migration to our new investment management service (detailed in 2022–2023), this year we successfully consolidated our reporting infrastructure and started to see the benefits of our investment in Geographic Information Systems (GIS), completing our first GIS pilot project as part of the Species Survival Fund delivery. We are committed to improving our approach to using and sharing the data we capture and continued to publish details of our grants to 360Giving as well on our own website and the DCMS National Lottery Grants database. We are working closely with the other National Lottery distributors to improve the quality and usability of data relating to National Lottery grants held by each organisation.

Looking ahead

With our Heritage 2033 strategy now firmly in operation, our ambition for the year ahead is to ensure our simplified framework of investment principles – saving heritage; protecting the environment; inclusion, access and participation; and organisational sustainability – enables innovative and ambitious projects of all sizes, that will bring our vision to life. Through our strategic initiatives, we will focus on addressing heritage gaps and heritage in need, where proposals have historically been missing from our National Lottery Heritage Grants programme. Throughout our delivery we will remain committed to flexibility and responding swiftly when required: from saving heritage at risk

and supporting acquisitions of exceptional heritage, to responding to opportunities, emergencies and celebrating significant events.

All these efforts this year – and our ambitions ahead – are only possible thanks to the hard work of those who care for heritage and collectively work with passion and purpose for heritage across the UK.

Our purpose and activities

The National Heritage Memorial Fund (NHMF) is vested in, and administered by, a body corporate known as the Trustees of the National Heritage Memorial Fund. This consists of a Chair and 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 United Kingdom. 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 (the 1998 Act).

Under the 1993 Act, NHMF became responsible for the distribution of the proportion of National Lottery proceeds allocated to heritage. NHMF has to prepare separate accounts for the receipt and allocation of grant-in-aid and for its 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 for receipts under the provisions of the 1993 Act.

Under section 21(1) of the 1993 Act a fund known as The National Lottery Distribution Fund (NLDF) is maintained under the control and management of the Secretary of State for Culture, Media and Sport (DCMS). All sums received from the licensee of The National Lottery under section 5(6) are paid to the Secretary of State for DCMS and placed into the NLDF. NHMF applies to the NLDF for funds to meet its liabilities for National Lottery grant payments and administration expenses.

Under section 22 of the 1993 Act, the Secretary of State for DCMS shall allocate 20% of the

sum paid into the NLDF for expenditure on, or connected with, the national heritage. Section 23(3) establishes the trustees of NHMF as distributors of that portion.

These accounts are for National Lottery distribution activities only and have been prepared in a form directed by the Secretary of State for DCMS with the consent of HM Treasury in accordance with section 35(3) of the 1993 Act.

Under sections 3 and 3a of the 1980 Act NHMF may make grants and loans 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, archaeological, architectural 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 subsequently amended) extends the powers of trustees to improving the display of items of outstanding interest to the national heritage. This is done 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 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. The 1998 Act gave trustees the power to make revenue grants to broaden access to heritage and to delegate National Lottery grant decisions to staff and also to committees containing some members who are not trustees.

Using money raised by National Lottery players, The National Lottery Heritage Fund provides funding for heritage projects across the UK. We have built a strong track record of grant-making for heritage, with considerable experience of distributing National Lottery funds and expert

Performance report (continued)

teams located across the UK. Thanks to National Lottery players, The National Lottery Heritage Fund is one of the most important sources of funding for the UK's heritage.

Our key risks

Throughout the year, our National Lottery distribution operations encountered various risks, all of which were successfully and efficiently handled to reduce any negative effects on our applicants/grantees, stakeholders, and the Heritage Fund. The Board of Trustees were appraised and assured of our mitigations to these risk 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 escalating cost pressures impacted our applicants, grantees, and the projects we funded.

As a result of these economic pressures we needed to manage an increase in requests for grant increases, mainly due to higher material costs, within the available funding envelope for all projects. This was achieved with no detrimental impact on our ability to fund new activity, partly through the decision to increase overall grant commitments this year through the utilisation of cash reserves.

Another significant external risk was the uncertainty surrounding National Lottery income. This relates to a potential reduction in lottery income resulting from both wider economic conditions reducing sales and the transition from the previous National Lottery operator (Camelot) to the new operator (Allwyn) in February 2024. Income for the reporting year fell slightly, but only within the parameters of normal annual variation.

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 has maintained accreditation to the National Cyber Security Council-recommended cyber security standard, Cyber Essentials Plus.

Internal risks

Staff resources, particularly recruitment, remained a challenge in a thriving job market, particularly for those with IT and data skills. We have 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 continue 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.

Heritage 2033

Since publishing Heritage 2033, we have been working to implement this ambitious 10-year vision for heritage to be valued, cared for and sustained for everyone, now and in the future. In the first of our three-year delivery plans we set out how we plan to invest over £1bn between 2023 and 2026; changes to our National Lottery Heritage Grants; and our priorities for investment, including strategic initiatives.

During 2023–2024 we introduced a higher investment threshold of £10m in order to invest in ambitious heritage projects that share our belief in the power of heritage to bring people together, build pride in place and connection to the past.

In January, we reached a major Heritage 2033 milestone by launching our new, streamlined National Lottery Heritage Grants and a simplified process for applicants. Our National Lottery

Heritage Grants are at the heart of what we do – giving the widest opportunity to apply for heritage funding. This year, between the previous framework and Heritage 2033, we received over 2,000 applications, and were pleased to support almost 1,300 projects with over £293m raised by National Lottery players.

Working with the Welsh Government and Natural Resources Wales, we delivered a third year of the Local Places for Nature Capital Fund and the Nature Networks Fund, which aim to restore habitats for endangered species and improve local green spaces for people in deprived areas. In addition, we partnered with Defra to deliver the Species Survival Fund, a £25m initiative aimed at helping to halt and reverse the decline in species abundance by preserving natural habitats.

We delivered funding agreements with heritage partners such as the Architectural Heritage Fund and the National Churches Trust, investing in building capacity for heritage organisations and where there is significant heritage need.

Going concern

The accounts have been prepared on a going concern basis. The trustees have no reason to believe that the government has any plans to change the percentage of National Lottery good causes money received by the National Heritage Memorial Fund (NHMF) or to change distributors of money derived from The National Lottery.

The government continues to endorse our National Lottery distribution role and the value that brings to their policy agenda in areas such as Levelling Up.

Trustees have no reason to believe that the chief source of income – The National Lottery – will not continue to generate reasonable sums to the Heritage Fund. Our National Lottery Distribution Fund (NLDF) balance and lottery income projections remain high and stable. Therefore, the Board has no reason to believe that the Heritage Fund will not continue to operate in the foreseeable future.

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 report discusses solely the activities of NHMF's National Lottery distribution work. The purpose of this section is to discuss the performance of NHMF in distributing funds derived from The National Lottery 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.

In 2023–2024, our National Lottery income was £344.7m. This was less than the projection for the year by £16.3m. Our share of investment income from the NLDF increased from £7.1m to £16.8m. The return on investments was 5.16% compared to 2.32% in 2022–2023. Our overall cash balances (cash at bank plus cash at NLDF) rose from £531.8m to £630.7m. We continue to manage the NLDF balance to ensure we make timely cash payments to good causes while ensuring sufficient NLDF balances to meet existing liabilities. Our grant liabilities are made up of capital and time-limited revenue projects. The grant liabilities are recognised in full at the point of commitment, but grant payments for capital schemes will be made over a number of years as the projects are delivered. As a result, it is necessary for the Heritage Fund to hold significant cash balances.

The balance of grant liabilities increased from £551.8m at the start of the year to £657.8m at the end of the year as the value of net new awards exceeded the value of grant payments. The level of new grant liabilities created increased from £199.2m to £338.1m. The Board approved an increase to the grants budget in December 2023 to enable increased demand to be met under Heritage 2033. We also converted many of our contingent liabilities created in previous years to full grant liabilities. For 2023–2024, this figure was £118.6m (£68.1m in 2022–2023).

Performance report (continued)

The level of decommitments in 2023–2024 was lower than in 2022–2023 (£6.6m in 2023–2024; £11.0m in 2022–2023). The level of grant payments made in 2023–2024 was also lower than in 2022–2023 (£234.5m in 2023–2024; £252.7m in 2022–2023).

At 31 March 2024, we had £1.06bn (2022–2023: £882.1m) of outstanding commitments with respect to grant liabilities (including contingent liabilities) while we held £628.9m (2022–2023: £526.8m) in the NLDF to meet them. We therefore have commitments of £434.7m (2022–2023: £355.3m) above our current NLDF balance. This equates to approximately fifteen months of future National Lottery income based on our current income projections.

Our operating costs increased by 4.71% from £26.3m in 2022–2023 to £27.6m in 2023–2024, as we transitioned to our new Heritage 2033 strategy.

Key performance indicators

In 2023–2024, our operating costs for National Lottery activities were 6.87% of National Lottery income and 6.53% over a rolling three-year average. This is within the current temporary 8.00% DCMS threshold target (8.00% target in 2023–2024 and 2024–2025, reverting back to 7.75% in 2025–2026).

Further details can be found at note 9 to the accounts.

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 11).

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 858m² to 803m² and selected more

Greenhouse gas emissions

		2023–24	2022–23	2021–22
Greenhouse gas emissions	Scope 1 emissions (tCO ₂ e)	1.9	2	26
	Scope 2 emissions (tCO ₂ e)	26	33	44
	Scope 3 emissions (tCO ₂ e)	101	94	70
	Total gross emissions (tCO ₂ e)	129	130	140
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 ³)	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
	Total waste	92	3.25	1.20
Waste expenditure (£'000s)	Total waste (inc. cleaning for 2020–21)	included in utilities	included in utilities	26

* WEEE = waste, electrical and electronic equipment

Finite resource consumption

		2023–24	2022–23	2021–22
Finite resources	Water (m ³)	559	436	1,530
	Paper use (sheets)	31,000	33,340	6,903
	Paper use (kgCO ₂ e)	140	152*	31

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

energy efficient spaces with office providers who prioritise environmental sustainability. We relocated our Edinburgh and Exeter offices, saving 3.3tonnes of CO₂e 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 mostly 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,

Performance report (continued)

so this is no longer possible. As such, expenditure related to utilities is far higher than in previous years as it reflects all costs related to office spaces. In addition to this reporting difference, costs related to office spaces have risen 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 electric or hybrid vehicles. We will continue to track this trend going forward.

Waste minimisation and management and finite resource 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 m² 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 11).

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 has remained at a similar level to last year and is 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 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.

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 ICT and digital

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 CO₂e, contributing 87 tonnes CO₂e 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 1m 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 support the heritage sector in the transition to a sustainable future.

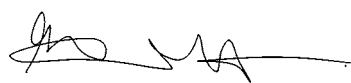
Rural proofing

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

23 July 2024

Performance report (continued)

Accountability report

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 the Heritage Fund'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 Adebawale-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

Chief Executive

Eilish McGuinness

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

	Male	Female	Total
Executive directors	1	3	4
Staff	87	261	348
Trustees	6	7	13

Register of Trustees' Interests

As a matter of policy and procedure, the trustees and Area and Nation Committee members declare any direct interests in grant applications and commercial relationships with the Heritage Fund and exclude themselves from the relevant grant appraisal, discussion and decision processes with the Heritage Fund. 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.

Future developments

The coming year will see the Heritage Fund continue to focus on attracting and investing in ambitious heritage projects through Heritage 2033, under the four investment principles, as well as developing and delivering the strategic initiatives.

In 2024–2025 we will continue delivering the Heritage Innovation Fund into its final 'Grow Phase', rolling out solutions to workforce challenges faced by the heritage sector. Working with the wider National Lottery family, we will celebrate the 30th birthday of the National Lottery as well as work with partners to support Bradford's Year of Culture.

We will continue to strengthen our partnerships with governments, local authorities and statutory agencies and create new collaborations with those who share our vision. We will continue to build on our success delivering grant-in-aid funding through the pandemic and beyond, delivering additional funding for heritage on behalf of governments and other bodies to achieve our shared aims.

Strategic initiatives

We want to create the greatest impact and benefit from our funding for the UK's heritage. Heritage 2033 sets out a set of strategic initiatives designed to address long-standing heritage issues at scale, support coordinated cross-territory approaches, and accelerate new ideas and innovations. Published in July 2023, the first of our three-year delivery plans set out an initial set of interventions that we have developed this year.

In October, we announced the first nine of up to 20 Heritage Places across the UK where we'll invest £200m. Through Heritage Places we want to boost pride in place and connection to heritage across whole places rather than individual projects. Our aim is to make heritage integral to plans and approaches that are making local areas better places to live, work and visit. In addition, throughout the year, we collaborated with partners to scope a programme of work to support cities and towns

across the UK to deliver urban nature recovery through thriving historic parks and green spaces.

We have been developing our approach to supporting large-scale projects that revive landscapes, support nature recovery and enhance connectivity for people and wildlife. We expect to launch an initiative later in 2024.

We remain committed to flexibility and responding swiftly when required. This could mean supporting acquisitions of exceptional heritage, marking significant events or supporting heritage areas and organisations dealing with an unforeseen emergency. We're also exploring opportunities for targeted funding for heritage that is at risk and in need of conservation. We will continue to develop these initiatives and opportunities over the next year.

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 to manage and visualise spatial data, completed 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.

Accountability report (continued)

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. DCMS issues UK-wide policy directions (see the policy directions section towards the end of this report) and controls the NLDF that invests the money received from The National Lottery. The Scottish Government and the Senedd Cymru have also issued policy directions.

Additionality

In accordance with the financial direction of the Secretary of State for DCMS, all National Lottery distributors are required to have regard to additionality principles. Our requirement for National Lottery grants is that our funding should be in addition to available government funding not instead of it. We will not give grants to projects where we believe that government funding was available at the time of decision. As part of our grant assessment process we ask applicants to make a clear case for National Lottery investment including telling us what other sources of funding have been considered.

Personal data

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. 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 35(3) of The National Lottery etc Act 1993, 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 Heritage Fund'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 HM Treasury Financial Reporting Manual (FRoM) and in particular to:

- observe the accounts directions 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 the FRoM, 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 DCMS's auditors are aware of that information. As far as I am aware, there is no relevant audit information of which the DCMS'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.

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 directions 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

The 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

Accountability report (continued)

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	Meeting(s) 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 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.

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 oversees 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 cyber security
- 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	Meeting(s) attended
Dr Claire Feehily (Chair) to 30 November 2023	3	3
James Twining (Chair) from 1 December 2023	1	1
Maria Adebowale-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

Area and Nation Committees (delegated grant decision making)

The trustees have delegated their grant decision making responsibilities for certain types and values of National Lottery awards to countries and English areas. There are six of these area and nation committees (three nations: Wales, Northern Ireland and Scotland, and three English areas: London and South, Midlands and East, and North) and each was chaired by a trustee. In addition to making grant decisions, these committees provide advice to the Board on priorities within their area and function as advocates for the organisation's work as a National Lottery distribution body. The Chair, Chief Executive and Executive Director for Business Delivery attend committee meetings for each area and nation throughout the year where possible.

Trustees have also delegated decision-making responsibilities for grants under £250,000 to staff, specifically to area and nation directors. An annual

report on the impact of delegated grants across all committees is presented to the Board. All decisions made by committees and staff are reported to the Board.

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	Meeting(s) 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 delegates day-to-day management of the NHMF to the Chief Executive.

The Executive comprises the Chief Executive and the executive directors for 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 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.

Accountability report (continued)

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 NHMF'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 were 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 on page 23.

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	Cybersecurity*	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 19 in the financial statements section, the level of grant write-offs 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 for 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 maintain its performance in responding effectively to information requests, identifying opportunities to proactively disclose information, and embedding good information handling behaviours across the organisation.

There were no major security incidents involving data at the Heritage Fund 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 our 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.

Accountability report (continued)

The Group is supported in its work by the Data Protection Officer who assists the organisation to monitor internal GDPR compliance and informs and advises on our data protection obligations.

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, there have been no concerns 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 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 (Mukesh Sharma MBE DL).

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the systems of internal control that support 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 the 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.

Accountability report (continued)

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.

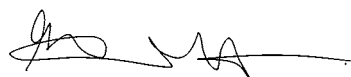
6. Corporate planning and performance management

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 as employment statistics, grant-making services, and other financial data such as our balance in the NLDF. 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 compliance by the NHMF 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

23 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 Heritage Fund. In addition, the Heritage Fund 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 Heritage Fund 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 February 2024	5–10 (Full year equivalent: 10–15)	10–15
James Twining from 1 December 2023	0–5 (Full year equivalent: 10–15)	–

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
Eilish McGuinness Chief Executive and Accounting Officer	145–150	140–145	(172)*	182	(20–25)	320–325
Harnish Hadani 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
Isabel Hunt Executive Director Business Innovation and Insight	125–130	120–125	48	46	175–180	165–170
Anne Jenkins Executive Director Business Delivery	110–115	105–110	14	201	125–130	305–310
Richard Sydee Executive Director Business Services from 19 June 2023	90–110 (Full year equivalent: 110–115)	–	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
Eilish McGuinness 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)*
Harnish Hadani Executive Director Business Services to 30 June 2023	0–2.5	5–10	104	86	8
Isabel Hunt Executive Director Business Innovation and Insight	2.5–5	10–15	217	153	36
Anne Jenkins 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
Richard Sydee 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.

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 that date, all newly appointed civil servants and the majority of those already in service joined alpha.

Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (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 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.

Accountability report (continued)

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. 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 28. 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 (2023–2023: £19,800 to a banding of £140,000–£145,000).

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)	3.7	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	13,149	11,159
Employer's NI payments	1,277	1,165
Payments to pension scheme	3,140	2,924
Temporary staff costs	562	879
	18,128	16,127

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, 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 National Lottery distribution activities in 2023–2024 (with prior year comparatives) was as follows:

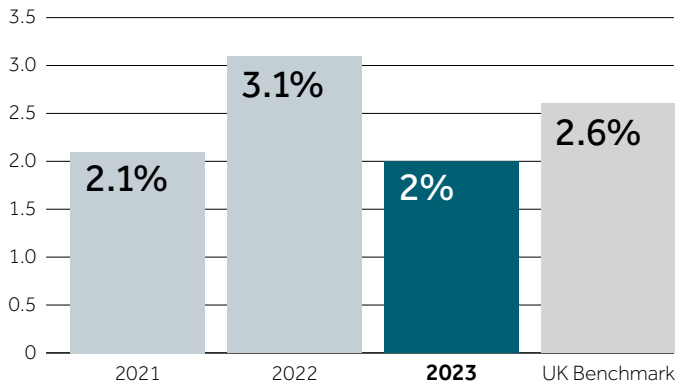
2023–24	Business Delivery	Business Services	Business Innovation and Insight	Total
Permanent staff	172	44	48	264
Secondees, contract staff and apprentices	17	12	8	37
Total	189	56	56	301

2022–23	Business Delivery	Business Services	Business Innovation and Insight	Total
Permanent staff	157	40	45	242
Secondees, contract staff and apprentices	25	14	7	46
Total	182	54	52	288

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 continue 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.

Accountability report (continued)



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 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 continue to work across four key action themes, which were identified in 2022 and resonate 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, induction 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 Heritage Fund. 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%

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

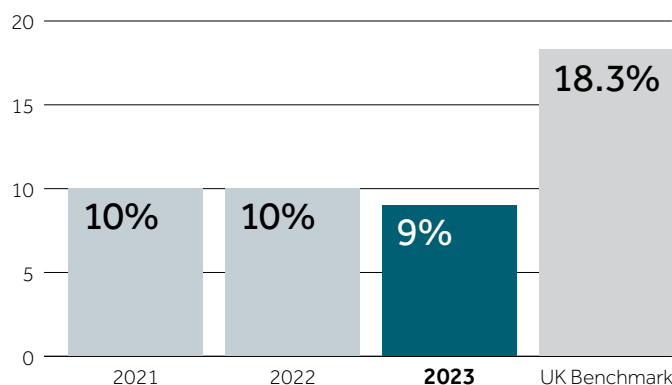
The charts below illustrate workforce diversity, for ethnicity, gender, sexual orientation and disability. Comparable benchmark data is also shown (based on

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 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.



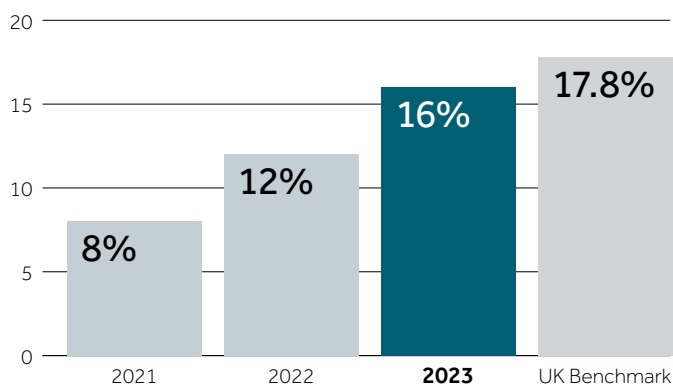
Source: Ethnic group, England and Wales – Office for National Statistics (ons.gov.uk)

Disability in the workforce

The percentage of our workforce with a disability 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.

Accountability report (continued)

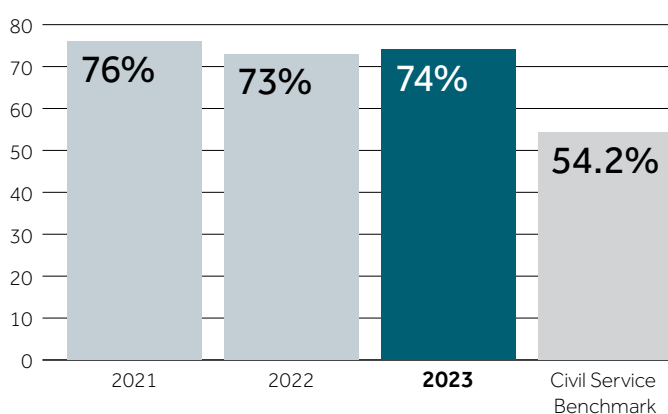
We remain a Disability Confident employer and will renew our commitment to this important scheme in 2024–2025. As part of our commitment to positive action, we continue to participate in the Leonard Cheshire 'Change 100' programme. Each year we provide two paid internships to students or graduates with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

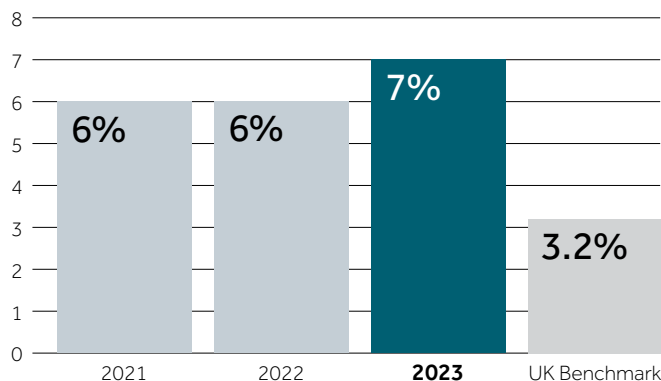


Source: Civil Service Diversity and Inclusion Dashboard – GOV.UK (www.gov.uk)

Sexual orientation in the workforce

The percentage of colleagues who identify as lesbian, gay, bisexual, queer or another sexual orientation (LGBQ+) 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 provided 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 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.

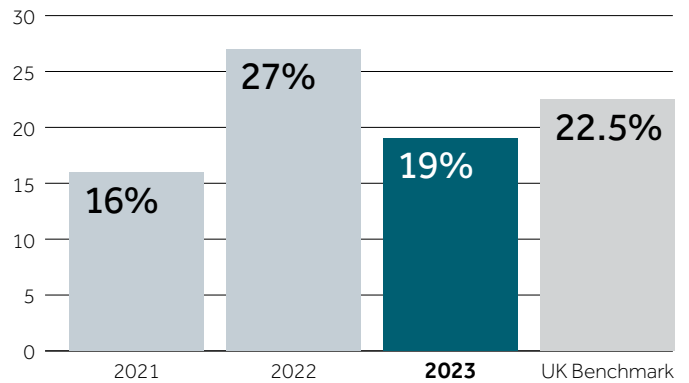
Our staff also had access to hundreds of online learning resources to support remote/hybrid learning opportunities. As part of our ongoing commitment to management and leadership development, our Executive team and Strategy & Performance Group continued to work closely with experienced coaches to leverage 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 showed a consistent decline throughout the year, reaching 13% for permanent staff by April 2024, not including 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.



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

Expenditure on consultancy

The Heritage Fund spent £59,780 on consultancy in 2023–2024 (2022–2023: £173,513) 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:

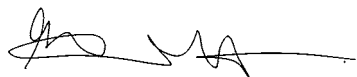
- financial malpractice or impropriety or fraud
- failure to comply with a legal obligation or statutes
- dangers to health and safety or the environment
- criminal activity
- improper conduct or unethical behaviour
- attempts to conceal any of the above

There were no instances of whistleblowing in the year.

Accountability report (continued)

Off-payroll engagements

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



Eilish McGuinness

Chief Executive and Accounting Officer

23 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 Lottery Distribution Accounts for the year ended 31 March 2024 under the National Lottery etc Act 1993.

The financial statements comprise the National Heritage Memorial Fund Lottery Distribution 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
- the related notes including the significant accounting policies.

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

In my opinion, the financial statements:

- give a true and fair view of the state of the National Heritage Memorial Fund Lottery Distribution Account's affairs as at 31 March 2024 and its total comprehensive net income for the year then ended; and
- have been properly prepared in accordance with the National Lottery etc Act 1993 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 have also elected to apply the ethical standards relevant to listed entities. I am independent of the National Heritage Memorial Fund Lottery Distribution Account 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 Lottery Distribution Account'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 Lottery Distribution Account'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 Trustees and 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 Lottery Distribution Account is adopted in consideration of the requirements set out in HM Treasury's

Accountability report (continued)

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.

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 Trustees and Accounting Officer are responsible for the other information.

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

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

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

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the National Lottery etc Act 1993.

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 Basis of preparation; 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 Lottery Distribution Account and its environment obtained in the course of the audit, I have not identified material misstatements in the Statutory Other Information.

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 Lottery Distribution Account 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 Trustees and Accounting Officer's Responsibilities, 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 Lottery Distribution Account 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 Lottery Distribution Account'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 Lottery Distribution Account will not continue to be provided in the future

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the National Lottery etc Act 1993.

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 Lottery Distribution Account's accounting policies.
- inquired of management, National Heritage Memorial Fund Lottery Distribution Account'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 Lottery Distribution Account's controls relating to the National Heritage Memorial Fund Lottery Distribution Account's compliance with the National Lottery etc Act 1993 Managing Public Money;
- inquired of management, the National Heritage Memorial Fund Lottery Distribution Account's head of internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations;

Accountability report (continued)

- 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 Lottery Distribution Accounts for fraud and identified the greatest potential for fraud in revenue recognition 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 Lottery Distribution Account's framework of authority and other legal and regulatory frameworks in which the National Heritage Memorial Fund Lottery Distribution Account 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 Lottery Distribution Act. The key laws and regulations I considered in this context included the National Lottery etc Act 1993; Managing Public Money, employment law and tax legislation.

Audit response to identified risk

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

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board of Trustees and internal audit reports; and

- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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. 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

24 July 2024

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

Financial statements

Financial statements

Statement of Comprehensive Net Expenditure

	Notes	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Income			
Lottery income			
Proceeds from The National Lottery	2	344,673	353,619
Investment income from the National Lottery Distribution Fund	2	16,794	7,096
		361,467	360,715
Other income			
Sundry income	3	88	30
Total income		361,555	360,745
Expenditure			
Grant expenditure	4	(338,801)	(199,212)
Less lapsed or revoked grant expenditure	4	6,616	9,331
Movement in provision for inactive commitments	4	(8,218)	1,628
		(340,403)	(188,253)
Operating costs			
Staff costs	7	(18,128)	(16,127)
Depreciation and amortisation	10, 11 and 12	(374)	(978)
Other operating costs	6	(9,055)	(9,213)
		(27,557)	(26,318)
Total expenditure		(367,960)	(214,571)
Total comprehensive net (expenditure)/income		(6,405)	146,174

The notes on pages 45 to 56 form part of these accounts.

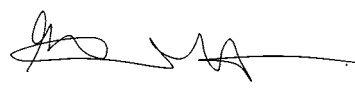
Statement of Financial Position

	Notes	As at 31 March 2024 £'000	As at 31 March 2023 £'000
Non-current assets			
Intangible assets	10	555	870
Property, plant and equipment	11	33	50
Right of use assets	12	88	–
Trade and other receivables	14	349	448
		1,025	1,368
Current assets			
Investment balance in the National Lottery Distribution Fund	2	628,944	526,770
Cash and cash equivalents		1,736	5,077
Trade and other receivables	14	3,431	2,417
		634,111	534,264
Total assets		635,136	535,632
Current liabilities			
Trade and other payables	15	(2,942)	(3,069)
Lease liabilities		(40)	–
Grant liabilities	4	(220,372)	(188,651)
		(223,354)	(191,720)
Total assets less net current liabilities		411,782	343,192
Non-current liabilities			
Lease liabilities		(49)	–
Grant liabilities	4	(437,418)	(363,192)
		(437,467)	(363,192)
Assets less liabilities		(25,685)	(19,280)
Represented by:			
Equity brought forward		(19,280)	(165,454)
Comprehensive net (expenditure)/income movement for the year		(6,405)	146,174
Equity carried forward		(25,685)	(19,280)

The notes on pages 45 to 56 form part of these accounts.



Dr Simon Thurley CBE
Chair



Eilish McGuinness
Chief Executive and Accounting Officer

23 July 2024

Financial statements (continued)

Statement of Cash Flows

	Notes	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Operating (deficit)/surplus for the period		(6,405)	146,174
Depreciation and amortisation	10, 11 and 12	374	978
Operating (deficit)/surplus adjusted for non-cash transactions		(6,031)	147,152
Increase/(decrease) in grant liabilities	4	105,947	(64,432)
Increase in NLDF balance	2	(102,174)	(99,682)
(Increase)/decrease in trade and other receivables	14	(915)	12,278
(Decrease)/increase in trade and other payables	15	(127)	73
Net cash outflow from operating activities		(3,300)	(4,611)
Cashflow from investing activities			
Payments to acquire intangible fixed assets	10	–	(5)
Payments to acquire property, plant and equipment	11	(8)	(34)
Payment to acquire right of use asset	12	(122)	32
Net cash outflow from investing activities		(130)	(7)
Cashflow from financing activities			
Lease liabilities		89	(313)
Decrease in cash		(3,341)	(4,931)
Net decrease in cash and cash equivalents			
Cash balances carried forward		1,736	5,077
Less cash balances brought forward		(5,077)	(10,008)
Decrease in cash		(3,341)	(4,931)

The notes on pages 45 to 56 form part of these accounts.

Statement of Changes in Equity

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Opening balance	(19,280)	(165,454)
Transferred from Statement of Comprehensive (Expenditure)/Income	(6,405)	146,174
Closing balance	(25,685)	(19,280)

The notes on pages 45 to 56 form part of these accounts.

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 consent of HM Treasury in accordance with Section 35(3) of the National Lottery etc Act 1993 and to meet the requirements of the Government Financial Reporting Manual (FReM).

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

Where the FReM permits a choice, 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, FReM 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 FReM 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 National Lottery distribution arrangements for the heritage sector and so trustees assume

that they will continue to receive funding from The National Lottery.

For National Lottery grant activity, cash is drawn down from the National Lottery Distribution Fund (NLDF) only as it is needed. The NHMF's balance in the NLDF is effectively cash. The Heritage Fund's grant award recognition policy is to account for the full value of awards made at the point of approval and notification.

All signed National Lottery grant agreements also contain a clause whereby the Heritage Fund has the right not to pay should funding from National Lottery income not be available.

The trustees do not consider there to be any material uncertainties to its conclusion that it is appropriate for the accounts to be prepared on a going concern basis.

c) Income recognition

Income received from The National Lottery is as advised to us by DCMS which controls the NLDF – the fund that all relevant National Lottery funds are paid into by the National Lottery operator and the fund from which we drawdown sums we require for grant payments and operating costs.

DCMS provides us with monthly reports on National Lottery cash flows due to us and an annual certificate to enable us to produce year-end numbers on an accruals basis.

d) National Lottery Distribution Fund

Balances held at the NLDF remain under the stewardship of the Secretary of State for DCMS.

However, the share of these balances attributable to NHMF is as shown in the accounts and, at the Statement of Financial Position date, has been certified by the Secretary of State for DCMS as being available for distribution by NHMF in respect of current and future commitments.

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 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:

Financial statements (continued)

Right of use asset (property leases)	– Over the life of the lease
Office equipment	– 4–10 years
Office fittings	– 4–10 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.

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) 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.

h) 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.

i) 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.

j) 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 the Heritage Fund; and
- the award has been notified to the intended recipient; and
- the award is free from any specific performance conditions under the control of the Heritage Fund

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.

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.

k) Loans

Trustees are entitled to make loans to heritage bodies under the National Lottery accounts directions of the Secretary of State for DCMS. Interest rates and repayment terms are at the discretion of trustees. These loans are made as part of our remit to enhance and protect the heritage of the UK and not to collect contractual cash flows or for resale. Consequently, under IFRS 9 Financial Instruments, loans will be valued at fair value where any adjustment is material, with the adjustment going through the Statement of Comprehensive Net Expenditure. Where interest is charged, we will recognise the interest in the year it is accrued even though it may be received in a later year under the terms of the loan agreement.

l) Joint grant schemes

Where NHMF operates a joint grant scheme partly on behalf of other organisations, (currently Parks for People with the National Lottery Community Fund) we do not recognise sums received from these bodies as income. In effect, funds received from these bodies are simply passed on to grantees or suppliers. Thus, we have only included NHMF's share of scheme grant payments in these accounts as we have passed the other organisations' share onto the grantee. Similarly, we have only disclosed NHMF's share of operating expenditure for these schemes and have passed any funding for operating expenditure from the other organisations onto suppliers.

We define joint grant schemes as programmes where more than one party has a part in the decision-making process to make an award. In the case of the Parks for People Programme, representatives from both NHMF and the National Lottery Community Fund decide to whom grants should be awarded. In those situations where funds are given to us without any involvement in the final award decision, we treat these sums as donations. If the donated sums are derived from The National Lottery, then the donation is to The National Lottery Heritage Fund; otherwise the funds are treated as a

donation to NHMF even if they end up being assigned to National Lottery funded projects.

m) Cash and cash equivalents

Cash includes cash in hand and deposits held at call with commercial banks.

n) 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 comprises:

- 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.

Financial statements (continued)

2. National Lottery Distribution Fund (NLDF)

	2023–24 £'000	2022–23 £'000
Balance brought forward	526,770	427,088
Proceeds from The National Lottery	344,673	353,619
Investment income from the NLDF	16,794	7,096
Funds drawn down from the NLDF	(259,293)	(261,033)
Balance carried forward	628,944	526,770

3. Sundry income

	2023–24 £'000	2022–23 £'000
Repayment of grants	87	29
Other sundry income	1	1
	88	30

4. Grant liabilities

	2023–24 £'000	2022–23 £'000
Liability brought forward	551,843	616,275
Commitments in the year	338,801	199,212
Decommitments	(6,616)	(9,331)
Movement in provision for inactive commitment	8,218	(1,628)
Commitments paid	(234,456)	(252,685)
Liability carried forward	657,790	551,843

The balance of grant liabilities at the year-end represents amounts likely to be paid to applicants in the following periods:

	2023–24 £'000	2022–23 £'000
Current liabilities		
In one year	220,372	188,651
Non-current liabilities		
In two years	164,223	131,503
In three years	98,870	78,759
In four years	53,230	42,202
In five years	27,951	21,225
In more than five years	93,144	89,503
	437,418	363,192
Total current and non-current liabilities	657,790	551,843

At 31 March 2024, the above amounts are net of a provision of £0.1m (31 March 2023: £8.3m) for amounts we forecast may not be paid out in the coming years. The provision in 2023–2024 is based on direct feedback from the Business Delivery team in terms of grants which have closed but not yet registered on the investment management system. In 2022–2023, the provision was more judgement-led and based on the probability of grants expected to close based on their age.

5. Contingent liabilities

Contingent liabilities represent the value of potential grant awards for which round-one passes have been given by the trustees. When an applicant returns with the round-two application, these items will either become grant awards or will be rejected.

	2023–24 £'000	2022–23 £'000
Contingent liability brought forward	330,272	200,993
Commitments in the year	206,688	201,726
Decommitments	(12,550)	(4,383)
Commitments paid	(118,599)	(68,064)
Contingent liability carried forward	405,811	330,272

6. Other operating costs

	2023–24 £'000	2022–23 £'000
Accommodation	993	834
Postage and telephone	342	267
Office supplies, print and stationery	4	12
Payments under operating leases – hire of office equipment	15	20
Travel, subsistence and hospitality – trustees	82	107
– staff	510	452
Professional fees – grant-related	1,703	1,695
– non-grant-related	4,121	4,118
Auditors' remuneration	48	45
Communications	663	517
Office equipment	203	714
Staff training	342	320
Sundry expenses	29	112
	9,055	9,213

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

7. Staff costs

	2023–24 £'000	2022–23 £'000
Salaries	13,149	11,159
Employer's NI payments	1,277	1,165
Payments to pension scheme	3,104	2,924
Temporary staff costs	562	879
	18,128	16,127

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 National Lottery distribution activity was 99% (2022–2023: 99%).

We 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. Financial performance indicator

Our financial performance indicator is the proportion of our National Lottery income that we spend on distributing it, assessed over a three-year period. We exclude from this measure costs that we recharge to NHMF and one-off costs of investment (exceptional items) to achieve future efficiencies. In 2023–2024, these are for resource linked to our transition to the new strategic framework (£0.7m); Investment Management System process re-engineering (£0.8m); and general IT system efficiencies (£0.5m).

The cost of distributing our share of National Lottery income was 6.9% of National Lottery income in the year (2022–2023: 6.8%). Assessed over the three-year rolling period, the proportion was 6.5%. This is within the DCMS threshold of 8.00%.

	2023–24 £'000	2022–23 £'000	2021–22 £'000
Operating costs	27,577	26,318	21,456
Less exceptional items	(1,981)	(1,812)	–
Less VAT	(750)		
Total qualifying expenditure	24,826	24,506	21,456
Proceeds from National Lottery	344,673	353,619	361,550
Investment income	16,794	7,096	512
Total qualifying income	361,467	360,715	362,062
Percentage	6.87%	6.79%	5.93%

Financial statements (continued)

Three-year rolling position

At 31 March 2024
£'000

Total qualifying expenditure	70,788
Total qualifying income	1,084,244
Percentage	6.53%

10. Intangible assets

	Website		Information technology		Total	
	2023-24 £'000	2022-23 £'000	2023-24 £'000	2022-23 £'000	2023-24 £'000	2022-23 £'000
Cost at start of year	126	582	3,647	3,642	3,773	4,224
Additions	–	–	–	5	–	5
Disposals	–	(456)	(2,196)	–	(2,196)	(456)
At end of year	126	126	1,451	3,647	1,577	3,773
Amortisation at start of year	107	537	2,796	2,497	2,903	3,034
Disposals	–	(456)	(2,196)	–	(2,196)	(456)
Charge for the year	19	26	296	299	315	325
At end of year	126	107	896	2,796	1,022	2,903
Net book value						
At start of year	19	45	851	1,145	870	1,190
At end of year	–	19	555	851	555	870

The capitalisation of information technology represents the development of electronic application forms and an application assessment management system. The above figures represent costs invoiced to NHMF by software developers. No internally generated costs have been capitalised.

11. 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	–	1,152	172	1,099	–	59	172	2,310
Additions	–	–	8	34	–	–	8	34
Disposals	–	(1,152)	(48)	(961)	–	(59)	(48)	(2,172)
At end of year	–	–	132	172	–	–	132	172
Depreciation at start of year	–	1,001	122	865	–	48	122	1,914
Disposals	–	(1,152)	(48)	(961)	–	(59)	(48)	(2,172)
Charge for the year	–	151	25	218	–	11	25	380
At end of year	–	–	99	122	–	–	99	122
Net book value								
At start of year	–	151	50	234	–	11	50	396
At end of year	–	–	33	50	–	–	33	50

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 (see note 8).

12. Right of use asset

	2023-24 £'000	2022-23 £'000
Balance at start of the year	–	305
Creation of right of use asset	122	–
Reduction of right of use asset	–	(32)
Amortisation	(34)	(273)
Balance at end of year	88	–

13. Lease commitments

	2023-24 £'000	2022-23 £'000
Not later than one year	16	16
Later than one year but not later than five years	17	33
Later than five years	–	–
	33	49

These leases relate to photocopiers.

14. Trade and other receivables

Non-current assets

	2023-24 £'000	2022-23 £'000
Loans to heritage organisations	349	448
	349	448

Current assets

	2023-24 £'000	2022-23 £'000
Prepayments and accrued income	2,746	359
Loans to heritage organisations	106	135
Other receivables	577	1,921
Staff advances	2	2
	3,431	2,417

The increase in prepayments and accrued income is due to accrued income of £2.3m receivable from the National Lottery Community Fund (NLCF) for NLCF's contribution towards the grants made under the Parks for People programme. The invoice for this amount was raised in April 2024. In the prior year, the invoice for £1.2m was raised before the end of March, which also explains the year on year decrease in other receivables.

15. Trade and other payables

	2023-24 £'000	2022-23 £'000
Operating payables	671	1,038
Other payables including taxation and social security	706	624
Accruals and deferred income	1,565	1,407
	2,942	3,069

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

16. Capital commitments

At 31 March 2024, NHMF did not have any capital commitments contracted for or capital commitments approved but not contracted for.

17. 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) 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 the Arts Council England.

As referenced in these accounts, NHMF has distributed funds on behalf of various government organisations; Defra; and the Welsh Government. For further information, please see the accounts of the National Heritage Memorial Fund as these were not funds derived from The National Lottery.

The National Lottery Community Fund contributed towards the grants made under our Parks for People programme and also towards the operating costs of the programme. At the year-end, the National Lottery Community Fund owed NHMF £2,308,000, representing £11,000 for Parks for People operating costs and £2,297,000 for its share of Parks for People grant payments. We were also charged by the National Lottery Community Fund for the provision of legal and procurement services. There was a transaction to a value of £4,000 representing a contribution to the joint Lottery Forum.

Financial statements (continued)

There was a transaction to the value of £18,000 paid to the Arts Council England representing the cost to administer the Lottery Forum.

We paid £172,000 to Historic England during the year for office space in London. There was nothing owed at the year-end. However, £15,000 was owed to us for a member of staff seconded to them.

Outside the DCMS family of central government sponsored bodies, there were transactions with the Cabinet Office to the value of £11,000 for various administrative matters; nothing was owed at the year-end.

We recharged the costs of monitoring and mentoring certain grant-aided projects to arms of the Scottish Government (Historic Environment Scotland). Billing totalled £4,000 in the year and £4,000 was owed by at the year-end.

There were 28 projects where trustees and members declared a conflict of interest:

Homotopia

A grant of £142,338 – The Power of Holly Johnson

Stephen Welsh declared an interest as he is a trustee for Homotopia and in this role discussed the grant application prior to submission.

Derby Museums

A grant of £249,795 – #DYC Reimagining with the City

Tony Butler declared an interest as he is the executive director of Derby Museums.

Beckford Tower Trust

A grant increase of £244,878 – 'Our Tower' Discovering and reconnecting Beckford's Tower and Landscape

Caroline Kay declared an interest as she was CEO of Bath Preservation Trust when the original development application was made. Beckford Tower Trust is a subsidiary of Bath Preservation Trust. Caroline left the role in April 2021.

Campaign for National Parks

A grant of £199,556 – National Parks: New Perspectives

Nick Holliday declared an interest as he was a trustee of Campaign for National Parks until November 2021.

Urban Green Newcastle

A grant of £221,077 – Growing Urban Green Resilience

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

Argyll and the Isles Coast and Countryside Trust

A grant of £266,228 – Saving Scotland's Rainforest with Natural Capital Finance

Sally Thomas declared an interest as she is a trustee of Plantlife International, a partner in the project.

National Trails UK

A grant of £9,012 – Accelerating Fundraising & Delivering Digital

Taryn Nixon declared an interest as she is a trustee of National Trails UK.

Bournemouth, Christchurch and Poole Council

A grant of £84,669 – Heritage Enterprise – Royal Arcade: work and leisure destination in historic Boscombe

Richard Smith declared a conflict as the finished facility will be co-managed by Dorset LEP. Richard was a director of Dorset LEP from 2015 until December 2020 and is still a member of their finance and audit committee.

South Hams District Council

A grant of £2,246,965 – Life on the Edge

Caroline Kay declared a conflict as she is a trustee of the National Trust, a named partner in the project.

National Trust

A grant of £2,997,000 – Divis and Black Mountain – A view to the future

Nikki McVeigh declared a conflict as she was senior collections and house officer at the National Trust, Fermanagh at the time of the decision.

Belfast City Council

A grant of £768,069 – Strand Arts Centre

Nikki McVeigh declared a conflict as she was a committee member for the Strand Arts Centre and assisted with the first-round bid.

Royal Society for the Protection of Birds

A grant of £1,054,832 – Climate FORTH (Furthering Our Resilience Through Heritage)

Sally Thomas declared a conflict as she had been a director of NatureScot, a key stakeholder in the project, until 2020.

Museums Galleries Scotland

A grant of £770,000 – Delivering Change: A Participatory Narrative for Scotland's Museums

Ray Macfarlane declared a conflict as chair of Museums Galleries Scotland.

Mike Benson declared a conflict as The Crannog Centre, of which he is director, had been approached to be a partner in the project.

Urras nan Tursachan

A grant of £2,966,731 – Calanais 2025

Fiona McLean declared a conflict as until recently she had been a trustee of Historic Environment Scotland, who had supported the development of the bid.

Next Step Initiative

A grant of £687,806 – The Heritage Leader Traineeship Programme

Ray Macfarlane declared a conflict as chair of Museums Galleries Scotland, a partner in the project.

The Woodland Trust

A grant of £686,768 – Building capacity to save Scotland's rainforest

Sally Thomas declared a conflict as a trustee of Plantlife International, one of the project partners. Sally had also been a director of NatureScot, one of the funders of the project.

The Open University

A grant of £382,797 – Wales Residents Engaging in Arts, Culture and Heritage (Wales REACH)

Denise Lewis-Poulton declared a conflict as she was a long-time friend of the chair of the Open University.

Royal Society for the Protection of Birds

A grant of £451,374 – Our Living Levels: A sustainable future for the Gwent Levels

Shaheen Sutton and Abigail Tweed declared an interest as their employer, Natural Resources Wales, was a project partner.

Menter Ty'n Llan Cyfyngedig

A grant of £1,510,196 – Menter Ty'n Llan

Emyr Roberts declared a conflict as he held shares in the Menter.

North Wales Wildlife Trust

A grant of £362,691 – Fens for all, for ever

Shaheen Sutton declared an interest as her employer, Natural Resources Wales, was a project partner.

Northumberland Wildlife Trust

A grant of £158,600 – Red Squirrel Recovery Network (RSRN)

Tony Gates declared a conflict due to the likelihood of Northumberland National Park Authority, of which he is chief executive, working with RSRN going forward.

Trafford Council

A grant of £3,218,160 – Longford Park

Stephen Welsh declared an interest due to the close proximity of the park to his home.

Durham Wildlife Trust

A grant of £915,266 – LinkTogether

Jim Cokill declared a conflict as he is chief executive of Durham Wildlife Trust.

Herefordshire Council

A grant of £5,084,465 – Hereford Museum and Art Gallery Redevelopment

Glyn Morgan declared an interest due to his connections to key team members involved in the project.

Suffolk Wildlife Trust

A grant of £1,999,832 – Worlingham Marshes

Robyn Llewellyn declared a conflict as she is a trustee of Suffolk Wildlife Trust.

The Cathedral Church of Saint James and Saint Edmund, Bury St Edmunds

A grant of £729,553 – The Abbey of St Edmund: A Millennium of English History in West Suffolk

Financial statements (continued)

Jonathan Clarke declared a conflict due to Historic England's involvement in the project. Jonathan works freelance for Historic England.

The Parochial Church Council of Badingham

A grant of £42,876 – Hammerbeams, Heritage and Health – Restoration at St John's, Badingham

Jonathan Clarke declared a conflict due to Historic England's involvement in the project. Jonathan works freelance for Historic England.

The Churches Conservation Trust

A grant of £395,269 – St. Peter and the Old Black Lion, Northampton

Carol Pyrah declared an interest as she is a trustee of The Churches Conservation Trust.

18. Financial instruments

IFRS 7, Financial Instruments: Disclosures requires disclosure of the role that financial instruments 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.

Financial assets and liabilities are generated by day-to-day operational activities rather than being held to manage the risks facing the organisation.

Liquidity risk

In 2023–2024, £345m (95%) of NHMF's National Lottery distribution income derived from The National Lottery. The remaining income derived from investment returns on the balance held with the NLDF of £17m (5%) along with a small amount of grant repayments.

The trustees recognise that grant liabilities (including contingent amounts) and other payables significantly exceeded the value of funds in the NLDF at 31 March 2024.

However, trustees consider that their National Lottery distribution activities are not exposed to significant liquidity risks as they are satisfied that they will have sufficient liquid resources within the NLDF and the bank to cover all likely grant payment requests in the coming years. Trustees have set a long-term grant award strategy to

ensure that their National Lottery distribution liabilities are in line with assets and that trustees are able to meet in full their commitments. Thus, even if there were a long-term decline in National Lottery income, trustees would simply adjust annual grant budgets to compensate. Projections for National Lottery income in 2024–2025 suggest that income will be at satisfactory levels.

Market and interest rate risk

The financial assets of NHMF's National Lottery distribution activities are invested in the NLDF, which invests in a narrow band of low-risk assets such as government bonds and cash. Trustees have no control over the investment of these funds. At the date of the Statement of Financial Position, the market value of our investments in the NLDF was £629m.

Funds at the NLDF earned on average 5.16% in the year (2022–2023: 2.32%). Our cash balances, which are amounts drawn down from the NLDF to allow us to pay grants and operating costs, are held in instant-access variable-rate bank accounts, which carried an average interest rate of 0% in the year.

	2023–24 £'000	2022–23 £'000
Cash balances		
– Cash and cash equivalents	1,736	5,077
– Investment balance in the National Lottery Distribution Fund	628,944	526,770
	630,680	531,847

Credit risk

The figure for receivables almost entirely comprises prepayments, accrued income (mostly on property leases and business rates) and intra-government balances. The intra-government balances are mostly with bodies that DCMS sponsors. With the exception of deposits on serviced offices and loans that are not due for repayment for a number of years, all had been paid by the time of signing the accounts. Trustees do not consider that their National Lottery distribution activities are exposed to significant credit risk.

Foreign currency risk

NHMF's Lottery distribution activities are not exposed to any foreign exchange risks.

Financial assets by category

	2023-24 £'000	2022-23 £'000
Assets per the Statement of Financial Position		
– investment balance in the National Lottery Distribution Fund	628,944	526,770
– cash and cash equivalents	1,736	5,077
– trade and other receivables	3,780	2,865
	634,460	534,712

Financial liabilities by category

	2023-24 £'000	2022-23 £'000
Liabilities per the Statement of Financial Position		
– grant payables	657,790	551,843
– trade payables	671	1,038
– other payables	706	624
– accruals	1,565	1,407
	660,732	554,912

Fair values

1. The trustees consider the book value to equal the fair value for all financial assets and liabilities.
2. All cash deposits are with UK based commercial banks.
3. Investments (NLDF) are controlled by the Secretary of State for DCMS, who provides the trustees with details of the book value and fair value of our balances at the date of the Statement of Financial Position.
4. No provision for bad debt is deemed necessary. None of the debts are long-term other than long-term loans.
5. While we disclose £437m of grant payables as not being due for payment until after one year in the Statement of Financial Position, we have not made a fair value adjustment. Trustees have a contractual obligation to pay these amounts on demand, subject to contract, and so the amounts could be paid within the next 12 months if the underlying heritage projects proceed more quickly than anticipated.

6. 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 financial liabilities 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. The split reported in these accounts is based on our past experience of amounts drawn down by grantees to fund their projects.

19. Losses and special payments

Losses occur where there is no evidence that a funded project's objectives were met. In 2023–2024, the Heritage Fund had write-offs for four grants totalling £48,490. (2022–2023: 10 grants totalling £62,013).

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

There were no special payments made in 2023–2024 or in 2022–2023.

20. Contingent assets

The National Lottery distributors are entitled to receive a share of receipts from the sale of land on the Queen Elizabeth Olympic Park in return for their contribution of an additional £675m to the funding of the London 2012 Olympic and Paralympic Games. This was announced in 2007. The arrangements are set out in a legal agreement between the Secretary of State and the Greater London Authority (GLA) dated 29 March 2012 which sets out the distribution of funds between the GLA and the Lottery distributors (via DCMS). We continue to engage with the GLA on forecasts for land sales on the Olympic Park.

Financial statements (continued)

21. 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.

Policy directions

Policy directions

UK government

Policy directions are given by the Secretary of State for Culture, Media and Sport, using their powers under section 26(1) and (2) of the National Lottery etc Act 1993 in relation to distributing money under Section 25(4) of that Act. The UK directions apply to all funding grants made by The National Lottery Heritage Fund (the Heritage Fund). Additional directions apply for each nation of the UK. In deciding to whom it distributes money, for what purpose, and under what conditions, the trustees of the National Heritage Memorial Fund shall take into account the following matters:

1. In partnership with other funders and stakeholders, assess the needs of the heritage of the UK to inform the awarding of funds, taking into particular account any designation and heritage at risk.

We have built on the success of our research panel – UK Heritage Pulse, run in partnership with Historic England and DCMS – to understand the support needs of heritage and the organisations that manage and look after it. The panel brings together the reach and expertise of a range of funders and stakeholders to inform our understanding of the context for our projects. A range of stakeholders are involved as partners and supporters including Historic England, Architectural Heritage Fund Built Environment Forum Scotland, Department for Communities in the Northern Ireland Government, Historic Environment Scotland and NatureScot.

In 2023–2024 we ran a webinar on AI and sought the views of panellists on a range of topics, including budget pressures, skills and governance.

We supported 586 projects across the UK that considered their heritage to be at risk of loss or damage. This is 44.2% of the total awards made in the year, which is an increase from an average of 39.9% over the last two financial years.

2. Involve the public and local communities in making policies, setting priorities and distributing money.

As part of our review and re-procurement of our Register of Support Services, in spring 2023 we asked nine community-focused organisations to function as critical friends of the process, giving voice to organisations representing young people and disabled people, to ensure our network of expert support for projects can be as effective as possible.

Within our Heritage 2033 strategy, Heritage Places is our strategic initiative targeting place-based investment that boosts pride in place and connects communities and visitors with heritage. Heritage Places establishes longer-term partnering relationships in a small number of towns, cities and areas to tackle long-standing heritage challenges

beyond the lifecycle of a single project. Evidence shows us that when our investments contribute to the long-term vision for a place, the benefits can be profound and long-lasting. The approach takes a long-term view to proactively target geographical investment and be responsive to local needs, demonstrating impact over time that can encourage more applicants to pursue place-based schemes. We launched nine initial Heritage Places in October 2023. By 2033, our aim is to have 20 long-term, place-based projects transforming local areas within towns, cities and landscapes. This grass-roots initiative will target investment to connect heritage with opportunities and deliver the improvements people want to see in their area.

3. Increase access and participation for those who do not currently benefit from the heritage opportunities available in the United Kingdom.

We share learning, evidence and examples of heritage projects that increase access, build social connections, and increase community-wide employment opportunities with our partners, stakeholders and other funders.

As part of contributing to the DCMS-convened Tackling Loneliness Network and Social Connection Funders, we increased our investment in New to Nature from £2m to £3m. This partnership project, with Groundwork and UK-wide landscape and nature organisations, provides paid 12-month placements for a diverse range of people from groups significantly under-served by the heritage sector, including people from ethnically diverse communities, disabled people and people from economically disadvantaged contexts. In 2023–2024 New to Nature promoted skills and employment opportunities for 96 trainees aged 18 to 25. The programme continued to May 2024, and was a significant success for all concerned, with organisations benefitting from the commitment and enthusiasm of all trainees.

Curating for Change, a disability-led programme organised by Accentuate, provided 16 paid traineeship and fellowship placements for D/deaf, disabled and neurodivergent people across museums in England.

The Heritage Fund's area and nation teams delivered targeted activity to increase access to funding for organisations that work primarily with those under-served by heritage in their areas, and whose projects address heritage that may be under-represented in UK archives, collections and programmes. This includes continued work across the UK to deliver increased funding to organisations in 13 local authority areas selected for their high indices of multiple deprivation, and lowest per capita Heritage Fund expenditure since 1994. These are: Brent, Corby, Enfield, Knowsley, Inverclyde, Luton, Newham, NE Lincolnshire, North Lanarkshire, Neath Port Talbot, Rhondda Cynon Taf, Tendring and Walsall.

4. Inspire children and young people awakening their interest and involvement in the activities covered by the heritage good causes.

All 12 projects funded through Kick the Dust, our strategic investment in young people's involvement in heritage, were completed, and we shared learning from delivering the initiative with the wider heritage and youth sectors. The programme's legacy includes, for example, permanent youth engagement teams in heritage organisations, and increased influence of young people in governance and decision-making with seats set aside for youth involvement on boards and committees. Young people have increased skills, wellbeing and their sense of belonging, as well as become employees, volunteers and trustees of grantee organisations and beyond. Youth partners have increased understanding of the potential of heritage in youth work, and have brought this into ongoing work, for example, through new staff posts.

Our Northern Ireland team supported 11 delegates to attend the One Young World Summit in Belfast during October 2023, to bring a heritage perspective to the global summit. A further panel meeting with delegates enabled young people to share their perspectives on the role and importance of heritage with the Heritage Fund. Over the year we also worked with other arm's length bodies to shape, inform and engage sector experts in the developing plans led by the Department of Education for a Cultural Education Plan in England.

Policy directions (continued)

5. Foster initiatives that bring people together, enrich the public realm and strengthen communities.

In autumn 2023, with a nearly £5m grant, we launched a partnership with the Architectural Heritage Fund to expand their heritage development trust approach. Thirteen new Heritage Development Trusts across the UK will now be able to take on, enhance and manage historic buildings in their localities.

Alongside this, delivery continues of our three-year, £1.9m project with the National Churches Trust to provide churches and chapels with practical solutions to improve how their buildings are cared for and secured for the future. The Cherish Project provides grant support along with expertise and advice to strengthen heritage management skills and training for people who look after places of worship.

6. Support and build the capacity of the full breadth of the heritage workforce, from volunteers to professionals, to ensure that heritage is conserved with the appropriate skills.

Following our investment in a number of projects focused on business support and enterprise, hundreds of organisations have benefitted from a variety of training and learning offers on business planning, fundraising, enterprise skills and trading. Most of our business skills and enterprise projects have now completed and are publishing learning-focused evaluations on supporting the sector workforce through the post-pandemic recovery. These include the Rebuilding Heritage project from the Heritage Alliance and the Steps to Sustainability project from the Social Enterprise Academy.

7. Drive innovation and excellence through encouraging good practice and the achievement of demonstrable high standards.

Our Heritage Innovation Fund (HIF) supports a diverse group of heritage organisations to test and grow innovations to find answers to different challenges. During the year, we launched the

second phase of HIF to encourage excellence and experimentation across UK heritage. In this phase, 17 organisations are sharing just under £1.2m to test solutions to workforce challenges through structured support and peer learning provided by the Young Foundation. Projects range from finding tools to tackle eco-anxiety in the workforce to testing AI models to support and deliver training.

8. Ensure that money is distributed for projects that promote public benefit in the long term and that are not intended primarily for private gain.

National Lottery Heritage Grants of £10,000 to £250,000 are awarded to not-for-profit organisations, private owners of a heritage asset, and partnerships. Private owners can apply for grants of up to £250,000. These projects need to deliver positive social and community outcomes and demonstrate that the public benefit will outweigh any private gain. Grants of £250,000 to £10m are awarded to not-for-profit organisations and partnerships led by not-for-profit organisations.

Heritage Enterprise grants support projects that secure new uses for under-used, derelict, or at-risk historic buildings, including for housing. We welcome commercial elements to these new uses where they support the viability of the proposed scheme. These types of projects may be led by for-profit organisations in collaboration with not-for-profit organisations.

9. Further the objectives of sustainable development.

Our Heritage 2033 strategy includes 'protecting the environment' as one of our four investment principles. We expect all projects we support to help protect the environment. Through the Heritage Fund's environmental sustainability requirement, we set the standard for the sustainability of the projects we support and we also offer projects support via the Fit for the Future network.

In addition, we continue to support The Museums + Heritage Sustainable Project of the Year Award

to champion transferable approaches to sustainability, as well as more ground-breaking practice in environmentally sustainable capital projects.

10. Reduce economic, social and environmental deprivation, ensuring that all areas of the United Kingdom have access to the money distributed.

We use data from the indices of multiple deprivation of each of the four nations of the UK to track our grant awards to areas of the country with the highest levels of social and economic need. Of the total number of grants we awarded during the year, 30% were made to projects in the top 20% most deprived areas in the country. Almost half of grant awards (49%) were made to projects in the top 40% most deprived areas. Measurement for this indicator is taken from the overall rank for each local authority expressed as the position within either the England, Wales, Scotland or Northern Ireland dataset. When measured in terms of the total amount awarded, 29% went to areas of highest deprivation with over half (52%) going to the top 40% most deprived areas.

11. Work jointly with other organisations, including other distributors, to ensure the positive impact of National Lottery funding, including evaluating projects and sharing data where appropriate.

As part of our commitment to strengthen partnerships with governments, local authorities and statutory agencies, we look to develop initiatives that combine resources and maximise the impact of National Lottery funding. In 2023–2024, our long running collaboration with the Welsh Government included the provision of National Lottery funding, alongside Welsh Government capital funding, to Local Places for Nature, a grant scheme intended to enable communities in Wales to restore and enhance nature. At the end of 2023, our collaboration with the National Trust Future Parks Accelerator, won Social Project of the Year Award and the Overall Project of the Year Award at the APM Project

Management Awards 2023. These awards recognised the impact of our partnership in supporting local authorities to think ambitiously about ways to drive real change for their local communities.

12. Include a condition in all grants to acknowledge National Lottery funding using the common National Lottery branding.

We emphasise the importance of acknowledging National Lottery funding in all our advice to projects, and in our collaborations with other lottery distributors.

We received positive feedback for our detailed guidance and toolkits that help the organisations we fund to acknowledge the support of National Lottery players in creative and engaging ways. Working with other distributors, we ensured heritage and heritage projects played a central role in the celebration of the 29th birthday of the National Lottery at the end of 2023. Opportunities to visit and engage with Heritage Fund-supported projects were promoted and highlighted throughout National Lottery Open Week 2024.

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

We require applicants to secure minimum levels of partnership funding depending on the level of grant for which they are applying. We reviewed our approach as part of simplifying and clarifying our funding for applicants through the Heritage 2033 strategy. A contribution can be included within applications. However, this is not mandatory for grants of £10,000 to £250,000. Our applicants tell us if and why they are unable to raise cash or non-cash contributions where needed and this is assessed through the application process.

Applications for between £250,000 and £1m are required to have a minimum of 5% partnership funding. Applications for £1m and over require 10% minimum partnership funding. For both the 5% and 10% minimum requirement the

Policy directions (continued)

partnership funding can be provided as cash, non-cash or volunteer time. As part of the assessment process, we consider whether the contribution from the applicant or the levels of partnership funding are appropriate for the project.

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

The projects we support are specific and time limited. We limit our current support to a maximum of five years for projects involving activities. We seek information from applicants about the extent to which the projects they put forward:

- present a sound case for investment
- take account of our four investment principles
- are viable and financially sustainable

Our assessment may include expert advice on key aspects of the application if needed. We ask applicants to provide us with information to demonstrate the financial viability of their project, broken down into capital, activity and other costs and showing what contribution they are proposing to make from their own resources or from grants or donations from other sources. We ask for financial information including cash-flow and, for larger projects, income and spending projections for five years, showing how the applicant plans to sustain the project in the long term.

15. Where capital funding is sought, the need:
- for a clear business plan showing how any running and maintenance costs will be met for a reasonable period, and
 - to ensure that appraisal and management for major projects reflect the Major Projects Authority's Gateway Review Standards.

The Heritage Fund requires all grant awards over £250,000 to provide a business plan with their development phase application which is then updated with their delivery phase application. The business plan is for the organisation rather than the project, which reflects our interest in the organisation's capacity to sustain the benefits of our investment over the long term. We provide guidance to grantees including on building maintenance, conservation planning and the management and maintenance of landscapes, parks and gardens to help inform and influence business planning.

Projects are monitored in accordance with the information provided within the grantee's application including any supplementary information contained in an activity plan, cash flow forecasts and an income and expenditure table.

For grantees in receipt of awards over £2m, we monitor progress against a project business plan submitted with the delivery round application. In addition, projects with a significant conservation element are required to include sound plans for maintaining heritage over the long term.

All projects go through a permission to start process which provides an appropriate gateway following approval of our investment in the project. For capital projects we also include formal review points in our assessment and monitoring processes (corresponding to the RIBA Plan of Work stages). We employ expert consultants on a significant proportion of projects in receipt of investment over £250,000 to help ensure that projects deliver against the approved purposes as contracted, that the risks to the Heritage Fund are understood and managed, that best practice is achieved in all critical areas, and that financial reporting and management are sound and transparent.

16. Encourage and support the effective use of creative funding models (loans, community funding initiatives, crowdfunding etc) to increase viability of projects, financial sustainability, and overall investment in heritage.

The Heritage Fund's Heritage Recovery and Resilience Loans programme was designed to stabilise and modify operations, support income generation, and build organisational resilience in response to the pandemic. This programme continues to operate successfully.

Seven loans totalling £758,500 were approved and taken-up. Long-term patient investments focused on recovery planning; adapting and reshaping operating models and business plans; funding staff and resources to accelerate recovery; and providing working capital. The programme is now in the repayment phase with repayments being received in line with approved schedules. Through the programme and learning from it we are developing new approaches to making and managing investments that are able to respond to a wide range of investment needs. The programme will run till the end of 2028.

We are partner investors in two impact investment funds. The Heritage Impact Fund is a £7m UK-wide social investment fund, managed by the Architectural Heritage Fund (AHF), that provides tailored loan finance to not-for-profit organisations to help them deliver economic and social impact from the re-use of historic buildings. Investment is typically between £25,000 and £500,000. Twenty two investments totalling £6m have so far been approved and taken-up.

The Arts and Culture Impact Fund (ACIF) is a £20m impact investment partnership fund, managed by Nesta, that brings together public, private and philanthropic investors to support arts and heritage organisations with loan finance. ACIF supports and develops the enterprise potential of cultural organisations by providing flexible and affordable finance and by supporting organisations to better demonstrate and evaluate their impact, with loans between £150,000 and £1m.

We support Green Finance through Investment Ready Nature in Scotland (IRNS), a joint grant scheme with the Esmée Fairbairn Foundation and NatureScot that helps organisations and partnerships develop their capacity to use private investment and market-based mechanisms to help finance the restoration of the natural environment. We are also partnering with the Scottish Government and NatureScot with investment that supports the Facility for Investment Ready Nature Scotland (FIRNS), which will help organisations develop investible propositions suitable for Green Finance investment from a range of sources including capital markets.

17. Increase digital skills, capability, and use of digital tools, both within The National Lottery Heritage Fund and the heritage sector; encourage better collecting, using and sharing of digital heritage material; and encourage digital innovation.

The final funded projects of our Digital Skills for Heritage initiative completed in 2024. This initiative supported a wide range of digital skills relevant to the heritage sector, including digitisation and digital collections management, digital volunteering, creating new digital business models and services, online marketing and communications, and digital accessibility.

We recently published an evaluation of Digital Skills for Heritage, which continued to grow in impact over the course of the year. The evaluation, conducted by InFocus, highlighted that the projects we supported delivered at least 242,000 hours of training and development and created over 880 openly licensed learning resources. This has led to 85% of projects increasing their digital skills and confidence, alongside respondents to the evaluation survey and interviews feeding back that they have seen an increase in digital access to heritage and improved reach to new audiences.

In the last year of Digital Skills for Heritage delivery we updated and shared new learning resources on the Digital Heritage Hub and published a briefing for sector leaders on the use of Artificial Intelligence in UK heritage, and a guide

Policy directions (continued)

for decision makers on opportunities and issues of open licensing across the UK heritage sector.

18. Collect, understand and disseminate data on the reach, impact and audience of The National Lottery Heritage Fund's work and use that understanding to improve the Heritage Fund's grant-making policies and procedures, including supporting the work on participation. Data should be made as transparent and accessible as possible.

We continue to commission and publish research about the impact of our work. For example, in the last year we published seven pieces of research evaluation including evaluations of our Green Recovery Challenge Fund, Areas of Focus and Digital Skills for Heritage initiative, as well as regular insights on the heritage sector through UK Heritage Pulse. We also continued to make our datasets fully transparent through our open data service available online through our website, via the DCMS National Lottery Grants database, 360Giving and the Government Grants Information System. We published our Data for Heritage Places research and a comprehensive report about the methodology the Heritage Fund used to identify the first nine Heritage Places. We developed a new Impact Framework, aligned with DCMS's overall approach to performance indicators, which we will roll out in the year ahead.

Progress on projects over £5million

Progress on projects over £5million

The following list shows the progress on projects involving £5m or more of National Lottery funding to 31 March 2024.

Auckland Castle: Creating Faith in a Better Future

Nation or area

North

Applicant

Auckland Castle Trust

Total project cost

£32,734,303

Grant amount (award date)

£1,000,000 (development April 2013)

£9,000,000 (delivery May 2015)

£2,400,000 (grant increase July 2016)

Project status and % of grant paid

Delivery 90%

Latest report

Project is complete. Final payment request under review.

Bath Abbey Footprint

Nation or area

London & South

Applicant

Bath Abbey Parochial Church Council

Total project cost

£19,210,499

Grant amount (award date)

£389,000 (development April 2014)

£10,725,300 (delivery March 2016)

£11,259,300 (Capital Kickstart increase December 2020)

Project status and % of grant paid

Delivery 97%

Latest report

Project is complete subject to receipt of final paperwork.

Black Country Living Museum: Forging Ahead – creating a world-class visitor attraction in the Black Country

Nation or area

Midlands & East

Applicant

Black Country Living Museum

Total project cost

£29,810,000

Grant amount (award date)

£400,000 (development April 2017)

£9,400,000 (delivery March 2019)

£2,210,000 (grant increase including Capital Kickstart increase December 2020)

Project status and % of grant paid

Delivery 97.5%

Latest report

Construction work mostly complete. Project expected to conclude successfully in March 2025.

Bywyd Newydd i'r Hen Goleg/ New Life for Old College

Nation or area

Wales

Applicant

Aberystwyth University (Old College)

Total project cost

£30,578,429

Grant amount (award date)

£849,500 (development April 2017)

£9,732,300 (delivery December 2019)

£1,378,700 (grant increase June 2021)

Project status and % of grant paid

Delivery 35%

Latest report

Progress is being made on capital works with main contractor in place and subcontractors largely appointed.

Cairngorms 2030: People and Nature Thriving Together

Nation or area

Scotland

Applicant

Cairngorms National Park Authority

Total project cost

£43,199,588

Grant amount (award date)

£1,715,500 (development June 2021)

£10,770,000 (potential delivery grant)

Project status and % of grant paid

Development 33%

Latest report

Permission to start delivery phase given in February 2024.

Celebrating Scotland's Art: The Scottish National Gallery Project

Nation or area

Scotland

Applicant

National Galleries of Scotland

Total project cost

£33,602,245

Grant amount (award date)

£4,940,000 (delivery May 2016)

£975,000 (grant increase December 2020)

£975,000 (grant increase in March 2023)

Project status and % of grant paid

Delivery 77%

Latest report

The project is nearing completion. The galleries opened in September 2023. The project is due to complete in spring 2024.

Cheshire's Archives: A Story Shared

Nation or area

North

Applicant

Cheshire West & Chester Council

Total project cost

£25,688,736

Grant amount (award date)

£544,900 (development September 2019)

£4,455,100 (delivery November 2022)

Project status and % of grant paid

Delivery 2%

Latest report

Permission to start delivery phase given in July 2023. Two-stage tender of main contract ongoing.

Cotswold Canals Connected

Nation or area

London & South

Applicant

Stroud District Council

Total project cost

£20,126,800

Grant amount (award date)

£842,800 (development April 2018)

£8,956,200 (delivery October 2020)

Project status and % of grant paid

Delivery 58%

Latest report

Ocean Railway Bridge works successfully completed in 2021. Remaining capital works being phased. Activities and environmental works ongoing.

Progress on projects over £5million (continued)

Courtauld Connects

Nation or area

London & South

Applicant

Courtauld Institute of Art

Total project cost

£38,378,123

Grant amount (award date)

£650,000 (development April 2016)

£8,850,000 (delivery March 2018)

£1,500,000 (grant increase March 2021)

Project status and % of grant paid

Delivery 100%

Latest report

The project is complete.

David Livingstone's Birthplace

Nation or area

Scotland

Applicant

The Scottish National Memorial to David Livingstone Trust

Total project cost

£9,329,186

Grant amount (award date)

£334,200 (development May 2015)

£4,112,900 (delivery March 2017)

£668,000 (grant increase November 2019)

£1,500,000 (grant increase December 2020)

£250,000 (grant increase December 2022)

Project status and % of grant paid

Delivery 100%

Latest report

The project is complete.

Ditherington Flax Mill Maltings – an international heritage site at the heart of the community

Nation or area

Midlands & East

Applicant

Historic England

Total project cost

£30,382,488

Grant amount (award date)

£465,300 (development April 2012)

£12,832,300 (delivery July 2013)

£7,894,200 (grant increase January 2017)

Project status and % of grant paid

Delivery 93%

Latest report

Capital works are complete, and activities are continuing.

Dover's Maison Dieu: Reawakening

Nation or area

London & South

Applicant

Dover District Council

Total project cost

£13,980,700

Grant amount (award date)

£427,400 (development June 2018)

£4,272,500 (delivery September 2020)

£1,054,700 (grant increase September 2022)

Project status and % of grant paid

Delivery 10%

Latest report

Capital works and activities are in progress.

First Light at Jodrell Bank

Nation or area

North

Applicant

University of Manchester

Total project cost

£19,841,749

Grant amount (award date)

£784,800 (development April 2015)

£11,362,400 (delivery March 2018)

Project status and % of grant paid

Delivery 95%

Latest report

The First Light Pavilion, exhibition and Space Dome opened in June 2022. The activity programme is ongoing. The project is due to complete in December 2025.

Great Yarmouth Winter Gardens: Reimagining the People's Palace

Nation or area

Midlands & East

Applicant

Great Yarmouth Borough Council

Total project cost

£18,470,858

Grant amount (award date)

£420,800 (development June 2021)

£11,845,858.00 (delivery December 2023)

Project status and % of grant paid

Delivery 0%

Latest report

Delivery grant awarded December 2023. Permission to start documentation awaited.

Heritage Centre Stage: Reawakening Brighton's Royal Estate – Phase One

Nation or area

London & South

Applicant

Brighton and Hove City Council

Total project cost

£30,012,143

Grant amount (award date)

£176,500 (development November 2014)

£4,823,400 (delivery January 2016)

£1,000,000 (Capital Kickstart increase December 2021)

£500,000 (grant increase December 2022)

Project status and % of grant paid

Delivery 90%

Latest report

The Corn Exchange and Studio Theatre opened to the public in November 2023. The project is due to complete by July 2024.

Heritage Takes Centre Stage at Northern Ireland's Grand Opera House

Nation or area

Northern Ireland

Applicant

Grand Opera House Trust

Total project cost

£10,134,960

Grant amount (award date)

£242,700 (development December 2017)

£4,557,300 (delivery March 2019)

£232,000 (grant increase March 2021)

Project status and % of grant paid

Delivery 100%

Latest report

The project is complete.

Progress on projects over £5million (continued)

HMS Caroline, Belfast

Nation or area

Northern Ireland

Applicant

National Museum of the Royal Navy

Total project cost

£17,800,732

Grant amount (award date)

£845,600 (development April 2013)

£11,540,300 (delivery September 2014)

£2,700,200 (grant increase July 2016)

£73,645 (grant increase February 2022)

Project status and % of grant paid

Delivery 100%

Latest report

This project is complete.

Hull: Yorkshire's Maritime City

Nation or area

North

Applicant

Hull City Council

Total project cost

£28,865,200

Grant amount (award date)

£1,368,400 (development April 2017)

£13,631,500 (delivery September 2019)

Project status and % of grant paid

Delivery 58%

Latest report

Capital works are progressing well with project completion due in July 2025. Learning and engagement activities are progressing well.

Inspiring People: Transforming Our National Portrait Gallery

Nation or area

London & South

Applicant

National Portrait Gallery

Total project cost

£33,581,972

Grant amount (award date)

£900,000 (development April 2017)

£8,500,000 (delivery September 2019)

Project status and % of grant paid

Delivery 94%

Latest report

The Gallery re-opened in June 2023. Activities are on-going and completion is anticipated by December 2024.

International Slavery Museum: Igniting Ideas and Action

Nation or area

North

Applicant

National Museums Liverpool

Total project cost

£28,671,000

Grant amount (award date)

£2,958,900 (development June 2021)

£288,352 (grant increase March 2024)

£6,971,100 (potential delivery grant)

Project status and % of grant paid

Development 82%

Latest report

Development phase progressing. Delivery phase application anticipated for decision in September 2024.

Medicine Galleries Project

Nation or area

London & South

Applicant

Science Museum

Total project cost

£20,949,628

Grant amount (award date)

£400,000 (development April 2015)
£7,600,000 (delivery September 2016)

Project status and % of grant paid

Delivery 97%

Latest report

Capital works are complete, and activities continue. Due to complete in 2024.

Natur Am Byth! – Adfer rhywogaethau dan fygythiad yng Nghymru/ Saving Wales' threatened species

Nation or area

Wales

Applicant

Natural Resources Wales

Total project cost

£7,949,471

Grant amount (award date)

£932,700 (development June 2021)
£4,160,388 (delivery June 2023)

Project status and % of grant paid

Delivery 4%

Latest report

Project is progressing and activities are underway.

Newport Transporter Bridge: Repair, Restoration and Interpretation

Nation or area

Wales

Applicant

Newport City Council

Total project cost

£17,632,590

Grant amount (award date)

£1,052,800 (development April 2018)
£8,756,000 (delivery December 2020)
£1,950,000 (grant increase March 2022)

Project status and % of grant paid

Delivery 3%

Latest report

Capital works are underway. Visitor Centre due to open in autumn 2024.

Norwich Castle: Gateway to Medieval England

Nation or area

Midlands & East

Applicant

Norfolk County Council

Total project cost

£20,611,336

Grant amount (award date)

£462,400 (development April 2016)
£8,756,800 (delivery September 2018)
£1,372,100 (grant increase June 2021)
£2,821,076 (grant increase December 2023)

Project status and % of grant paid

Delivery 73%

Latest report

Construction works are now well advanced and expected to complete in summer 2024. Proposals for interpretation and display are progressing well.

Progress on projects over £5million (continued)

Peatland Progress: A New Vision for the Fens

Nation or area

Midlands & East

Applicant

The Wildlife Trust for Bedfordshire,
Cambridgeshire and Northamptonshire

Total project cost

£9,715,966

Grant amount (award date)

£207,900 (development June 2021)
£8,624,301 (delivery grant December 2022)

Project status and % of grant paid

Delivery 48%

Latest report

Permission to start has been given and project is progressing. Acquisition of Speechley's Farm completed March 2023.

People's Palace and Winter Garden: Glasgow's Palace of the Imaginations

Nation or area

Scotland

Applicant

Glasgow City Council

Total project cost

£35,100,000

Grant amount (award date)

£850,000 (development December 2023)
£6,650,000 (potential delivery request)

Project status and % of grant paid

Development 0%

Latest report

The development phase is expected to begin in June 2024.

Plymouth Sound National Maritime Park

Nation or area

London & South

Applicant

Plymouth City Council

Total project cost

£22,011,288

Grant amount (award date)

£921,500 (development June 2021)
£11,660,600 (delivery December 2023)

Project status and % of grant paid

Delivery 0%

Latest report

Permission to start delivery phase received. Works due to commence in early 2024.

Remaking Beamish

Nation or area

North

Applicant

Beamish Museum

Total project cost

£20,842,864

Grant amount (award date)

£603,800 (development July 2014)
£10,891,200 (delivery October 2016)
£975,500 (Capital Kickstart increase December 2020)
£1,000,000 (grant increase March 2024)

Project status and % of grant paid

Delivery 95%

Latest report

Capital works progressing well.

Restoring Cleveland Pools to the Heart of the Community

Nation or area

London & South

Applicant

Cleveland Pools Trust

Total project cost

£8,214,017

Grant amount (award date)

£5,864,336 (delivery December 2018)

£290,000 (Capital kickstart increase December 2020)

Project status and % of grant paid

Delivery 95%

Latest report

The pools reopened in 2023 but were affected by unprecedented weather conditions and flooding in February. The grantee is working to resolve with support from the Heritage Fund.

Revising Nottingham Castle: 1,000 Years of History

Nation or area

Midlands & East

Applicant

Nottingham City Council

Total project cost

£29,358,400

Grant amount (award date)

£599,500 (development April 2014)

£13,883,400 (delivery November 2016)

Project status and % of grant paid

Delivery 98%

Latest report

After a period of closure, Nottingham City Council reopened the castle and grounds in June 2023. The project is due to complete in June 2024.

Revitalisation of the Mining Institute and Creation of the Common Room of the Great North

Nation or area

North

Applicant

The Common Room of the Great North Ltd

Total project cost

£9,161,610

Grant amount (award date)

£600,000 (development November 2016)

£4,100,000 (delivery June 2018)

£721,000 (grant increase January 2021)

£228,100 (Capital Kickstart grant increase January 2021)

£249,581 (grant increase March 2023)

Project status and % of grant paid

Delivery 98%

Latest report

Capital redevelopment of Neville Hall, Newcastle, is now complete and activity plan delivery is ongoing. Development of the business plan continues in a post-Covid environment.

Reviving an Artist's Birthplace: A National Centre for Gainsborough

Nation or area

Midlands & East

Applicant

Gainsborough's House Society

Total project cost

£8,316,977

Grant amount (award date)

£280,700 (development September 2016)

£4,453,100 (delivery June 2018)

£613,100 (grant increase December 2020)

£689,000 (grant increase March 2023)

Project status and % of grant paid

Delivery 85%

Latest report

The project is complete.

Progress on projects over £5million (continued)

Rothesay Pavilion

Nation or Area

Scotland

Applicant

Argyll and Bute Council

Total Project Cost

£45,916,863

Grant amount (award date)

£103,100 (development November 2012)
£3,330,000 (delivery January 2015)
£856,000 (grant increase September 2017)
£1,200,000 (grant increase March 2024)

Project status and % of grant paid

Delivery 67%

Latest report

The project is in delivery and construction works are progressing.

Sharing Historic Barts

Nation or area

London & South

Applicant

St Bartholomew's Heritage

Total project cost

£9,545,028

Grant amount (award date)

£445,731 (development September 2021)
£4,926,000 (delivery grant November 2022)

Project status and % of grant paid

Delivery 11%

Latest report

The delivery phase commenced in January 2024.

Silverburn Flax Mill: Heart, Mind & Soul Silverburn

Nation or area

Scotland

Applicant

Fife Employment Access Trust

Total project cost

£9,815,738

Grant amount (award date)

£374,600 (development)
£3,476,000 (delivery December 2021)
£1,200,000 (grant increase June 2023)

Project status and % of grant paid

Delivery 12.46%

Latest report

The delivery phase is progressing.

Tees-Swale: Naturally Connected

Nation or area

North

Applicant

North Pennines AONB Partnership

Total project cost

£8,688,051

Grant amount (award date)

£414,200 (development April 2018)
£5,723,700 (delivery June 2020)

Project status and % of grant paid

Delivery 44%

Latest report

The delivery phase is progressing.

The Citizens Theatre Redevelopment

Nation or area

Scotland

Applicant

Citizens Theatre

Total project cost

£28,571,118

Grant amount (award date)

£500,000 (development May 2014)

£4,795,000 (delivery December 2017)

£2,500,000 (grant increase December 2023)

Project status and % of grant paid

Delivery 68%

Latest report

The delivery phase is progressing.

The Hold: A Suffolk Archives Service for the 21st Century

Nation or area

Midlands & East

Applicant

Suffolk County Council

Total project cost

£19,736,843

Grant amount (award date)

£538,100 (development April 2016)

£10,363,700 (delivery March 2018)

Project status and % of grant paid

Delivery 93%

Latest report

The project is complete.

The North's Greatest 'Cathedral of Commerce': Rochdale Town Hall from Co-operation to Common Wealth

Nation or area

North

Applicant

Rochdale Borough Council

Total project cost

£14,398,669

Grant amount (award date)

£688,700 (development April 2018)

£8,256,700 (delivery September 2020)

Project status and % of grant paid

Delivery 90%

Latest report

Capital works are complete. The activity programme will run until 2025.

The Piece Hall: Halifax Heritage

Nation or area

North

Applicant

Calderdale Council

Total project cost

£10,770,888

Grant amount (award date)

£239,700 (development February 2010)

£7,000,000 (delivery July 2012)

Project status and % of grant paid

Delivery 95%

Latest report

The delivery phase is largely complete.

Progress on projects over £5million (continued)

The Regeneration of Hay Castle

Nation or area

Wales

Applicant

Hay Castle Trust

Total project cost

£8,239,150

Grant amount (award date)

£528,600 (development March 2014)

£4,467,600 (delivery May 2016)

£628,100 (grant increase March 2021)

£249,822 (grant increase March 2023)

Project status and % of grant paid

Delivery 98%

Latest report

The project is due to complete shortly.

The Restoration of Grade II Listed Broomhill Pool – providing swimming, fitness and community facilities

Nation or area

Midlands and East

Applicant

Fusion Lifestyle

Total Project Cost

£10,386,145

Grant amount (award date)

£3,496,300 (delivery December 2017)

£3,389,845 (grant increase December 2023)

Project status and % of grant paid

Delivery 1%

Latest report

Delivery phase expected to begin shortly following finalisation of grant contract.

Tunbridge Wells Cultural & Learning Hub

Nation or area

London & South

Applicant

Tunbridge Wells Borough Council

Total project cost

£18,676,120

Grant amount (award date)

£178,900 (development November 2015)

£4,294,900 (delivery March 2018)

£675,000 (Capital kickstart December 2020)

Project status and % of grant paid

Delivery 95%

Latest report

Capital works completed in December 2021.

Activities will continue until June 2025.

Unlocking the Geffrye

Nation or area

London & South

Applicant

Geffrye Museum Trust

Total project cost

£18,323,366

Grant amount (award date)

£425,300 (development April 2015)

£11,941,900 (delivery March 2017)

£692,000 (Capital kickstart grant increase December 2020)

Project status and % of grant paid

Delivery 100%

Latest report

The project is complete.

Unlocking the Severn for People and Wildlife

Nation or area

Midlands & East

Applicant

Canal & River Trust

Total project cost

£19,539,350

Grant amount (award date)

£233,100 (development April 2016)

£10,577,200 (delivery June 2018)

£590,000 (grant increase in December 2020)

Project status and % of grant paid

Delivery 90%

Latest report

The project is complete.

Unlocking the UK's Sound Heritage

Nation or area

London & South

Applicant

The British Library

Total project cost

£18,847,834

Grant amount (award date)

£215,900 (development April 2015)

£9,353,000 (delivery April 2017)

Project status and % of grant paid

Delivery 92%

Latest report

The project is complete.

We are London: Collections, Galleries and People in a New Museum at West Smithfield

Nation or area

London & South

Applicant

Museum of London

Total project cost

£40,423,900

Grant amount (award date)

£402,700 (development May 2018)

£4,597,300 (delivery September 2020)

£5,000,000 (grant increase June 2023)

Project status and % of grant paid

Delivery 29%

Latest report

The delivery phase is underway, and the museum is due to re-open in 2025.

Progress on projects over £5million (continued)

