



# Heritage Lottery Fund

National Heritage Memorial Fund Lottery Distribution  
Annual Report and Accounts for the year ended 31 March 2010





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# Report of the Trustees and Accounting Officer

## Management commentary

### Background information

The National Heritage Memorial Fund (NHMF or 'the Fund') is vested in and administered by a body corporate known as the Trustees of NHMF, consisting of a Chair and not more than 14 other members appointed by the Prime Minister. The Fund 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. 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, Trustees of NHMF became responsible for the distribution of that proportion of the National Lottery proceeds allocated to the heritage. Trustees of NHMF have to prepare separate accounts for the receipt and allocation of grant-in-aid and for their operation as a distributor of National Lottery funds. Trustees have chosen to refer to the funds as NHMF for sums allocated under the provisions of the 1980 Act and the Heritage Lottery Fund (HLF) for the 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, Olympics, Media and Sport. All sums received from the licensee of the National Lottery under section 5(6) are paid to the Secretary of State and placed by him in the NLDF. Trustees of NHMF apply to the NLDF for funds to meet grant payments and administration expenses.

Under section 22 of the 1993 Act, the Secretary of State for Culture, Olympics, Media and Sport 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. The percentage allocation was subsequently reduced to 16 $\frac{2}{3}$ % in October 1997 following the government's creation of the New Opportunities Fund (now the Big Lottery Fund).

These accounts have been prepared in a form directed by the Secretary of State for Culture, Olympics, Media and Sport with the consent of HM Treasury in accordance with section 35(3) of the 1993 Act.

### Principal activities

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

- a) any land, building or structure which in the opinion of the Trustees is of outstanding scenic, historic, aesthetic, archaeological, architectural or scientific interest;
- b) any object which in their opinion is of outstanding historic, artistic or scientific interest;
- c) any collection or group of objects, being a collection or group which, taken as a whole, is in their opinion of outstanding historic, artistic or scientific interest.

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

Under the 1997 Act, Trustees are now also able to assist projects directed to increasing public understanding and enjoyment of the heritage and to interpreting and recording important aspects of the nation's history, natural history and landscape. Following consultation with potential applicants, advisers, and other bodies, further new initiatives – dealing with revenue grants (to widen access in general to the heritage), as well as in the fields of archaeology, townscapes, information technology, and education – were set up. The 1998 Act gave Trustees the power to delegate Lottery grant decisions to staff and also to committees containing some members who are not Trustees.

#### Aims

We have three core aims for HLF, which define in broad terms how we are trying to improve quality of life through the heritage. The core aims are:

- conserve the UK's diverse heritage for present and future generations to experience and enjoy;
- help more people, and a wider range of people, to take an active part in and make decisions about their heritage;
- help people to learn about their own and other people's heritage.

As an organisation we strive to achieve economy, efficiency and effectiveness in all that we do. In addition clarity, prioritisation, judgement, responsible authority and accountability are core principles for us as an organisation. They inform our approach to funding, and how we work with customers and colleagues. We aim to be recognisable wherever we work through consistent practice and presentation while retaining the flexibility to respond to differences and needs through our local teams across the UK.

#### Financial Instruments

International Financial Reporting Standard 7 'Financial Instruments: Disclosures' (IFRS 7) 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 grant-in-aid derived funds. Financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the organisation.

#### *Liquidity risk*

In 2009–10, £203.3million (99%) of HLF's income derived from the National Lottery. The remaining income derived from investment returns from the balance held with the NLDF, £2million (1%), along with a small amount of bank interest and sundry income. The Trustees recognise that their hard commitments (i.e. signed grant contracts) and their other payables exceeded the value of funds in the NLDF at 31 March 2010. However, Trustees consider that HLF is 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. The Department for Culture, Media and Sport (DCMS) has assured Trustees that they will continue to receive a share of the National Lottery until 2019. Trustees have set a long-term grant award strategy to ensure that HLF's liabilities are in line with their assets and that they are able to meet their commitments to 2019.

### Market and Interest rate risk

The financial assets of HLF are invested in the NLDF, which invests in a narrow band of low-risk assets such as government bonds and cash. The 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 £379million. Funds at the NLDF earned on average 0.58% in the year. Cash balances, which are drawn down from the NLDF to pay grant commitments and operating costs, are held in instant-access variable rate bank accounts, which carried an interest rate of 0.35% in the year. The sharp decline in market interest rates in 2008 has had a significant impact on returns, but as there is little room for rates to fall further, the risk is small. The cash balance at the year end was £3.6million. The Trustees consider that HLF is not exposed to significant interest rate risks. Other financial assets and HLF's financial liabilities carried nil rates of interest.

	2009-10 £'000	2008-09 £'000
Cash balances		
- sterling at floating interest rates	3,604	4,105
- sterling at a mixture of fixed rates	378,977	452,562
	<b>382,581</b>	456,667

### Credit risk

HLF's receivables comprise prepayments mostly on property leases, intra-government balances and one loan to a heritage organisation. The intra-government balances are mostly with fellow Lottery distributors and all had been either repaid or agreed by the time of signing the accounts. The loan to a heritage organisation is due to be repaid over a number of years to assist that organisation's cash-flow. HLF does not consider that there is a significant risk that the heritage organisation will fail to repay the debt; the loan is at nil interest. Trustees do not consider that HLF is exposed to significant credit risk.

### Foreign currency risk

HLF is not exposed to any foreign exchange risks.

### Financial assets by category

	2009-10 £'000	2008-09 £'000
Assets per the statement of financial position		
- non-current assets	2,168	1,369
- investments available for sale	378,977	452,562
- cash and cash equivalents	3,604	4,105
- loans and receivables	1,232	3,290
	<b>385,981</b>	461,326

### Financial liabilities by category

	2009-10 £'000	2008-09 £'000
Liabilities per the statement of financial position		
- other financial liabilities		
Grant commitments	538,737	593,131
Operating payables	1,080	1,235
Other payables	335	339
Accruals	841	833
	<b>540,993</b>	595,538

### Fair Values

Set out below is a comparison, by category, of book values and fair values of HLF's financial assets and liabilities as at 31 March 2010.

### Financial assets at 31 March 2010

	Book value £'000	Fair value £'000
Cash <sup>1</sup>	3,604	3,604
Investments <sup>2</sup>	379,607	378,977
Receivables <sup>3</sup>	1,232	1,232
	<b>384,443</b>	<b>383,813</b>

### Financial assets at 31 March 2009

	Book value £'000	Fair value £'000
Cash	4,105	4,105
Investments	452,012	452,562
Receivables	3,290	3,290
	459,407	459,957



## Financial liabilities at 31 March 2010

	Book value £'000	Fair value £'000
Grant commitments <sup>4</sup>	<b>538,737</b>	<b>538,737</b>
Operating payables <sup>5</sup>	<b>1,080</b>	<b>1,080</b>
Other payables <sup>5</sup>	<b>335</b>	<b>335</b>
Accruals <sup>5</sup>	<b>841</b>	<b>841</b>
	<b>540,993</b>	<b>540,993</b>

## Financial liabilities at 31 March 2009

	Book value £'000	Fair value £'000
Grant commitments	593,131	593,131
Operating payables	1,235	1,235
Other payables	339	339
Accruals	833	833
	595,538	595,538

### Basis of fair valuation

- 1 The figure here is the value of deposits with commercial banks. It is expected that book value equals fair value.
- 2 Investments are controlled by the Secretary of State for Culture, Olympics, Media and Sport. He provides the Trustees with details of the book value and fair value of our balances at the date of the statement of financial position.
- 3 No provision for bad debt is deemed necessary. One of the debts is long term and no interest rate has been applied to the loan.
- 4 Whilst we disclose £302million of grant commitments as not being due for payment until after one year, 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.
- 5 All 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

	2009-10 £'000	2008-09 £'000
In less than one year	<b>540,993</b>	595,538
In more than one year, but less than two	<b>0</b>	0
In two to five years	<b>0</b>	0
In more than five years	<b>0</b>	0
	<b>540,993</b>	595,538

The Statement of Financial Position discloses the above figure separated between amounts due in one year and in more than one year. That split is based upon past experience of amounts drawn down by grantees as our contracts with grantees contain no such split. Theoretically, grantees could demand all their grant in 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.

## Future developments

Projections provided by DCMS of likely income from the National Lottery suggest that returns will improve despite the recession. As a consequence, Trustees increased the budget available for grants decisions in 2010-11 from £185million to £205million. Trustees will monitor income closely over the next 12 months and revise future grant budgets as appropriate.

## Employee consultation

The nature of the operations of NHMF means that grant-application-processing staff work closely with Trustees. Staff are involved in project evaluation and applicant visits with Trustees. Many members of staff attend meetings of Trustees, which enables them to be aware of thinking about the development of the Fund and its operations. Additionally, senior management ensures – through summaries of Management Board meetings in the weekly newsletter, face-to-face meetings and a high level of personal accessibility – that matters of concern to staff can be readily addressed. It is essential that all staff are given the opportunity to contribute to the development of the Fund as well as achieving their own potential through regular consultation and discussion. To this end, a Staff Council is in existence. Comprising representatives from each department, it discusses matters of interest to staff with representatives from management. It meets nine times a year.

## Equal opportunities

As an employer, NHMF abides by equal opportunities legislation. It does not discriminate against staff or eligible applicants for job vacancies on the grounds of gender, marital status, race, colour, nationality, ethnic origin, religious belief, disability, age or sexual orientation. Every possible step is taken to ensure that staff

are treated equally and fairly, and that decisions on recruitment, selection, training, promotion and career management are based solely on objective- and job-related criteria. It does not tolerate any form of discrimination, harassment or victimisation. The Fund welcomes job applications from people with disabilities, and currently around 4% (2008–09: 4%) of our workforce are people with disabilities. All staff are required to co-operate in making this policy work effectively.

#### Payables

NHMF adheres to the Government-wide standard on bill-paying and the CBI Better Payment Practice Code, which is to settle all valid bills within 30 days. In 2009–10, the average age of invoices paid was eight working days (2008–09: 11 days). Over 95% of invoices were paid within 30 calendar days (2008–09: 92%).

#### Pension liabilities

The Fund makes contributions to the pension schemes of staff. Other than making these payments, the Fund has no pension liabilities. Further information is available in the notes to the accounts.

#### Register of interests

As a matter of policy and procedure, the Trustees declare any direct interests in grant applications and commercial relationships with NHMF and exclude themselves from the relevant grant appraisal, discussion and decision processes within NHMF. In their contacts with grant applicants, Trustees seek to avoid levels of involvement or influence that would be incompatible with their responsibilities as a Trustee of NHMF. There are corresponding arrangements for staff to report interests and avoid possible conflicts of interest. The Register of Trustees' Interests is available for public inspection by contacting the Secretary to the Board, 7 Holbein Place, London SW1W 8NR.

#### 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 Lottery activities of Trustees.

#### Key stakeholders

The main stakeholder of HLF is DCMS which also controls the NLDF that invests the money received from the National Lottery. The other key stakeholder is a body that carries out assessment processing on our behalf for a grant programme – English Heritage (Repair Grants for Places of Worship programme in England).

#### Events after the reporting period

There were no events that occurred after 31 March 2010, up until the date the Accounting Officer signed these accounts, that need to be brought to the attention of the reader. The Accounting Officer authorised the accounts for issue on 8 July 2010, which was the date the accounts were certified by the Comptroller and Auditor General.

## Chair and Trustees of NHMF

### *Chair*

Dame Jenny Abramsky <sup>2</sup>

### *Trustees*

Mike Emmerich *until 28 July 2009*

Kim Evans <sup>2</sup>

Yinnon Ezra <sup>1</sup>

Kathy Gee

Doug Hulyer <sup>1</sup>

Tristram Hunt

Dan Clayton-Jones

Hilary Lade <sup>2</sup>

Brian Lang

Alison McLean <sup>1</sup>

Matthew Saunders

Ronnie Spence <sup>1</sup>

Virginia Tandy *from 1 September 2009*

Richard Wilkin <sup>2</sup>

Christopher Woodward

### *Chief Executive*

Carole Souter <sup>2</sup>

<sup>1</sup> Member of Audit Committee

<sup>2</sup> Member of Finance and Resources Committee

**Dame Jenny Abramsky**  
Chair

**Carole Souter**  
Chief Executive

6 July 2010

## Financial review

NHMF operates two funds – HLF and NHMF. It is required, by the accounts direction of the Secretary of State for Culture, Olympics, Media and Sport, to account for its activities separately and so no consolidated accounts are prepared. This review discusses solely the activities of HLF.

HLF receives applications from thousands of organisations across all communities of the UK and awards grants on the basis of its aims. Since the Lottery started in 1994, HLF has made over 35,000 awards and dealt with over 51,000 grant applications. During the year, over 2,000 grant applications were received, requesting over £491million (i.e. over two times our income). This demonstrates that there is still huge demand for heritage Lottery money 16 years after the Lottery started.

In 2008, Trustees issued their third Strategic Plan, covering the period 2008 to 2013, and made a number of significant grant application assessment system changes. Trustees have altered the way in which applications to the largest grant programmes (Heritage Grants and Parks for People) are processed. Applicants now receive earlier an idea of whether or not their application has a chance of success. This would save them time and money on pursuing projects which have little chance of receiving a grant. The impact of this change is that the initial decision is no longer regarded as a soft commitment. The first-round decision, as it is now called, does not almost inevitably result in a second-round award in the same way that a stage 1 pass became a stage 2 award before the changes were introduced. We have also completely overhauled our methods of processing with the result that we now make decisions quicker even on those applications that do not go through a two-round process. Trustees committed a lot of staff resources to the changes in the system and, as can be seen from note 7a to the

accounts, almost £1.2million worth of software has been created to support our new way of working. We are pleased to say that independent researchers have shown that the change has been welcomed by applicants despite the higher level of rejections that we have had to make as our grant budgets fell.

During the course of 2009–10, Trustees made new soft commitments totalling £106.1million (soft and hard commitments are defined in note 1 to the accounts). This was less than last year's £150.9million as a consequence of both a lower award budget and the change to a two-round process for Heritage Grants and Parks for People which means that the initial decision is no longer regarded as a soft commitment. The level of new soft commitments will rise in future years as second-round applications start to arrive.

Income for the year was £247million (2008–09: £208million), with an additional £2million (2008–09: £9.9million) in investment income earned by the NLDF on our behalf. Falling balances at the NLDF as

well as the significant reductions in market interest rates and gilt yields are the reason for the lower investment income returns. The significant increase in income from the National Lottery was tempered by the transfer of £43.4million to the Olympic Lottery Distribution Fund. Overall, net income fell from £209million in 2008–09 to below £206million.

The balance of HLF funds at the NLDF fell from £452million to £379million at the end of the financial year. Trustees had expected the balance to fall slightly further, but ticket-sale income was above the projection first supplied by DCMS. Trustees expect the balance to fall further in 2010–11 as a result of the policy of previous years where they had made awards well in excess of income, and so the level of grant payments being made is far in excess of income. At the end of the financial year, HLF had committed £300million more than it had in the NLDF – around 18 months' expected income. The balance of contractual liabilities exceeded HLF's net assets during the year and there was a net deficit on the statement of financial position in excess of

## Commitments table

	Stage 1 and first-round soft commitments* £m	Grant awards £m	Hard commitments £m	Total decisions £m
At 1 April 2009	181.9	74.7	593.1	
Trustees' decisions in the year	20.6	85.5	–	106.1
Converted in the year	(117.3)	117.3	–	
Converted in the year	–	(219.3)	219.3	
De-commitments	(3.4)	(0)	(13.0)	
Grant payments	–	–	(260.6)	
<b>At 31 March 2010</b>	<b>81.8</b>	<b>58.2</b>	<b>538.8</b>	

\* Not all first-round passes are soft commitments. First-round passes for applications under the Heritage Grants and the Parks for People programme are not regarded as soft commitments.

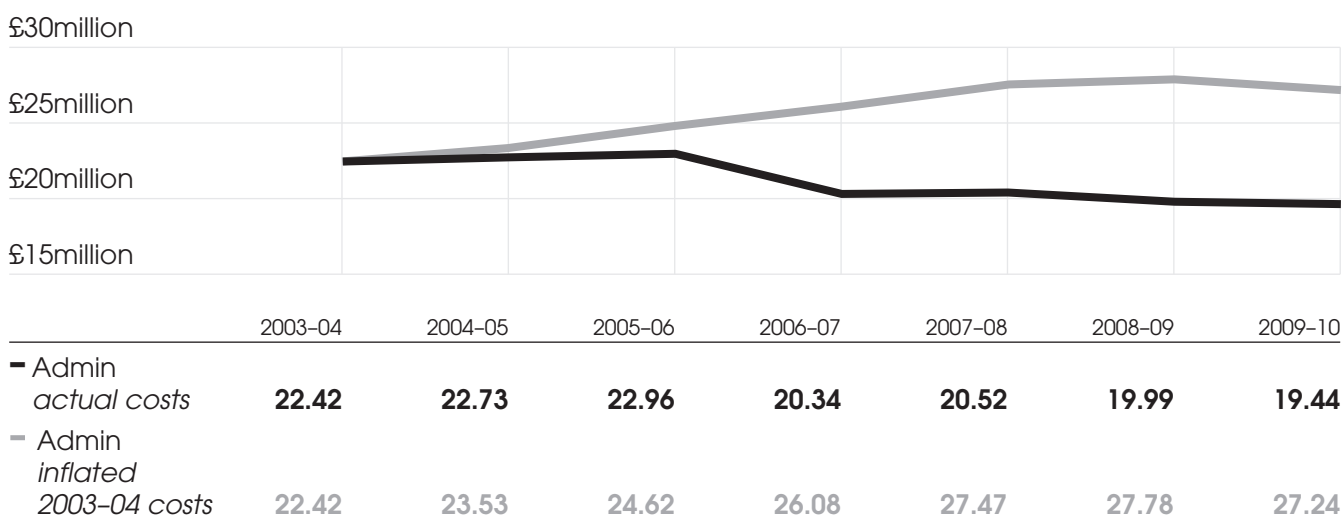
£155million at 31 March 2010. The accounts have been prepared on a going concern basis as required by the Secretary of State's accounts direction and because Trustees have been assured that they will receive income from the National Lottery until at least 2019.

The table on page 8 illustrates the soft commitments made and also the conversion of soft commitments in previous years into hard commitments in 2009–10. Soft commitments are converted to hard commitments when there is the equivalent of a signed contract with the grant recipient.

These accounts have been prepared under International Financial Reporting Standards (IFRS) for the first time. This required the re-stating of certain balances brought forward from previous years where the accounting treatment differs. The effect of these changes was to increase the brought-forward balance on the income and expenditure account by £566,000 and to improve the position at 31 March 2010 by £875,000. The notes to the accounts have more details.

Overall, administrative costs fell by 2.8% during the year, demonstrating once again that the organisation is an efficient distributor of funds from the National Lottery – further evidence is shown in the chart below. A 2.7% rise in staff costs and a 48.5% increase in depreciation were more than offset by a reduction of 10% in operating costs. The rise in depreciation reflects the requirement of the IFRS to capitalise investment in new software. The contribution from the Big Lottery Fund towards the cost of running the Parks for People programme fell from £657,000 to £476,000 as that programme moved on from the assessment stage to the monitoring stage. Trustees applaud the work done by management and staff in achieving these significant cost savings. Trustees recognise that the response to transfers of funds to help the 2012 London Olympic Games, falling investment income and the messages from all political parties about the state of the economy must be continuing falls in administrative costs through efficiency savings.

Actual administration costs vs inflated 2003–04 costs



In addition to the capital expenditure mentioned earlier, creating software to support our working practices under the third Strategic Plan, almost £200,000 was spent on the complete overhaul of the HLF website. 2010–11 will see some further costs in this area for the creation of a Welsh-language website. Further expenditure has taken place on the office building at Holbein Place in London to improve energy performance and reduce water consumption. NHMF is marketing one of the floors of Holbein Place and in order to attract a tenant the floor was refurbished; the opportunity was taken to improve the rest of the building – the first refurbishment of the office in 13 years.

Trustees recognise that greater efficiencies in the costs of administration should not be achieved at the expense of service to our customers. They are pleased to report that the achievement of service level targets for both applicants and grantees has again been impressive. Further information on our service level targets is available elsewhere in the Annual Report.

The Trustees consider the risks faced by HLF at monthly Board meetings and through their Audit Committee. A register is created of the highest-level risks, which is reviewed on a quarterly basis. The principal risks are discussed further in the Statement on Internal Control.

#### Environmental policies

From 1 April 2010, NHMF is recording its carbon footprint in terms of business travel undertaken, waste generated and energy consumption. The first results will be reported in next year's Annual Report with the aim that future years will show a declining trend. As noted above, the air conditioning and heating systems in Holbein Place are currently being replaced. This should result in them being more efficient and cheaper to run.

#### Key performance indicator

HLF has a reputation as an efficient distributor of Lottery funds. The graph on page 9 sets out our administration costs in each of the last seven years since we created our regional office structure – the black line. The grey line shows the value of administration costs incurred seven years ago when increased in line with the Treasury's GDP deflator – an estimate of the general level of inflation in the UK economy. Trustees are pleased to note that administration costs in 2009–10 are £7.8million (or 28.6%) lower than inflation since 2003–04 would have suggested – representing a significant real-terms reduction in administration costs.

Please note that administrative costs from 2006–07 and earlier were not produced under IFRS. Administration costs for 2007–08 and 2008–09 have been restated under IFRS.

#### Personal data

HLF has had no incidents where personal data was inadvertently disclosed to a third party. HLF will continue to monitor and assess its information risks in order to identify and address any weaknesses and ensure continuous improvements of its systems.

#### Sickness absence

In 2009–10, 1,940 days were lost due to 412 sickness episodes (2008–09: 2,655 days in 494 episodes), which represents a very modest 2.16% of all working days (2008–09: 2.92%).

## Remuneration report

### Remuneration of the Chair and Trustees

All Trustees were entitled to receive an annual salary for the time spent on the activities of NHMF. In addition, NHMF reimbursed travel expenses of certain Trustees from their homes to their office of employment in London, Edinburgh, Cardiff or Belfast. HLF met the tax liability on these expenses.

The remuneration of those Trustees that received payment, including reimbursement of taxable expenses and the tax thereon, falls into the bands in the table on the right. Two Trustees, Yinnon Ezra and Virginia Tandy, waived their rights to a salary.

All Trustees have three-year appointments, potentially renewable for a second term. They are appointed by the Prime Minister. They are not members of the pension scheme utilised by NHMF. No contributions were made by the Fund to a pension scheme on the Trustees' behalf. All Trustees' remuneration was allocated between HLF and NHMF on the basis of 99%: 1%. The total remuneration of Trustees in 2009–10 was £195,541 (2008–09: £196,053). The pay and contracts of Trustees are discussed and set by DCMS.

### Audited information

	2009–10 £'000*	2008–09 £'000
Dame Liz Forgan <i>until 30 September 2008</i>	0	20–25
Dame Jenny Abramsky <i>Chair from 1 September 2008</i>	40–45	20–25
Madhu Anjali <i>until 21 July 2008</i>	0	0–5
Mike Emmerich <i>until 28 July 2009</i>	5–10	5–10
Kim Evans <i>from 22 July 2008</i>	5–10	0–5
Yinnon Ezra	0–5	0–5
Kathy Gee	10–15	10–15
Catherine Graham-Harrison <i>until 22 July 2008</i>	0	0–5
Doug Hulyer	10–15	10–15
Tristram Hunt	5–10	5–10
Dan Clayton-Jones	20–25	20–25
Hilary Lade <i>from 1 October 2008</i>	5–10	5–10
Brian Lang	20–25	20–25
Alison McLean	10–15	5–10
Matthew Saunders	5–10	5–10
Ronnie Spence	20–25	20–25
Virginia Tandy <i>from 1 September 2009</i>	0–5	0
Richard Wilkin	10–15	10–15
Christopher Woodward	5–10	5–10

\* Significant changes in reported remuneration including taxable expenses are due to Trustees not being employed for a full year in either 2008–09 or 2009–10.

## Remuneration of employees (Audited information)

The remuneration of directors was as follows:

	Salary including performance bonus 2009-10 £'000	Salary including performance bonus 2008-09 £'000	Real increase in pension and lump sum £'000	Total accrued pension at age 60 and lump sum £'000	Cash Equivalent Transfer Value (CETV) at 31/3/10 £'000	Cash Equivalent Transfer Value (CETV) at 31/3/09 £'000*	Real increase in CETV funded by NHMF £'000
Carole Souter <i>Chief Executive</i>	130-135	125-130	2.5-5 plus 10-15 lump sum	50-55 plus 150-155 lump sum	974	841	77
Robert Bewley <i>Director of Operations</i>	90-95	90-95	0-2.5 plus 5-7.5 lump sum	25-30 plus 85-90 lump sum	577	502	46
Judith Cligman <i>Director of Strategy and Business Development</i>	90-95	85-90	0-2.5 plus 5-7.5 lump sum	25-30 plus 85-90 lump sum	517	445	42
Steve Willis <i>Director of Finance and Corporate Services</i>	105-110	105-110	0-2.5 plus 5-7.5 lump sum	50-55 plus 150-155 lump sum	1,133	1,023	45

\* These figures are different to those quoted in last year's accounts. This is due to the factor for the adjustment to market conditions (AMC) that produces the CETV being updated since the end of March 2009 to comply with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008.

The accrued pension quoted in the table above is the pension the member is entitled to receive when they reach 60, or immediately on ceasing to be an active member of the scheme if they are already 60.

#### *Cash Equivalent Transfer Values*

A Cash Equivalent Transfer Value (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 which the individual has transferred to the civil service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn.



### *Real increase in CETV*

This reflects the increase in CETV effectively 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 employees had permanent contracts of employment and were ordinary members of the Principal Civil Service Pension Scheme (PCSPS). Their costs were allocated between HLF and NHMF on the basis of 99%: 1% (2008–09: 99%: 1%). The pay and contracts of senior employees are discussed and set by the Finance and Resources Committee. (Membership of this committee is disclosed on page 7.) The remuneration of senior managers is performance-related. The sum is based on performance against individual objectives and on overall contribution to corporate strategy and goals. Individual objectives for the Chief Executive are set by the Chair of the Board of Trustees, and the Chief Executive in turn agrees personal objectives with the function directors. Objectives reflect the strategic and operational goals of HLF and the contribution expected of each individual senior manager to achieving the goals. HLF has a performance management system and performance is reviewed in line with this. Performance is reviewed annually in March–April and rated on a scale of four different levels of achievement. There is a bonus scheme for the directors which takes into account the Finance and Resources Committee's view of the individual's contribution towards the wider success of the organisation, with particular reference to their management of their own department and their impact on other areas; the individual's impact on Trustees and their effectiveness; and any exceptional

contribution or achievement during the year which was not reflected in the key objectives for the year. This policy is expected to continue in future years. Senior management are appointed on open-ended contracts with notice periods of no more than six months. In the event of considering termination payments, HLF would adhere fully to the rules of the Civil Service Compensation Scheme and any associated guidance from Treasury or DCMS.

**Carole Souter**  
Chief Executive

6 July 2010

### Statement of Trustees' and Chief Executive's responsibilities

Under section 34(1) of the National Lottery etc. Act 1993, the Trustees of NHMF are required to prepare a statement of accounts for each financial year on their Lottery distribution activities in the form and on the basis determined by the Secretary of State for Culture, Olympics, Media and Sport with the consent of the Treasury. The accounts are prepared on an accruals basis and must give a true and fair view of HLF's state of affairs at the year end, and of its income and expenditure and cash flows for the financial year.

In preparing the accounts Trustees of NHMF are required to comply with the requirements of the Government Financial Reporting Manual (FREM) and in particular to:

- observe the accounts direction issued by the Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards, as set out in the FREM, have been followed, and disclose and explain any material departures in the financial statements;
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that HLF will continue in operation.

The Accounting Officer of the Department for Culture, Media and Sport has appointed the senior full-time official, the Chief Executive, as the Accounting Officer for NHMF. Her relevant responsibilities as Accounting Officer, including her responsibility for the propriety and regularity of the public finances, for the safeguarding of HLF's assets and for the keeping of proper records, are set out in the Non-Departmental Public Bodies' Accounting Officers'

Memorandum, issued by the Treasury and published 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 she ought to have taken to make herself aware of any relevant audit information and to establish that our auditors are aware of that information.

**Dame Jenny Abramsky**  
Chair

**Carole Souter**  
Chief Executive

6 July 2010

## Statement on internal control

### Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of NHMF's policies, aims and objectives, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in *Managing Public Money*.

I work closely with the Trustees of NHMF, who share a responsibility to:

- give leadership and strategic direction;
- define control mechanisms to safeguard public resources;
- supervise the overall management of HLF's activities;
- report on the stewardship of public funds.

This responsibility is enacted through regular meetings of Trustees with senior management to set policy for NHMF and make decisions in line with policy. In addition, sub-committees of Trustees, particularly the Finance and Resources Committee and the Audit Committee, oversee the activities of management and provide support. All policy-setting and grant-decision-making is informed by the risk-management culture of NHMF. In particular, the Audit Committee regularly discusses the risk reports produced by management and questions them about the methods by which they mitigate risk.

The annual operating plan of NHMF – the Business Plan – is discussed with our sponsor department, DCMS. DCMS has also set Policy and Financial Directions with which we have to comply in our Lottery activities (the Welsh Assembly has also issued some policy directions with regard to our activities in Wales). We also operate in line with an agreed Management Statement and Financial Memorandum based upon a template devised by the Treasury. This includes regular meetings with senior officers of DCMS and with fellow Lottery distributors.

### The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of HLF's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in HLF for the year ended 31 March 2010 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

The changes to HLF's working practices brought about by the adoption of its third strategic plan were thoroughly reviewed by management before implementation. I also required the internal auditors to check that management's proposals would achieve our objectives, and to carry out a follow-up review of grant giving. I am satisfied with the results of the internal audit reports, which demonstrated that HLF had successfully brought about significant changes to its grant assessment and monitoring systems, both manual and electronic.

### Capacity to handle risk

The Management Board, comprising the most senior managers of NHMF, takes the lead on all aspects of risk management. It appoints risk owners and charges them with the creation and application of strategies to mitigate the risk under their control. I chair each meeting of the Management Board, which meets weekly.

The Audit Committee, which comprises four Trustees, regularly discusses the risk management process and reports back to the main body of Trustees on the

management of risk. I and my senior management attend all the committee meetings. Furthermore, both internal and external audit review the risk-management processes as part of their work and can provide the benefit of their experience of other organisations' risk-management activities.

The risk register is circulated to all middle management prior to their production of annual team plans. They are expected to consider explicitly the content of the register in their plans and bring to the attention of senior management any emerging risks. The plans are discussed and approved by senior management. Middle management also meet as a group with senior management in Managers' Fora. The agenda of these meetings regularly includes planning and risk, and allows staff from various departments to share their views on good practice.

**The risk and control framework**  
The Management Board devised a risk-management statement that sets out the principles of risk management. It then details how NHMF identifies, monitors and controls risks and opportunities, and sets out the Fund's appetite for risk. It also assigns specific responsibilities to individuals and groups in ensuring that NHMF's risk management achieves its risk policies. The statement is approved by the Audit Committee and is reviewed annually. On an annual basis, risks are categorised by considering the likelihood of occurrence should no risk-mitigation activity occur and the impact should the risk happen. The risks where the potential impact is deemed high form the NHMF risk register. The Management Board then assigns to senior managers (the 'risk owners') the task of putting procedures in place to monitor and, where possible, mitigate the risk.

The risk register forms part of the annual Business Plan of the Board of Trustees, having been previously endorsed by the Audit Committee. The Management Board reviews the effectiveness of their work on a quarterly basis. The Audit Committee also reviews effectiveness at each meeting and questions the activities of risk owners. Policy papers put to the Board of Trustees for decision all contain a discussion of the risks associated with taking the possible courses of action.

NHMF has an information risk policy to be followed by all staff – new staff read it as part of their induction. The policy, which is reviewed on an annual basis, requires all data to be held securely. NHMF is compliant with the Security Policy Framework and with the mandatory measures of the Data Handling Review.

In 2009–10, NHMF considered the following to be the most significant areas of risk:

- that our income declines unexpectedly;
- imposition of an arbitrary cap on running costs (identified as a risk in 2010);
- legislative change impacting on aims and operations of the organisation (identified as a risk in 2010);
- failure of awarded grants to meet our strategic objectives;
- failure of our strategy to keep pace with the needs of the heritage and changes in the external environment, and therefore lack of support for it by our stakeholders;
- failure to set and follow efficient procedures, thereby giving rise to the risk of inefficiency, fraud or of making decisions open to challenge;
- failure to recruit, retain and develop staff;
- lack of adequate acknowledgement of HLF/NHMF contribution by grantees;
- that support and influence lessen as a result of low awareness and understanding of our contribution by stakeholders and the Lottery-playing public;
- changes to membership and delegations of Board and Committees lead to confusion and inconsistency in decision-making.

The risk on 'changes to membership and delegations' has been removed from the risk register for 2010 as I consider that the risk has been successfully managed through a governance review that included a workshop with input from the National School of Government. This review was initially carried out by the internal auditors, who found that our governance procedures were sound. Modest improvements were made to enhance communication between the Board and its sub-committees; for example, both the Audit and the Finance and Resources Committees now produce regular reviews of their activities for the Board, and the committee chairs always fully de-brief the Board of the decisions made at each meeting. I will continue to monitor the situation and will return the risk to the register if necessary.

I recognise that the risk environment may change once the new government has made clear its policies on the future of the National Lottery and on administrative costs. Thus, further risks may emerge in 2010–11.

The risk-management strategy details the Fund's appetite for risk: "Well-thought-through risk-taking and innovation to achieve NHMF objectives should be encouraged. This means that a 100% risk-avoidance culture is not the most effective use of our resources." I believe that the Fund demonstrates innovation in its choice of grant awards and it does not resort to simply making risk-free decisions.

Whilst the Management Board and the Audit Committee take the lead on setting the risk framework, staff at middle management are fully embedded in the system. As mentioned above, the Managers' Forum has regular discussion of the risk environment in which NHMF operates and how the Fund should respond. All middle managers are appraised on an annual basis of the way in which they anticipate, identify and manage both risks and opportunities.

#### Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by the work of the internal auditors and senior management within NHMF who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. As a result of their work during the year, the internal auditors have produced an annual certificate of assurance with regard to the adequacy of the systems and the operation of internal controls within HLF. In addition, I have seen the management letter prepared by the external auditors following their audit of the accounts for the year ended 31 March 2010. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board of Trustees and the Audit Committee, and a plan to address weaknesses and ensure continuous improvement of the internal control system is in place.

The annual internal audit plan is created on a risk basis; the auditors are provided with a copy of the draft risk register when preparing their plan. The Audit Committee reviews and approves the internal audit plan. I have ensured that there is sufficient flexibility in the plan to allow for changes to be made during the year to reflect any significant changes in the risk environment or the emergence of new risks.

The Audit Committee prepares an annual report of its activity to the Board of Trustees. The Board also has another sub-committee – the Finance and Resources Committee – which, among its tasks, reviews the administrative activities of NHMF, including its management accounts and budgets. A representative of the National Audit Office has attended a meeting of this committee during the year as an observer.

All reports of the internal auditors are discussed by the Audit Committee with senior members of staff in attendance, including those whose departments are reported upon by the auditors – this gives members of the committee the opportunity to discuss, in detail, the findings, recommendations and proposed management actions. Heads of departments that have failings identified by the internal auditors are required to devise a corrective action and set a completion date for that action in consultation with the internal auditors. I receive regular reports from the auditors notifying me of the progress my department heads have achieved in clearing up points raised by both internal and external auditors in previous years. Neither the internal nor external auditors have reported any significant findings that lead me to doubt the adequacy of our systems.

I chair meetings of the Management Board, which are attended by all senior management. The Management Board oversees all activities of the Fund and provides the opportunity for me and my colleagues to review and challenge these activities.

The budget holders – in effect the senior management of NHMF – sign annual memoranda of representation to me, detailing their responsibilities and confirming that they have carried out these responsibilities in the financial year being reported upon. The budget holders receive similar memoranda from their cost-centre managers – in effect the middle management of NHMF. I place reliance on these assertions of my management, and ensure that all are reviewed prior to my signing this Statement on Internal Control.

As a result of the above, I believe that the Fund's framework provides me with the level of assurance that I require. There is nothing of which I am aware that leads me to believe that our systems 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 Lottery grant are not adequate.

**Carole Souter**  
Chief Executive

6 July 2010

# The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament and Scottish Parliament

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 2010 under the National Lottery etc. Act 1993 (as amended). These comprise the Net Expenditure Statement, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Chief Executive/Accounting Officer and auditor

As explained more fully in the Statement of Trustees' and Chief Executive's Responsibilities, the Trustees and Chief Executive are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the National Heritage Memorial Fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the National Heritage Memorial Fund; and the overall presentation of the financial statements.

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

Opinion on Regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the National Heritage Memorial Fund's Lottery Distribution affairs as at 31 March 2010 and of its deficit, changes in equity and cash flows for the year then ended; and
- the financial statements have been properly prepared in accordance with the National Lottery etc. Act 1993 (as amended) and directions made thereunder by the Secretary of State for Culture, Olympics, Media and Sport, with the consent of HM Treasury.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the National Lottery etc. Act 1993 (as amended) and directions made thereunder by the Secretary of State for Culture, Olympics, Media and Sport, with the consent of HM Treasury; and
- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception  
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; or
- the financial statements are not in  
agreement with the accounting records  
or returns; or
- I have not received all of the information  
and explanations I require for my audit; or
- the Statement on Internal Control does  
not reflect compliance with HM Treasury's  
guidance.

Report

I have no observations to make on these  
financial statements.

**Amyas CE Morse**  
Comptroller and Auditor General

8 July 2010

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



# Net Expenditure Statement

## for the year ended 31 March 2010

	Notes	£'000	2009-10 £'000	2008-09 £'000
Proceeds from the National Lottery	9		<b>246,745</b>	208,196
NLDF investment income	9		<b>2,007</b>	9,882
			<b>248,752</b>	218,078
Less: amount transferred to the Olympic Lottery Distribution Fund by the Secretary of State for Culture, Olympics, Media and Sport	9		<b>(43,389)</b>	(10,847)
			<b>205,363</b>	207,231
Interest receivable		<b>58</b>		614
Sundry income	2	<b>88</b>	<b>146</b>	1,234
<b>Total income</b>			<b>205,509</b>	209,079
New hard commitments	11	<b>(219,260)</b>		(238,403)
Hard de-commitments	11	<b>13,027</b>		8,585
			<b>(206,233)</b>	(229,818)
Staff costs	3	<b>(9,985)</b>		(9,724)
Depreciation	7	<b>(545)</b>		(367)
Other operating charges	4	<b>(8,912)</b>		(9,902)
			<b>(19,442)</b>	(19,993)
<b>Total expenditure</b>			<b>(225,675)</b>	(249,811)
<b>Operating deficit</b>			<b>(20,166)</b>	(40,732)

All figures shown relate to continuing activities.  
The notes on pages 26 to 40 form part of the accounts.

## Statement of Changes in Equity for the year ended 31 March 2010

	Fair value reserve £'000	Income & Expenditure account £'000
Balance at 31 March 2008	1,248	(95,281)
Changes in equity in 2008-09		
Release of reserve to the income and expenditure account	(1,248)	1,248
Net gain on revaluation of investments	549	
Retained deficit		(40,732)
Balance at 31 March 2009	549	(134,765)
Changes in equity in 2009-10		
Release of reserve to the income and expenditure account	(549)	549
Net loss on revaluation of investments	(630)	
Retained deficit		(20,166)
<b>Balance at 31 March 2010</b>	<b>(630)</b>	<b>(154,382)</b>

The fair value reserve relates to the difference between book cost and market value of the balance at the NLDF (see note 9). The difference between book and market value of property, plant and equipment (see note 7 to the accounts) is not material. The notes on pages 26 to 40 form part of the accounts.

# Statement of Financial Position

## as at 31 March 2010

	Notes	2009-10 £'000	2008-09 £'000	2007-08 £'000
<b>Non-current assets</b>				
Intangible fixed assets	7a	1,025	730	194
Property, plant and equipment	7b	1,143	639	821
<b>Current assets</b>				
Investments available for sale – balance at the NLDF	9	378,977	452,562	567,428
Trade and other receivables	8	1,232	3,290	931
Cash and cash equivalents		3,604	4,105	11
		<b>383,813</b>	459,957	568,370
<b>Current liabilities</b>				
Administrative liabilities	10	(2,256)	(2,407)	(2,953)
Grant commitments due in one year	11	(236,726)	(266,790)	(290,347)
<b>Net current assets</b>		<b>144,831</b>	190,760	275,070
<b>Total assets less current liabilities</b>		<b>146,999</b>	192,129	276,085
Grant commitments due in more than one year	11	(302,011)	(326,341)	(370,020)
<b>Provisions for liabilities and charges</b>	6	<b>0</b>	(4)	(98)
<b>Total assets less liabilities</b>		<b>(155,012)</b>	(134,216)	(94,033)
<b>Represented by:</b>				
Fair value reserve	16	(630)	549	1,248
Income and expenditure account brought forward		(134,765)	(95,281)	(11,400)
Transfer from revaluation reserve		549	1,248	0
Movement in the year		(20,166)	(40,732)	(83,881)
Income and expenditure account carried forward		(154,382)	(134,765)	(95,281)
		<b>(155,012)</b>	(134,216)	(94,033)

The notes on pages 26 to 40 form part of the accounts.

**Dame Jenny Abramsky** Chair  
**Carole Souter** Chief Executive

6 July 2010

# Statement of Cash Flows

## for the year ended 31 March 2010

	Notes	2009-10 £'000	2008-09 £'000
<b>Operating activities</b>			
Cash drawn down from the NLDF	9	<b>278,318</b>	322,646
Cash from other sources	2	<b>88</b>	563
Cash paid to and on behalf of employees		<b>(9,927)</b>	(9,871)
Interest received on bank accounts		<b>61</b>	655
Cash paid to suppliers		<b>(7,070)</b>	(12,132)
Cash paid to grant and loan recipients	11	<b>(260,627)</b>	(297,054)
<b>Net cash inflow from operating activities</b>	13a	<b>843</b>	4,807
<b>Investing activities</b>			
Capital expenditure and financial investment	13b	<b>(1,344)</b>	(713)
<b>(Decrease)/increase in cash and cash equivalents</b>		<b>(501)</b>	4,094

The notes on pages 26 to 40 form part of the accounts.

## Reconciliation of Net Cash Flow to Movement in Net Funds for the year ended 31 March 2010

	Note	2009-10 £'000	2008-09 £'000
(Decrease)/Increase in cash and cash equivalents in the period		<b>(501)</b>	4,094
<b>Changes in cash and cash equivalents</b>	13c	<b>(501)</b>	4,094
Cash and cash equivalents at 1 April 2009		<b>4,105</b>	11
<b>Cash and cash equivalents at 31 March 2010</b>		<b>3,604</b>	4,105

The notes on pages 26 to 40 form part of the accounts.

# Notes to the Accounts

## for the year ended 31 March 2010

### 1a. Statement of accounting policies

#### a) Accounting convention

These accounts are drawn up in a form directed by the Secretary of State for Culture, Olympics, Media and Sport and approved by the Treasury. They are prepared under the modified historic cost convention. Without limiting the information given, the accounts meet the accounting and disclosure requirements in the Companies Act 2006 and the FREM, so far as those requirements are appropriate. The National Lottery accounts direction issued to NHMF in October 2002 by the Secretary of State specifically excludes the preparation of consolidated accounts. The accounting policies contained in the FREM apply IFRS as adapted or interpreted for the public sector context. The accounts have been prepared on a going concern basis as DCMS has assured Trustees that they will continue to receive funds from the National Lottery until at least 2019. Copies of the National Lottery accounts direction may be obtained from the Secretary to the Board, 7 Holbein Place, London SW1W 8NR.

Where the FREM permits a choice of accounting policy, the accounting policy which 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 for its Lottery distribution activities are described below. They have been applied consistently in dealing with items that are considered material to the accounts

#### b) Non-current assets

Non-current assets are defined as those items purchased for the long-term use of NHMF and its Lottery distribution activities and where the cost is above a certain threshold. Depreciation is provided on a straight-line basis on all non-current assets, including those held under finance leases, at rates calculated to write off the cost or valuation of each asset over its expected useful life. These lives are as follows:

Short leasehold property	– the life of the lease
IT equipment	– 4–10 years
Office fittings	– 4–10 years
Grant-assessment and other software	– up to 5 years

No internally generated costs are capitalised.

#### c) Allocation of costs and segmental reporting

The operations of NHMF are split into two funds – NHMF and HLF – reflecting the two sources of income. NHMF incurs indirect costs which 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 the Treasury. This cost apportionment seeks to reflect the specific proportion of time and expenses committed to each fund. At the end of the financial year, the proportion of joint costs apportioned to HLF was 99%. The results of NHMF are reported in a separate set of accounts.

Trustees are required by the accounts direction issued by the Secretary of State to account separately for their Lottery distribution activities. The judgment of senior management would decide if further sub-division of reporting should take place. Separate streams of activity, as identified by senior management, would have administrative costs assigned to them on a pro-rata basis based upon the level of grant awarded unless there was a significant difference in the manner in which they were processed, in which case ad hoc methods would be utilised.

However, at present, Trustees do not believe that their Lottery distribution activities, as disclosed in these accounts, can be divided into separate segments.

d) Taxation

No provision is made for general taxation as NHMF is statutorily exempt. NHMF is unable to recover Value Added Tax (VAT) charged to it, and the VAT inclusive cost is included under the relevant expenditure heads.

e) Pension

The regular cost of providing benefits is charged to the net expenditure account over the service lives of the members of the scheme on the basis of a constant percentage of pensionable pay. Staff are members of the PCSPS and the percentage of pensionable pay is notified by the Cabinet Office at the start of each financial year.

f) Leases

The annual rentals on operating leases are charged to the net expenditure account on a straight-line basis over the term of the lease. Where leases take the substance of finance leases, and are material, they will be treated as finance leases. Items under finance leases are capitalised at their estimated cost excluding any interest charged by the lessor. Interest payments due under the terms of the lease agreement are charged to the net expenditure account at the date of each payment under the lease.

g) Balances at the NLDF

Balances held in the NLDF remain under the control of the Secretary of State for Culture, Olympics, Media and Sport, and Trustees have no influence over how these sums are invested. The share of these balances attributable to the Trustees of NHMF is as shown in the accounts and, at the date of the Statement of Financial Position, has been certified by the Secretary of State for Culture, Olympics, Media and Sport as being available for distribution by the Trustees in respect of current and future commitments.

h) Grant commitments

“Soft” commitments, as defined by the accounts direction of the Secretary of State for Culture, Olympics, Media and Sport, represent positive decisions made by Trustees subject to the successful completion of a contract. When a grant contract is regarded as being in place, the commitment is described as “hard”. Soft de-commitments occur when an award or part award is not converted into a hard commitment – normally because the grantee decides not to undertake their project. Hard de-commitments occur when the project being funded does not require all the money set aside for it under the contract. All grant commitments are payable immediately upon receipt of valid payment requests.

i) Loans

Trustees are entitled to make loans to heritage bodies under the Financial Directions of the Secretary of State for Culture, Olympics, Media and Sport. Interest rates and repayment terms are at the discretion of Trustees.

There are no standards and interpretations in issue, but not yet adopted, that the Trustees anticipate will have a material effect on the reported income or net liabilities of the NHMF's Lottery distribution activities.

## 1b. Changes in accounting policy and prior year adjustment

Following the adoption of IFRS from 1 April 2009, there have been a number of changes of accounting policy. Under International Accounting Standard 38 'Intangible assets', NHMF now capitalises certain long-term software development (see note 7a for further details). Under International Accounting Standard 19 'Employee benefits', NHMF now recognises as a liability the value of holiday earned by staff, but not taken at the date of the Statement of Financial Position (see note 10 for further details).

These changes to accounting policy have led to an adjustment to the financial results for 31 March 2010. Comparatives have also been adjusted.

	2009-10 £'000	2008-09 £'000	2007-08 £'000
Income and expenditure account under previous accounting standards	<b>(159,050)</b>	(135,331)	(95,345)
Changes required under IFRS:			
- adjustment re capitalisation of software	<b>1,025</b>	722	194
- adjustment re creation of untaken holiday provision	<b>(150)</b>	(156)	(130)
Income and expenditure account restated under IFRS	<b>(158,175)</b>	(134,765)	(95,281)

## 2. Sundry income

	2009-10 £'000	2008-09 £'000
Repayment of grants	<b>88</b>	1,234

## 3. Staff costs and numbers

	2009-10 £'000	2008-09 £'000
Salaries	<b>7,804</b>	7,580
Employer's NI payments	<b>540</b>	525
Payments to pension scheme (see note 6)	<b>1,389</b>	1,387
Temporary staff costs	<b>252</b>	232
	<b>9,985</b>	9,724

Under IFRS, HLF has recognised for the first time the liability for staff who have not taken holiday pay at the year-end date. This cost is estimated at £150,000 and has been allocated to salaries cost.

The average number of employees during the year was as follows:

2009-10	Grant applications	Finance and administration	Strategy and Business Development	Communications	Total
Permanent staff	150	36	24	16	226
Seconded and contract staff	9	1	0	3	13
<b>Total</b>	<b>159</b>	<b>37</b>	<b>24</b>	<b>19</b>	<b>239</b>



2008-09	Grant applications	Finance and administration	Strategy and Business Development	Communications	Total
Permanent staff	166	36	24	16	242
Seconded and contract staff	12	1	1	2	16
<b>Total</b>	<b>178</b>	<b>37</b>	<b>25</b>	<b>18</b>	<b>258</b>

Please note that the method of calculation has been adjusted in 2009–10 to reflect the full-time equivalent of staff rather than pure headcount. Last year's figures have been amended to reflect this. Temporary and agency staff have not been included in the above figures as our systems do not allow for the collection of a comparative full-time equivalent figure.

#### 4. Operating deficit

The operating deficit is stated after charging the following:

	2009-10 £'000	2008-09 £'000
Auditor's remuneration including work on the preparation for IFRS	<b>42</b>	42
Payments under operating leases		
- leasehold premises	<b>1,381</b>	1,340
- hire of office equipment	<b>25</b>	51

An analysis of other operating charges, including the above items, is as follows:

	2009-10 £'000	2008-09 £'000
Accommodation	<b>2,293</b>	2,191
Postage and telephone	<b>313</b>	488
Office supplies, print and stationery	<b>244</b>	237
Travel, subsistence and hospitality – Trustees	<b>107</b>	118
Travel, subsistence and hospitality – staff	<b>340</b>	345
Professional fees – grant related	<b>2,714</b>	3,180
Professional fees – non-grant related	<b>1,174</b>	1,379
Communications	<b>866</b>	1,262
Office equipment	<b>484</b>	321
Staff training	<b>213</b>	211
Sundry expenses	<b>164</b>	170
	<b>8,912</b>	9,902

#### 5. Recharged costs

As disclosed in note 1 to these accounts, NHMF is required to disclose its Lottery distribution costs in the accounts of HLF. At the end of the financial year, the proportion of joint costs apportioned to HLF was 99%. In April 2002, all activities of the NHMF were transferred to Holbein Place, London. Consequently, the costs of operating all other offices are fully recharged to HLF.

## 6a. Pensions

Pension benefits are provided through the Civil Service pension arrangements – the PCSPS. Since 30 July 2007, new staff without any previous membership of PCSPS are able to join Nuvos. This is an index-linked defined benefit pension scheme. This currently has a 3.5% member contribution rate and will provide a defined benefit pension with a pension age of 65.

Staff who joined before 30 July 2007, or who have qualifying previous PCSPS membership on joining since that date, remain in one of three statutory based ‘final salary’ defined benefit schemes (classic, premium, and classic plus). The schemes are unfunded, with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Retail Prices Index.

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium and classic plus. Benefits in classic accrue at the rate of  $\frac{1}{80}$ th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years’ pension is payable on retirement. For premium, benefits accrue at the rate of  $\frac{1}{60}$ th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly in the same way as in classic.

The alternative pension scheme arrangement is a stakeholder pension known as a Partnership Pension Account. The partnership pension account is a stakeholder pension arrangement with an employer contribution. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee. 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 0.8% of pensionable salary to PCSPS to cover the cost of centrally-provided lump sum risk benefit cover (death in service and ill health retirement). There are currently five members of staff with a partnership pension account. Two members of staff retired early on health grounds during 2009–10.

Further details about the Civil Service pension arrangements, which prepare their own scheme statements, can be found at the website [www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)

Although the schemes are defined benefit schemes, liability for payment of future benefits is a charge to the PCSPS. Departments, agencies and other bodies covered by the PCSPS meet the cost of pension cover provided for the staff they employ by payment of charges calculated on an accruing basis. For 2009–10, employer’s contributions of £1,389,248 (2008–09: £1,441,760) were paid to the PCSPS at the rates set out in the table below. Employer contributions are to be reviewed every four years following a full scheme valuation by the scheme actuary. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

The employer’s payments were calculated on the basis of salary banding, as follows:

Salary in 2009–10	% in 2009–10
£20,500 and under	16.7%
£20,501–£42,000	18.8%
£42,001–£72,000	21.8%
£72,001 and above	24.3%

## 6b. Provisions for liabilities and charges

	2009-10 £'000	2008-09 £'000
Provision at 1 April 2009	4	98
Early retirement provision	0	0
Provision written back	0	(55)
Pension payments made	(4)	(39)
<b>Provision at 31 March 2010</b>	<b>0</b>	<b>4</b>

During 2007-08 two members of staff took early retirement (there were none in 2009-10 where a pension liability was created). NHMF paid the cost of early retirement until those people reached the age of 60 and PCSPS took over the pension cost. This occurred during 2009-10.

## 7a. Intangible fixed assets

	Website		Information Technology		Total	
	2009-10 £'000	2008-09 £'000	2009-10 £'000	2008-09 £'000	2009-10 £'000	2008-09 £'000
Cost at 1 April 2009	0	0	827	194	827	194
Additions	198	0	339	633	537	633
<b>At 31 March 2010</b>	<b>198</b>	<b>0</b>	<b>1,166</b>	<b>827</b>	<b>1,364</b>	<b>827</b>
Amortisation at 1 April 2009	0	0	97	0	97	0
Charge for the year	17	0	225	97	242	97
<b>At 31 March 2010</b>	<b>17</b>	<b>0</b>	<b>322</b>	<b>97</b>	<b>339</b>	<b>97</b>
Net book value						
At 31 March 2009	0	0	730	194	730	194
<b>At 31 March 2010</b>	<b>181</b>	<b>0</b>	<b>844</b>	<b>730</b>	<b>1,025</b>	<b>730</b>

Under IFRS, capitalisation of software has occurred for the development of electronic application forms and an application-assessment management system. The above figures represent costs invoiced to HLF by software developers. No internally-generated costs have been capitalised. The assets have been amortised over their expected useful lives, which is the end of the period that our third Strategic Plan covers; i.e. the period to 31 March 2013. It is anticipated that our fourth Strategic Plan may require alterations to our business processing software.

A review of the current cost values of intangible fixed assets, at 31 March 2010, revealed no material difference to historic cost values. Therefore, no adjustment has been made to reflect current cost values of intangible fixed assets.

## 7b. Property, plant and equipment

	Short Leasehold Property		IT and other equipment		Office Fittings		Total	
	2009-10 £'000	2008-09 £'000	2009-10 £'000	2008-09 £'000	2009-10 £'000	2008-09 £'000	2009-10 £'000	2008-09 £'000
Cost at start of the year	<b>2,073</b>	2,073	<b>1,485</b>	1,527	<b>58</b>	58	<b>3,616</b>	3,658
Additions	<b>206</b>	0	<b>601</b>	88	<b>0</b>	0	<b>807</b>	88
Disposals	<b>(707)</b>	0	<b>(87)</b>	(130)	<b>0</b>	0	<b>(794)</b>	(130)
At the end of the year	<b>1,572</b>	2,073	<b>1,999</b>	1,485	<b>58</b>	58	<b>3,629</b>	3,616
Depreciation at start of the year	<b>1,675</b>	1,520	<b>1,244</b>	1,260	<b>58</b>	57	<b>2,977</b>	2,837
Charge for the year	<b>139</b>	155	<b>164</b>	114	<b>0</b>	1	<b>303</b>	270
Adjustment on disposal	<b>(707)</b>	0	<b>(87)</b>	(130)	<b>0</b>	0	<b>(794)</b>	(130)
At the end of the year	<b>1,107</b>	1,675	<b>1,321</b>	1,244	<b>58</b>	58	<b>2,486</b>	2,977
Net book value								
At start of year	<b>398</b>	553	<b>241</b>	267	<b>0</b>	1	<b>639</b>	821
At end of year	<b>465</b>	398	<b>678</b>	241	<b>0</b>	0	<b>1,143</b>	639

The Trustees have considered the value of property, plant and equipment and are satisfied that their value, at 31 March 2010, was not less than their net book value shown in the accounts; consequently the assets above are disclosed at depreciated historic cost.

The value of property, plant and equipment represents a proportionate split of the assets used by NHMF and HLF. A review of the current cost values of property, plant and equipment, at 31 March 2010, revealed no material difference to historic cost values. Therefore, no adjustment has been made in these accounts to reflect current cost values. The short leasehold property consists of adaptation and refurbishment costs at the premises of NHMF, which are held under operating leases.

Some of the property, plant and equipment was held under a finance lease, as shown in the table below. The figures are included in the above table.

	2009-10 £'000	2008-09 £'000
IT and other equipment		
Cost at 1 April 2009	0	0
Additions	148	0
Disposals	0	0
<b>At 31 March 2010</b>	<b>148</b>	<b>0</b>
Depreciation at 1 April 2009	0	0
Charge for the year	33	0
Adjustment on disposal	0	0
<b>At 31 March 2010</b>	<b>33</b>	<b>0</b>
Net book value		
At start of year	0	0
At end of year	115	0

Obligations under finance leases are:

	2009-10 £'000	2008-09 £'000
IT and other equipment		
Amounts for leases expiring in one year	45	0
Amounts for leases expiring in years two to five	68	0
	<b>113</b>	<b>0</b>

These obligations are included in payables (see note 10).

## 8. Trade and other receivables

	2009-10 £'000	2008-09 £'000
Prepayments and accrued income	608	600
Other receivables	587	2,631
Staff advances	37	59
	<b>1,232</b>	<b>3,290</b>

Included in other receivables is an amount of £174,500 due after more than one year (2008-09: £424,500). This represents the partial repayment of a grant following a change in circumstances at a grantee. A repayment schedule was agreed in March 2009 and payments continue to be received in line with that schedule.

Of the above sums, £324,000 was owed by central government bodies. At the year end, 47 members of staff had outstanding payroll advances (at 31 March 2009 there were 64).

## 9. Investments

Movement in balances at the NLDF:

	2009-10 £'000	2008-09 £'000
Current cost at 1 April 2009	452,562	567,428
Income received from the National Lottery	246,745	208,196
Funds drawn down by HLF	(278,318)	(322,646)
Funds transferred to the Olympic Lottery Distribution Fund	(43,389)	(10,847)
Investment return	2,007	9,882
Unrealised (loss)/gain on investment	(630)	549
<b>Current cost at 31 March 2010</b>	<b>378,977</b>	<b>452,562</b>

There is no liability to taxation on gains realised by NHMF. Investment of this money is carried out by DCMS who delegate management to the Commissioners for the Reduction of the National Debt, who add their return to the balance held. Trustees of NHMF have no control over investment policy. The statement of accounting policies contains further information on this matter.

## 10. Payables: amounts falling due in one year

	2009-10 £'000	2008-09 £'000
Operating payables	1,080	1,235
Other payables including taxation and social security	335	339
Accruals and deferred income	841	833
	<b>2,256</b>	<b>2,407</b>

Under IFRS, HLF has recognised for the first time the liability for staff who have not taken holiday pay. This cost is estimated at £150,000.

None of the liabilities of HLF was secured. The operating payables' balances can be analysed as follows:

	2009-10 £'000	2008-09 £'000
Balances owing to central government	171	250
Balances owing to local authorities	17	27
Balances owing to public corporations	0	0
Balances external to government	892	958
	<b>1,080</b>	1,235

## 11. Grant commitments

### Hard commitments

	2009-10 £'000	2008-09 £'000
Brought forward at 1 April 2009	593,131	660,367
Transfers from soft commitments	219,260	238,403
De-commitments	(13,027)	(8,585)
Commitments paid	(260,627)	(297,054)
<b>Carried forward at 31 March 2010</b>	<b>538,737</b>	593,131

### Soft commitments

	2009-10 £'000	2008-09 £'000
Brought forward at 1 April 2009	256,584	354,800
Soft commitments made	106,148	150,876
Soft de-commitments	(3,453)	(10,689)
Transfers to hard commitments	(219,260)	(238,403)
<b>Balance carried forward at 31 March 2010</b>	<b>140,019</b>	256,584

The balance at the year end represents amounts due to applicants in the following periods:

### Hard commitments

	2009-10 £'000	2008-09 £'000
In one year	236,726	266,790
In two to five years	302,011	326,341
In more than five years	0	0
	<b>538,737</b>	593,131

The hard commitment balance at the year end represents amounts owing as follows:

	2009-10 £'000	2008-09 £'000
Balances owing to central government	42,538	60,751
Balances owing to local authorities	278,058	299,311
Balances owing to public corporations	3,197	16,856
Balances external to government	214,944	216,213
	<b>538,737</b>	593,131

## 12. Commitments

The total outstanding commitments incurred by the HLF under operating leases are as follows:

	2009-10 £'000	2008-09 £'000
<b>Short leasehold property</b>		
Expiring in one year	27	372
Expiring in years two to five	1,287	2,282
Expiring thereafter	10,961	0
	<b>12,275</b>	<b>2,654</b>
<b>Other operating leases</b>		
Expiring in one year	2	1
Expiring in years two to five	19	48
Expiring thereafter	0	0
	<b>21</b>	<b>49</b>

In previous years we have disclosed annual commitments; however International Accounting Standard 17 (IAS17) requires total commitments to be shown. The comparative figures have been adjusted. IAS17 also requires property leases to be split between their land and buildings elements. No split has been made in the above figures for short leasehold property as the amount of land under the leases is negligible.

HLF has no capital commitments contracted for, or capital commitments approved but not contracted for.

## 13. Notes to the statement of cash flows

### a) Reconciliation of operating deficit to cash inflow from operating activities

	2009-10 £'000	2008-09 £'000
Operating deficit	<b>(20,166)</b>	(40,732)
Add back non-cash items:		
- depreciation	545	367
- loss on disposal of intangible fixed assets and property, plant and equipment	0	0
- decrease in other provisions	(4)	(68)
- movement in fair value reserve	(630)	549
- decrease in grant commitment reserve	<b>(54,394)</b>	(67,236)
- decrease in balance at NLDF	<b>73,585</b>	114,866
Decrease/(increase) in non-interest receivables	2,058	(2,362)
Increase/(decrease) in non-capital payables	(151)	(577)
Net cash inflow from operating activities	<b>843</b>	4,807

### b) Capital expenditure

	2009-10 £'000	2008-09 £'000
Payments to acquire intangible fixed assets	537	625
Payments to acquire property, plant and equipment	807	88
	<b>1,344</b>	<b>713</b>

c) Analysis of changes in net funds

	1 April 2009 £'000	Cash flows £'000	31 March 2010 £'000
Cash at bank	4,105	(501)	<b>3,604</b>

#### 14. 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 Lottery distribution activities) has had various material transactions, other than grant awards, with DCMS and other entities for which DCMS is regarded as the sponsor department, being the Big Lottery Fund, Sport England and English Heritage. The Big Lottery Fund operated the Awards for All scheme on behalf of a number of Lottery distributors and we continue to make a contribution towards their administration costs as they monitor existing awards. At the year end, HLF owed the Big Lottery Fund £22,000 including accruals for invoices not received. The Big Lottery Fund contributed towards the grants made under our Parks for People programme and also towards the administration costs for that programme. They also contributed towards the cost of running the Lottery Forum, which was administered by NHMF in 2009–10. At the year end the Big Lottery Fund owed £319,000. English Heritage operates the Repair Grants for Places of Worship programme in England and provides expert advice on various grant applications and awards. At the year end, they were owed £164,000 including accruals for invoices not received.

The Chair, Jenny Abramsky, is also Chair of the University of London. During the year, NHMF hired a room for training purposes from the University. The cost of this was £394.

Veryan Heal was a member of the committee for the South West and she took up a job with English Heritage during the year. HLF spent £722,000 on administrative services with English Heritage during 2009–10. Alison Millward, who is a member of the Trustees' expert panel on Lottery applications, provided HLF with project monitoring services on a number of grants and other assistance. For this work, she received £5,058 in the year.

As set out below, Trustees of NHMF had interests in bodies to which NHMF made Lottery grants. Similarly, members of the country and regional committees had interests in bodies to which their committee made Lottery grants or recommendations to Trustees. The Trustees are satisfied that in no case did the individuals have an influence on the decision-making process.

##### Board of Trustees

###### *Lincolnshire County Council*

A grant of £47,100 and a first-round pass of £857,400 – Lincolnshire Coastal Grazing Marshes. Doug Hulyer, who is on the Board of Natural England, declared an interest as the project covered a nature reserve under the control of Natural England.

###### *The Mary Rose Trust*

A grant of £19,163,000 – Mary Rose Museum project. Yinnon Ezra, as Director of Recreation and Heritage at Hampshire County Council, declared an interest, as the Council could be contributing partnership funding to the project.

###### *The National Trust*

A grant of £1,500,000 – A shared vision for a new Stowe. Hilary Lade declared an interest as she had been involved in the development of plans for Stowe when a member of the Council of the National Trust.



#### *Watts Gallery*

A grant of £523,000 – Watts Gallery Hope Project. Tristram Hunt is related to the Director of the gallery.

#### *The National Trust of Northern Ireland*

A grant of £3,000,000 – The Giant's Causeway World Heritage Site. Doug Hulyer declared an interest as, in his capacity as a member of National Trust's Learning Panel, he had provided the applicant with advice on developing elements of the application.

#### *Southampton City Council*

A grant of £4,600,000 – Southampton Sea City Museum Project. Yinnon Ezra declared an interest as he had been involved in project developments in his capacity as Director of Recreation and Heritage at Hampshire County Council.

#### *The Wiener Library*

A grant of £27,300 and a first-round pass of £448,200 – Keeping Truth Alive. Jenny Abramsky declared an interest as she was the Chair of the University of London's Board of Trustees and the University owned the Library's new home, 29 Russell Square.

#### *Exmoor National Park Authority*

A grant of £662,500 – Exmoor Moorland Landscape Partnership. Doug Hulyer declared an interest as a Board member of Natural England, one of the project partners.

#### *Natural England*

A grant of £95,400 and a first-round pass of £1,772,500 – Wet and Wonderful – The Heritage of the Avalon Marshes. Doug Hulyer declared an interest because he was on the Board of Natural England.

#### *Committee members*

##### *Royal Society for the Protection of Birds (RSPB)*

A grant of £131,100 and a first-round pass of £859,100. Richard Powell declared an interest in his capacity as RSPB's Regional Director in Eastern England.

##### *Norfolk Archaeological Trust*

A grant of £51,500 and a first-round pass of £527,200 – St Benet's Abbey. Anne Mason declared an interest. She had been involved with the development of this scheme.

##### *Hertfordshire and Middlesex Wildlife Trust*

A grant of £39,200 and a first-round pass of £311,500 – Woodlands for Wildlife and People. Michael Allen, as Chairman of the Council of the Royal Society of Wildlife Trusts, declared an interest.

##### *Hertfordshire and Middlesex Wildlife Trust*

A grant of £39,200 and a first-round pass of £311,500 – Woodlands for Wildlife and People. Roy Swanston was a close personal friend of a member of the Management Board of the Trust and declared an interest.

##### *Luton Carnival Arts Development Trust*

A grant of £98,300 and a first-round pass of £498,800 – Regional Carnival Archive. Margaret Appleton declared an interest as Chief Executive of Luton Cultural Services Trust.

##### *Suffolk County Council*

A grant of £910,000 – Managing a Masterpiece. Anne Mason declared an interest as she had been commissioned to work with the applicant during the development phase.

*London Borough of Waltham Forest*

A grant of £50,000 and a further grant of £334,900 – Habitat Honeywood. Benedetta Tiana became the project's interpretation consultant after the decision was made.

*London Borough of Waltham Forest*

A grant of £80,000 and a first-round pass of £1,320,000 – William Morris Gallery Development. Benedetta Tiana became the project's interpretation consultant after the decision was made.

*London Borough of Waltham Forest*

A grant of £3,483,000 – Lloyd and Aveling Park. Benedetta Tiana became the interpretation consultant of the William Morris Gallery which was being developed in parallel with the park.

*Durham Cathedral*

A grant of £50,000 and a first-round pass of £250,000 – Heritage Woodlands & Riverbanks. William Salvin declared an interest as he had been recently appointed to the Durham Cathedral Fundraising Board, which would be raising partnership funding towards the project.

*Tees Valley Arts*

A grant of £245,100 – Green TV. Susan Antrobus declared an interest because she was Biodiversity Coordinator for the Tees Valley Biodiversity Partnership and employed by the Tees Valley Wildlife Trust, a partner organisation for the application.

*Lancashire County Museum Service*

A grant of £919,400 – The Museum of Lancashire. Edmund Southworth declared an interest as he had been the applicant at the time of the first-round application.

*Manchester Historic Buildings Trust*

A grant of £148,200 and a first-round pass of £851,700 – Gaskell House. Virginia Tandy declared an interest as Director of Culture for Manchester City Council.

*Lagan Legacy*

A grant of £624,000 – Homeplace. David Erwin declared an interest because he had given advice to the applicant between the stage one decision and the award of a full grant.

*The University of Aberdeen*

A grant of £875,000 – University of Aberdeen Library and Special Collections Centre. Duncan Rice, as Principal of Aberdeen University, declared an interest.

*Sabhal Mòr Ostaig*

A grant of £25,000 – Kist O Riches II. Katrina Thomson declared an interest. As Head of Collections, Archives and Libraries with the National Trust for Scotland, who were a partner and beneficiary in the project, she had had close involvement with the Canna House collections. It was possible that the National Trust for Scotland would approach her regarding the collections.

*Comhairle nan Eilean Siar*

A grant of £240,000 and a first-round pass of £2,400,000 – Lews Castle & Museum nan Eilean. Ross Noble declared an interest. He had provided consultant support and advice to the applicant which formed part of the application materials.

*The Faversham Society*

A grant of £20,600 and a first-round pass of £130,600 – No. 12 Preston Street. Jennie Fordham declared an interest because she had worked with the applicant on developing a strategy for their work with schools and other groups.

*The Berkshire, Buckinghamshire and Oxfordshire Wildlife Trust*

A first-round pass of £1,069,800 – West Berkshire Living Landscape. Chris Corrigan declared an interest because the RSPB had been in discussions with the applicant and might become involved with the project.

*English Heritage*

A grant of £868,387 and a first-round pass of £4,081,613 – Stonehenge Environmental Improvements. Tony Richardson declared an interest because he was a regional director of the RSPB, which had a management agreement for land within the Stonehenge World Heritage Site, and which had contributed to its management plan.

*Exmoor National Park Authority*

A grant of £662,500 – Exmoor Moorland Landscape Partnership. Roger Goulding declared an interest as he worked for the Environment Agency, which was also providing partnership funding.

*Falmouth Town Council*

A grant of £253,500 – John Singer Sargent Project. Hilary Bracegirdle declared an interest because a member of the applicant organisation was a personal friend.

*Truro Cathedral*

A grant of £400,000 – Inspire Cornwall. Hilary Bracegirdle declared an interest because she was Chairman of Cathedral Fabric Advisory Committee, which had endorsed the project and which was part of the legal approvals process.

*The National Trust*

A grant of £700,000 – Chedworth Exposed: The Golden Age of Roman Britain. Simon Timms declared an interest because he was a trustee of the National Trust.

*Natural England*

A grant of £95,400 and a first-round pass of £1,772,500 – Wet and Wonderful – The Heritage of the Avalon Marshes. Tony Richardson declared an interest because he was a regional director of the RSPB, one of the partner organisations.

*Cardiff City Council*

A grant of £440,000 – The Cardiff Story – Cardiff Museum. Lindsay Cuddy declared an interest as an employee of the applicant.

*The Wildlife Trust for Birmingham and The Black Country*

A grant of £5,800 and a further grant of £377,900 – Moseley Bog – Tolkien's Nature Reserve. Peter Shirley declared an interest as Honorary Vice President of the applicant organisation.

*Rotherham Metropolitan Borough Council*

A grant of £590,000 – Boston Castle Restoration. Ken Wyatt declared an interest because he was currently an elected member of Rotherham Metropolitan Borough Council.

*The Leeds Library*

A grant of £33,500 and a first-round pass of £667,200 – The Leeds Library: living and learning. David Kennedy declared an interest because his wife was a member of the Library.

### *Repair Grants for Places of Worship in England*

Grants of £12.4million and stage one passes of £11.8million to around 420 separate organisations. Veryan Heal resigned as a committee member to take up a job with English Heritage with whom we run this grant programme. Under this programme, all awards to buildings of Grade I and Grade II\* are regarded as being jointly funded by HLF and English Heritage.

### Expert panel

#### *Hadrian's Wall Heritage*

A grant of £165,600 and a first-round pass of £3,584,300 – Roman Maryport – World Heritage in West Cumbria. Jemima Fraser reported that, following the award, she was employed by the applicant in the development of the project.

### Staff

#### *The Dreamland Trust*

A grant of £384,500 and a first-round pass of £2,650,000 – restoration of Dreamland, Margate. Carole Souter, the Chief Executive, reported that she was a member of the panel that would make recommendations to government ministers on projects to be funded from the Sea Change programme, administered by CABE (an NDPB), to which the Dreamland Trust was applying for funding.

Related party decisions have also been disclosed in the accounts of previous years; the decisions recorded above are those decisions made in 2009–10. Transactions occurred in 2009–10, in the form of grant payments, that related to decisions made in previous years.

## 15. Financial instruments

Full disclosure under IFRS 7, 'Financial Instruments: Disclosures', is in the Management Commentary.

## 16. Fair value reserve

	2009-10 £'000	2008-09 £'000
At 1 April 2009	549	1,248
Realisation of revaluation gain on NLDF balance	(549)	(1,248)
Year-end revaluation (loss)/gain on NLDF balance	(630)	549
<b>At 31 March 2010</b>	<b>(630)</b>	<b>549</b>

The reserve relates to the difference between book cost and market value of the balance at the NLDF (see note 9). The difference between book and market value of property, plant and equipment (see note 7) is not material.

## 17. Statement on losses

We are required by our Financial Memorandum with DCMS to report on losses that occur in the year where the total exceeds £100,000. The total value of Lottery grants written off in the year was £126,562 covering 10 separate awards where there is believed to be no possibility of recovery of the grant. In all cases, the write-offs only occurred after a full investigation by staff of the circumstances. Lessons learned are fed back into the assessment process.

## Policy Directions

The Government issues HLF with policy directions under the 1993 Act. The current directions took effect in 2008. As before, these are matters to be taken into account when distributing money.

At the same time, the Welsh Assembly Government issued policy directions related to money distributed in Wales; these complement the UK-wide directions and are reproduced in full on pages 46–47.

### a) Needs of the heritage

“(HLF’s) assessment of the needs of the national heritage and their priorities for addressing them.”

The current strategic plan, *Valuing our heritage, investing in our future*, was informed by a needs assessment carried out in partnership with the lead strategic bodies for the heritage sector. This demonstrated substantial need for funding across a wide range of issues, not all of which could or would be met by Lottery money.

Our strategy was also informed by a public consultation in 2006. In view of the impact of the recession in the past year and the expected tightening of public finances in future years, we undertook a further programme of engagement with customers and stakeholders in September 2009, to confirm that the strategic direction we set out in 2008 still holds good. They told us that they continued to support HLF’s approach of funding projects with benefits for heritage and people, and that the current balance of funding between larger and smaller projects, and open and targeted programmes, was about right. These findings were consistent with those from a 2009 audit of HLF’s high-level contacts, which indicated that there was very strong agreement with and endorsement of our strategic aims.

### b) Public involvement

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

In developing our current strategy, we consulted the Lottery-playing public, to gain an ‘end-user’ perspective on the projects we fund, inform our policy and practice, and increase public understanding of our work.

In 2009 we celebrated the 15th anniversary of Lottery funding for heritage with a series of local events inviting the public, heritage professionals and community groups to take part in discussion and debate on the value of HLF investment to the social, economic and environmental well-being of the UK, future challenges for heritage and the role of Lottery funding.

We also increased the direct participation of young people in our work. In the North East a group of young people marked the 15th anniversary by producing a film celebrating the diversity of the region’s heritage that will be used in HLF’s future development and outreach work. Helping to deliver our Youth Participation Strategy, launched in 2008, we also commissioned a group of young people to produce a film promoting our Young Roots programme, and hosted a number of young people as interns.

We have continued our policy of open recruitment to our regional and country committees, and in 2009–10 appointed 21 new committee members, whose role it is to make decisions on awards up to £1million in their area.

However, the largest contribution to public involvement in heritage comes through the thousands of volunteers who lead, manage and participate in Lottery-funded projects each year. Our research shows that the recruitment of volunteers involved in management, implementation and delivery is key to the majority of projects; on average each project involves 50 volunteers, who contribute 2,000 hours of their own time.

### c) Access and participation

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

Helping “more people, and a wider range of people, to take an active part in and make decisions about their heritage” is one of our three strategic aims. This year we have continued to fund hundreds of projects that not only make it easier to get to and around heritage sites, historic buildings, museums and landscapes, but also interpret heritage in ways that meet the needs of a wide range of audiences. On average, visits to heritage sites increase by just over 50% after HLF funding, and there is clear evidence that HLF funding has led to a more enjoyable visitor experience.

We have funded many projects that enable community groups, including those representing people with disabilities and people from black, Asian and minority ethnic (BAME) communities, to take a lead on exploring their own heritage and to work with heritage organisations to ensure that these stories are more fully reflected in the public domain. Since 1994 we have awarded more than £93million to over 2,500 projects that explore and celebrate the cultural diversity of the UK; 55% of these projects were led by BAME groups.

As part of our strategy launched in 2008, our country and regional development teams have nominated priority social groups – for example, BAME communities in the South West and people from lower socio-economic groups in the North East – and these are receiving additional support to access our funding.

### d) Children and young people

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

Almost every HLF project engages children and young people with our diverse heritage

– either as visitors, participants, volunteers or decision-makers. We have given more than £1.5billion to over 4,300 projects providing education programmes for children and young people. Surveys of HLF-funded projects have found that 95% of people visiting with under-18-year-olds thought that there were good-quality facilities for children.

Our Young Roots funding programme is specifically designed for young people aged 13 to 25 to take part in creative and engaging activities exploring heritage. Since 2002, we have made over 1,000 Young Roots awards, with 105 made in the last year.

### e) Communities

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

Our view of heritage is broad, progressive and inclusive. We believe that understanding, valuing and sharing our diverse histories can change lives, bring people together and provide the foundation of a confident, modern society. Our research shows that HLF project activities bring diverse communities together to share their experiences, for example through oral history projects. This drawing of different groups together through heritage projects is strengthening the bonds of trust between different communities and improving inter-generational links. Many projects build activities on the sense of identity and place that local heritage creates, and there is evidence that these projects have resulted in a greater sense of community ownership and civic pride.

### f) Volunteers

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

We actively encourage volunteering through our strategic aims, and more than 90% of grants awarded over the last year have created volunteering opportunities. This includes projects led by volunteer-run

organisations, projects that focus on recruiting and training volunteers, and projects where volunteers contribute to broader heritage conservation and learning programmes.

We also encourage greater diversity in volunteering, and support opportunities for young people, disabled people and people from a range of ethnic and socio-economic backgrounds to volunteer. Youth volunteering is a priority for our Young Roots programme, and a number of projects have specifically recruited young people, including those not in education, employment and training, as volunteers in 2009–10.

We support volunteers by promoting and supporting best practice within projects. Our guidance and application process sets out clear advice and expectations for volunteer management, development and the reimbursement of expenses. In particular, we ensure that projects include appropriate plans and budgets for volunteer training. HLF-funded projects provide people of all ages with opportunities to build a wide range of skills, and help them to gain the experience and confidence to pursue paid work and new careers, or maintain an active retirement.

#### **g) Skills**

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

We actively promote skills development for staff and volunteers involved in all of our projects to ensure they are delivered to the highest standard and for the benefit of the individuals involved. We continue to fund targeted programmes which offer high-quality work-based training, and this year we invested an additional £2.85million in our Training Bursaries programme to create 220 paid training places in traditional heritage skills. Over 80 bursary holders completed their training in 2009–10. Building on the positive evaluation of

Training Bursaries and as a means of preparing the heritage sector for the post-recession economy, we launched a further targeted programme, Skills for the Future, with a budget of £10million. We aim to create hundreds of new training opportunities to help diversify the heritage sector workforce and to address a wider range of skills needs, including using digital media and managing climate change.

#### **h) Public value**

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

Our distinctive approach to Lottery funding is grounded in what people value. Our assessment of applications takes into account the benefits that projects will deliver for both heritage and people, and their wider social and environmental impacts. We give priority to not-for-profit organisations and to partnerships led by not-for-profit organisations. Since 1994, 40% of funding by value has gone to community and voluntary organisations (rising to 48% when religious organisations are included), and local authorities received 36% of the value of awards. Other public sector bodies make up the balance. Awards which may benefit private owners of heritage form a very small percentage of the total, restricted to elements of area-based schemes where the main grant-recipient is a public body, and small grants under our Your Heritage programme for activities that meet our participation and learning aims.

#### **i) Sustainable development**

“The need to further the objectives of sustainable development.”

In our current strategic plan, we have a strong focus on environmental impact and sustainable use of resources. Projects must now tell us how they will address a range of resource-use issues, including energy efficiency, renewable energy, water, building materials, construction waste, soil,

sustainable timber procurement, biodiversity and visitor transport. We will review and revise our guidance on these issues in the light of emerging experience and practice in the sector.

**j) Economic and social deprivation**

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

Just under half (45%) of all HLF funding has been committed in the 25% most deprived local authority areas of the UK (based on the most recent indices of multiple deprivation for England, Wales, Scotland and Northern Ireland). Our research over the last five years has demonstrated the ways in which HLF projects generated community benefits such as improved social cohesion and inclusion.

We have development teams in Scotland, Wales, Northern Ireland and all the English regions to encourage good-quality applications from areas or social groups that have been less well represented in our funding to date. For the current strategic plan we have identified new geographical and social priorities as a focus for our development work.

As a measure of equitable spread of funding we review the number of local authorities which have received significantly less than the UK average, in terms of the per capita value of grant awards. The number of local authorities where per capita grant awards has been less than a quarter of the UK average has now fallen to 73 (18%).

**k) Joint working**

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

Through the Lottery Forum and National Lottery Promotions Unit, we continue to work with other Lottery distributors on

joint initiatives and to ensure close coordination of activities. A joint Lottery Impact study was produced this year, demonstrating the cumulative contribution of 15 years of Lottery funding to good causes.

We operate a joint scheme for funding of places of worship with English Heritage in England. This year we again worked with the charity GreenSpace and the Big Lottery Fund on ‘Postcards from the Park’, a national campaign celebrating our investment in public parks through a photographic competition and exhibition.

**l) Acknowledgement**

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

Our approach to this has not changed this year. We believe receiving a Lottery grant is something to celebrate, and place importance on raising awareness of the benefits of Lottery funding for heritage. We require all applicants to acknowledge our grants appropriately both during their projects’ development and delivery, and following project completion. We produce the guidance *How to acknowledge your grant*, which forms part of our standard terms of grant. In 2009 we began post-completion visits to a sample of projects throughout the UK to confirm that suitable acknowledgement of Lottery funding remains in place.

**m) Partnership funding**

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

Our policy on partnership funding has not changed. All of our programmes require a contribution from the applicant in cash or in kind to demonstrate their commitment to the project and to increase the value for money achieved through our grants. Since 1994, we have made awards totalling £4.5 billion,



which have attracted over £3.3 billion in partnership-funding contributions. We take a proportionate approach, requiring a minimum of 25% partnership funding for grants over £1 million, and 10% for grants between £50,000 and £1 million. For awards under £50,000 we allow contributions in kind or through volunteer time, where applicants are unable to provide a cash sum.

#### n) Decisions

“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.”

Our approach to these issues has not changed this year.

- a) The projects we support are specific and time-limited. We limit our support to a maximum of five years for projects involving activities. Three-quarters of projects are completed on schedule.
- b) We seek information from applicants about the extent to which the projects they put forward meet our strategic priorities, supplemented by further information about how the project will be delivered in order that risks and opportunities are fully balanced. Our assessment may include expert advice on key aspects of the application if needed, and input from our Expert Panel.
- c) 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.

We publish guidance on this, and on financial and market appraisal for larger and more complex projects.

#### o) Project planning and management

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

- a) The application form for our Heritage Grants programme requires applicants to set out their second-round applications in a business-plan format, with supplementary information contained in an activity plan, cash-flow forecasts and an income and spending table. For grants over £1 million, we ask for a full financial and market appraisal. We ask conservation projects to include sound plans for maintaining heritage in the long term in order to ensure that it has a viable future, and to protect our investment through better long-term management. For projects involving over £200,000 worth of capital works, we require a Management and Maintenance Plan detailing how the applicant will meet the extra costs of this following completion of their project, and publish guidance on how to produce this. Under our Parks for People programme we allow applicants to include 10 years’ worth of additional maintenance costs arising from their projects as part of their partnership funding contribution.
- b) We require all applicants to demonstrate that their projects will be well-managed, and meet relevant standards regarded as good practice for the area for which the grant was given. For capital projects we include formal review points in our assessment and monitoring processes (corresponding to RIBA stages) and all national projects adopt the Office of Government Commerce Review

Standards. We employ external monitors on all major projects to ensure that projects deliver the approved purposes as contracted, that the risks to HLF are understood and managed, that best practice is achieved in all critical areas, and that financial reporting and management are sound and transparent.

### Policy directions in Wales

Policy direction B requires HLF to take account of “the need to promote and support the Welsh language and reflect the bilingual nature of Wales, including the principle of equality between the English and Welsh languages in the Fund’s activities in Wales, in line with the guidance set out in the Welsh Language Board’s publication\*, and monitored in accordance with agreed procedures.”

Our Welsh Language Scheme sets out HLF’s commitment to treating the Welsh and English languages on the basis of equality in delivery of service and to ensure that policies and initiatives meet the standards set out in the scheme. This covers administrative actions for providing a bilingual public service in Wales, the organisation’s public face, including corporate identity, application forms, guidance notes and the website, press and marketing activity, assessment and monitoring of applications, staffing and recruitment, and consultation exercises and research. We monitor our performance annually through our commitment to an Equality Scheme and have produced guidance to support applicants in Wales in developing bilingual approaches, *Incorporating the Welsh language into your project*.

Directions issued to the Trustees of NHMF under Section 26(1) and (2) of the National Lottery Etc. Act 1993

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

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

Directions in relation to Wales

2. In exercising any of its functions, the Fund shall take into account the following matters in determining the persons to whom, the purposes for which and the terms and conditions subject to which they may make grants or loans, and the process used to determine what payments to make in distributing any money under section 25(1):
  - a) The need to have regard to the interests of Wales as a whole and the interests of different parts of Wales, taking account of the diverse demographic and deprivation patterns in the different parts of Wales, and the desirability of encouraging public service bodies to work together wherever it will result in better outcomes for people and heritage.
  - b) The need to promote and support the Welsh language and reflect the bilingual nature of Wales, including the principle of equality between the English and Welsh languages in the Fund's activities in Wales, in line with the guidance set out in the

Welsh Language Board's publication\*, and monitored in accordance with agreed procedures.

- c) The need to ensure an outcome-focused approach, working closely with appropriate partners for the benefit of communities and heritage across Wales, where this is an effective means of achieving the Fund's strategy.
- d) The need to encourage the conservation, preservation, presentation, promotion and interpretation of all aspects of the heritage of Wales.
- e) The need to encourage the financial sustainability of the heritage assets of Wales.
- f) The need to provide opportunities for people, especially young people and the disadvantaged parts of society, to gain the skills required to conserve and preserve the heritage of Wales.
- g) The need to encourage the use of appropriate professional standards in all projects.
- h) The need to provide opportunities for people of all ages and all backgrounds, especially children and young people and the disadvantaged parts of our society, to have access to, to learn about, to enjoy and thereby promote the diverse heritages of Wales, where appropriate.

\* Awarding Grants, Loans and Sponsorship: Welsh Language Issues, March 2007.

# Corporate Performance

## Service level targets to 31 March 2010

Indicators of service level	12 months to March 2010	12 months to March 2009	12 months to March 2008
1 The decision on an application will normally be taken:			
<b>Heritage Grants</b>			
• first round – at the next available meeting three months after application	<b>3.2 months</b>	4.3 months	5.1 months
• second round – at the next available meeting three months after application	<b>3.8 months</b>	3.8 months	4.4 months
<b>Parks for People</b>			
• first round – within six calendar months	<b>3.3 months</b>	5.6 months	5.0 months
• second round – within six calendar months	<b>4.3 months</b>	5.2 months	4.7 months
<b>Landscape Partnerships</b>			
• first round – within five calendar months	<b>4.4 months</b>	6.7 months	6.3 months
• second round – within five calendar months	<b>3.6 months</b>	4.7 months	4.7 months
<b>Repair Grants for Places of Worship</b>			
• within six calendar months in Wales and Northern Ireland	<b>5.3 months</b>	5.1 months	5.3 months
• within five and a half months in Scotland	<b>5.9 months</b>	5.4 months	5.6 months
• second round – at the next available meeting three months after application	<b>1.8 months</b>	1.9 months	1.4 months
<b>Townscape Heritage Initiative</b>			
• first round – within four and a half calendar months	<b>4.3 months</b>	n/a	5.0 months
• second round – at the next available meeting three months after application	<b>6.4 months</b>	4.6 months	5.4 months
<b>Your Heritage</b>			
• within 10 weeks	<b>8.0 weeks</b>	10.1 weeks	10.7 weeks
<b>Young Roots</b>			
• within 10 weeks	<b>9.1 weeks</b>	9.9 weeks	11.1 weeks
2 Decisions will be placed on HLF's website within 10 working days of the meeting	<b>Updated on average in 10.0 days</b>	Updated on average in 10.38 days	Updated on average in 10.0 days
3 Grant payments will be made to the applicant, on average, within 15 working days from receipt of the payment request	<b>Average 8 days</b>	Average 7 days	Average 7 days
4 An annual survey of grant applicants will show a 75% satisfaction rating with HLF's service (for assessment) and 80% (for monitoring)	<b>Assessment 76%</b> <b>Monitoring 85%</b>	Assessment 80% Monitoring 84%	Assessment 82% Monitoring 84%

## Indicators of service level

The customer performance indicators show another year of good performance in most areas.

### Indicator 1

On 1 April 2008 HLF published its third Strategic Plan, which introduced new processes and procedures. Those new processes brought with them reductions in the time we take to give an applicant a decision for most of our grant programmes.

We have met published processing times with the sole exception of Repair Grants for Places of Worship. We are processing applications to our Your Heritage small grants programme on average in 8 weeks.

### Indicator 2

We met our target of posting decisions on our website in 10 days.

### Indicator 3

The average time taken to make grant payments is well below the target of 15 days, which is particularly helpful to grantees in the management of their own bill paying.

### Indicator 4

Customer satisfaction with both our assessment and monitoring work, researched by independently conducted telephone surveys, remains very high. The satisfaction of applicants, both successful and unsuccessful, has fallen by 4% but remains above target; while satisfaction with our service after we have made an award has improved by 1%.

## Progress on projects over £5million

The following table shows the progress on uncompleted projects involving £5million or more of Lottery funding.

Project title	Total project cost	Grant amount	% of grant paid to date	Latest report
Acquisition of John Murray Archive	£35,207,000	£17,700,000	99.16%	The archive was acquired and deposited with the National Library of Scotland in March 2006. Exhibition opened in June 2007 and further additions to exhibition made in summer 2008. The remainder of the grant will be used for revenue-based activities.
Ashmolean Plan (Oxford)	£45,189,000	£15,000,000	94.57%	Museum reopened December 2009.
At Close Quarters – The Tank Museum (Bovington)	£14,814,400	£9,605,000	95.93%	Project complete. Final grant payment made November 2009. The project was completed just below budget and the remaining grant decommitted.
Burns Birthplace: An International Museum (Ayr)	£14,000,000	£5,827,000	16.21%	Grant awarded June 2008. Contract agreed. New buildings under construction.
Buxton Crescent and Spa	£33,180,338	£12,533,000	0%	Discussions on HLF contract still ongoing.
The Canterbury Beaney: Combined Art Museum and Library	£11,695,714	£5,988,000	0%	Grant awarded December 2008. Work packages out to tender.
Cardiff Castle	£7,782,940	£6,702,500	100%	Project complete. Full grant paid March 2010.
Chiswick House and Garden (Hammersmith and Fulham, London)	£11,667,500	£7,619,000	77%	Project on site and works progressing.
Creating the Museum of Bristol – The people's story	£19,201,358	£10,277,000	41%	Work progressing – building complete and fit-out starting.
The Cutty Sark (Greenwich, London)	£33,358,500	£21,750,000	46%	Fire broke out on site in May 2007 and project was put on hold. HLF awarded extraordinary grant increase of £10million in January 2008 to allow work to recommence. Initially, progress was slow but has accelerated. Funding gap closed, with money secured from other sources, including DCMS.
The Darwin Centre II (Kensington and Chelsea, London)	£65,820,000	£19,900,000	97.5%	Opened to public December 2009.
East Park Restoration, (Kingston-upon-Hull)	£9,232,246	£6,397,364	100%	Project complete. Full grant paid March 2010.
The Galleries of Modern London and Learning Centre Project	£16,089,192	£10,609,000	83.98%	Learning Centre complete and open. Galleries of Modern London expected to open shortly.
Great Fen – restoring our fenland heritage: The purchase and restoration of the Holmewood Estate (Cambridgeshire)	£13,350,785	£7,204,000	72%	Land acquired September 2008. Restoration work and facilities on site progressing.

Project title	Total project cost	Grant amount	% of grant paid to date	Latest report
Great North Museum (Newcastle-upon-Tyne)	£25,750,000	£8,750,000	100%	Project complete. Full grant paid.
Hull History Centre	£10,697,161	£7,506,000	59%	Construction work completed November 2009. Formal opening of archive centre expected summer 2010.
Mary Rose Project (Portsmouth)	£32,452,000	£19,163,000	7.51%	Grant award confirmed June 2009. Ship Hall closed September 2009 to enable demolition work in preparation for new construction. Tenders being considered.
Museum of Liverpool	£19,373,633	£11,000,000	18.08%	Base build complete and handed over in February 2010. Fit-out progressing.
National Maritime Museum, Falmouth	£30,175,431	£18,431,638	99.27%	Main capital project completed 2004. Grant increase for access and education awarded January 2005 – work ongoing until mid-2010.
People's History Museum (Manchester)	£12,529,110	£6,820,000	92.48%	Construction work complete November 2009 and museum opened March 2010.
Renaissance of the Cotswold Canal	£27,641,254	£11,924,000	2.17%	Following withdrawal of original grantee (British Waterways) and extensive negotiations, HLF agreed to transfer the grant to a new grantee – Stroud District Council. Project now progressing.
Riverside Museum and Glasgow Resource Centre (Phase 2)	£77,619,299	£17,150,000	68.72%	Glasgow Museums Resource Centre opened April 2009. Museum of Transport closed in anticipation of move. Riverside museum construction progressing.
Royal Albert Museum and Art Gallery, Exeter	£13,922,000	£9,652,000	67.79%	In February 2010 the applicant received a grant increase of £730,000 to cover additional costs due to unforeseen works. Exhibition and fit-out progressing.
Royal Museum Project, Edinburgh	£44,039,239	£16,710,000	48.1%	Exhibition and fit-out progressing.
Tyntesfield (Bristol)	£31,450,680	£20,000,000	80.06%	Roofing continues as do works inside the house. Visitor Centre designs have received planning approval.
St Martin-in-the-Fields, London	£32,708,402	£14,043,000	100%	Project complete. Final grant paid June 2009.
V&A Medieval and Renaissance Galleries (Kensington and Chelsea, London)	£31,750,000	£9,750,000	95.53%	Galleries opened December 2009.
Wedgwood Museum (Stoke-on-Trent)	£9,472,364	£5,867,744	100%	Museum opened and final grant draw-down paid April 2009. Project complete.

## Grants awarded over £100,000

Applicant	Project title	Commitment
Abingdon Town Council	Access to Abingdon County Hall Museum	£1,710,000.00
Amgueddfa Cymru – National Museum Wales	Making History at St Fagans	£450,000.00
Amlwch Industrial Heritage Trust	Copper Kingdom Project	£497,000.00
Archaeology for Communities in the Highlands (ARCH)	Stop, Look and Listen	£150,000.00
Archdiocese of Glasgow	Saint Agnes' Church, Lambhill, Glasgow	£125,000.00
Argyll and Bute Council	Campbeltown THI	£700,000.00
Argyll and Bute Council	Rothsay Town Centre Townscape Heritage Initiative (THI)	£1,550,000.00
Arundel Museum Society	Arundel Revealed – Arundel Museum Development Project	£102,800.00
Ashprington PCC	Church of St David	£112,121.80
Assemblies of the First Born Church	Assemblies of the First Born Church	£122,000.00
Balderstone St Mary's PCC	Church of St Mary	£130,000.00
Berwick-upon-Tweed Borough Council	At The Cross Roads: Heart of Berwick-upon-Tweed THI	£625,700.00
Birmingham Museums and Art Gallery	Birmingham Museum and Art Gallery 20 Year Plan Phase 2 – Birmingham – A City in the Making	£4,800,000.00
Bletchley Park Trust	The Regeneration of Historic Bletchley Park	£460,500.00
Bolsover District Council	Creswell Village and Model Village Conservation Area	£222,000.00
Bolton Metropolitan Borough Council	Queens Park, Bolton	£2,143,000.00
Bracknell Forest Borough Council	South Hill Park – Bracknell	£1,158,000.00
Bradford Bulls Foundation	Past Times	£199,200.00
Bridgend County Borough Council	Bridgend Townscape Heritage Initiative Phase 2	£562,300.00
Bridport Town Council	Bridport Town Hall Heritage and Conservation Project	£600,000.00
British Waterways	Trent Vale Landscape Partnership	£1,651,000.00
BTCV Scotland	Natural Talent HLF Training Bursary Scheme	£389,100.00
Buriton Parish Council	Buriton Chalk Pits	£149,400.00
Calderdale Council	The Piece Hall – Halifax Heritage	£239,700.00
Calver Weir Restoration Project	Calver Weir Restoration Project (CWRP), a Grade 2 Listed 19th Century Building and Preservation of Heritage Assets and Ecological, Biodiversity Areas	£1,244,000.00
Carmarthenshire Heritage Regeneration Trust	Restoration of Llanelly House, Carmarthenshire	£3,440,000.00
Canolfan a Menter Gymraeg Merthyr Tudful	Cynllun Soar Project	£527,000.00
Canterbury Christ Church University	A Town Unearthed: Folkestone Before 1500	£298,700.00
Celynien collieries Institute & memorial hall	The Peoples' Memorial & Heritage Learning Centre at Newbridge Memo Caerphilly	£129,600.00
Christ Church	Christ Church Staincliffe	£112,000.00
Church of St John the Evangelist	St John the Evangelist PCC	£130,000.00
Church of St Barnabas	The Parochial Church Council St Barnabas Church	£128,000.00



Applicant	Project title	Commitment
Church of St Illogan	St Illogan Parochial Church Council	£171,000.00
Church of St James	St James Bix PCC	£158,000.00
Church of St John the Baptist	PCC of St John's Church, Hove	£134,000.00
Church of St John the Evangelist	The PCC of St John the Evangelist, Shobdon	£283,692.60
Church of St Mark	Gateway Church	£153,000.00
Church of St Paul	St Paul's PCC	£176,000.00
Church of St Peter and St Paul	Skendleby Parochial Church Council	£115,000.00
Church of St Margaret of Antioch	St Margaret's Hollinwood with St Chad Limeside PCC	£162,000.00
Church of the Holy Trinity	Holy Trinity PCC	£172,000.00
Church of Sacred Heart of Jesus	Local Polish Catholic Mission Reading	£234,000.00
City and County of Swansea	Conservation of Oystermouth Castle	£764,000.00
City of Wakefield Metropolitan District Council (West Yorkshire Archive Service)	West Yorkshire – Our Stories	£158,200.00
Colchester and Ipswich Museum Service	Redevelopment of Colchester Castle	£265,300.00
Comhairle Nan Eilean Siar, Dept of Sustainable Communities	Lews Castle & Museum nan Eilean	£240,000.00
Community Forests Northwest	Lightshaw Meadows	£539,300.00
Congregational Board of the Town Kirk of Stranraer	The Town Kirk of Stranraer	£120,000.00
Cornwall Wildlife Trust	Cornwall's Marine Heritage Project (draft working title)	£103,000.00
Cross Green, St Hilda – Parochial Church Council	St Hilda's Church	£135,000.00
Curzon Clevedon Community Centre for the Arts	The Curzon Clevedon: Conserving and sharing the living history of cinema, film and projection	£321,900.00
Darlington Borough Council	Darlington, Brinkburn Denes Park	£401,594.43
Deacons Court of St John's Church, Dunoon	St John's Church of Scotland, Dunoon	£115,500.00
Dedham Vale AONB and Stour Valley Project	Managing a Masterpiece: The Stour Valley Landscape Partnership	£910,000.00
Derbyshire Magnesian Limestone Landscape Partnership	Creswell Heritage Trust	£1,907,600.00
Design & Conservation Team – Bradford Metropolitan District Council	Keighley Town Centre	£2,050,000.00
Devizes Town Council	Devizes, Hillworth Park	£601,500.00
Ditchling Museum	Ditchling Museum Development Project	£157,500.00
Doncaster Metropolitan Borough Council	Bentley Park	£143,400.00
Dove Marine Laboratory, Newcastle University	The Big Sea Survey	£135,700.00

## Grants awarded over £100,000

Applicant	Project title	Commitment
Downs Baptist Church	Downs Baptist Church	£217,000.00
Dudley Metropolitan Borough Council	Wren's Nest National Nature Reserve – Ripples through Time	£711,000.00
Ealing Council	Walpole Park	£210,100.00
Elford Hall Garden Project	Elford Hall Gardens Project	£248,400.00
English Heritage	Historic and Botanic Gardens – HLF bursary training scheme	£338,000.00
English Heritage	Traditional Building Skills Bursary Scheme for England and Wales: HLF Training Bursary Scheme	£500,000.00
Exeter City Council	Royal Albert Memorial Museum and Art Gallery Development	£730,000.00
Exmoor National Park Authority	Exmoor Moorland Landscape Partnership	£662,500.00
Falmouth Art Gallery	The John Singer Sargent Project	£253,500.00
Farnham Castle	The Keep and Castle Conservation	£707,300.00
Faughan Valley LPS	Rural Area Partnership in Derry Limited	£1,213,000.00
Fewston and Blubberhouses Parochial Church Council	The Washburn Heritage Centre	£561,000.00
Garsdale Parochial Church Council	Church of St John the Baptist	£130,000.00
George Padmore Institute	Dream to Change the World	£206,000.00
Glasgow City Council	Govan Cross Townscape Heritage Initiative	£939,000.00
Glenfinnan Station Museum Trust	Glenfinnan Station Museum Development	£195,200.00
Gloucester City Council	Heritage Learning Initiative	£730,000.00
Great Yarmouth Borough Council	St Georges Chapel and King Street Regeneration Project	£2,043,100.00
Greenfield St Mary's PCC	St Mary's Church	£136,000.00
Hadrian's Wall Heritage Ltd	Roman Maryport – World Heritage in West Cumbria	£165,600.00
Hainford PCC	Church of All Saints	£104,000.00
Harden Congregational Church	The Congregation of Harden Congregational Church	£125,000.00
Herefordshire Nature Trust	LEMUR HLF Training Bursary Scheme	£331,600.00
Heritage Trust of Lincolnshire	Lincolnshire Heritage at Risk Project	£304,300.00
Historic Chapels Trust	Bethesda Methodist Chapel, Stoke-on-Trent phase 2	£374,400.00
Historic Royal Palaces	"Welcome to Kensington – a palace for everyone"	£999,000.00
Historic Scotland	Masonry Conservation in Scotland and Northern Ireland: HLF Training Bursary Scheme	£436,800.00
Holy Trinity Church	Parochial Church Council of Holy Trinity Church, Liverpool	£175,000.00
Holy Trinity Church, Walton Breck PCC	Holy Trinity Church	£122,000.00
Holy Trinity Parochial Church Council	Church of Holy Trinity	£195,000.00
Hope Baptist Church	Members of Hope Baptist Church	£120,000.00
Innerleithen Church of Scotland	Innerleithen Traquair and Walkerburn Parish church	£125,000.00

Applicant	Project title	Commitment
Institute of Conservation	New routes into conservation through work based learning: HLF Training Bursaries Scheme	£490,000.00
Institute of Field Archaeologists	HLF training bursary scheme in Archaeological Skills Development	£355,000.00
Kettle's Yard	Completing Kettle's Yard	£225,500.00
Lagan Legacy	Homeplace	£624,000.00
Lancashire County Museums Service	The Museum of Lancashire: Renovation, Restoration and Reinterpretation	£919,400.00
Lancaster City Council	Morecambe THI 2: A View for Eric	£923,000.00
Leicester City Council	Spinney Hill Park, Leicester	£1,289,000.00
Lewes Priory Trust	Priory Park – Lewes/Bringing To Life A Medieval Monastery	£545,500.00
Limestone Landscapes	Durham County Council on behalf of the Limestone Landscapes Partnerships	£1,900,000.00
Lincolnshire Coastal Grazing Marshes Landscape Partnership Scheme (LCGM LPS)	Lincolnshire County Council	£857,400.00
Local Management Committee Polish Catholic Mission Reading	Church of the Sacred Heart of Jesus	£107,000.00
London Borough of Enfield	Forty Hall & Estate Development Project	£1,832,000.00
London Borough of Enfield	Forty Hall Park	£100,000.00
London Borough of Hackney	Clissold Park	£1,786,400.00
London Borough of Hammersmith and Fulham	Bishops Park and Fulham Palace Grounds	£1,824,000.00
London Borough of Havering	Raphael Park	£130,100.00
London Borough of Lambeth	Brixton Windmill Restoration Project	£397,700.00
London Borough of Sutton	Habitat Honeywood	£334,900.00
London Borough of Tower Hamlets	The Victoria Park Project, London	£2,082,493.89
London Borough of Waltham Forest	Lloyd and Aveling Park	£1,741,500.00
Longcot with Fernham PCC	St John the Evangelist Church	£163,000.00
Maidstone Borough Council	Maidstone Museum & Bentsliff Art Gallery East Wing Project	£1,999,000.00
Manchester Historic Buildings Trust	The Gaskell House	£148,200.00
Mary Rose Trust	Mary Rose Museum Project	£19,163,000.00
Media Archive for Central England	Full Circle: Local history, community archives and the audiovisual record	£440,500.00
Memorial Community Church	Memorial Community Church	£168,000.00
Merthyr Tydfil County Borough Council	Cyfarthfa Park	£100,300.00
Middlesbrough Council	Transporter Bridge Visitor Experience	£111,500.00
Middlesbrough Council	Middlesbrough, Stewart Park	£2,168,500.00
Midlothian Council	Dalkeith THI	£991,000.00
Moggerhanger House Preservation Trust	Bedfordshire, Moggerhanger Park	£480,000.00
Monmouthshire County Council	Restoration of Shire Hall, Monmouth	£235,000.00

## Grants awarded over £100,000

Applicant	Project title	Commitment
Mossley St George PCC	Church of St George	£106,000.00
Museum of East Anglian Life	A new Museum of East Anglian Life MEAL Phase 1	£1,771,000.00
Narberth Museum	Restoration Bonded Stores	£586,500.00
National Museum of Science and Industry	The Treasury Galleries	£346,200.00
Neath Port Talbot County Borough Council	Neath, Victoria Gardens	£1,392,000.00
Newark & Sherwood District Council	Old Magnus Buildings	£203,700.00
North Hertfordshire District Council	Letchworth Garden City, Howard Park & Gardens	£920,500.00
North Lanarkshire Council	Sir John Wilson Town Hall, Airdrie – Refurbishment and Redevelopment Project	£500,000.00
Northumberland County Council	Northumberland Working Lives	£249,400.00
Northumberland County Council	Blyth Town Centre Conservation Area Heritage-led Regeneration	£547,000.00
Oldham MBC	Oldham, Dunwood Park	£545,000.00
Oriel Mostyn Gallery	Oriel Mostyn Gallery Refurbishment	£283,000.00
Parochial Church Council of St John the Evangelist, Sparkhill	St John the Evangelist	£130,000.00
Partneriaeth Tirlun Llyn	Gwynedd Council	£706,400.00
PCC for Holy Trinity Church, Blackford	Church of the Holy Trinity	£103,000.00
Phoenix Cinema Trust Ltd	Centenary Restoration Project	£606,800.00
Planned Environment Therapy Trust	“Therapeutic Living With Other People’s Children: An oral history of residential therapeutic child care, c. 1930–c.1980”	£197,700.00
Plantlife International	Ranscombe Nature Reserve Community Heritage Project	£550,900.00
Preston City Council	Preston, Avenham & Miller Parks	£875,000.00
Redcar & Cleveland Borough Council	The Streethouse Saxon Princess	£274,400.00
Renfrew Old Parish Church	Renfrew Old Parish Church, Renfrew	£110,000.00
Renfrewshire Council	Paisley Town Centre THI	£1,500,000.00
Renfrewshire Council (Education and Leisure Services)	Renfrew Town Hall and Museum	£798,600.00
Ringwood Meeting House Association Limited	The Ringwood Meeting House Conservation and Heritage Project	£513,000.00
Rockingham Forest Trust	‘Rose of the Shires’ Project	£371,700.00
Rotherham MBC	Boston Castle Restoration – The Learning Tower of Rotherham	£590,000.00
Royal Armouries	Fort Nelson Re-Development	£1,832,000.00
Royal Fusiliers Museum Trust	Fusilier Museum Advance!	£300,000.00
Royal Navy Submarine Museum	HMS Alliance – Conservation and Access	£159,700.00
RSPB	Discover Nature – A Vision for Visitors to RSPB Minsmere	£131,100.00
RSPB South East	Wild Place, Your Space	£379,300.00
Sacred Heart Church Wimbledon	Restoration of Historic Walker organ	£237,000.00

Applicant	Project title	Commitment
Sacred Heart Parish	Church of the Sacred Heart,	£139,000.00
Sacred Heart RC Church Aberdeen	Aberdeen RC Diocese	£118,600.00
Scottish Borders Council	Kelso Townscape Heritage Initiative	£700,000.00
Sefton Metropolitan Borough Council	Sefton Coast Landscape Partnership Scheme	£1,174,000.00
Select Vestry of Carrick Parish Church	Carrick Parish Church, Ballyquin Road, Limavady, Co Londonderry BT49 9HA	£100,000.00
Severndroog Castle Building Preservation Trust	Severndroog Castle Restoration and Development Project	£595,500.00
Shaftesbury and District Historical Society	Gold Hill Museum Renovation and Development Project	£400,000.00
Shetland Amenity Trust	Sumburgh Head Restoration and Development	£683,000.00
Sir John Soane's Museum	Soane Masterplan Core Project: Opening up the Soane	£813,000.00
South Ayrshire Council	Ayr Town Centre THI	£1,080,000.00
Southampton City Council	Southampton Sea City Museum Project	£4,600,000.00
Southampton City Council	St James' Park - Southampton	£551,000.00
Southend-on-Sea Borough Council	Prittlewell Priory Museum Re-development	£1,300,000.00
Southern Pennines Rural Regeneration Company Ltd (Pennine Prospects)	The South Pennines Watershed Landscape	£1,878,000.00
St Chad's Church	St Chad's Parochial Church Council	£119,176.80
St Clement's Church PCC	Church of St Clement	£170,000.00
St Helens Metropolitan Borough Council	Victoria Park	£122,200.00
St James Church East Crompton	St James's PCC	£108,000.00
St John the Evangelist	Whitby Parochial Church Council	£177,000.00
St John the Evangelist Church, Knotty Ash PCC	St John the Evangelist Church	£122,000.00
St John's Methodist Church	St John's Methodist Church Council	£151,000.00
St John's Methodist Church Council	St John's Methodist Church	£136,000.00
St Joseph's Roman Catholic Church and Church Hall	RC Parish of St Joseph Carterton	£119,000.00
St Luke	St Luke's Parochial Church Council	£115,000.00
St Margaret	Parochial Church Council of St Margaret	£138,000.00
St Margaret	Tatterford PCC	£121,000.00
St Mary's Church Edgehill, PCC	St Mary's Church	£171,000.00
St Mary's Church PCC	St Mary's Church	£172,000.00
St Mary's District Church Council	St Mary's Church	£105,000.00
St Mary's Parochial Church Council	St Mary's Church	£122,000.00
St Mary's PCC	St Mary	£101,000.00
St Matthew Chadderton	St Matthew's Church PCC	£112,000.00

## Grants awarded over £100,000

Applicant	Project title	Commitment
St Nicholas Church	Parochial Church Council of St Nicholas Whiston	£171,000.00
St Nicholas' Church	St Nicholas' Parochial Church Council	£178,000.00
St Nicholas Church, Whiston PCC	St Nicholas Church	£125,000.00
St Paul's Church, Chester Green, Derby	Church of St Paul	£114,000.00
St Peter	St Peter's PCC	£132,000.00
St Peter's, Bilton in Holderness	St Peter's Church	£158,000.00
Staveley Town Council	Heart of Staveley Project	£114,300.00
Stockton URC	Stockton United Reformed Church (St Andrew & St George)	£180,000.00
Stoke-on-Trent City Council	Burslem, Burslem Park	£1,026,000.00
Suffolk Coastal District Council	Felixstowe Seafront Gardens	£152,300.00
Tameside Metropolitan Borough Council	Tameside: Stamford Park	£1,997,500.00
Tees Valley Arts	Green TV	£245,100.00
The Applecross Trust	Applecross Landscape Partnership Scheme	£999,000.00
The Cardiff Story - Cardiff Museum	The Cardiff Story	£440,000.00
The Church in Wales	Taking Forward Our Church Heritage	£113,000.00
The Church of St Cuthbert	St Cuthberts Parochial Church Council	£154,000.00
The Churches Conservation Trust	All Souls Church, Bolton	£3,330,000.00
The Community of St Mary	Church of St Mary (RC)	£122,000.00
The Congregation of Harden Congregational Church	Harden Congregational Church	£125,001.00
The Cresco Trust	London Street Cathedral School	£832,000.00
The Dreamland Trust	Restoration of Dreamland Margate	£384,500.00
The Dreamland Trust	Restoration of Dreamland Margate	£109,000.00
The Florence Institute Trust Limited	Restoration, Repair & Conversion of the Florence Institute for Boys, Liverpool	£3,770,000.00
The Horniman Public Museum and Public Park Trust	Horniman Gardens	£414,670.02
The John Clare Trust	John Clare's Cottage: Opening a Door into the Countryside	£228,000.00
The Landmark Trust	Astley Castle, Astley, Warwickshire	£1,467,000.00
The Lowry	Unlocking Salford Quays	£424,200.00
The National Maritime Museum	The Maritime Archive	£4,510,000.00
The National Trust (NI)	The Giant's Causeway World Heritage Site - evolving, enhancing and engaging	£3,000,000.00
The National Trust for Places of Historic Interest or Natural Beauty	A shared vision for a new Stowe - transforming the experience - The National Trust	£1,500,000.00
The National Trust for Places of Historic Interest or Natural Beauty	Clumber Park Discovery & Engagement Project	£797,100.00
The National Trust for Places of Historic Interest or Natural Beauty	The Hardwick Stableyard Regeneration Project (Phase 3B of the Hardwick Project)	£187,200.00

Applicant	Project title	Commitment
The National Trust for Scotland	Restoration and adaptation of No. 2-4 Threadneedle Street and No. 32 & 34-36 St. Andrew Street, Peterhead	£138,500.00
The National Trust, Wessex Region	Chedworth Exposed: The Golden Age of Roman Britain	£700,000.00
The Order of St John	The Open Gate: A Redevelopment Project for the Museum of the Order of St John	£1,533,000.00
The Palace Trust	Assuring the Future	£877,500.00
The Richhill Buildings Preservation Trust	Richhill THI, Co Armagh	£747,000.00
The RSPB	Wetland restoration and management at Beckingham Marshes	£399,700.00
The St James the Less Preservation Trust	St James The Less Heritage Regeneration Project	£717,200.00
The Tramway Museum Society	The Stone Workshop Exhibition and Learning Centre	£893,500.00
The University Church of St Mary the Virgin, Oxford	Development Campaign for the University Church of St Mary the Virgin, Oxford	£118,500.00
The Vestry of St Magnus Church	St Magnus Scottish Episcopal Church	£125,000.00
The Vindolanda Trust	Vindolanda Trust Heritage Access & Interpretation Project	£3,987,000.00
The Wildlife Trust for Birmingham and the Black Country	Moseley Bog – Tolkien’s Nature Reserve	£377,900.00
Thinktank Trust	Made in Birmingham	£105,000.00
Thornham St John’s PCC	Church of St John the Evangelist	£109,000.00
Torbay Council	Torre Abbey Project Phase 2	£124,000.00
Torfaen County Borough Council	Forgotten Landscapes Partnership	£1,474,000.00
Torfaen County Borough Council	Pontypool Town Centre THI	£899,500.00
Truro Cathedral	Inspire Cornwall	£400,000.00
University of Aberdeen	University of Aberdeen Library and Special Collections Centre: Conservation Studio	£875,000.00
University of Bristol	Hands on our Ancient Heritage: the Bristol Dinosaur	£294,300.00
University of Oxford, Department for Continuing Education	East Oxford: one history or many? A community archaeology project	£330,700.00
Wakefield Metropolitan District Council	Pontefract THI	£788,500.00
Walsall Council	Walsall Arboretum	£2,286,000.00
Watts Gallery Trust	Watts Gallery Hope Project	£523,000.00
Wellesbourne Parish Council	Chedham’s Yard Heritage Project	£780,000.00
Wentworth Castle and Stainborough Park Heritage Trust	The World at Wentworth	£220,000.00
West Berkshire Council	Renewal	£220,900.00
Wherry Yacht Charter Charitable Trust	Wherry Yachts	£148,500.00
Wigan Council – Environmental Services Department	Wigan Wallgate Townscape Heritage Initiative	£1,250,000.00

## Grants awarded over £100,000

Applicant	Project title	Commitment
Windermere Reflections: Windermere Catchment LPS	The Environment Agency	£930,300.00
Ymddiredolaeth Penllergare – The Penllergare Trust	Penllergare Valley Woods	£221,300.00
Ymddiriedolaeth Nant Gwrtheyrn	Nant Gwrtheyrn Heritage Project	£527,700.00
Yorkshire Wildlife Trust	Staveley’s Wetland Heritage	£474,600.00



# Employment monitoring

1. Under Articles 5(1), 5(2) and 5(3) of the Race Relations Act 1976 (Statutory Duties) Order 2001, the Fund has a duty to monitor, by reference to the racial groups to which they belong, and to report annually:
  - a) the numbers of:
    - staff in post; and
    - applicants for employment, training and promotion, from each such group; and
  - b) the numbers of staff from each such group who:
    - receive training;
    - benefit or suffer detriment as a result of the Fund's performance assessment procedures;
    - are involved in grievance procedures;
    - are the subject of disciplinary procedures; or
    - cease employment with the Fund.

## 2. Results of monitoring carried out in 2009–10

### 2.1 Permanent staff in post as at 4 May 2010

Headcount on 4 May 2010

Ethnic origin	Total
African	4
Asian and White	1
Asian Indian	3
Asian Pakistani	2
Caribbean	4
Other	3
Other Asian	1
Other Mixed Ethnic	1
White	216
<b>Grand Total</b>	<b>235</b>

### 2.2 Applications for employment in 2009–10

Monitoring information of job applicants, including internal applicants, who applied through our jobs website online for 21 externally advertised vacancies, between 1 April 2009 and 31 March 2010.

Ethnic origin	Returning applications	Shortlisted for interview	Successful at interview
African	31	1	0
Asian and White	8	1	0
Asian Other	9	1	0
Black African and White	1	0	0
Black Caribbean and White	5	0	0
Black Other	6	0	0
Caribbean	10	0	0
Indian	24	2	0
Mixed Other	10	3	1
Not stated	0	0	0
Other	10	0	0
Pakistani	16	0	0
White	1,196	114	20
<b>Grand Total</b>	<b>1,326</b>	<b>122</b>	<b>21</b>

2.3 Numbers of training days undertaken by staff

The Fund's database on internal training shows that we met our policy aim of ensuring that all staff from all racial groups had equal access to training and development opportunities throughout the year.

2.4 Performance assessment procedures

In 2009 there were 31 white employees whose performances were rated as outstanding and four employees from other racial groups whose performance was rated as outstanding. No employees suffered any detriment as a result of performance assessment procedures.

2.5 Applications for internal promotion

During 2009–10 three white employees were permanently promoted internally.

2.6 Number of employees involved in grievance procedures during 2009–10

There were no formal grievances raised by any employees during the current year.

2.7 Number of employees subject to disciplinary procedures during 2009–10

One white employee was subject to formal disciplinary proceedings during this period.

2.8 Number of employees leaving the Fund's permanent employment in 2009–10

White employees	27
All other racial groups	4

3. Specific duties

The specific duties on employment which the Order places on public authorities, including the Fund, are designed to provide a framework for measuring progress in equality of opportunity in public-sector employment. They are also aimed at providing monitoring information to guide initiatives that could lead to a workforce which is more representative of the communities in which it is based and which it serves.

The Fund continues in its recruitment advertising to encourage job applications from black, Asian and minority ethnic groups, recognising that its workforce is not yet fully representative of local or national diversity.





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