

The National Lottery
Heritage Fund

Annual Report and Accounts
2022–2023

The National Lottery Heritage Fund

National Heritage Memorial Fund National Lottery Distribution
Annual Report and Accounts 2022–2023
for the period 1 April 2022 to 31 March 2023

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Enhancing and championing heritage for all

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 build pride in place and connection to the past.

Our broad network of staff 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 £3,000 to £5million and invest in projects that bring benefits for people, places and our natural environment.

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

£8.3bn

invested since 1994

46,000

projects supported

Total funding
distributed
(including
grant-in-aid)

£8.8bn

invested since 1994

51,000

projects supported

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Performance report

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 2022–2023: a statement from the Chief Executive

At The National Lottery Heritage Fund, we believe in the power of heritage to make people's lives better. Heritage brings beauty and character to our towns, cities and countryside; drives a strong sense of identity and belonging in communities; and inspires people of all ages through a connection to our diverse histories. Investment in heritage supports skills and jobs, contributes to tackling geographical inequality, and drives tourism, promoting the UK on the global stage.

It is an enormous privilege to work in this field with people of great passion and commitment, and to lead colleagues who feel as strongly as I do about the power of heritage to offer joy and inspiration to people and communities across the UK. And this has been an exceptionally busy year with the development of our new strategy, alongside our core grant-making activities and many other achievements.

This delivery has only been possible thanks to the dedication, expertise and commitment of all my colleagues at the Heritage Fund, and I would like to thank everyone who has played a part in the many successes outlined throughout this report.

Last year we set the following five priorities in our business plan:

1. Deliver National Lottery and grant-in-aid funding with a focus on heritage sector recovery, resilience and place

Our National Lottery project funding continued with funding offered from £3,000 – £10,000, £10,000 – £250,000 and £250,000 – £5million. Grants over £5million under the Heritage Horizon Awards supported exceptional projects delivering transformation, collaboration and innovation at scale, at sites across the UK.

2022–2023 saw the completion and launch of a number of long-term investments for the Heritage Fund. In England these included the re-opening in February 2023 of the Manchester Museum, following a closure of nearly two years for their 'hello future' redevelopment project. Our funding supported Jodrell Bank's First Light Pavilion and the reopening of Cleveland Pools in Bath, Britain's oldest lido.

In Wales we supported the opening of the first national broadcast archive in the UK in Aberystwyth and the opening of the regency landscape at the National Botanic Gardens. In Scotland the Burrell Collection reopened with a £16.5million investment from the Heritage Fund. In Northern Ireland, the entrance block of the Workhouse Enniskillen was sympathetically restored thanks to £2.5million of National Lottery funding, and reopened to provide a new business enterprise facility and heritage hub.

We made significant progress with our Heritage Horizon Awards, an ambitious £50million long-term investment in five projects that will deliver innovative, place-based heritage transformations, benefiting people and heritage right across the UK. We confirmed the award of £8.6million to Peatland Progress for the purchase of a parcel of land – Speechly's Farm – that will bring together two halves of the Great Fen and see land transformed into additional habitat for threatened wildlife.

Throughout the year, we provided refreshed resilience and recovery support through our National Lottery Grants for Heritage Programme. This provided funding for specialist help with recovery following the pandemic, in areas such as business planning, fund-raising and governance.

It also helped establish peer support and networks designed to help heritage organisations navigate the changed economic environment.

Where heritage projects in delivery were impacted by cost and supply issues outside the control of the grantee, we continued to flexibly support requested changes to project scope. And we invested in grant increases to help heritage organisations complete capital projects.

We continued to invest National Lottery funding in support of key events, including:

- in Birmingham, our £3million grant for the six-month cultural programme wrapped around the 2022 Commonwealth Games. This showcased the rich and important heritage that gives Birmingham and the West Midlands its unique culture and created an enduring impact on the region beyond the Games.
- funding to support the UK City of Culture, including a £3million contribution to Coventry to support its ambitious Green Futures Programme, creating a legacy that successfully connects people, culture and nature. Looking ahead, we plan to invest up to £5million of funding in Bradford, the 2025 UK City of Culture.
- a grant of £250,000 awarded to Liverpool City Council to support the heritage elements of the cultural programme for Eurovision 2023.

We successfully delivered our Dynamic Collections Campaign in collaboration with Arts Council England, Museums Galleries Scotland, and other partners across the UK. By year end, the campaign had supported over 30 museums, libraries and archives across the UK to become more inclusive and resilient, delivering projects that rediscover collections, bring them to new audiences and ensure they are managed and conserved to a high standard. It will continue into the 2023–2024 reporting year.

We launched our Innovation Fund, working with the Young Foundation to design a programme that allows heritage organisations to invest in new ideas, with an early focus on workforce innovation.

We continued to invest in our successful Digital Skills for Heritage Programme, including delivering a programme of digital leadership

events for heritage managers, the development of a Digital Heritage Resource hub and in February 2023, supporting the University of Lincoln to deliver the Heritage Dot conference that attracted an international audience.

2. Strategy development including widening sector collaboration and strategic partnerships

A significant milestone this year was the launch of our new 10-year strategy, Heritage 2033.

Our strategy development approach was comprehensive: we consulted over 4,000 stakeholders and members of the public, held workshops with our Board and regional committees, and we ran a conference for all our staff at the Manchester Football Museum in October 2022. We also drew extensively on evidence and insight provided by Heritage Pulse, our collaborative research project for the heritage sector, which has been used to inform strategy development throughout the year.

The resulting Heritage 2033 strategy sets a new vision for heritage to be valued, cared for and sustained for everyone, now and in the future. It states our commitment that by 2033 we will have invested £3.6billion, raised for good causes by National Lottery players, to make a decisive difference for people, places and communities.

Four new investment principles will underpin everything we do. They are:

- saving heritage
- protecting the environment
- inclusion, access and participation
- organisational sustainability

We'll also be open to opportunities to tackle issues at a large scale and to partnering with other organisations to get our funding to where it's most needed.

Heritage 2033 was launched in March via UK-wide events and digital engagement to reach a wide range of stakeholders.

This year was also the final for delivery of our Future Parks Accelerator partnership between the Heritage Fund and the National Trust. Working with local authorities and their partners across the UK, the programme focused on natural resources in urban areas, and making sure quality

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green space is accessible for everyone, now and into the future. The programme evaluation provided compelling new evidence of the importance of green spaces and the value of investing in them, which we will carry forward in Heritage 2033. To mark the culmination of the project, the Heritage Fund, with the National Trust, hosted its largest ever online event, with 1,250 registered attendees sharing learning and insights on urban green space.

In February 2023 we announced an investment with the National Churches Trust to increase the capacity of places of worship to care for their heritage. The £1.9million initiative, targeting Scotland, Wales and the north-west of England, follows a successful initiative in Northern Ireland known as 'Treasure Island'. Small grants and mentoring advice will support communities interested in taking on management of buildings, as well as congregations struggling to keep public-facing buildings in good condition.

To commemorate the Queen's Platinum Jubilee in June 2022 we committed £7million to help communities across the UK re-connect with nature and supported young people to take their first step towards a career in natural heritage. This investment was divided between:

- £5million with The Wildlife Trusts through Nextdoor Nature to help communities improve nature "on their doorstep", particularly in economically and/or nature deprived areas, so that green spaces flourish as a legacy of the Platinum Jubilee.
- £2million through a funding agreement with Groundwork, to support paid traineeships in a range of environmental charities for 70 young people from diverse and disadvantaged backgrounds. Strong interest and take-up for this New to Nature Programme led our Board to invest a further £1million in celebration of the King's Coronation in May 2023.

We also continued our work to deliver grant-in-aid funding for heritage, including continuing to deliver COVID-19 recovery funding for DCMS, a second round of Green Recovery Challenge funding for Defra and a number of grant programmes for the Welsh Government focused on natural heritage. Although much smaller in

scale than our core National Lottery activity, this work has provided much needed additional support to heritage organisations and enhanced our reputation as an expert heritage grant maker.

3. Embedding environmental sustainability in our investment and operations

During the year we developed our detailed decarbonisation plan to 2030 and accompanying targets for reductions. We also committed to reducing the carbon impact of our investments by 2050, with Heritage 2033 reinforcing our commitment to the environment: "protecting the environment" is one of the key principles that will underpin future investment.

4. Equality, diversity and inclusion (EDI) in our investment and operations

EDI remain central to our grant giving, governance, and workforce values and behaviours.

This year we completed a two-year programme of research on groups currently and historically under-served by our funding. We gained valuable insight into how these organisations perceive heritage, identified some gaps in understanding and gained more awareness of needs and expectations. The report's recommendations helped inform the development of Heritage 2033 and "inclusion, access and participation" is identified as one of its four priorities.

Through the strategy development process, we engaged with a wide range of stakeholders to gather the widest range of opinions and insights into how the Heritage Fund can be more inclusive. We will continue to listen to, consult and work with our staff, grantees and applicants to achieve greater equality, diversity and inclusion within the Heritage Fund itself, in our grant giving and in our work across the heritage sector.

We also continued to support initiatives that tackle potential barriers to entry into work in the heritage sector, including our successful programme of placements for Windsor Fellows, Leonard Cheshire's Change 100 interns and young people applying to the 2027 and Corra projects.

5. Complete and embed our new investment management system

A significant achievement in the year was the successful migration from our legacy grant management system to a new investment

management service. This will provide a much better user experience, increase our efficiency and provide a more flexible platform for future grant making, improving the quality and consistency of management information that we capture.

I am proud of everything we delivered in the last 12 months, and particularly of the ambition of Heritage 2033. Our work for heritage is more relevant and timelier than ever, and working with our many partners I look forward to achieving our vision for heritage to be valued, cared for and sustained for everyone, now and in the future.

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

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for heritage, with considerable experience of distributing National Lottery funds and expert 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

Our National Lottery distribution activities faced a number of risks throughout the year, and we actively and effectively managed these to minimise the impact on our applicants/grantees and other stakeholders, as well as on the Heritage Fund.

Trustees considered the risks faced by the organisation at Board meetings and through the detailed scrutiny provided by the Audit and Risk Committee.

1. External risks

In the year we faced external risks stemming from economic and political uncertainties in the UK and beyond. In particular, inflation and the rising cost of living had an impact on our applicants, grantees, and on projects in delivery.

In this regard, one of the principal risks was whether National Lottery funding would continue to maintain our investment portfolio and fund new applications. To mitigate the risk, we worked with our sponsor department, DCMS, The National Lottery operator (Camelot), and all National Lottery distributors across the UK to promote the importance and value of returns to good causes. In the event, National Lottery income again exceeded projections.

Another major external risk is National Lottery income uncertainty as a result of the transition from the current National Lottery operator (Camelot) to the new operator (Allwyn) in February 2024. We will continue to work with DCMS, the Gambling Commission, Allwyn and others to ensure a smooth transition to the next licence.

We fully recognised the risk posed by cyberattacks. Cybersecurity is an increasing challenge and we continued to strengthen our controls and processes to mitigate the risk. The Heritage Fund also has Cyber Essentials Plus accreditation, the highest accreditation for cyber security defence.

We also continued to respond to the risks arising from the climate emergency. We ensured that our carbon footprint, internal practices and management reflect a better management of this risk and we now have a plan for the Heritage Fund to attain Carbon Net Zero for operations by 2030.

2. Internal risks

In 2021–2022, internal risks focused on business continuity planning due to the COVID-19 pandemic.

This year there were fewer business continuity risks as the Heritage Fund moved to post pandemic hybrid working patterns, and we have continued to support staff with their physical health, mental health and wellbeing as we adjust to this new working practice.

Staff resources, in particular staff recruitment, continued to be a challenge in the buoyant post-pandemic employment market and also given pay constraints in the annual pay awards compared with the private sector. To mitigate this risk the Heritage Fund is actively looking for ways to increase our employee value proposition.

We also recognise the risk of fraud arising both internally and externally in relation to grant making. To mitigate the risk, all staff are encouraged to attend fraud awareness training, including any training given by DCMS. Our investment teams and officers are alert to fraud and will flag any risks of fraud on projects as and when they arise which helps mitigate any risks associated with grants awarded.

Finally, we actively risk-managed the development of our new investment management system and decommissioning of our legacy grant management system through extensive testing with internal and external users. We also maintained effective control of data integrity, security and protection. This work was a key priority for the organisation in 2022–2023.

We continued to be flexible and responsive to all risks throughout the year and ensured we managed them effectively at all levels across the Heritage Fund.

Our Strategic Funding Framework 2019–2024

While development of Heritage 2033 was underway, 2022–2023 marked the fourth year of operation

for our Strategic Funding Framework for all of our National Lottery grants from 2019–2024. The Strategic Funding Framework sets out the vision and principles guiding our funding for the lifetime of the framework, including: a streamlined single Open Programme with three levels of funding; the majority of grant making decisions devolved to Scotland, Wales, Northern Ireland and our three England areas; and an increased focus on nature and landscapes, community heritage, and heritage at risk.

During 2022–2023, as heritage organisations got to grips with a more uncertain economic climate, we focused funding and expertise on supporting their adaptation to fundamentally changed circumstances. Through our core Open Programme funding and the extension of our Business Enterprise and Support Programmes we supported the examination of existing business models and the development of new, creative and more resilient ways of operating. Our Open Programme has seen a return to 2,055 applications, and we are pleased to have been able to support 1,126 projects with a £199.2million investment of money raised by National Lottery players.

Alongside our Open Programme we continued to find new ways to collaborate and innovate to widen the reach and impact of National Lottery heritage funding. As noted above, we collaborated with other National Lottery distributors to demonstrate the collective impact of The National Lottery, focusing on both the Queen's Platinum Jubilee and 2022 Commonwealth Games.

We piloted a Green Finance initiative working with NatureScot and the Green Finance Institute in Scotland to help scale up private investment in Scotland's natural capital. As work progressed on developing Heritage 2033, we developed new funding agreements with heritage partners such as the Architectural Heritage Fund and, as noted, 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 like Levelling Up, Place etc.

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. 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 so 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 2022–2023. The analysis below discusses financial highlights of the year including significant movement on the Statement of Comprehensive Net Income and the Statement of Financial Position as well as some key performance indicators.

2022–2023 was a successful year for proceeds to good causes and our income reached £353.6million. This exceeded the projections for the year by £17.6million. We continued to use the National Lottery projections provided by the Gambling Commission for future years. We remain in dialogue with other National Lottery distributors and Allwyn as we transition to the new National Lottery operator from February 2024.

In 2022–2023, our grant payments and administration payments did not exceed our National Lottery income sum. The end result is that our overall cash balances (cash at bank plus cash at NLDF) rose from £437.1million to £531.8million. Our cash balances for future financial years will return back to normal levels as grant applications for the Open Programme are increasing again post COVID-19.

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We continue to monitor income and grant payment patterns to ensure we can support our liabilities in the medium to long-term as the aim is to minimise the NLDF balance to ensure we get timely cash payments out to good causes whilst ensuring sufficient NLDF balances to support 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 staggered 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.

Investment income earned by the Heritage Fund increased from £0.5million to £7.1million. The return on investments at the Heritage Fund was 2.32%.

The level of new grant liabilities created increased from £163.1million to £199.2million.

We converted many of our contingent liabilities (known as round one passes) created in previous years to full awards. This was £68.1million.

The level of decommitments made in the year increased slightly from £9.1million to £11.0million.

The balance of grant liabilities fell from £616.3million to £551.8million. Simply put, this was because the value of net new awards was far less than the value of grant payments. We anticipate the level of awards will increase in future financial years as the Open Programmes gather momentum post COVID-19.

The level of grant payments increased by about 8%, from £234.3million to £252.7million.

At 31 March 2023, we had £882.1million (2021–2022: £817.3million) of outstanding commitments with respect to grant liabilities (including contingent

liabilities) while we held £526.8million (2021–2022: £427.1million) in the NLDF with which to meet them. This means we had made net commitments of £355.3million (2021–2022: £390.2million) above our currently available resources. This is equivalent to approximately one year of future National Lottery income based on our current projections.

Trustees recognise that monitoring long-term cash flows is of great importance as the projects to which we give grants usually take many years to complete. There is no guarantee of the amount of funds The National Lottery will generate for us. Therefore, trustees have devised guidance ratios concerning the level of outstanding commitments, cash and expected income.

The ratios are kept under regular review to ensure that they remain relevant to our way of working and the external environment (see ratios' table below). Most ratios are in a position where we feel comfortable. Our operating costs increased from £21.5million to £26.3million – a rise of 22.3% – during the year as we fully switched our efforts back towards distributing National Lottery activity. In the two prior years, we had focused on emergency funding programmes. Also, we incurred additional one-off costs in relation to our organisation strategy renewal and digital costs with regards to the upgraded investment management system.

Our reputation as an effective and efficient grant-giver meant that we secured the delivery of funds from the UK government and devolved administrations in Wales and Northern Ireland.

With regards to the cash ratio below, the investment budget approved by the Board for 2023–2024 includes an increase of £16.0million to the delegated officer level budgets to facilitate any increased grant demands as a result of grant applications to the Open Programme gathering momentum.

Ratio	Target range	At 31 March 2023	At 31 March 2022
Total commitments to income	A maximum in the range 4.4:1 to 4.6:1	2.5:1	2.3:1
Net commitments to income (ie: total commitments less cash)	A maximum in the range 3.0:1 to 3.2:1	1.0:1	1.1:1
Hard commitments to cash	A maximum in the range 2.3:1 to 2.5:1	1.0:1	1.4:1
Cash at the National Lottery Distribution Fund	In the range £400 –£500million	£526.8million	£427.1million

Key performance indicators

In 2022–2023 our operating costs for National Lottery activities were 6.8% of National Lottery income and 5.9% over a rolling three-year average. This is within the 7.75% DCMS threshold target. Note 10 of the accounts section has further details.

We expect our operating costs to rise closer to our threshold target in 2023–2024 with the return to core business following the COVID-19 pandemic.

Payables

NHMF adheres to the government-wide standard on bill-paying and the Public Contracts Regulations 2015, which state that all valid bills should be settled within 30 days. In 2022–2023, 91% of invoices were paid within 30 calendar days (2021–2022: 93%).

Another way of measuring our commitment to paying suppliers is 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 2023, the figure was 38 days (2021–2022: 35 days).

Environmental policies and sustainability reporting

This year we set out a decarbonisation plan to 2030 and accompanying targets for reduction. We did well against our targets. We continued adapting our office space for the space requirements of the organisation and reduced our workspace area from 1550m² to 843 m² over the course of the year.

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

This year saw the completion of the move from traditional lease and operation-based office spaces to offices within managed spaces. The majority of these offices are under serviced office agreements. This move allows us to adjust our office estate to the size of our organisation. Most significantly we have moved from our main office in London of 721m² to a shared office space totalling 91m². It also allows us to use the building more efficiently with shared facilities such as kitchens and meeting rooms. It does, however, pose a challenge for reporting of utilities and their associated costs. For the most part landlords have been able to provide apportioned

gas and electricity use. Where the data is unavailable from Nottingham, Manchester, Newcastle and Edinburgh, we have used EPC data as proxies, in line with previous years.

The moves from the older Nottingham and London offices have positively impacted our gas consumption. In 2021–2022, these two offices accounted for 91% of our gas consumption, which is reflected in the reduction shown. We now have only two office spaces using gas for heating which will be reviewed when the licenses are due for renewal.

Office costs for London and Nottingham overlapped in the year, leading to an increase in total costs. The expenditure provided includes all costs related to the running and management of the office space as it is not possible to separate these out.

We did not include homeworking greenhouse gas emissions in our reporting as these currently fall out of 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 are likely to be the largest additional contributor to the environmental impact of homeworking, and will use that data to inform future procurement.

Waste minimisation and management and finite resource consumption

Our waste increased this year as staff returned to offices, however this is still very low compared to pre-pandemic levels. Similarly, while paper use has increased, it is a quarter of the consumption rate recorded in 2019–2020.

We continued to run a Green Impact Scheme across the organisation which among other areas has a key focus on waste minimisation and reduction in single use plastics, recognising that waste reduction is reliant on culture change and the behaviour of our staff.

We diverted approximately 255kg of waste electricals from landfill and generated £24,000 in revenue through selling our old devices on to a third party which securely wiped and refurbished them for resale so that they can continue to be used.

The move from our London office space has dramatically decreased our water consumption.

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Greenhouse gas emissions

		2022–23	2021–22	2020–21
Greenhouse gas emissions	Scope 1 emissions (tCO ₂ e)	2	26	14
	Scope 2 emissions (tCO ₂ e)	33	44	36
	Scope 3 emissions (tCO ₂ e)	94	70	9
	Total gross emissions (tCO ₂ e)	130	140	42
Energy and water consumption	Electricity (kWh)	169,109	207,051	58,301
	– from renewable sources (kWh)	19,211	27,777	
	– from non renewable sources (kWh)	149,898	179,274	
	Gas (kWh)	13,588	140,457	76,429
	Water (m ³)	436	1,530	2,434
Expenditure (£'000s)	Utilities (inc. service charges)	624	329	279
	Business travel (inc. accommodation)	422	172	2

Waste minimisation and management

		2022–23	2021–22	2020–21
Waste (tonnes)	Hazardous – inc. WEEE*	0.001	0	0.3
	Landfill	0	0	0
	Energy from waste	1.92	0.77	1.4
	Mixed recycling	1.15	0.43	0.3
	Total waste	3.25	1.20	2
Waste expenditure (£'000s)	Total waste (inc. cleaning for 2020–21)	included in Utilities	26	19

* WEEE = waste electrical and electronic equipment

Finite resource consumption

		2022–23	2021–22	2020–21
Finite resources	Water (m ³)	436	1,530	2,434
	Paper use (sheets)	33,340	6,903	0
	Paper use (tCO ₂ e)	3.5	0.73	0

In 2021–2022 our London office accounted for 71% of our total water use. Where apportioned water readings are available we have included them. For all other offices we have assumed a consumption rate of 0.5m³ per m² of rented office space. Costs for water are incorporated into total utilities charges provided above.

Nature recovery and biodiversity action planning

Our greatest impact on nature is through our grant giving. In 2022–2023 we distributed

£32.5million to land and nature through our grant-in-aid and Open Programmes and in total we awarded £3million through our New to Nature Programme, launched to mark the Queen's Platinum Jubilee and extended to celebrate the King's Coronation with an additional £1million investment.

Under our 2019–2024 funding framework, we asked all projects to report on their environmental performance. Our new strategy maintains and reinforces our commitment to sustainability and

the environment. We do not own any land or natural environments but we do encourage staff to make space for thriving plants and wildlife through the use of their volunteering days. In May 2022, 15 staff members volunteered to clean up community gardens and we also distributed litter pickers to all offices to encourage colleagues to give back to their local communities during their lunch breaks.

Sustainable procurement

Our approach is aligned with government standards. We plan to improve our sustainable procurement policies and recognise the need to provide more guidance. Last year we started to engage with our largest suppliers to understand their ability to report and reduce their environmental impact. We also embedded sustainability requirements into decision making for all new office agreements.

Climate change adaptation

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

Reducing environmental impacts from IT and digital uses

Our IT strategy aims to reduce the environmental impact of the technology we use. This year we established a baseline for ICT and digital-related emissions. We used the Green Government ICT Handbook to identify areas for improvement and will introduce new retention policies and data storage approaches as well as provide information and support to staff from 2023–2024 onwards.

Policy objectives and targets

Our previous plan to introduce a sustainability strategy has been superseded by the decarbonisation plan for our organisation and the integration of environmental sustainability into Heritage 2033.

To reach net zero operational emissions, the focus is on our offices, IT infrastructure, travel and supply chain. We have set office space energy

efficiency targets for the next seven years. We met this year's target through selecting an energy efficient building for our new office space in Cardiff and moving out of leasehold offices in London and Nottingham.

We aimed to reduce distance travelled to 1,100,000 kilometres but travelled 1,226,804 km. However, we more than met our modal shift to public transport target by shifting from road to rail, with 83% of the total distance travelled by rail (target 65%). Flights accounted for 5% of the distance travelled, exceeding our 3% target for 2022–2023. This is a challenge to reduce given our UK footprint, with 84% of flights relating to travel between Belfast and the rest of the UK.

We worked to understand the carbon footprint of the projects we fund and to set a science-based reduction target that includes these emissions. By gaining a greater understanding of the environmental impact of the projects we fund, we will be able to provide leadership and practical support to the heritage sector in the transition to a sustainable future.

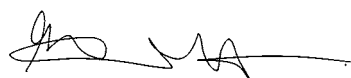
Rural proofing

Many of our projects are in rural areas and our investment helps 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.

As an organisation we support our colleagues to work nationwide and our new hybrid working policy sets out how staff are able to work flexibly across the UK.

Sustainable construction

Other than funding capital projects, the organisation does not have new construction of any capital assets.



Eilish McGuinness

Chief Executive and Accounting Officer

4 July 2023

Report of the Trustees and Accounting Officer

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 and audit report – a report by our auditors on the results of their audit of our accounts for 2022–2023 in line with accounting and auditing standards

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

Baroness Kay Andrews OBE
to 31 December 2022

Dr Claire Feehily

Julian Glover
from 1 May 2022

Denise Lewis-Poulton
from 6 February 2023

Ray Macfarlane

Taryn Nixon
from 1 May 2022

Carol Pyrah
from 9 May 2022

Mukesh Sharma MBE DL

Dr David Stocker

Chief Executive

Eilish McGuinness

Details of other senior managers can be found in the remuneration and staff report on page 25.

The gender split of our staff (including those on fixed term contracts) working on National Lottery related activities, and our trustees at 31 March 2023, was as follows. Many of our staff in 2022–2023 worked on both National Lottery and grant-in-aid activities.

	Male	Female	Total
Executive directors	1	3	4
Staff	87	239	326
Trustees	4	6	10

Register of Trustees' Interests

As a matter of policy and procedure, the trustees and Area and Country 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 focus on the transition to Heritage 2033, through which we will continue our current approach of offering open funding programmes – from small grants up to multi-million-pound projects – for all types of heritage.

From 2023, we will introduce a higher investment threshold of £10million to allow for larger-scale investment and will consider investing in projects above this threshold to support truly exceptional heritage projects across the UK.

We will strengthen 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, delivering additional funding for heritage on behalf of governments and other bodies to achieve our shared aims.

Strategic initiatives

In future, we will take a more proactive approach to strengthening strategic investment, targeting our resources towards the most urgent needs. We will target place-based investment that boosts pride in place and connects communities and visitors with heritage, with a commitment to invest at least £200million in place over the life of the strategy.

We will also support large-scale projects that revive landscapes, support nature recovery and enhance connectivity for people and wildlife. We will take an evidence-based approach to identifying gaps in support to the heritage sector, particularly where there is heritage at risk and in need of conservation, and we will ensure we can respond swiftly and act when necessary to respond to unique situations and opportunities. Work is already underway on these strategic interventions and will build up over this coming year as we progress with delivering Heritage 2033.

Our first three-year delivery plan will be published in summer 2023 setting out further detail on how implementation of the strategy will be phased.

Data and research

This year we successfully increased our data analysis capabilities and collaborated with other public bodies on research projects such as Heritage Pulse and through our shared use of engagement data through the DCMS-led Taking Part Survey. We also improved our open data offer to publish data more widely and more frequently. Through our involvement with the Culture and Heritage Capital Programme led by DCMS, we continue to offer expertise and support to help improve the long-term measurement of the value of the culture and heritage sectors. Our ambition for the coming year includes trialling new Geographic Information Systems (GIS) and mapping capabilities that will help us deliver stronger insights and support the place-based and landscape scale investment work set out in Heritage 2033.

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 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 directions 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

Report of the Trustees and Accounting Officer

grant assessment 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 four 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 (FReM) and in particular to:

1. observe the accounts direction issued by the Secretary of State for DCMS, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
2. make judgements and estimates on a reasonable basis
3. state whether applicable accounting standards, as set out in FReM, have been followed and disclose and explain any material departures in the financial statements
4. prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Heritage Fund will continue in operation

The principal Accounting Officer of DCMS appointed the senior full-time official, the Chief Executive, as Accounting Officer for the Heritage Fund.

Their relevant responsibilities as Accounting Officer, including their responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable for the safeguarding of the Heritage Fund's assets and for the keeping of proper records, are set out in the section titled 'Accounting Officers' in 'Managing Public Money'.

So far as the Accounting Officer is aware there is no relevant audit information of which our auditors are unaware. The Accounting Officer has taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that our auditors are aware of that information.

The Accounting Officer confirms that the annual report and accounts as a whole is fair, balanced and understandable and that they take personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and reasonable.

Governance Statement

Foreword

I was appointed Chief Executive and Accounting Officer on 1 January 2022.

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 Heritage Fund's purpose while safeguarding the public funds and assets for which I am responsible.

Introduction

This Governance Statement is a summary of the arrangements for the stewardship of the National Heritage Memorial Fund, including how we manage risk and how we comply with HM Treasury's 'Corporate governance in central government departments: code of good practice'.

As the Accounting Officer for the National Heritage Memorial Fund, I am required by the Secretary of State's accounts direction 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 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 by using small panels of trustees and providing flexibility for some of our decision delegations.

Operating environment

Despite political and economic uncertainties, which created a demanding operating environment, we continued to respond to the sector and support heritage across the UK. We developed new partnerships and worked with different UK government departments, along with the devolved administrations in Northern Ireland and Wales.

We continued to deliver both our general and our COVID-19-specific grant-in-aid programmes. Our National Lottery Open Programmes gathered momentum again following the pandemic with a strengthened focus on recovery and resilience.

Cashflow and liquidity continued to be key to the health and survival of the heritage sector. We were able to inject investment to maintain support for projects, help communities, protect jobs and ensure the survival of large parts of the sector that otherwise might not have succeeded in navigating the uncertain economic climate.

I am pleased to report that our governance arrangements allowed us to operate through the uncertain operating environment and to deliver a range of responses across the UK that were pivotal to protecting the heritage sector.

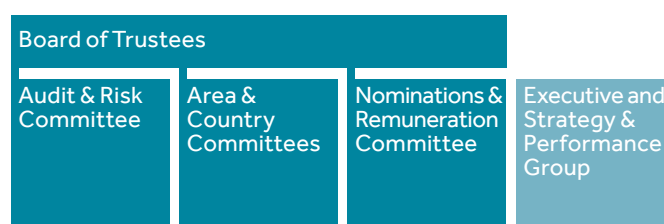
The governance of the Heritage Fund has continued to be both resilient and flexible throughout the whole year.

NHMF's Framework Document with DCMS

During the year NHMF agreed a draft Framework Document with DCMS, setting out our governance arrangements as a non-departmental public body of the department, our delegations, spending controls and wider operating arrangements. We expect this to be finalised in 2023–2024.

Governance structure

The governance structure of NHMF during 2022–2023 is set out in the diagram below. The Board and its sub-committees are as described, alongside the Executive and the Strategy and Performance Group.



Board of Trustees

The Board is responsible for:

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

The Board operates as a group and held seven meetings during the year to agree NHMF strategy and business plans and make decisions in line with those strategies and plans. These meetings are attended by the Chief Executive and the executive directors.

Dr Simon Thurley CBE is Chair of the Heritage Fund 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 2022–2023, one trustee was re-appointed and one trustee retired.

The overall attendance rate of trustees at Board meetings was 93%. Trustees have also delegated some of their tasks to the committees shown on

Report of the Trustees and Accounting Officer

page 17 – the Area and Country Committees oversee the grant-making decisions presented before them. The chairs of the Area and Country Committees are part of the Board of Trustees who have responsibility for the overall strategic direction and performance of the Heritage Fund. The minutes of Audit and Risk Committee meetings and Nominations and Remuneration 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 2022–2023 was as follows:

Trustee	Eligible meetings	Meeting(s) attended
Dr Simon Thurley CBE Chair	7	7
Maria Adebawale-Schwarte	7	5
Baroness Kay Andrews OBE to 31 December 2022	7	6
Dr Claire Feehily	7	6
Julian Glover from 1 May 2022	7	7
Denise Lewis-Poulton from 6 February 2023	1	1
Ray Macfarlane	7	6
Taryn Nixon from 1 May 2022	7	7
Carol Pyrah from 9 May 2022	7	7
Mukesh Sharma MBE DL	7	7
Dr David Stocker	7	7

Board composition

Of the 11 trustees who attended the Board throughout the year, 60% were female and 40% were male. Two (20%) came from Global Majority backgrounds.

Board conflicts of interest

Trustees and staff are responsible for ensuring that their entries in the Register of Interests are maintained and updated as necessary. The Legal and Governance team 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.

Audit and Risk Committee

The Committee met on four occasions during the year. It is chaired by a trustee.

The Chief Executive attends each committee meeting with the executive directors and other senior staff attending as required. The Committee is supported and serviced by the Heritage Fund’s Legal and Governance team. The Heritage Fund’s external auditors (National Audit Office) and internal auditors (BDO) and DCMS observe the meetings. The Committee holds in-camera sessions before meetings and also private discussions with the auditors before the meetings.

In addition to the two trustees, two non-executive independent members are also members of the Committee – these are Warren Mead and Robert Milburn. Both joined with effect from 1 June 2022. These new members replaced David Michael and Carole Murray who retired from their roles on 30 June 2022.

The Committee re-appointed BDO as internal auditors in 2021–2022. A refreshed strategic plan for internal audit was agreed as was the one-year programme of work for 2022–2023. All the reviews carried out in 2022–2023 and reported to the Committee were in line with that strategic approach. A detailed one-year plan of internal audit reviews is approved annually.

The Committee received internal audit reports during the year on:

- investment management service data migration
- information governance and IT strategy
- people strategy
- core financial controls

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

The Committee reviews the Annual Reports and Accounts for both the National Heritage Memorial Fund and National Lottery Heritage Fund. During 2022–2023 in addition to the above reports and accounts, the Committee also considered the following:

- further reports on the investment management service
- fraud and alleged fraud cases including detailed fraud risk assessment and post evaluation assessment for our grant-in-aid programmes in the pandemic
- procurement arrangements including any exceptions to normal procurement tenders

Attendance at committee meetings throughout 2022–2023 was as follows:

Trustee	Eligible meetings	Meeting(s) attended
Claire Feehily Chair	4	4
Maria Adebowale-Schwarte	4	3
Warren Mead from 1 June 2022	4	4
David Michael to 30 June 2022	1	1
Robert Milburn from 1 June 2022	4	4
Carole Murray to 30 June 2022	1	1

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

Nominations and Remuneration Committee

The Committee did not meet in 2022–2023.

Delegated grant decision making

The trustees have delegated their grant decision making responsibilities for certain types and values of National Lottery awards to nations and English areas (as shown in the governance structure on page 17). There are six of these committees (three countries and three English areas) and each is chaired by a trustee. In addition to making grant decisions, these committees provide advice to the Board on priorities within their area and act as advocates for the organisation's work as a National Lottery distribution body. Chairs of Area and Country Committees met with the Board Chair and Chief Executive, along with senior staff during the year. The Executive Director (Business Delivery) attends committees for each country and English area throughout the year. The Board Chair and Chief Executive attend a number of committees throughout the year.

Trustees also delegate grant decision making for grants under £250,000 to senior staff in area and nation teams. An annual report on the impact of delegated grants across all committees was presented to the Board.

Executive and Strategy & Performance Group (SPG)

The Board delegates day-to-day management to the Chief Executive.

An Executive consisting of the Chief Executive and three executive directors for each department came into effect in 2019 and has continued since. This Executive is responsible for wider strategic management issues and delivery of business in the Heritage Fund. The Executive meets regularly according to business need.

The Strategy and Performance Group (SPG) consists of senior directors and staff across all three departments and has responsibility for horizon scanning, day-to-day performance management and corporate planning. The SPG met regularly and in several of these meetings the Executive also attended.

Each executive director provides inputs to a regular Chief Executive report to the Board on activities and issues within their remit.

In addition, at the start of each year, I issue a Letter of Responsibility to each executive director setting out their responsibilities and the need to operate within Heritage Fund, 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 2022–2023.

I also attend the Lottery Forum – a grouping of all The National Lottery distributors' Chief Executives. It also liaises with DCMS and The National Lottery Commission. The Executive Director (Business Services) also attends the equivalent forum for finance directors as well as the DCMS finance director meetings. Feedback and assurance is provided to me via those routes. We also meet regularly with the DCMS sponsor team.

Report of the Trustees and Accounting Officer

Organisational design and structure

During the year, as Chief Executive, I operated a three-department structure of:

- Business Innovation and Insight (strategy, policy, data and insight along with marketing and communications)
- Business Delivery (operational delivery)
- Business Services (support functions)

The operating plan – the Business Plan – is developed each year alongside financial budgets and investment programme planning. Like previous years, this year we also closely integrated risk management into the business planning process. The Business Plan is discussed with our sponsor department DCMS.

DCMS sets UK policy directions and financial directions with which we have complied in our National Lottery activities. The Scottish and Welsh Governments issued some policy directions with regard to National Lottery activities in those countries and we also complied with those. We also have policy directions from DCMS for England. In 2022, the Northern Ireland Department for Communities consulted on Northern Ireland Policy Directions for the Heritage Fund. We have since discussed the Department's recommendations following the consultation as we move towards re-establishing policy directions and reporting the Northern Ireland Department for Communities.

We operated in line with our draft Framework Agreement (as agreed by the Secretary of State) and Financial Memorandum between ourselves and DCMS. This is supplemented by regular meetings with DCMS officials and other National Lottery distributors. The priorities set out in the draft framework document sit alongside the UK and country policy directions.

Risk management and internal control

Our system of risk management and internal control is designed to manage risk to an acceptable level rather than eliminate risk to policies, aims and objectives – it can therefore only provide reasonable and not absolute assurance. In particular, I am clear that risk management should balance innovation or business change where this is needed. The system of internal control is based on an on-going

process designed to identify and prioritise the risks to the achievement of policies, aims and objectives and to evaluate the likelihood of those risks being realised and the impact if that realisation occurred.

All policy setting and grant decision making is informed by the risk management culture and approach of the NHMF. A few years ago we overhauled our risk management approach as part of a wider exercise on assurance across NHMF. We continued to operate this approach in 2022–2023 and plan to review our risk approach again during 2023–2024.

The risk registers/assessments and underpinning process assign a risk owner who is accountable to the Chief Executive for the effective management of that risk. The registers also identify associated risks so that any 'multiplier effect' is taken account of. It also distinguishes between the 'inherent' level of risk (impact and probability) and the 'residual' level of risk so that it is possible to judge the effectiveness of existing controls and mechanism for mitigating the risk. That also permits the risk owner to identify further measures needed to bring the risk within the appetite and the specific dates for those actions.

The Board also reviewed its risk appetite during 2022–2023 and was content with the current levels of risk. We also recognise that well-thought-through risk-taking and innovation to achieve NHMF objectives should be encouraged. I believe that the Heritage Fund demonstrates innovation in its choice of grant awards and does not simply resort to making risk-free decisions.

To this end we are prepared to accept that some of the organisations to whom we give grants will not subsequently demonstrate full competence in the administration of that grant. We learn our lessons, improve our processes and in rare circumstances write-off the grant. In cases where we suspect fraud or improper behaviour, we will report the case to the police for further investigation. I approve all write-offs, and this allows me to monitor the amount each year to provide assurance on our assessment and monitoring procedures.

As can be seen from note 20 in the accounts section, the level of grant write-off is extremely small relative to the level of grants that we distribute

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

In 2022–2023 trustees of NHMF considered the following to be the most significant areas of risk:

- National Lottery income management alongside our liquidity exposure, long-term funding projections and the ability to fund these and ensure our financial key performance indicators remain within our risk tolerance in terms of demand for awards, commitments (liabilities) and potential commitments (contingent liabilities) and cash held, as shown in the performance analysis on page 9.
- the costs associated with our grant-in-aid work do not become fixed, or have an adverse impact on our strategic cost base going forward
- the wellbeing and mental health of our teams
- the challenges posed by the climate and ecological emergency
- developing the new investment management service
- handling economic uncertainty for our projects in terms of costs, inflation, supply chains, etc
- handling political change and risk across the UK
- managing the impacts on economic risks (inflation, supply chain stability) etc across our grant recipients
- ensuring our data and insight are used to optimal effect
- ensuring we achieve cultural changes across the Heritage Fund to support the changes we have to deliver

Each of these risks has a risk owner at the executive level charged with managing the risk and ensuring appropriate mitigating actions are undertaken. I believe we managed those risks effectively throughout 2022–2023.

Approach to fraud and information risk

Trustees of NHMF have a fraud policy that is reviewed on an annual basis. All staff in NHMF are encouraged to undertake Fraud Awareness Training.

The training identifies fraud risk areas for NHMF, and how those might be identified and mitigated to reduce the risk of fraud. NHMF has specifically undertaken bespoke fraud training delivered by external parties to our investment teams around areas such as how to detect fraud and how to report suspected fraud.

All new frontline operational staff undertake training on assessment and monitoring of grant applications as part of their onboarding process. Fraud is one of the subjects covered in that training. Further, a range of anti-fraud measures are carried out by staff at pre-application, application, assessment, monitoring and at project closure stages.

Over recent years we have improved risk awareness and intelligence gathering arrangements with other National Lottery distributors and we continued this last year, with better sharing of information, combined resources and consideration of the use of specialist third parties to identify fraud risk.

We recognised the wider risk appetites for this outside of the Heritage Fund and worked alongside DCMS, Defra etc to meet their requirements in this respect.

We also recognised that access to funding and use of grants already paid out continue to be areas at risk of fraud or error. We continued to use our existing robust anti-fraud arrangements and built on these with new tools and services from the Cabinet Office.

NHMF also has an information risk policy that is compliant with Cabinet Office guidance and the Security Policy Framework. All new staff receive guidance in information security, data protection and Freedom of Information as part of their induction.

Business critical models

I consider we are compliant with the recommendations contained within the Macpherson report. I judge that we utilise 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

Report of the Trustees and Accounting Officer

was created around 10 years ago and remains largely in its original form other than extending its lifecycle. The model has been employed against scenarios of different levels of National Lottery income, one-off contributions to the 2012 Olympics, and significant new grant programmes and we have found that it provides a reasonable forecast of our financial sustainability.

In 2014–2015, based on the main model, the Board created a financial framework setting out grant ratios linked to the total level of commitments, approved actual liabilities, income from The National Lottery and our balance at the NLDF. We therefore believe that the model and the financial framework provide a robust basis for our grant giving. We have continued to use this approach in 2022–2023 and indeed used this in modelling for our National Lottery income planning scenarios and assumptions. We reviewed the key ratios in 2022–2023 and adapted these for the longer term.

Board performance and effectiveness

The most significant activity for the Board has been the development of our new strategy, Heritage 2033, and oversight of the Heritage Fund's delivery of National Lottery programmes and grant-in-aid activity. The Board received detailed and regular updates on all interventions; and subsets of the trustees have acted as decision makers in the grant-in-aid funded programmes in England, Wales and Northern Ireland.

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 continued to meet the requirements of HM Treasury's corporate governance code.

There were no matters from the auditors put to the Audit and Risk Committee on behalf of the Board that gave it cause for any concern. In consequence the Board believes that 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. In March 2023, the full Board undertook a Board effectiveness self-assessment to ensure that it was fulfilling the requirements of its terms of reference and contributing to the leadership of the Heritage Fund. The results will enhance the Board's governance practices and performance with a clear programme of follow up actions and a plan of implementation. The full evaluation would underpin the robust Board effectiveness Review that would be undertaken in 2023–2024 which will look at the structure, people and performance to deliver.

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.

The governance year

As Accounting Officer, I have responsibility for reviewing the effectiveness of the systems of internal control. My review is informed by the work of the internal auditors (BDO) and senior management within the NHMF who have responsibility for ensuring the effective maintenance and implementation of the internal control framework alongside comments made by the external auditors in their management letter and other reports.

All staff have performance agreements set at the beginning of the year articulating their personal objectives for the year. These are linked to the Business Plan and our strategy. These are reviewed formally at mid-year and end-year reviews. I also hold informal meetings with executive directors on a one-to-one basis throughout the year. As mentioned, the Executive and Strategy and Performance Group teams meet regularly.

I have seen the management letter prepared by the external auditors following their audit of the financial statements for the year ended 31 March 2023.

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 NHMF. This opinion

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.

On re-appointment, the internal auditors produced an overall audit strategy. The annual plan is extracted from the audit strategy and linked into the risk registers and risk appetite.

With BDO we introduced new quarterly liaison meetings with the internal auditors to help monitor progress against plan and redirect resources to emerging risks. These continued to be used to monitor progress and delivery of the programme. We also introduced new controls several years ago to improve accountabilities on audit reviews and the implementation of internal audit recommendations. These have continued in 2022–2023 and recommendations that were due to be implemented in 2022–2023 were implemented satisfactorily or there is a legitimate reason for the delay.

All internal auditors' 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 in detail the findings, recommendations and proposed management actions. 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 is tracked and monitored by the Business Services Department and the internal auditors. That control list is also seen as a standing item by the Audit and Risk Committee.

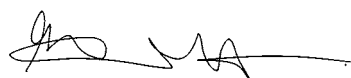
Our new Code of Conduct for staff and contractors was introduced in 2018, including areas such as:

- the principles of service in public life
- conflicts of interest
- gifts and hospitality
- whistleblowing

The Code was publicised to all staff and placed on our intranet.

Letters of Delegated Authorities/Responsibilities for all executive directors are in place – setting out their delegated authorities (financial, procurement etc) to be agreed at the start of the year to complement the memorandum at the year end. This cycle was completed in 2022–2023.

As a result of the above I believe that the Heritage Fund's control framework provides me with the level of assurance that I require. I am aware of nothing that leads me to believe 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.



Eilish McGuinness

Chief Executive and Accounting Officer

10 July 2023

Report of the Trustees and Accounting Officer

Remuneration and staff report

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 2022–2023 was £179,088 (2021–2022: £154,418). The pay and contracts of trustees are discussed and set by DCMS. Their contracts do not contain any bonus clauses.

	2022–23 £'000	2021–22 £'000
Dr Simon Thurley	40–45	40–45
Maria Adebowale-Schwarte	10–15	10–15
Baroness Kay Andrews OBE to 31 December 2022	15–20 (Full year equivalent: 20–25)	20–25
Dr Claire Feehily	10–15	15–20
Julian Glover from 1 May 2022	10–15 (Full year equivalent: 10–15)	–
Denise Lewis-Poulton from 6 February 2023	0–5 (Full year equivalent: 20–25)	–
Ray Macfarlane	20–25	20–25
Taryn Nixon from 1 May 2022	10–15 (Full year equivalent: 10–15)	–
Carol Pyrah from 9 May 2022	10–15 (Full year equivalent: 10–15)	–
Mukesh Sharma MBE DL	20–25	20–25
Dr David Stocker	10–15	10–15

No bonuses were paid to senior management in the year under review or the comparative year.

Executive's single total figure for remuneration (audited information)

	Salary 2022-23 £'000	Salary 2021-22 £'000	Pension benefits accrued during 2022-23 £'000	Pension benefits accrued during 2021-22 £'000	Total 2022-23 £'000	Total 2021-22 £'000
Eilish McGuinness Chief Executive and Accounting Officer	140-145	115-120*	182	92	320-325	205-210
Colin Bailey Executive Director Business Services to 30 June 2022	30-35 (Full year equivalent: 110-115)	110-115	11	41	35-40	150-155
Harnish Hadani Executive Director Business Services from 3 May 2022	100-105 (Full year equivalent: 110-115)	–	39	–	135-140	–
Isabel Hunt Executive Director Business Innovation & Insight	120-125	120-125	46	47	165-170	165-170
Anne Jenkins Executive Director Business Delivery	105-110	20-25**	201	61	305-310	80-85

* Chief Executive from 1 January 2022. Executive Director of Business Delivery from 1 April 2021 to 31 December 2021.

** Executive Director of Business Delivery from 1 January 2022. The full-year equivalent of Anne Jenkins' salary in 2021-2022 was in the band £105,000 to £110,000.

Executive's pension remuneration (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 2023 £'000	CETV at 31 March 2022 £'000	Real increase in CETV funded by NHMF £'000
Eilish McGuinness Executive Director and Accounting Officer	7.5-10 plus a lump sum of 15-17.5	60-65 plus a lump sum of 155-160	1,416	1,096	176
Colin Bailey Executive Director Business Services to 30 June 2022	0-2.5	15-20	313	288	8
Harnish Hadani Executive Director Business Services from 3 May 2022	0-2.5	5-10	79	42	27
Isabel Hunt Executive Director Business Innovation & Insight	2.5-5	5-10	136	92	30
Anne Jenkins Executive Director Business Delivery	7.5-10 plus a lump sum of 20-22.5	50-55 plus a lump sum of 110-115	1,061	775	189

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.

Report of the Trustees and Accounting Officer

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 all were ordinary members of PCSPS or alpha. Their costs were allocated between The National Lottery Heritage Fund and NHMF on the basis of 99:1 (2021–2022: 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 2023. HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023–2024 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 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.

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 £45,276 (2021–2022: £27,779) were paid to a panel of appointed stakeholder pension providers. 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.

[civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk). Although the schemes are defined benefit schemes, liability for payment of future benefits is a charge to PCSPS or alpha. Departments, agencies and other bodies covered by PCSPS and alpha meet the cost of pension cover provided for the staff they employ by payment of charges calculated on an accruing basis. For 2022–2023, employer's contributions of £2,878,911 (2021–2022: £2,665,564) 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 2022–2023 and 2021–2022 was the Chief Executive as disclosed in the table on page 25. The annualised banded remuneration of the Chief Executive in 2022–2023 was £140,000 to £145,000 and in 2021–2022 it was £145,000 to £150,000 (this was the previous Chief Executive Ros Kerslake's salary, who left the Heritage Fund on 31 December 2021). This was about 3.8 times (restated 2021–2022: 3.9 times) the median remuneration of the workforce, which was £37,546 (restated 2021–2022: £36,883). There were no employees who received remuneration in excess of the highest paid executive director. Remuneration ranged from £19,800 to a banding of £140,000–£145,000 (restated 2021–2022: £18,180 to a banding of £145,000–£150,000).

Fair pay disclosure

	Total salary and allowances 2022–23	Staff Bonus payments 2022–23	Total salary and allowances 2021–22	Staff Bonus payments 2021–22
Staff average	2.59%	-12.24%	-1.33%	11.75%
Highest paid director	-3.39%	–	0.00%	–

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.

Report of the Trustees and Accounting Officer

We are also required to disclose the ratio of the Chief Executive's total remuneration as compared to the 25th, 50th and 75th percentile full time equivalent of staff pay. This information is disclosed below. No bonuses have been paid to employees, so all amounts and ratios below relate to salary components.

	2022-23 £	2022-23 Ratio	Restated 2021-22 £	Restated 2021-22 Ratio
25th percentile	43,019	3.3	42,498	3.4
50th percentile	37,546	3.8	36,883	3.9
75th percentile	27,255	5.2	25,843	5.5

Exit packages (audited information)

As required by the Cabinet Office, the Heritage Fund publishes details of all exit packages agreed in the financial year under review. Falling under the definition of exit packages are 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 2022-2023 (2021-2022: nil).

Staff costs (audited information)

	2022-23 £'000	2021-22 £'000
Salaries	11,159	10,300
Employer's NI payments	1,165	1,006
Payments to pension scheme	2,924	2,693
Temporary staff costs	879	187
Total	16,127	14,186

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.

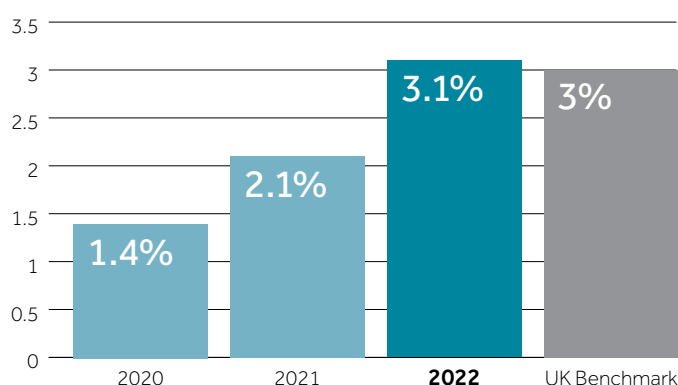
The average number of employees working on National Lottery distribution activities was as follows:

2022-23	Business Delivery	Business Services	Business Innovation	Total
Permanent staff	157	40	45	242
Secondes, contract staff and apprentices	25	14	7	46
Total	181	54	53	288

2021-22	Business Delivery	Business Services	Business Innovation	Total
Permanent staff	154	40	40	234
Secondes, contract staff and apprentices	21	15	7	42
Total	175	55	47	276

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

Absence levels



UK Benchmark Source: Office for National Statistics

As mirrored by other employers, sickness levels in the Heritage Fund remained high in 2022 compared to pre-pandemic absence rates. This increase was primarily due, both directly and indirectly, to COVID-19 and post COVID-19 medical conditions and wellbeing needs. However, we also recognise that absences in 2020 and 2021 were under-reported during the periods when staff worked from home – and since our return to hybrid working we have seen absence levels increasing back towards pre-pandemic levels. Overall, our absence levels are similar to wider UK benchmarks but remain lower than many public sector peer comparators.

The Heritage Fund continues to prioritise wellbeing support for our staff (see Health and Safety at Work section below) and provides excellent support services through Occupational Health.

Employee engagement and consultation

Staff survey 2022

The Heritage Fund engaged a specialist survey provider to run a full employee survey in May 2022. Sixty nine per cent of staff participated in the survey. Broadly, results show extremely high levels of employee engagement across several themes, including over 90% of staff confirming they are proud to work for the organisation (see 'highest' scores below.) There are a number of other areas where the Heritage Fund's results exceed national benchmarks. That said, the survey also helped identify areas for improvement (see 'lowest' scores below).

Highest staff survey scores 2022

Staff survey questions	% of colleagues who answered 'yes'
I understand how I contribute to the Heritage Fund's success	92%
I can carry out my duties in the places I have available to me for work	92%
My manager is open and honest with me	90%
I am proud to work for the organisation	90%

Lowest staff survey scores 2022

Staff survey questions	% of colleagues who answered 'yes'
There are good career prospects for me within this organisation	26%
The Strategy and Performance Group are sufficiently visible	45%
Our Executive team are role models for our values and behaviours	50%
My manager is good at handling poor performance	55%
This organisation is committed to developing its people	55%

We have discussed the staff survey feedback with staff and our Board and the issues identified in our lowest scores have been grouped into five key themes from which we have developed a three-year staff survey plan to identify and deliver action. Various initiatives have already started and to ensure we continue to receive feedback from colleagues we are organising a 'pulse' survey for 2023 and another full employee survey for 2024.

Staff networks

We continued developing our six internal staff networks to improve peer support offerings, and as a useful channel to support us with employee engagement and consultation. Each network lead has regular meetings with the CEO. Our networks consist of the following groups:

- Intersectionality Network
- Global Majority Network
- Gender Network
- LGBTQ+ Network
- Neurodiversity Network
- Disability Network

All staff meetings

We continued to run regular all staff meetings to keep staff up to date on business issues. These have been well attended and we invite staff to ask questions or raise issues ahead of and in the staff meetings. We held a very successful all staff conference in Manchester in October 2022 to engage our staff in the development of our new strategy. This was also an opportunity for our workforce to meet in person for the first time since the pandemic.

Trade unions

The Heritage Fund recognises two trade unions, PCS and FDA, with whom it holds formal quarterly and monthly informal meetings. The Heritage Fund is strongly committed to partnership working and supports 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	19
FTE trade union representatives	17.66

Report of the Trustees and Accounting Officer

Percentage of working hours spent on facility time

Percentage of working hours	Number of representatives
0%	0
1–50%	19
51%–99%	0
100%	0

Total pay bill and facility time costs

Total cost of facility time	£43,694
Total pay bill	£16,939,481
Percentage of pay spent on facility time	0.26%

Paid trade union activities

Hours spent on paid TU activities time	89
Percentage of total paid facility time spent on paid TU activities	4.8%

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.

We remain a Disability Confident employer and promote this in our recruitment portals and literature. We make reasonable adjustments at interview and in the workplace. These include adjustments of roles, working environment, and specialist adjustments etc.

We continued to participate in Leonard Cheshire's Change 100 Programme of paid work placements, professional development and mentoring. The Programme aims to remove barriers experienced by disabled people in the workplace, to allow them to achieve their potential.

We continued our work with the Windsor Fellowship and created more posts for graduates from the Global Majority to work with us for a year and develop career opportunities in heritage. Following the completion of our EDI Review in 2020, we established a cross-organisation EDI group, chaired by a director and the Workforce Equality and Culture Lead. This group oversees EDI activities, including the actions arising from the EDI review and the annual HR EDI action plan.

Workforce diversity analysis

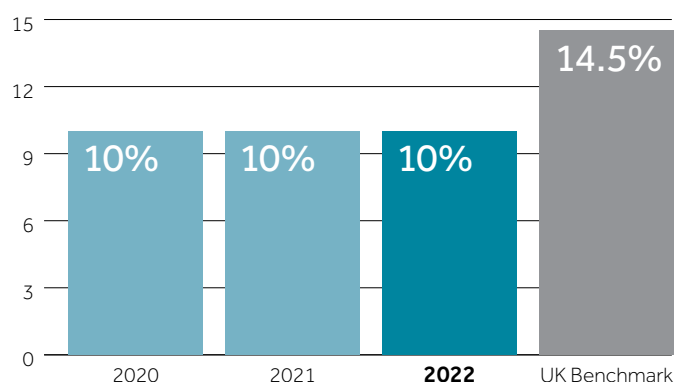
The charts below and on page 31 illustrate workforce diversity, for ethnicity, gender, sexual orientation and disability. Comparable benchmark data is also shown (based on UK working population levels).

We recognise that there are areas of our workforce that are not as diverse as national levels and acknowledge that there are under-represented staff groups. We also continue to recognise wider heritage sector trends and barriers to entry that impact on the shape of our workforce.

We continue with values-based recruitment processes and to focus on working towards our six core goals to improve:

1. diversity in recruitment
2. the management of workforce diversity
3. career development for under-represented staff
4. inclusion through enhanced staff support
5. diversity through apprenticeships and work placements
6. workforce diversity

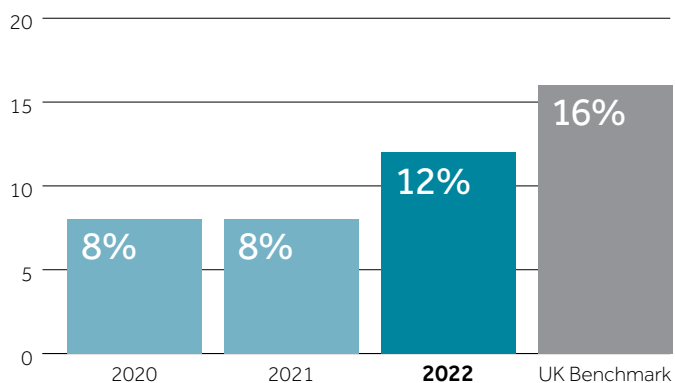
Ethnic diversity Global Majority staff in the workforce



UK Benchmark Source: Office for National Statistics

The percentage of our workforce from the Global Majority has remained at 10% over the past three years, a 4.5% underrepresentation from the UK benchmark.

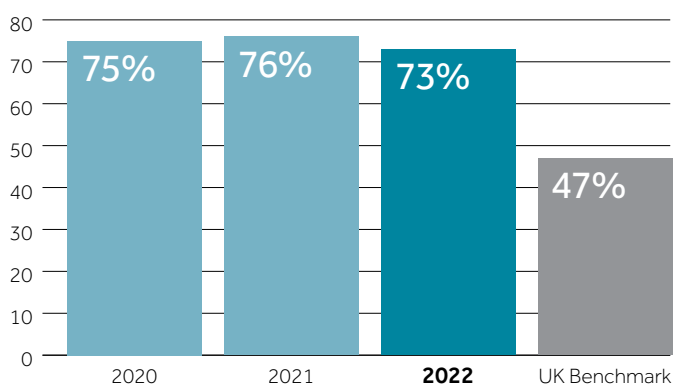
Disability diversity Disability in the workforce



UK Benchmark Source: Office for National Statistics

The percentage of our workforce with a disability increased to 12% although we still have an underrepresentation against the UK benchmark. Work is still required to recruit employees with disabilities and we will continue to promote actions to address this with support from our staff networks.

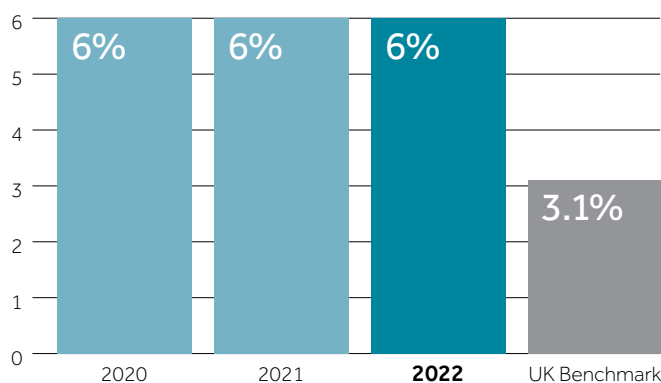
Gender diversity Women in the workforce



UK Benchmark Source: GOV.UK

We have seen a slight reduction in the percentage of women in our workforce, but this is still significantly higher than the UK benchmark. Many other organisations in the heritage and charity sectors have higher levels of female representation in their workforce.

Sexual orientation diversity LGBTQ+ in the workforce



UK Benchmark Source: Office for National Statistics

The percentage of colleagues who identify as lesbian, gay, bisexual, transgender and queer (LGBTQ+) or another sexual orientation in the workplace has remained at 6% for the last three years, higher than the UK benchmark and other peer organisations.

We have employees who choose not to share their sexual orientation data, however, which suggests that continued effort to raise awareness and understanding regarding data collection and insight, and to improve the inclusion felt by LGBTQ+ colleagues is needed. We will continue to promote the importance of this work with our staff networks.

Health and safety at work

We continued to prioritise support for employee wellbeing and the health and safety of our staff. We provided access to an award-winning employee assistance programme, with online resources and guides and access to counselling services. We offered access to:

- free yoga and tai chi
- pre-employment health assessment for new recruits to identify what resources staff need
- Nuffield Health screening
- occupational health support and reasonable adjustments for those living with long term conditions
- DSE requirements for staff who have worked at home during the year, including continuing to provide mandatory DSE training for all new employees

Report of the Trustees and Accounting Officer

- flu jabs for all staff as part of our commitment to employee health
- mandatory training on subjects including mental health awareness and fire safety
- hybrid working and flexible working arrangements to support work life balance and those with caring responsibilities

Human capital management

A new People Strategy for 2023–2026 focuses on five themes of: performance management; leadership and management; a great place to work; building skills and capabilities; and responsive HR and people services. We are increasing our investment in management and leadership development and core skills to enhance workforce effectiveness and support career progression.

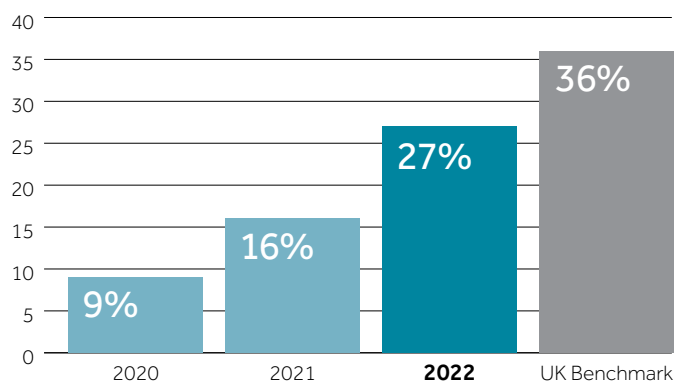
Learning provision covers the following areas:

- executive development
- leadership development
- management skills
- core skills for all
- EDI training and awareness
- sponsored study (including professional qualifications)
- continuous professional development support
- professional skills training

Staff also have access to hundreds of online learning resources to support remote/hybrid learning opportunities.

We continued to support and participate in the Clore Leadership Programme, sponsoring staff and supporting talent development in the heritage sector.

Staff turnover



UK Benchmark Source: HR Review.co.uk

Staff turnover in 2022–2023 was 27% of our average staffing levels during the year. This rate is significantly higher than the pre-pandemic average of 15% and mirrors high turnover in the wider employment market following the pandemic. UK benchmarks show average turnover across all employers at 36%. Turnover was also driven by our increased use of staff on fixed-term contracts to handle fixed-term grant-in-aid work, due to the short-term nature of those appointments.

We recognise the balance between healthy staff retention rates and recruiting new talent and we acknowledge our staff retention challenge. In 2022, following extensive engagement and consultation with staff and our trade unions, we introduced hybrid working which enables our people to work from home or a non-work site for up to three days per week. We are continuing to invest in actions to support staff retention, including increasing our learning and development budget in 2023 to support career development.

Expenditure on consultancy

The Heritage Fund spent £173,513 on consultancy in 2022–2023 (2021–2022: £447,000) as part of its National Lottery distribution activities in respect of the provision of advice and expertise which we would not routinely procure to support our operations. In 2022–2023, this related to the investment management system delivery and cyber security assessments.

Whistleblowing

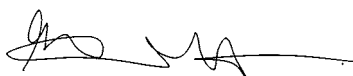
The Heritage Fund has a clear whistleblowing policy to enable staff to raise concerns and to disclose information that the individual believes shows malpractice or impropriety. This covers concerns that are in the public interest and includes the following (non-exclusive) matters:

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

There were no instances of whistleblowing in the year.

Off-payroll engagements

During 2022–2023 the Heritage Fund has not engaged any individuals through off-payroll contracts that have an IR35 implication. (2021–2022: nil)



Eilish McGuinness

Chief Executive and Accounting Officer

10 July 2023

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's Lottery Distribution Activities for the year ended 31 March 2023 under the National Lottery etc Act 1993.

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

- Statement of Financial Position as at 31 March 2023;
- Statement of Comprehensive Net Income, Statement of Cash Flows and Statement of Changes in Equity for the year then ended; and
- related notes including the significant accounting policies.

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

In my opinion, the financial statements:

- give a true and fair view of the state of the National Heritage Memorial Fund's Lottery Distribution Activities' affairs as at 31 March 2023 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 am independent of the National Heritage Memorial Fund in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

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

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

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

The going concern basis of accounting for the National Heritage Memorial Fund's Lottery Distribution Activities is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial

statements where it is anticipated that the services which they provide will continue into the future.

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. The Chief Executive is responsible for the other information.

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

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

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

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the National 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 National Lottery etc Act 1993; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

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

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

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

Responsibilities of the Trustees and Accounting Officer for the financial statements

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

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the National Heritage Memorial Fund from whom the auditor determines it necessary to obtain audit evidence;

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- 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;
- ensuring that the financial statements give a true and fair view and are prepared in accordance with Secretary of State directions made under the National Lottery etc Act 1993;
- ensuring that the annual report, which includes the Remuneration and Staff Report, is prepared in accordance with Secretary of State directions made under the National Lottery etc Act 1993; and
- assessing the National Heritage Memorial Fund's Lottery Distribution Activities' 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's Lottery Distribution Activities 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's Lottery Distribution Activities' accounting policies.
- inquired of management, the National Heritage Memorial Fund's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the National Heritage Memorial Fund's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the National Heritage Memorial Fund's controls relating to the National Heritage Memorial Fund's compliance with the National Lottery etc Act 1993 and 'Managing Public Money';
- inquired of management, the National Heritage Memorial Fund's head of internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations;
 - they had knowledge of any actual, suspected, or alleged fraud;

- discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

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

I obtained an understanding of the National Heritage Memorial Fund's framework of authority and other legal and regulatory frameworks in which the National Heritage Memorial Fund Lottery Distribution Activities operate. 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 Activities. The key laws and regulations I considered in this context included National Lottery etc Act 1993, 'Managing Public Money', relevant 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 Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports; and
- in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- I tested a sample of grant expenditure to gain assurance that grants had been spent on the intended purposes.

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

10 July 2023

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

Parliamentary Accountability and Audit Report

The financial statements

The financial statements

Statement of Comprehensive Net Income

	Notes	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Income			
Lottery income			
Proceeds from The National Lottery	2	353,619	361,550
Investment income from the National Lottery Distribution Fund	2	7,096	512
		360,715	362,062
Other income			
Interest receivable	3	–	–
Sundry income	4	30	29
Total income		360,745	362,091
Expenditure			
Grant expenditure	5	(199,212)	(163,145)
Less lapsed or revoked grant expenditure	5	10,959	9,055
		(188,253)	(154,090)
Operating costs			
Staff costs	8	(16,127)	(14,186)
Depreciation and amortisation	11, 12 and 13	(978)	(1,388)
Other operating costs		(9,213)	(5,882)
		(26,318)	(21,456)
Total expenditure		(214,571)	(175,546)
Total comprehensive net income		146,174	186,545

The notes on pages 43 to 54 form part of these accounts.

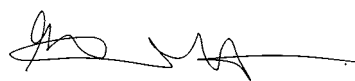
Statement of Financial Position

	Notes	As at 31 March 2023 £'000	As at 31 March 2022 £'000
Non-current assets			
Intangible assets	11	870	1,190
Property, plant and equipment	12	50	396
Right of use assets	13	–	305
Trade and other receivables	15	448	168
		1,368	2,059
Current assets			
Investment balance in the National Lottery Distribution Fund	2	526,770	427,088
Cash and cash equivalents		5,077	10,008
Trade and other receivables	15	2,417	14,975
		534,264	452,071
Total assets		535,632	454,130
Current liabilities			
Trade and other payables	16	(3,069)	(2,996)
Lease liabilities		–	(313)
Grant liabilities	5	(188,651)	(214,173)
		(191,720)	(217,482)
Total assets less net current liabilities		343,912	236,648
Non-current liabilities			
Trade and other payables	16	–	–
Lease liabilities		–	–
Grant liabilities	5	(363,192)	(402,102)
		(363,192)	(402,102)
Assets less liabilities		(19,280)	(165,454)
Represented by:			
Equity brought forward		(165,454)	(351,999)
Comprehensive net income movement for the year		146,174	186,545
Equity carried forward		(19,280)	(165,454)

The notes on pages 43 to 54 form part of these accounts.



Dr Simon Thurley CBE
Chair



Eilish McGuinness
Chief Executive and Accounting Officer

10 July 2023

The financial statements

Statement of Cash Flows

	Notes	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Operating surplus for the period		146,174	186,545
Depreciation and amortisation	11,12 and 13	978	1,388
Operating surplus adjusted for non-cash transactions		147,152	187,933
Decrease in grant liability reserve	5	(64,432)	(80,182)
Increase in NLDF balance	2	(99,682)	(98,340)
Decrease/(Increase) in trade and other receivables	15	12,278	(1,834)
Increase/(Decrease) in trade and other payables	16	73	(1,298)
Net cash (outflow)/inflow from operating activities		(4,611)	6,279
Cashflow from investing activities			
Payments to acquire intangible fixed assets	11	(5)	(329)
Payments to acquire property, plant and equipment	12	(34)	(6)
Reduction of right of use asset	13	32	36
Net cash (outflow) from investing activities		(7)	(299)
Cashflow from financing activities			
Lease liabilities		(313)	(509)
(Decrease)/Increase in cash		(4,931)	5,471
Net (decrease)/increase in cash and cash equivalents			
Cash balances carried forward		5,077	10,008
Less cash balances brought forward		(10,008)	(4,537)
(Decrease)/Increase in cash		(4,931)	5,471

The notes on pages 43 to 54 form part of these accounts.

Statement of Changes in Taxpayer's Equity

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Opening balance	(165,454)	(351,999)
Transferred from Statement of Comprehensive Net Income	146,174	186,545
Closing balance	(19,280)	(165,454)

The notes on pages 43 to 54 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 grants activity, cash is drawn down from the National Lottery Distribution Fund only as it is needed. 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.

The NLDF is controlled by the Secretary of State for DCMS. They provide the trustees with details of the book value and fair value of our balances at the date of the Statement of Financial Position.

The financial statements

e) Non-current assets

Non-current assets are considered to have short lives or low values (or both) and therefore management considers cost to be a proxy for fair value and is recognised as such in the Statement of Financial Position, except for items costing less than £2,000, which are written off to the Statement of Comprehensive Net Income 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:

Short-leasehold property	– Over the life of the lease
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

In those circumstances where the remaining life of a property lease is less than four years, any refurbishment or non-movable equipment will be depreciated over the remaining life of the lease.

No internally generated costs are capitalised. Depreciation commences in the month after the asset is put 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% (2021–2022: 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 unable to recover Value Added Tax (VAT) charged to it, and the VAT-inclusive cost is 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 Income 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

NHMF adopted IFRS 16 for the first time in 2019–2020. 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 Income.

The annual rentals on any leases falling outside the definition required by IFRS 16 are charged to the Statement of Comprehensive Net Income on a straight-line basis over the term of the lease.

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.

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 first-round 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 all 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 Income. 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; the Great Place Programme with Arts Council England) 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 on to 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) 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.

The financial statements

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

The most significant judgements are:

Provision on grant liabilities

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

- known decommitments after year-end
- liabilities that may be inactive, ie: have had no grant payments or contact for several years
- projects where the final payment has been made but not closed

Allocation of costs between our two main activities

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

2. National Lottery Distribution Fund

	2022-23 £'000	2021-22 £'000
Balance brought forward	427,088	328,748
Proceeds from The National Lottery	353,619	361,550
Investment income from the NLDF	7,096	512
Funds drawn down from the NLDF	(261,033)	(263,722)
Balance carried forward	526,770	427,088

3. Interest receivable

No interest was received in 2022-2023 (2021-2022: £nil).

4. Sundry income

	2022-23 £'000	2021-22 £'000
Repayment of grants	29	28
Other sundry income	1	1
	30	29

5. Grant liabilities

	2022-23 £'000	2021-22 £'000
Liability brought forward	616,275	696,457
Commitments in the year	199,212	163,145
Decommitments	(10,959)	(9,055)
Commitments paid	(252,685)	(234,272)
Liability carried forward	551,843	616,275

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

	2022-23 £'000	2021-22 £'000
Current liabilities		
In one year	188,651	214,173
Non-current liabilities		
In two years	131,503	144,467
In three years	78,759	86,791
In four years	42,202	45,738
In five years	21,225	23,492
In more than five years	89,503	101,614
	363,192	402,102
Total current and non-current liabilities	551,843	616,275

At 31 March 2023, the above amounts are net of a provision of £8.3million (31 March 2022: £6.7million) for amounts we forecast may not be paid out in the coming years.

6. 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.

	2022-23 £'000	2021-22 £'000
Contingent liability brought forward	200,993	115,811
Commitments in the year	201,726	150,805
Decommitments	(4,383)	(5,010)
Commitments paid	(68,064)	(60,613)
Contingent liability carried forward	330,272	200,993

7. Other operating costs

	2022-23 £'000	2021-22 £'000
Accommodation	834	602
Postage and telephone	267	272
Office supplies, print and stationery	12	33
Payments under operating leases – hire of office equipment	20	40
Travel, subsistence and hospitality		
– trustees	107	27
– staff	452	219
Professional fees		
– grant-related	1,695	1,647
– non-grant-related	4,118	2,568
Auditors remuneration	45	41
Communications	517	132
Office equipment	714	173
Staff training	320	25
Sundry expenses	112	103
	9,213	5,882

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

10. 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 2022–2023, these exceptional items were the costs of our upgraded investment management system (£1.3million) and costs for our internal digital rollout (£0.5million).

The cost of distributing our share of National Lottery income was 6.8% of National Lottery income in the year (2021–2022: 5.9%). Assessed over the three-year rolling period, the proportion was 5.9%.

	2022-23	2021-22	2020-21
Operating costs	26,318	21,456	18,272
Less exceptional items	(1,812)	–	–
Total qualifying expenditure	24,506	21,456	18,272
Proceeds from National Lottery	353,619	361,550	362,755
Investment income	7,096	512	212
Total qualifying income	360,715	362,062	362,967
Percentage	6.8%	5.9%	5.0%

8. Staff costs

	2022-23 £'000	2021-22 £'000
Salaries	11,159	10,300
Employer's NI payments	1,165	1,006
Payments to pension scheme	2,924	2,693
Temporary staff costs	879	187
	16,127	14,186

9. Recharged costs

During 2022–2023, 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 was 99% (2021–2022: 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 2022–2023 was £2.4million (2021–2022: £5.0million).

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Three year rolling position

	At 31 March 2023 £'000
Total qualifying expenditure	64,234
Total qualifying income	1,085,744
Percentage	5.9%

11. Intangible assets

	Website		Information technology		Total	
	2022-23 £'000	2021-22 £'000	2022-23 £'000	2021-22 £'000	2022-23 £'000	2021-22 £'000
Cost at start of year	582	582	3,642	3,313	4,224	3,895
Additions	–	–	5	329	5	329
Disposals	(456)	–	–	–	(456)	–
At end of year	126	582	3,647	3,642	3,773	4,224
Amortisation at start of year	537	512	2,497	2,225	3,034	2,737
Disposal	(456)	–	–	–	(456)	–
Charge for the year	26	25	299	272	325	297
At end of year	107	537	2,796	2,497	2,903	3,034
Net book value						
At start of year	45	70	1,145	1,088	1,190	1,158
At end of year	19	45	851	1,145	870	1,190

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.

12. Property, plant and equipment

	Short-leasehold property		IT and other equipment		Office fittings		Total	
	2022-23 £'000	2021-22 £'000	2022-23 £'000	2021-22 £'000	2022-23 £'000	2021-22 £'000	2022-23 £'000	2021-22 £'000
Cost at start of year	1,152	1,152	1,099	1,093	59	59	2,310	2,304
Additions	–	–	34	8	–	–	34	8
Disposals	(1,152)	–	(961)	(2)	(59)	–	(2,172)	(2)
At end of year	–	1,152	172	1,099	–	59	172	2,310
Depreciation at start of year	1,001	741	865	519	48	29	1,914	1,289
Disposals	(1,152)	–	(961)	–	(59)	–	(2,172)	–
Charge for the year	151	260	218	346	11	19	380	625
At end of year	–	1,001	122	865	–	48	122	1,914
Net book value								
At start of year	151	411	234	574	11	30	396	1,015
At end of year	–	151	50	234	–	11	50	396

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 9).

13. Right of use asset (IFRS 16)

In 2022–2023, the leases for our offices in London, Cardiff, Nottingham and Newcastle came to an end. The new leases for London (licence to occupy) and Cardiff (short-term lease) are out of scope for IFRS16. Nottingham and Newcastle office leases are still in negotiation and therefore no lease agreements have been signed yet.

Right of use asset:

	2022–23 £'000	2021–22 £'000
Balance at start of the year	305	807
Creation of right to use asset	–	22
Reduction of right to use asset	(32)	(58)
Amortisation	(273)	(466)
Balance at close of year	–	305

14. Lease commitments

We are not capitalising all our leases as IFRS 16 allows exceptions for small leases and short-term leases. For those items we disclose total future minimum lease payments to be incurred by NHMF's National Lottery distribution activities as follows:

	2022–23 £'000	2021–22 £'000
Not later than one year	16	16
Later than one year but not later than five years	33	–
Later than five years	–	–
	49	16

These leases refer to photocopiers and franking machines.

15. Trade and other receivables

Non-current assets

	2022–23 £'000	2021–22 £'000
Loans to heritage organisations	448	168
	448	168

Current assets

	2022–23 £'000	2021–22 £'000
Prepayments and accrued income	359	2,653
Loans to heritage organisations	135	245
Other receivables	1,921	12,075
Staff advances	2	2
	2,417	14,975

The significant decrease in other receivables in 2022–2023 in comparison to the prior year is mostly due to a lower receivable due from NHMF from grant-in-aid activity. This is because activity was significantly reduced in 2022–2023 as the emergency programmes came to a close.

16. Trade and other payables

	2022–23 £'000	2021–22 £'000
Operating payables	1,038	921
Other payables including taxation and social security	624	665
Accruals and deferred income	1,407	1,410
	3,069	2,996

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

17. Capital commitments

At 31 March 2023, NHMF did not have any capital commitments contracted for or capital commitments approved but not contracted for.

18. 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 of England.

As referenced in these accounts, NHMF has distributed funds on behalf of various government organisations: Defra, the Welsh Government

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and the Northern Ireland Executive. 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 £1,237,000, representing £31,000 for Parks for People operating costs and £1,206,000 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. We owed £1,539 at the year-end. There was a transaction to a value of £8,000 representing the secondment of a member of our staff for the Lottery Forum.

Arts Council England repaid us the amount owed for the Great Place joint grant programme for grant payments we made on their behalf. The programme is now closed. There was a transaction to the value of £3,000 representing the secondment of a member of our staff for the Lottery Forum.

We paid £176,000 to Historic England during the year for office space in London. Of this, £58,000 relates to the first quarter of the 2023–2024 financial year. There was nothing owed at the year-end.

There was a transaction to the value of £2,000 with Sport England and £1,000 with UK Sport representing the secondment of a member of our staff to the Lottery Forum. At the year-end, nothing was owed us.

Outside the DCMS family of central government sponsored bodies, there have also been transactions with the Cabinet Office to the value of £7,000 for various administrative matters; nothing was owed to us 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 £3,000 in the year and £3,000 was owed by at the year-end.

There were 24 awards where a member of an Area or Country Committee declared an interest:

Museums Galleries Scotland

A development grant of £61,111 and potential delivery grant of £700,569 – Delivering Change: A Participatory Narrative for Scotland's Museums

Ray Macfarlane declared an interest as chair of Museums Galleries Scotland.

Scottish Natural Heritage

A grant of £4,232,000 – Species on the Edge

Stuart Housden declared an interest as he was the director of the Royal Society for the Protection of Birds (RSPB) Scotland until 2017 and executive director of RSPB UK-wide until October 2017.

RSPB is a significant partner in the project.

Next Step Initiative

A development grant of £24,680 and potential delivery grant of £691,713 – The Heritage Leader Traineeship Programme

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

The British Library

A development grant of £194,846 and potential delivery grant of £4,782,504 – Establishing a new British Library site at Temple Works, Leeds

Simon Thurley declared an interest as a trustee of the British Library.

The Churches Conservation Trust

A development grant of £393,507 and potential delivery grant of £3,232,355 – The Chamber at St Johns (Heritage Enterprise)

Carol Pyrah declared an interest as a trustee for the Churches Conservation Trust.

Heritage Trust Network

A development grant of £208,944 and potential delivery grant of £1,078,706 – Essential Networks: strengthening local resilience and diversity

Liz Bates declared an interest as chair of the Heritage Trust Network.

Great Yarmouth Preservation Trust

A development grant of £169,604 and potential delivery grant of £1,885,396 – Saving the Iron Duke (Heritage Enterprise)

Chris Starkie declared an interest as the Chief Executive of the New Anglia LEP. The LEP had sent a letter of support for the application.

YMCA Leicestershire

A development grant of £160,408 and potential delivery grant of £2,287,795 – Your Heritage Your Future (YHYF)

Helen Wilson declared an interest as a member of the Norfolk Museum Board, a partner on the project.

Gainsborough's House Society

A grant increase of £689,000 to make a total grant of £5,755,200 – Reviving an artist's birthplace: A National Centre for Gainsborough

Chris Starkie declared an interest as the Chief Executive of the New Anglia LEP, which had provided some funding towards the project and was listed as a partner in the scheme.

Clonduff Development Enterprise (COI) Limited

A development grant of £141,916 and potential delivery grant of £1,130,561 – The Square – Transforming the Heart of Hilltown

Sally Montgomery declared an interest as she had assisted the applicant with some research for the application.

Royal Society for the Protection of Birds (RSPB)

A grant of £720,000 – Rathlin Acting for Tomorrow

Sally Montgomery and Olive Hill declared an interest as they were both commissioners of Irish Lights (CIL) who lease the land to the group (RSPB).

London Borough of Bromley

A development grant of £304,350 and potential delivery grant of £4,695,649 – Restoring the heritage of the iconic Crystal Palace Park for all

Lydia Lee declared an interest as she is assistant director of culture and regeneration at Bromley Council, and is the main contact for the project.

Exmoor National Park Authority

A development grant of £60,516 and potential delivery grant of £1,111,330 – Exmoor Pioneers – Past, Present and Future

Nick Holliday declared an interest as he served as a board member of the authority and was deputy chair until June 2020.

The Tank Museum Limited

A grant of £100,000 – The Tank Museum – Online Video Expansion

Richard Smith declared an interest as the director of The Tank Museum.

Devon County Council

A grant of £248,000 – Finding Nature's Footprints

Caroline Kay declared an interest as a trustee of the National Trust, which is a beneficial partner in the project.

Trent Park Museum Trust

A grant of £225,000 – Trent Park House: A Digital Museum

Simon Thurley declared an interest as the managing director of Architrave Historical Services Ltd, a consultancy which counts Trent Park Museum Trust as a client.

Florence Nightingale Museum Trust

A grant of £98,955 – #DYC From Scutari Hospital to NHS Nightingale: The British Hotel to Seacole Recovery Centres

Claire Madge declared an interest as the grantee may have used a supportive quote from her in their application.

The National Forest Company

A grant of £224,228 – National Forest Community Woodlands

John Everitt declared an interest as Chief Executive of The National Forest Company.

Leicester City Football Club Trust Limited

A grant of £142,558 – Outdoor Learning

John Everitt declared an interest as Chief Executive of The National Forest Company, which was a partner in the project.

Natural History Society of Northumbria

A grant of £110,600 – #DYC Nature's Cure in Times of Need: New Voices for North East Nature

Carol Pyrah declared an interest as the grantee is part of the governance at Urban Green Newcastle,

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of which Carol is Chief Executive. They are company members and attend the AGM in that capacity.

St Barbe Museum & Art Gallery

A grant of £181,411 – #DYC St Barbe Sharing and Celebrating Heritage

Stephen Boyce declared an interest as a patron and occasional adviser to the museum.

Beckford Tower Trust

A grant of £94,446 – Beckford Tower and the Cane Warriors

Caroline Kay declared an interest as she was Chief Executive of Beckford Tower Trust from 2007 until 2021.

Sinai Park House Trust

A grant of £51,118 – Sinai Park House Options Appraisal and Viability Study

John Everitt declared an interest as the National Forest Company, for whom he is Chief Executive, has paid for project work on the site recently and has offered some support to their previous project development for restoration of the house.

National Centre for Writing

A grant of £103,486 – Next Chapter – Stepping into Dragon Hall's Story

Helen Wilson declared an interest as she is on the Board of Trustees of the National Centre for Writing.

19. Financial instruments

IFRS 7, 'Financial Instruments: Disclosures', requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Financial instruments play a much more limited role in creating or changing risk for NHMF than is typical of the listed companies to which IFRS 7 mainly applies. NHMF does not have powers to borrow and can only invest funds derived from grant-in-aid.

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 2022–2023, £353million (98%) 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 £7million (2%) along with a small amount of grant repayments.

The trustees recognise that their grant liabilities and other payables significantly exceeded the value of funds in the NLDF at 31 March 2023.

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 2023–2024 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 £527million.

Funds at the NLDF earned on average 2.32% in the year (2021–2022: 0.2%). 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.

	2022–23 £'000	2021–22 £'000
Cash balances		
– Cash and cash equivalents	5,077	10,008
– Investment balance in the National Lottery Distribution Fund	526,770	427,088
	531,847	437,096

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 National Lottery distribution activities are not exposed to any foreign exchange risks.

Financial assets by category

	2022-23 £'000	2021-22 £'000
Assets per the Statement of Financial Position		
– investment balance in the National Lottery Distribution Fund	526,770	427,088
– cash and cash equivalents	5,077	10,008
– trade and other receivables	2,865	15,143
	534,712	452,239

Financial liabilities by category

	2022-23 £'000	2021-22 £'000
Liabilities per the Statement of Financial Position		
– grant payables	551,843	616,275
– trade payables	1,038	921
– other payables	624	665
– accruals	1,407	1,723
	554,912	619,584

Fair values

1. The trustees expect 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. They provide 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 £363million 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

	2022-23 £'000	2021-22 £'000
In less than one year	554,912	619,584
In more than one year, but less than two	–	–
In two to five years	–	–
In more than five years	–	–
	554,912	619,584

The Statement of Financial Position discloses the figures above separated between amounts due in one year and amounts due in more than one year. Our contracts with grantees contain no split between amounts due within one year and beyond one year. The split reported in these accounts is based purely on our past experience of amounts drawn down by grantees to fund their projects. Theoretically, grantees could demand their entire grant within the next 12 months if their projects were completed in that period.

Hence we have adopted a prudent approach and shown the maturity of liabilities to be all within one year in the table above.

20. Losses and special payments

Losses occur where there is no evidence that a funded project's objectives were met. In 2022–2023, the Heritage Fund had write-off's for 10

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grants totalling £62,013. (2021–2022: five grants totalling £96,381).

Special payments arise where:

- a grant has been made inadvertently to an organisation that is ineligible under the law but where the grant is within the broad intention of statutory legislation.
- ex-gratia payments are approved

No special payments were made (2021–2022: nil).

21. Contingent assets

The National Lottery distributors are entitled to receive a share of receipts from the sale of land on Queen Elizabeth Olympic Park in return for their contribution of an additional £675million 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 National Lottery distributors (via DCMS). We continue to engage with the GLA on forecasts for land sales on the Olympic Park.

22. 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

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

The UK directions apply to all funding grants made by The National Lottery Heritage Fund (the Heritage Fund). Additional directions apply for each country of the UK.

In deciding to whom it distributes money, for what purpose, and under what conditions, the Trustees of the National Lottery 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.

Through 2022–2023, the Heritage Fund further developed its research panel, Heritage Pulse, in partnership with Historic England. The project involves a range of stakeholders to generate UK wide insight, including:

- Architectural Heritage Fund
- Built Environment Forum Scotland
- Department for Communities, Northern Ireland
- Historic Environment Scotland
- NatureScot, Scotland's Nature Agency
- The Heritage Alliance
- Wildlife and Countryside Link

Waves of research have helped assess current and future needs of UK heritage organisations and fed directly into the development of the Heritage Fund's new strategy.

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

Working with The Social Investment Consultancy, the Heritage Fund commissioned research with smaller heritage, voluntary and community organisations across the UK, and the findings have informed our strategy development around themes such as inclusion and public engagement. Members of the public also contributed to our strategy development during the summer through focus groups and syndicated research.

In September 2022, we also published research on inclusivity, providing practical recommendations on improving perceptions of heritage, inclusive practice and addressing support needs. The Heritage Fund is currently implementing these actions, through updated guidance, strengthened communication content and improved reasonable adjustments.

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

Increasing access to heritage and growing opportunities to participate continued to be central to our investment across the UK over the last year. Meanwhile, the Baring Foundation's report, 'Creatively minded and heritage' featured 18 examples of heritage sector partnership case studies. In June 2022, the Heritage Fund hosted a public seminar to showcase the learning from these examples and highlight how heritage organisations could build sustainable partnerships with mental health specialists.

Throughout our work over the year, the Heritage Fund supported projects to improve access to heritage. Led by blind and partially sighted people, 'Vocal Eyes' research, 'Heritage Access 2022' provided evidence of the action required to increase online access to heritage and identified resources and good practice to help organisations deliver change.

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

The 12 projects funded through Kick the Dust, our strategic investment in young people's access and involvement in heritage, completed their final year of delivery in 2022–2023, with projects publishing and sharing their learning and impact with the heritage and youth sectors. Thousands of young people have taken part in a wide range of activities. This includes young people from a diverse range of backgrounds, including many young people from communities that are under-represented in the current heritage workforce and audiences. Young people have created inclusive exhibitions, content and performances, undertaken environmental activity, participated in acquisition committees, boards and steering committees, and been involved in capital redevelopment. Young people have developed a wide range of heritage and transferable skills, and gained work experience, confidence, and increased wellbeing and social networks.

In 2022–2023 The Heritage Fund invested £2million in the New to Nature Programme, offering at least 70 paid placements for young people in nature and landscape organisations. A wide range of organisations are hosting the 12-month placements, targeted at young people from communities that are under-represented in the nature and landscape sector, including young people from the Global Majority, economically disadvantaged or disabled.

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

Through the development of Heritage 2033, the Heritage Fund is developing a new approach to targeting additional support to priority places to ensure heritage is central to local approaches to regeneration, improves the public realm and strengthens pride in place. This has included developing new tools and frameworks for Heritage Fund staff to bring together insight on the places we support to identify local needs and potential opportunities.

In autumn 2022, the Heritage Fund solicited two grants that delivered unique opportunities to enrich the public realm and strengthen communities. £5million was awarded to the Architectural Heritage Fund to expand their Heritage Development Trust approach, in order that 10–13 heritage trusts across the UK will be able to enhance and manage public-facing historic buildings. Additionally, as noted above, the Heritage Fund made a £1.9million grant to the National Churches Trust to increase the capacity of places of worship to care for their heritage.

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.

In 2022–2023 the Heritage Fund invested an additional £2million in our Business Support and Enterprise projects. This allowed an additional 280 organisations to benefit from a range of offers to work with business support and enterprise development programmes tailored to the

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different contexts across the UK. Key resources and evaluations produced by the seven business skills and enterprise cohorts are now available online. They are:

- Heritage Compass: Evaluation
- Thrive Northern Ireland
- Rebuilding Heritage: Heritage Alliance
- Surviving to Thriving: Museums Galleries Scotland
- Heritage Trade Up: School for Social Entrepreneurs
- Steps to Sustainability: Social Enterprise Academy

The seventh programme, Catalyst Cymru led by Wales Council for Voluntary Action, is currently in delivery across Wales.

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

During the year, we launched a new Innovation Fund as a pilot initiative to encourage excellence and experimentation from across UK heritage, awarding 35 grants to support heritage organisations to develop and test new ideas through structured support and peer learning. The focus for the initial phase of funding is on creating a heritage workforce that is fit for the future.

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

The Heritage Fund's larger grants of over £100,000 are awarded to not-for-profit organisations and partnerships led by not-for-profit organisations. Private owners can only apply for grants of up to £100,000 through our Open Programmes. These projects also need to deliver positive social and community outcomes and demonstrate that the public benefit will substantially outweigh any private gain.

Our grants for Heritage Enterprise 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 as a whole. 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.

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.

We have set a decarbonisation target for our own operations to reach net-zero by 2030 and have commissioned a research project to help us improve our reporting practice and define an approach to measuring the environmental impact of the projects we fund.

This year, we continued to support The Museums + Heritage Sustainable Project of the Year Award to highlight, celebrate and spread good practice on simple, affordable and easily transferable approaches to sustainability as well as more ground-breaking practice to 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.

Our grant making throughout 2022–2023 was focused in the areas of the country with the highest levels of social and economic need, as measured through the Indices of Multiple Deprivation (IMD). We use data on deprivation from each of the four nations of the United Kingdom to track our performance against this measure in terms of the number of projects supported and the amounts awarded. Of the total number of grants we awarded during the year, 32% were made to projects in the 20% most deprived areas in the country. 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, 28% went to areas of highest deprivation.

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.

We collaborated throughout 2022–2023 with other organisations, through the Lottery Forum and with individual distributors too. We completed a fourth year of work with Arts Council England on the Great Place Scheme by publishing our evaluation of the impact of the funding across the UK and a series of case studies. We also held joint webinars and promotions with our partners on Heritage Pulse, including a co-hosted seminar with Historic England, NatureScot and Built Environment Forum Scotland.

As we develop our approach to supporting places in our new strategy, we will collaborate iteratively with partners and stakeholders to develop our own approach to considering the heritage needs of places, based on an index that pulls together data sources on heritage need, opportunity and potential. At the start of the financial year 2022–2023, the Heritage Fund published and shared the findings of our two Great Place Schemes, demonstrating how a combined local approach to culture and heritage can deliver positive results for local regeneration and place-making. We have also worked closely with governments across the UK to ensure heritage is well positioned to contribute to levelling up, city growth deals and devolution approaches.

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

A key area of focus identified as a priority for all National Lottery distributors was to improve grant acknowledgement. Updated acknowledgment guidance for grant holders was introduced by the

Heritage Fund in 2021. This has been positively received by heritage organisations and during 2022–2023 we worked on some big milestones including the naming of our first National Lottery Heritage Fund gallery at the National Portrait Gallery in London. Feedback this year has, however, indicated that more detailed guidance on some aspects of acknowledgement would be welcomed. We therefore developed a new acknowledgement toolkit which will be rolled out in 2023 to include more detail of our requirements for small, medium and large grants, proportionate to the size of the grant given and firmed up guidance on naming rights, use of brand assets and press acknowledgement.

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 dependent on the level of grant for which they are applying. Applications for under £100,000 are not required to have any partnership funding but can indicate cash only contributions on the application form. Applications for between £100,000 and £1million are required to have a minimum of 5% partnership funding. Applications for £1million and over require 10% minimum partnership funding. For both the 5% and 10% minimum requirement the partnership funding can be provided as cash, non-cash or volunteer time.

14. The need:

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

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

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about the extent to which the projects they put forward present a sound case for investment, will deliver against our nine existing outcomes, are viable and financially sustainable and will provide good value for money. 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 cash-flow and, for larger projects, income and spending projections for 10 years, showing how the applicant plans to sustain the project in the long term.

- 15. Where capital funding is sought, the need:**
- a) for a clear business plan showing how any running and maintenance costs will be met for a reasonable period, and**
 - b) to ensure that appraisal and management for major projects reflect the 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 building maintenance, conservation planning and the management and maintenance of landscapes, parks and gardens to help inform and influence business planning.

Projects funded under our previous Strategic Framework 2013–2019 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 spending table.

For projects involving over £200,000 worth of capital works we require a management and maintenance plan detailing how the applicant would meet the extra costs following completion of their project.

For grantees in receipt of awards over £2million, 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 has piloted repayable finance to restart and energise the income generation of heritage organisations. The Heritage Recovery and Resilience Loan Programme is a long-term patient repayable finance investment that supports interventions needed to stabilise and modify operations, build organisational resilience, and adapt programmed projects to support recovery from the COVID-19 pandemic. Investment focuses on activities like recovery planning, adapting delivery models and re-shaping business plans, covering costs to retain critical staff required to accelerate recovery, and providing working capital to support recovery. We have approved eight investments totalling

£1,008,000, including six loans totalling £708,000. The programme will run till the end of 2028.

We are partner investors in two impact investment funds that represent innovation within the culture and heritage space. They help us increase the scope and reach of our investment and seek to attract new investment into heritage.

The Heritage Impact Fund is a £7million 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 the UK's historic buildings. Investment is typically between £25,000 and £500,000 with interest rates of up to 6.25% above base rate.

The Arts and Culture Impact Fund (ACIF) is a £20million 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. ACIF is a 10-year UK-wide fund with loans between £150,000 and £1million at interest rates of between 3% and 8.5%.

This year we made our first investment in Green Finance, through Investment Ready Nature in Scotland (IRNS). IRNS is a joint grant scheme with Esmée Fairbairn Foundation and NatureScot that aims to help organisations and partnerships develop the systems, processes, and capacity to use private investment and market-based mechanisms to help finance the restoration of the natural environment in Scotland.

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.

Our Digital Skills for Heritage initiative has grown in impact and scale over 2022–2023, with new learning and resources published to increase

skills, confidence and ambition in the use of digital in heritage, from small organisations getting to grips with making use of technology for the first time, to coalitions of organisations providing training for thousands of people. We have funded the delivery of new guides to support approaches to digitisation, including a planner template and toolkit to enable projects to develop a plan for digitisation.

This year, we launched a new Digital Heritage Hub, drawing together insight and learning from the Arts Marketing Association, University of Leeds and The Heritage Alliance, which has researched and consulted with the sector to find organisations' 100 most pressing digital questions.

The Heritage Fund has supported 17 projects that have created hundreds of digital volunteering roles and supported the volunteers to develop their digital skills and create new value for their organisations. Heritage organisations will gain the perspectives and skills of people who may not have had the chance to volunteer before and each project offers valuable learning for the wider 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.

The Heritage Fund's assessment of the reach of our work includes analysis of our application and award records. We further developed our open data service in 2022–2023 to make these datasets fully transparent. Our data is now available via the DCMS National Lottery database, 360 Giving and the Government Grants Information System. For the National Lottery database and 360 Giving systems, we now publish data on a quarterly basis throughout the financial year to ensure that it is as transparent and accessible as possible.

Policy directions

Progress on projects over £5million

Progress on projects over £5million

The following list shows the progress on projects involving £5million or more of National Lottery funding to 31 March 2023.

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

Conservation and interpretation of Bishop's Palace complete. Activity delivery complete. Scotland Wing extension (Faith Museum) complete. Faith Museum exhibition design in final stages and due to open in September.

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)

Project status and % of grant paid

Delivery 97%

Latest report

Bath Abbey's new heritage centre – the Discovery Centre – completed and open and remaining project activities are underway.

In addition to grant from The National Lottery Heritage Fund, the project received a DCMS Heritage Capital Kickstart Fund grant increase award of £534,000 in December 2020.

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 December 2020)

Project status and % of grant paid

Delivery 14.5%

Latest report

The new Visitor Welcome Building and the redeveloped Education and Learning Centre are complete and open. The 1940s–1960s historic town and buildings in the industrial area are due to open in 2023.

In addition to the grant increase from The National Lottery Heritage Fund, a DCMS Heritage Capital Kickstart Fund award of £3,740,000 was made to the project in December 2020.

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 10%

Latest report

Permission to start has now been granted but capital works are yet to begin.

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

The development phase is making progress and a full application for the delivery phase is expected in 2023.

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 with construction work completion expected in March and the public opening anticipated in the late summer.

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 0%

Latest report

Planning permission granted for Chester History Centre in February 2023 and Crewe History Centre in March 2023. Permission to start is pending.

Progress on projects over £5million

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 35%

Latest report

Ocean Railway Bridge works successfully completed in 2021. Capital works taking place in a phased manner with activities taking place along the entire length of the canal.

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 86%

Latest report

Capital works are complete. The Courtauld opened to the public in November 2021. Activities are ongoing. Project completion expected by July 2023.

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 87%

Latest report

Construction work is complete. The building reopened to the public in July 2021 to positive reviews. David Livingstone's Birthplace had a royal opening in February 2023.

Derby Silk Mill – Museum of Making

Nation or area

Midlands & East

Applicant

Derby Museums

Total project cost

£17,387,243

Grant amount (award date)

£817,300 (development April 2015)

£8,570,400 (delivery September 2017)

£1,307,300 (grant increase June 2020)

Project status and % of grant paid

Delivery 100%

Latest report

The project is complete.

Ditherington Flax Mill, Maltings 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. The visitor centre and Shrewsbury Flax Mill exhibition opened to the public in September 2022. Learning and activity programmes will be available from summer 2023. The building also contains four floors of new office space.

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 93%

Latest report

The First Light Pavilion, exhibition and Space Dome opened in June 2022 to much acclaim. The activity programme is ongoing.

Great Yarmouth Winder Gardens – Reimagining the People’s Palace

Nation or area

Midlands & East

Applicant

Great Yarmouth Borough Council

Total project cost

£15,742,100

Grant amount (award date)

£420,800 (development June 2021)

£9,556,300 (potential delivery grant)

Project status and % of grant paid

Development 0%

Latest report

Development phase is underway with delivery round application expected in 2023.

Gunnersbury Park Museum regeneration

Nation or area

London & South

Applicant

Gunnersbury Estate (2026) CIC

Total project cost

£14,163,430

Grant amount (award date)

£386,400 (development July 2012)

£4,110,000 (delivery July 2017)

£695,000 (grant increase December 2017)

Project status and % of grant paid

Delivery 100%

Latest report

The project is complete.

Progress on projects over £5million

Hartlebury Castle

Nation or area

Midlands & East

Applicant

Hartlebury Castle Preservation Trust

Total project cost

£7,239,665

Grant amount (award date)

£413,700 (development April 2013)

£4,975,100 (delivery October 2014)

Project status and % of grant paid

Delivery 100%

Latest report

The project is complete.

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)

£500,000 (grant increase December 2022)

Project status and % of grant paid

Delivery 90%

Latest report

Practical completion expected in April 2023. The building will open to the public in May 2023 for 'Van Gogh Alive' for Brighton Festival. Activities will continue to the end of 2023.

In addition to grant from The National Lottery Heritage Fund, the project received a DCMS Heritage Capital Kickstart Fund grant increase award of £1,000,000.

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 Grand Opera House has reopened with a full programme of shows, performances and activity.

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

HMS Caroline reopened for visitors in March 2023 and the 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 41%

Latest report

Capital works are underway in all areas with the restoration of both the Spurn Lightship and Arctic Corsair substantially complete. 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 81%

Latest report

Capital works are progressing well with completion anticipated in Spring 2023. Activities are ongoing. Opening to the public is expected in June 2023.

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)

£6,971,100 (potential delivery grant)

Project status and % of grant paid

Delivery 19%

Latest report

Project development phase is in progress and the delivery round application is expected in 2023.

Kresen Kernow: A Home for Cornwall's Archives

Nation or area

London & South

Applicant

Cornwall Council

Total project cost

£18,506,591

Grant amount (award date)

£386,800 (development April 2013)

£11,786,500 (delivery July 2015)

Project status and % of grant paid

Delivery 100%

Latest report

The project is complete.

Progress on projects over £5million

LCT 7074: Resurrecting a D-Day Hero

Nation or area

London & South

Applicant

National Museum of the Royal Navy

Total project cost

£6,055,460

Grant amount (award date)

£307,500 (development June 2017)
£4,480,400 (delivery September 2018)
£588,700 (grant increase May 2021)

Project status and % of grant paid

Delivery 100%

Latest report

The project is complete.

Lincoln Cathedral Connected

Nation or area

Midlands & East

Applicant

Lincoln Cathedral

Total project cost

£15,556,447

Grant amount (award date)

£909,700 (development June 2015)
£11,456,100 (delivery January 2017)
£973,600 (DCMS Heritage Capital Kickstart grant increase award, December 2020)

Project status and % of grant paid

Delivery 100%

Latest report

The project is complete.

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.

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

The old visitor centre has been demolished and ground works completed for the new centre. Detailed preparations for bridge repair have been completed.

Norwich Castle: Gateway to Medieval England

Nation or area

Midlands & East

Applicant

Norfolk County Council

Total project cost

£16,746,470

Grant amount (award date)

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

Project status and % of grant paid

Delivery 62%

Latest report

Construction works are now well advanced with completion expected late 2024. Proposals for interpretation and display are well advanced.

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 0%

Latest report

Permission to start has been awarded. Land acquisition expected to be completed end of March 2023. Launch event scheduled for summer 2023.

Plymouth Sound National Maritime Park

Nation or area

London & South

Applicant

Plymouth City Council

Total project cost

£16,256,800

Grant amount (award date)

£921,500 (development June 2021)
£8,660,600 (potential delivery grant)

Project status and % of grant paid

Development 6%

Latest report

Development phase is progressing and the delivery round application is expected in 2023.

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)

Project status and % of grant paid

Delivery 58%

Latest report

A number of the new exhibits are now complete and open to the public and others are progressing well. All aspects of the learning and engagement programme are progressing well.

Progress on projects over £5million

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)

£6,154,336 (including Heritage Capital Kickstart Award)

Project status and % of grant paid

Delivery 95%

Latest report

Capital works are largely complete with some additional work due this year.

In addition to a grant from The National Lottery Heritage Fund, the project received a DCMS Heritage Capital Kickstart Fund grant increase award of £290,000 in December 2020.

Revisiting 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 95%

Latest report

Capital works to the Ducal Palace, Visitor Centre and landscaping were completed in 2021 and the Castle opened to visitors in June that year. The Castle closed in November 2022 following the liquidation of Nottingham Castle Trust which was running the site on behalf of Nottingham City Council. The Heritage Fund has been working proactively with Nottingham City Council and partners to resolve the issues at the Castle. The City Council now plans to reopen the Castle and grounds in June 2023.

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)
£249,581 (grant increase March 2023)

Project status and % of grant paid

Delivery 91%

Latest report

Capital redevelopment of Neville Hall, Newcastle, is now complete and activity plan delivery is ongoing.

In addition to the grant increase from The National Lottery Heritage Fund, a DCMS Heritage Capital Kickstart Fund award of £228,100 was made to the project in January 2021.

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

Capital works are now complete with successful reopening to the public in November 2022.

Project completion expected autumn 2023.

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 0%

Latest report

Detailed design underway. Work on site yet to commence.

Silverstone Heritage Experience and Collections and Research Centre

Nation or area

Midlands & East

Applicant

Silverstone Heritage Ltd

Total project cost

£21,599,651

Grant amount (award date)

£446,000 (development April 2013)

£8,664,500 (delivery November 2016)

£1,300,000 (grant increase as loan July 2019)

£500,000 (grant increase as loan December 2019)

Project status and % of grant paid

Delivery 100%

Latest report

The project is complete.

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 31%

Latest report

The project's activities, including nature recovery works, training and skills development and access and community engagement are all now in progress and delivering well.

Progress on projects over £5million

The Burrell Collection – Refurbishment Project

Nation or area

Scotland

Applicant

Glasgow City Council

Total project cost

£58,125,549

Grant amount (award date)

£1,000,000 (development April 2015)

£14,000,000 (delivery September 2017)

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

Project status and % of grant paid

Delivery 100%

Latest report

The project is complete and has won a number of awards.

The Canterbury Journey

Nation or area

London & South

Applicant

Canterbury Cathedral

Total project cost

£24,892,659

Grant amount (award date)

£930,400 (development April 2014)

£12,849,500 (delivery September 2016)

£975,800 (grant increase May 2021)

Project status and % of grant paid

Delivery 100%

Latest report

The project is complete.

The Citizens Theatre redevelopment

Nation or area

Scotland

Applicant

Citizens Theatre

Total project cost

£18,030,148

Grant amount (award date)

£500,000 (development May 2014)

£4,795,000 (delivery December 2017)

Project status and % of grant paid

Delivery 78%

Latest report

The project is in delivery and construction works are 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 Hold now provides extensive archive collections accessible to the public, a purpose-built exhibition and gallery space and an education room.

The North's greatest 'Cathedral of Commerce': Rochdale Town Hall from Cooperation 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 64%

Latest report

Capital works began in February 2022 and are due to complete in September 2023. The engagement and activity programme is progressing.

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

Both the capital works and activities are now complete.

The Regeneration of Hay Castle

Nation or area

Wales

Applicant

Hay Castle Trust

Total project cost

£7,557,605

Grant amount (award date)

£528,600 (development March 2014)

£4,467,600 (delivery May 2016)

£628,100 (grant increase March 2021)

Project status and % of grant paid

Delivery 98%

Latest report

Capital works are complete.

The Renewal of Pitzhanger Manor

Nation or area

London & South

Applicant

Ealing Council

Total project cost

£11,224,399

Grant amount (award date)

£275,200 (development March 2012)

£4,419,900 (delivery May 2014)

£658,700 (grant increase March 2017)

Project status and % of grant paid

Delivery 100%

Latest report

The project is complete.

Progress on projects over £5million

Tomorrow's Museum for Dorset: Re-Imagining Dorset County Museum

Nation or area

London & South

Applicant

Dorset Natural History and Archaeological Society

Total project cost

£15,950,992

Grant amount (award date)

£483,900 (development April 2015)

£11,349,200 (delivery September 2017)

Project status and % of grant paid

Delivery 100%

Latest report

Capital works are complete.

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)

Project status and % of grant paid

Delivery 95%

Latest report

Capital works completed in December 2021. Named as The Amelia, it opened to the public in April 2022. Activities will continue until June 2024.

In addition to a grant from The National Lottery Heritage Fund, the project received a DCMS Heritage Capital Kickstart Fund grant increase award of £675,000 in December 2020.

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)

Project status and % of grant paid

Delivery 95%

Latest report

Capital works are complete. The Museum of the Home opened to the public in June 2021 and activities are nearing completion.

In addition to funding from The National Lottery Heritage Fund, a Heritage Capital Kickstart Fund award of £692,000 was made in December 2020.

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 86%

Latest report

Capital works are nearing completion and activities are progressing well. The project is expected to complete in 2023.

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 73%

Latest report

The project is nearing completion.

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)

Project status and % of grant paid

Delivery 0%

Latest report

Capital works are underway.

