



HM Treasury

Framework document: Historic England

Non-departmental public body

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Introduction and background

1. Purpose of document

- 1.1. This framework document (the “framework document”) has been agreed between the department for Culture, Media and Sport (DCMS) and Historic England in accordance with HM Treasury’s handbook Managing Public Money (“MPM”) (as updated from time to time) and has been approved by HM Treasury.
- 1.2. The framework document sets out the broad governance framework within which Historic England and DCMS operate. It sets out Historic England’s core responsibilities, describes the governance and accountability framework that applies between the roles of DCMS and Historic England, and sets out how the day-to-day relationship works in practice, including in relation to governance and financial matters.
- 1.3. The document does not convey any legal powers or responsibilities but both parties agree to operate within its terms. Nothing in this Document shall prevent Historic England from carrying out its legal duties under its founding legislation or under any other legislation which impacts on its functions, activities or powers. The expectations set out here sit alongside Historic England’s statutory duties expected of staff, trustees and Commissioners. Any perceived conflicts should be brought to the attention of DCMS to discuss an appropriate way forward.
- 1.4. While commercial subsidiaries or trading arms are not subject to the same requirements as Historic England itself, ALB Accounting Officers are reminded that Managing Public Money requires them to have meaningful oversight of the trading subsidiary, and that it must not be used to avoid or weaken parliamentary scrutiny. Unless otherwise approved by HMT, delegations for trading arms must be in line with the ALB’s own delegations. Prior to the next date for review and updating of this document, written evidence should be provided setting out the arrangements between it and Historic England agreed with DCMS.
- 1.5. Copies of the document and any subsequent amendments have been placed in the libraries of both Houses of Parliament and made available to members of the public on the <https://historicengland.org.uk> and gov.uk.
- 1.6. This framework document should be reviewed and updated at least every 3 years unless there are exceptional reasons that render this inappropriate that have been agreed with HM Treasury and the Principal Accounting Officer of the sponsor department. The latest date for review and updating of this document is February 2027.

2. Objectives

- 2.1. DCMS and Historic England share the common objective of delivering the preservation, enhancement and promotion of England's historic environment. To achieve this, Historic England and DCMS will work together in recognition of each other's roles and areas of expertise, providing an effective environment for Historic England to achieve its objectives through the promotion of partnership and trust, and ensuring that Historic England also supports the strategic aims and objective of the department and wider government as a whole.

3. Classification

- 3.1. Historic England has been classified as a central government organisation by the ONS/HM Treasury Classifications Team. It has been administratively classified by the Cabinet Office as a non-departmental public body (NDPB).
- 3.2. Historic England is a 'Freedoms Body'. This means that it operates under a set of exemptions from, or modifications to, a specific number of financial and operating requirements. These are detailed at Annex B: Cultural Freedoms Bodies' Freedoms Charter.

Purposes, aims and duties

4. Purposes

- 4.1. Historic England was established as the Historic Buildings and Monuments Commission for England on 1 April 1984 by the National Heritage Act 1983. Historic England is an Arms Length Body of DCMS.
- 4.2. Historic England's strategic aim is to protect, champion and save the places that define who we are and where we have come from as a nation. Its mission statement is 'to improve people's lives by protecting and championing the historic environment'.

5. Powers and duties

- 5.1. Historic England's statutory powers and other duties stem from the National Heritage Act 1983. Historic England is the sole member of a registered charity (The English Heritage Trust, trading as English Heritage), the sole member of a public corporation Historic England (Shrewsbury Flaxmill Maltings) Ltd., and created a charity in 2017 (the Historic England Foundation). Historic England must comply with the relevant regulations in so far as they are applicable to Historic England's activities.
- 5.2. Historic England's statutory duties and functions are to:
 - Secure the preservation of ancient monuments and historic buildings in England (including UK territorial waters adjacent to England).
 - Promote the preservation and enhancement of the character and appearance of conservation areas situated in England.
 - Promote the public's enjoyment of, and advance their knowledge of, ancient monuments and historic buildings in England and their preservation (including UK territorial waters adjacent to England).

6. Aims / Priorities

- 6.1. The Secretary of State's priorities for Historic England, as outlined in its SR21 Settlement Letter, are as follows:
 - 6.1.1. Continue and enhance Historic England's leadership role to guide local authorities and the wider sector; sharing expertise, building capacity and driving improvements to self-sufficiency, whilst supporting the pandemic recovery plan for the heritage sector;
 - 6.1.2. Prioritise contributions to the place and levelling up agendas such as through High Street Heritage Action Zones, and

ensure that KPIs accurately chart progress of the Pride in Place mission in the Levelling Up White Paper;

- 6.1.3. Develop an action plan for Historic England to reach carbon net zero before 2050 and help to drive net zero commitments from organisations within the heritage sector;
 - 6.1.4. Build on Historic England's leadership role by working with and supporting heritage bodies to remove barriers to participation for audiences and the workforce and help build a truly diverse sector;
 - 6.1.5. Uphold and operate the government's 'retain and explain' policy in relation to physical contested heritage assets, continuing to offer technical expertise to support in the development of this policy area and taking responsibility for updating and revising the guidelines once published;
 - 6.1.6. Continue to drive improvements to the planning system, as well as actively engaging in the energy efficiency agenda as it relates to the historic environment;
 - 6.1.7. Work with DCMS in the international arena, promoting UK expertise in international cultural heritage protection, supporting our engagement with UNESCO and helping us to boost tourism, education and business;
 - 6.1.8. Support and monitor English Heritage Trust's financial sustainability following recent emergency funding awards, and continue to monitor the conservation deficit of the National Heritage Collection.
- 6.2. The Secretary of State will clearly communicate to Historic England any further priorities for the period of the agreement, and Historic England will ensure that its activities and strategy are aligned with these priorities. The priorities align with and help to support objectives and work programmes set out in the DCMS Outcome Delivery Plan.
- 6.3. In addition, Historic England has the following six priorities, details of which are set out in its [Corporate Plan](#) which will last for the duration of the current Spending Review period:
- Levelling Up - through heritage we help improve civic pride, prosperity, wellbeing and opportunity for the people and places in most need of our support.
 - Inclusion, Diversity and Equality - everyone can connect with, enjoy, and benefit from the historic environment.

- Planning, Listing and Conservation Advice and Investment - we secure positive change and sustainable futures for historic places through our expertise, advice, and investment.
- Climate Action - our leadership ensures that heritage plays an important role in the fight to limit climate change.
- Stewardship of the National Collections - the effective management of the National Collections means they have a sustainable future.
- Developing Historic England - we are a valued, adaptable organisation, equipped to deliver on our strategy.

7. Governance and accountability

- 7.1. Historic England shall operate corporate governance arrangements that, so far as practicable and in the light of the other provisions of this framework document or as otherwise may be mutually agreed, accord with good corporate governance practice and applicable regulatory requirements and expectations.
- 7.2. In particular (but without limitation), Historic England should:
 - comply with the principles and provisions of the Corporate Governance in Central Government Departments Code of Good Practice (as amended and updated from time to time) to the extent appropriate and in line with their statutory duties or specify and explain any non-compliance in its annual report
 - comply with MPM
 - in line with MPM have regard to the relevant Functional Standards as appropriate and in particular those concerning Finance, Commercial, Grants and Counter Fraud
 - comply with the codes of good practice and guidance set out in Annex A of this framework document, as they apply to ALBs
- 7.3. In line with MPM Annex 3.1, Historic England shall provide an account of corporate governance in its annual governance statement including the Board's assessment of its compliance with the Code with explanations of any material departures. To the extent that Historic England does intend to materially depart from the Code, the sponsor should be notified in advance.

Role of the department

8. The responsible Minister

- 8.1. The Secretary of State and other members of the DCMS Ministerial team are accountable to Parliament for all matters concerning Historic England.
- 8.2. The Ministers' statutory powers in respect of Historic England are set out in the National Heritage Act 1983.

Appointments to the Commission

- 8.3. The Chief Executive of Historic England is appointed by the Historic England Commission under schedule 3 of the 1983 National Heritage Act, in consultation with the responsible Minister and the Principal Accounting Officer. A DCMS representative should sit on the appointments panel.
- 8.4. The Minister shall have the following appointment and approval rights in relation to Historic England's Commission:
 - The Commission shall consist of not less than 8 nor more than 17 members. The members shall be appointed by the Secretary of State under schedule 3 of the 1983 National Heritage Act, who shall appoint one of them to be chairman and may appoint another of them to be deputy chairman.
 - In appointing any member, the Secretary of State shall have regard to the desirability of the person's having knowledge or experience of one or more of the following, namely, history, archaeology, architecture, the preservation or conservation of monuments or buildings, town and country planning, tourism, commerce and finance.
 - In appointing members, the Secretary of State shall have regard to the desirability of at least one of them having knowledge of local government.
 - No member shall be appointed for a period of more than 5 years at a time.
 - A person who ceases to be a member (otherwise than by virtue of being removed by the Secretary of State) shall be eligible for reappointment.
 - These appointments are subject to the Public Appointments Order in Council and as such must comply with the Governance Code on Public Appointments.
 - All such appointments should have regard to the principle that appointments should reflect the diversity of the society in which we

live, and appointments should be made taking account of the need to appoint boards which include a balance of skills and backgrounds.

Other Ministerial powers and responsibilities

8.5. The Minister is also responsible for:

- agreeing the policy framework within which Historic England operates
- setting the performance framework within which HE will operate, including approving its key performance indicators and strategy, and considering HE's annual corporate plans for approval as required, based on advice from the sponsor team
- matters regarding spending approvals, acquisitions, disposals, and joint ventures in line with delegations as set out in the delegation letter and the Freedoms detailed in Annex B
- such other matters as may be appropriate and proportionate

9. The Principal Accounting Officer

9.1. The Principal Accounting Officer (PAO) is the Permanent Secretary of the department.

PAO's specific accountabilities and responsibilities

9.2. The PAO of DCMS designates the Chief Executive as Historic England's Accounting Officer (AO) and ensures that they are fully aware of their responsibilities. The PAO issues a letter appointing the AO, setting out their responsibilities and delegated authorities.

9.3. The respective responsibilities of the PAO and AOs for ALBs are set out in Chapter 3 of MPM.

9.4. The PAO is accountable to Parliament for the issue of any grant-in-aid to Historic England.

9.5. The PAO is also responsible, usually via the sponsorship team, for advising the responsible Minister on:

- an appropriate framework of objectives and targets for Historic England in the light of the department's wider strategic aims and priorities
- an appropriate budget for Historic England in the light of the sponsor department's overall public expenditure priorities
- how well Historic England is achieving its strategic objectives and whether it is delivering value for money

- the exercise of the Minister's statutory responsibilities concerning Historic England as outlined above.
- 9.6. The PAO via the sponsorship team is also responsible for ensuring that arrangements are in place in order to:
- monitor Historic England's activities and performance
 - address significant problems in the ALB, making such interventions as are judged necessary
 - periodically and at such frequency as is proportionate to the level of risk carry out an assessment of the risks both to the department and Historic England's objectives and activities in line with the wider departmental risk assessment process
 - inform Historic England of relevant government policy in a timely manner
 - bring ministerial or departmental concerns about the activities of Historic England to the full Historic England Commission, and, as appropriate to the departmental Board, requiring explanations and assurances that appropriate action has been taken

10. The role of the sponsorship team

- 10.1. The heritage team in the department is the primary contact for Historic England. The responsible senior civil servant for this relationship is the Deputy Director with responsibility for heritage. They are the main source of advice to the responsible Minister on the discharge of their responsibilities in respect of Historic England. They also support the PAO on their responsibilities toward Historic England.
- 10.2. Officials in the heritage team in the sponsor department will liaise regularly with Historic England officials to review performance against plans, achievement against targets and expenditure against its DEL and AME allocations. The heritage team will also take the opportunity to discuss with Historic England where policies are being developed which would be delivered by it, or where its expertise would contribute to a policy's success, except where a conflict of interest would arise.
- 10.3. Performance, issues and risks, including English Heritage Trust performance, will be discussed regularly between DCMS Sponsorship Teams and Historic England staff. Relevant officials from the DCMS Finance, Human Resources, Commercial and/or Public Bodies teams may attend quarterly partnership meetings as necessary.

11. Resolution of disputes between Historic England and the department

- 11.1. In the event of performance, reputational or compliance issues, DCMS and Historic England will work to resolve these promptly. In the event of severe and/or prolonged issues, concerns will be escalated between Historic England's Accounting Officer and/or Chair and the Principal Accounting Officer.
- 11.2. DCMS and Historic England will aim to work in partnership and deal with any disagreements/disputes that arise in a pragmatic, timely, outcome-focussed manner. Each party will endeavour to identify emerging issues as early as possible, and to communicate these openly to each other through the most appropriate route of engagement, respecting the roles of the Board and sponsor to prevent significant disputes arising. The department and Historic England will seek to resolve any disputes through an informal process in the first instance. Where this is not possible, a formal process, overseen by the senior sponsor, will be used to resolve the issue. Both parties should try to establish a shared view of the issue (keeping good records) and use this framework document and other governance documents to achieve agreement/resolution as quickly as possible. Ultimately, issues may be escalated by the Permanent Secretary as the PAO and the Secretary of State.

12. Freedom of Information and other data requests

- 12.1. Where a request for information is received by either party under the Freedom of Information Act 2000, or the Data Protection Act 1998 or 2018, the party receiving the request will consult with the other party prior to any disclosure of information that may affect the other party's responsibilities.

13. Reporting on legal risk and litigation

- 13.1. Historic England shall provide a quarterly update to the sponsor on the existence of any active litigation and any threatened or reasonably anticipated litigation. The parties acknowledge the importance of ensuring that legal risks are communicated appropriately to the sponsor in a timely manner.
- 13.2. Historic England shall also provide quarterly updates to the sponsor on any active litigation against English Heritage Trust where the claim is over £25,000, as well as any significant non-monetary claims, such as injunctions and judicial reviews involving English Heritage Trust.
- 13.3. In respect of each substantial piece of litigation involving the ALB, the parties will agree a litigation protocol which will include specific provisions to ensure appropriate and timely reporting on the status of the litigation and the protection of legally privileged information

transmitted to the sponsor to facilitate this. Until such time as a protocol is agreed, the parties will ensure that:

- material developments in the litigation are communicated to the sponsor in an appropriate and timely manner
- legally privileged documents and information are clearly marked as such
- individual employees handling the legally privileged documents are familiar with principles to which they must adhere to protect legal privilege
- circulation of privileged information within government occurs only as necessary.

Historic England governance structure

14. The Chief Executive

Responsibilities of Historic England's chief executive as accounting officer

- 14.1. The Chief Executive as AO is personally responsible for safeguarding the public funds for which they have charge; for ensuring propriety, regularity, value for money and feasibility in the handling of those public funds; and for the day-to-day operations and management of Historic England. In addition, they should ensure that Historic England as a whole is run on the basis of the standards, in terms of governance, decision-making and financial management, that are set out in Box 3.1 of MPM. These responsibilities include the below and those that are set in the AO appointment letter issued by the PAO of the sponsor department.

Responsibilities for accounting to Parliament and the public

- 14.2. Responsibilities to Parliament and the public include:

- signing the accounts and ensuring that proper records are kept relating to the accounts and that the accounts are properly prepared and presented in accordance with any directions issued by the Secretary of State
- preparing and signing a Governance Statement covering corporate governance, risk management and oversight of any local responsibilities, for inclusion in the annual report and accounts
- ensuring that effective procedures for handling complaints about Historic England in accordance with Parliamentary and Health Service Ombudsman's Principles of Good Complaint Handling are established and made widely known within Historic England and published on gov.uk
- acting in accordance with the terms of MPM and other instructions and guidance issued from time to time by the department, the Treasury and the Cabinet Office
- ensuring that as part of the above compliance they are familiar with and act in accordance with:
 - any governing legislation
 - this framework document
 - any delegation letter issued to body as set out in paragraph 18
 - any elements of any settlement letter issued to the sponsor department that is relevant to the operation of Historic England

- any separate settlement letter that is issued to Historic England from the sponsor department
- ensuring they have appropriate internal mechanisms for monitoring, governance and external reporting regarding non-compliance with any conditions arising from the above documents
- giving evidence, normally with the PAO, when summoned before the PAC on Historic England's stewardship of public funds

Responsibilities to DCMS

14.3. Responsibilities to DCMS include:

- Prior to publication, presenting Historic England's corporate and business plans to the department to demonstrate that these plans reflect the department's wider strategic aims and agreed priorities
- informing the department of progress in helping to achieve the department's policy objectives and in demonstrating how resources are being used to achieve those objectives
- ensuring that timely forecasts and monitoring information on Historic England and English Heritage Trust performance and finance are provided; that the department is notified promptly if overspends or underspends are likely and that corrective action is taken; and that any significant problems whether financial or otherwise, and whether detected by internal audit or by other means, are notified to the department in a timely fashion; and
- working collectively with the department and other members of the DCMS group of Public Bodies in support of each other and the group as a whole.

Responsibilities to the Historic England Commission

14.4. The Chief Executive is responsible for:

- advising the Commission on the discharge of their responsibilities as set out in this document, in the founding legislation and in any other relevant instructions and guidance that may be issued from time to time
- advising the Commission on Historic England's performance compared with its aims and objectives
- ensuring that financial considerations are taken fully into account by the Commission at all stages in reaching and executing its decisions, and that financial appraisal techniques are followed.
- taking action as set out in paragraph 3.8.6 of Managing Public Money if the Commission, or its Chair, is contemplating a course of

action involving a transaction which the Accounting Officer considers would infringe the requirements of propriety or regularity or does not represent prudent or economical administration, efficiency or effectiveness, is of questionable feasibility, or is unethical, ensuring that the Board has the necessary information, provided in a timely manner, to monitor and assess the public bodies compliance with Managing Public Money.

Managing conflicts

- 14.5. The Chief Executive should follow the advice and direction of the Commission, except in very exceptional circumstances with a clear cut and transparent rationale for not doing so.
- 14.6. If the Commission, or its chairperson, is contemplating a course of action involving a transaction which the Chief Executive considers would infringe the requirements of propriety or regularity or does not represent prudent or economical administration, efficiency or effectiveness, is of questionable feasibility, or is unethical the chief executive in their role as AO should reject that course of action and ensure that the Board have a full opportunity to discuss the rationale for that rejection.
- 14.7. Such conflicts should be brought to the attention of the PAO and the responsible Minister as soon as possible.
- 14.8. Furthermore, and if agreed with the responsible Minister, the AO must write a letter of justification to the chair of the Commission setting out the rationale for not following the advice and recommendation of the Commission and copy that letter to the Treasury Officer of Accounts.
- 14.9. If the responsible Minister agrees with the proposed course of action of the Commission it may be appropriate for the Minister to direct the AO in the manner as set out in MPM paragraph 3.6.6 onwards.

15. The Historic England Commission (the Board)

Composition of the Commission

- 15.1. Historic England will have a Commission in line with good standards of corporate governance and as set out in its establishing statute and in guidance as set out in Annex A. The role of the Commission shall be to run Historic England, and to deliver the objectives, in accordance with the purposes as set out above, their statutory, regulatory, common law duties and their responsibilities under this framework document. Detailed responsibilities of the Commission shall be set out in the Commission terms of reference. Remuneration of the Commission will be disclosed in line with the guidance in the Government Financial Reporting manual (FReM).

- 15.2. The Commission will consist of a chairperson and members that have a balance of skills and experience appropriate to directing Historic England's business. Historic England should put in place reasonable strategies to attract, recruit and retain diverse membership of its Commission, with the goal of having a Commission which is broadly representative of the makeup of contemporary British society and which draws fully on the different skills and perspectives our whole country has to offer.
- 15.3. Historic England's Commission should include members whose skills and experience align with the strategic direction of the organisation, such as knowledge of history, archaeology, architecture, the preservation or conservation of monuments or buildings, town and country planning, finance, legal issues, operational delivery, corporate services such as HR, technology, property asset management, estate management, communications and performance management. The Commission should include not less than 8 nor more than 17 independent non-executive members to ensure that executive members are supported and constructively challenged in their role. The Commission will include as a voting board member an appropriately qualified finance director as described in Annex 4.1 of MPM.

Commission Committees

- 15.4. The Commission may set up such committees as necessary for it to fulfil its functions. As is detailed below at a minimum this should include an Audit and Risk Committee chaired by an independent and appropriately qualified nonexecutive member of the Commission.
- 15.5. While the Commission may make use of committees to assist its consideration of appointments, succession, audit, risk and remuneration it retains responsibility for, and endorses, final decisions in all of these areas. The Chair should ensure that sufficient time is allowed at the Commission for committees to report on the nature and content of discussion, on recommendations, and on actions to be taken.
- 15.6. Where there is disagreement between the relevant committee and the Commission, adequate time should be made available for discussion of the issue with a view to resolving the disagreement. Where any such disagreement cannot be resolved, the committee concerned should have the right to report the issue to the sponsor team, PAO and responsible Minister. They may also seek to ensure the disagreement or concern is reflected as part of the report on its activities in the annual report.
- 15.7. The Chair should ensure Commission committees are properly structured with appropriate terms of reference. The terms of each committee should set out its responsibilities and the authority delegated to it by the Commission. The Chair should ensure that committee membership is periodically refreshed and that individual independent

non-executive directors are not overburdened when deciding the chairs and membership of committees.

Duties of the Commission

15.8. Notwithstanding the Accounting Officer's personal responsibilities, the Commission is the principal governing body within the organisation. As such, it is responsible for:

- establishing and taking forward the strategic aims and objectives of Historic England, consistent with its overall strategic direction and within the policy and resources framework determined by the Secretary of State
- overseeing, and holding to account, the day to day leadership of the organisation
- providing effective leadership of Historic England within a framework of prudent and effective controls which enables risk to be assessed and managed
- ensuring the financial and human resources are in place for Historic England to meet its objectives
- reviewing management performance
- ensuring that the Board receives and reviews regular financial and management information concerning the management of Historic England
- ensuring that it is kept informed of any changes which are likely to impact on the strategic direction of Historic England Commission or on the attainability of its targets, and determining the steps needed to deal with such changes and where appropriate bringing such matters to the attention of the responsible Minister and PAO via the executive team, sponsorship team or directly
- ensuring that any statutory or administrative requirements for the use of public funds are complied with; that the Board operates within the limits of its statutory authority and any delegated authority agreed with the sponsor department, and in accordance with any other conditions relating to the use of public funds
- ensuring that in reaching decisions, the Commission takes into account guidance issued by DCMS;
- ensuring that as part of the above compliance they are familiar with:
 - this framework document,
 - any delegation letter issued to body as set out in paragraph 18

- any elements of any settlement letter issued to the sponsor department that is relevant to the operation of Historic England
 - any separate settlement letter that is issued to Historic England from the sponsor department
 - demonstrating high standards of corporate governance at all times, including by using external expertise or an independent audit committee to help the Commission to address key financial and other risks
 - appointing, with the responsible minister's approval, a Chief Executive and, in consultation with the department, set performance objectives and remuneration terms linked to these objectives for the Chief Executive which give due weight to the proper management and use and utilisation of public resources
 - cooperating with the DCMS-led annual appraisal of the chairperson, including sharing the Board's own effectiveness review
 - determining all such other things which the Board considers ancillary or conducive to the attainment or fulfilment by Historic England of its objectives.
- 15.9. The Commission should ensure that effective arrangements are in place to provide assurance on risk management, governance and internal control.
- 15.10. The Commission should make a strategic choice about the style, shape and quality of risk management and should lead the assessment and management of opportunity and risk. The Commission should ensure that effective arrangements are in place to provide assurance over the design and operation of risk management, governance and internal control in line with the Management of Risk – Principles and Concepts (The Orange Book)¹. The Commission must set up an Audit and Risk Assurance Committee chaired by an independent and appropriately qualified non-executive member to provide independent advice and ensure that the department's Audit and Risk Assurance Committee are provided with routine assurances with escalation of any significant limitations or concerns. The Commission is expected to assure itself of the adequacy and effectiveness of the risk management framework and the operation of internal control.

16. The Chair's role and responsibilities

- 16.1. The Chair is responsible for leading the Commission in the delivery of its responsibilities. Such responsibility should be exercised in the light of their duties and responsibilities as set out in their contract of employment/appointment letter, the priorities in the Chair's letter issued

¹ <https://www.gov.uk/government/publications/orange-book>

to them by the sponsor team, the statutory authority governing Historic England, this document and the documents and guidance referred to within this document.

- 16.2. Communications between the Historic England Commission and the responsible Minister should normally be through the Chair.
- 16.3. The chair is bound by the Code of Conduct for Board Members of Public Bodies², which covers conduct in the role and includes the Nolan Principles of Public Life¹⁰.
- 16.4. In addition, the Chair is responsible for:
 - ensuring including by monitoring and engaging with appropriate governance arrangements that Historic England's affairs are conducted with probity
 - ensuring that policies and actions support the Secretary of State's wider strategic policies and where appropriate, these policies and actions should be clearly communicated and disseminated throughout Historic England.
- 16.5. The Chair has the following leadership responsibilities:
 - formulating the Commission's strategy
 - ensuring that the Commission, in reaching decisions, takes proper account of guidance provided by the responsible Minister or the department
 - promoting the efficient and effective use of staff and other resources
 - delivering high standards of regularity and propriety
 - representing the views of the board to the general public
- 16.6. The Chair also has an obligation to ensure that:
 - the work of the Commission and its members are reviewed and are working effectively including ongoing assessment of the performance of individual board members with a formal annual evaluation and more in-depth assessments of the performance of individual board members when being considered for reappointment.
 - in conducting assessments that the view of relevant stakeholders including employees and the sponsorship team are sought and considered.

² <https://www.gov.uk/government/publications/code-of-conduct-for-board-members-of-public-bodies>

¹⁰ <https://www.gov.uk/government/publications/the-7-principles-of-public-life>

- the Commission has a balance of skills appropriate to directing Historic England's business, and that all directors including the Chair and Chief Executive continually update their skills, knowledge and familiarity with Historic England to fulfil their role both on the Commission and committees. This will include but not be limited to skills and training in relation to financial management and reporting requirements, risk management, and on the requirements of board membership within the public sector.
- Commission members are fully briefed on terms of appointment, duties, rights and responsibilities
- Commission members receive appropriate training on financial management and reporting requirements and on any differences that may exist between private and public sector practice
- Ministers responsible for appointments to the Commission are given advice on the skills, diversity and experience that are desirable for forthcoming appointments, in light of an evaluation of Commission's skills and experience and taking a broad interpretation of the relevant statute, and ensuring appropriate engagement with the department throughout the process;
- there is a Commission Operating Framework in place setting out the role and responsibilities of the board consistent with the Government Code of Good Practice for Corporate Governance.
- there is a code of practice for Commission members in place, consistent with the Cabinet Office Code of Conduct for Board Members of Public Bodies.

17. Individual Commission members' responsibilities

17.1. Individual Commission members should:

- comply at all times with the Code of Conduct for Board Members of Public Bodies, which covers conduct in the role and includes the Nolan Principles of Public Life as well as rules relating to the use of public funds and to conflicts of interest
- demonstrate adherence to the 12 Principles of Governance for all Public Body Non-Executive Directors as appropriate
- not misuse information gained in the course of their public service for personal gain or for political profit, nor seek to use the opportunity of public service to promote their private interests or those of connected persons or organisations
- comply with the Commission's rules on the acceptance of gifts and hospitality, and of business appointments

- act in good faith and in the best interests of Historic England
- ensure they are familiar with any applicable guidance on the role of public sector non-executive directors and boards that may be issued from time to time by the Cabinet Office, HM Treasury or wider government

Management and financial responsibilities and controls

18. Delegated authorities

- 18.1. Historic England's delegated authorities are set out in the delegation letter issued annually at the start of each new Financial Year. This delegation letter may be updated and superseded by later versions which may be issued by the sponsor department in agreement with HM Treasury.
- 18.2. In line with MPM Annex 2.2 these delegations will be reviewed on an annual basis.
- 18.3. Historic England shall obtain the department's and where appropriate HM Treasury's prior written approval before:
 - entering into any undertaking to incur any expenditure that falls outside the delegations or which is not provided for in Historic England's annual budget as approved by the department
 - incurring expenditure for any purpose that is or might be considered novel or contentious, or which has or could have significant future cost implications
 - making any significant change in the scale of operation or funding of any initiative or particular scheme previously approved by the department
 - making any change of policy or practice which has wider financial implications that might prove repercussive or which might significantly affect the future level of resources required
 - carrying out policies that go against the principles, rules, guidance and advice in MPM

19. Spending authority

- 19.1. Once the budget allocation has been approved by the sponsor department and subject to any restrictions imposed by this document or the HM Treasury settlement, Historic England shall have authority to incur expenditure approved in the budget and in line with its Freedoms without further reference to the sponsor department, on the following conditions:
 - Historic England shall comply with the delegations set out in the delegation letter. These delegations shall not be altered without the prior agreement of the sponsor department and as agreed by HM Treasury and Cabinet Office as appropriate

- Historic England shall comply with MPM regarding novel, contentious or repercussive proposals
- inclusion of any planned and approved expenditure in the budget shall not remove the need to seek formal departmental approval where any proposed expenditure is outside the delegated limits or is for new schemes deviating significantly from activities and expenditure anticipated in the Corporate and/or Strategic Plan
- Historic England shall provide the sponsor department with such information about its operations, performance, individual projects or other expenditure as the sponsor department may reasonably require.

20. Banking and managing cash

- 20.1. As a Freedoms Body, Historic England does not need explicit approval from DCMS to change banking provider, but should provide written notification to DCMS upon doing so.
- 20.2. The AO is responsible for ensuring that Historic England has a banking policy as set out in MPM and ensuring that policy is complied with.

21. Procurement

- 21.1. As a Freedoms Body, Historic England has the flexibility to opt in and out of central procurement and is exempt from a number of other spend controls (see Annex B for details). Nonetheless, the following standards of good practice apply.
- 21.2. Historic England shall ensure that its procurement policies are aligned with and comply with any relevant UK or other international procurement rules and in particular the Public Contracts Regulations 2015.
- 21.3. Historic England shall establish its procurement policies and document these in a Procurement Policy and Procedures Manual.
- 21.4. In procurement cases where Historic England is likely to exceed its delegated authority limit and where the relevant Freedoms exemption does not apply, procurement strategy approval for the specific planned purchase must be sought from the department's Commercial Director.
- 21.5. Goods, services, and works should be acquired by competition where necessary and appropriate, being consistent with HMG best practice. Proposals to let single-tender or restricted contracts shall be limited and exceptional, and a quarterly report explaining those exceptions should be sent to the department.
- 21.6. The delegated limit for single tender action contracts is set out in Annex C. Historic England must comply with the Single Tender Action process

as outlined at Annex C and as otherwise communicated to them by the department.

- 21.7. Where appropriate and proportionate, being consistent with HMG best practice, procurement by Historic England of works, equipment, goods, and services shall be based on, a full option appraisal and value for money (VfM), i.e. the optimum combination and whole life costs and quality (fitness for purpose).
- 21.8. Historic England shall:
- engage fully with department and government wide procurement initiatives that seek to achieve VfM from collaborative projects
 - comply with all relevant Procurement Policy Notes issued by Cabinet Office
 - cooperate fully with initiatives to improve the availability of procurement data to facilitate the achievement of VfM
- 21.9. Historic England shall comply with the commercial³ and grants standards⁴. These standards apply to the planning, delivery, and management of government commercial activity, including management of grants in all departments and ALBs, regardless of commercial approach used and form part of a suite of functional standards that set expectations for management within government.

22. Risk management

- 22.1. Historic England shall ensure that the risks that it faces are dealt with in an appropriate manner, in accordance with relevant aspects of best practice in corporate governance, and develop a risk management strategy, in accordance with the Treasury guidance Management of Risk: Principles and Concepts.
- 22.2. Historic England will allow for risk-based DCMS involvement in Audit and Risk Committee meetings.

23. Counter fraud and theft

- 23.1. Historic England should adopt and implement policies and practices to safeguard itself against fraud and theft.
- 23.2. Historic England should act in line with guidance as issued by the Counter Fraud Function and in compliance with the procedures and considerations as set in in MPM Annex 4.9 and the Counter Fraud Functional Standard⁵. It should also take all reasonable steps to

³ <https://www.gov.uk/government/publications/commercial-operating-standards-for-government>

⁴ <https://www.gov.uk/government/publications/grants-standards>

⁵ <https://www.gov.uk/government/publications/government-functional-standard-govs-013-counter-fraud>

appraise the financial standing of any firm or other body with which it intends to enter a contract or to provide grant or grant-in-aid.

- 23.3. Historic England should keep records of and prepare and forward to the department an annual report on fraud and theft suffered by Historic England and notify the sponsor department of any unusual or major incidents as soon as possible. Historic England should also report detected loss from fraud, bribery, corruption and error, alongside associated recoveries and prevented losses, to the counter fraud centre of expertise in line with the agreed government definitions as set out in Counter Fraud Functional Standard.

24. Staff

Broad responsibilities for staff

- 24.1. Within the arrangements approved by the responsible Minister and subject to any relevant Freedom, Historic England will have responsibility for the recruitment, retention and motivation of its staff. The broad responsibilities toward its staff are to ensure that:
- the rules for recruitment and management of staff create an inclusive culture in which diversity is fully valued; appointment and advancement is based on merit; there is no discrimination against employees with protected characteristics under the Equality Act 2010
 - the level and structure of its staffing, including grading and staff numbers, are appropriate to its functions and the requirements of economy, efficiency and effectiveness
 - the performance of its staff at all levels is satisfactorily appraised and the Historic England performance measurement systems are reviewed from time to time
 - its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve Historic England's objectives
 - proper consultation with staff takes place on key issues affecting them
 - adequate grievance and disciplinary procedures are in place
 - whistle-blowing procedures consistent with the Public Interest Disclosure Act are in place
 - a code of conduct for staff is in place based on the Cabinet Office's Model Code for Staff of Executive Non-departmental Public Bodies.

Staff costs

- 24.2. Subject to its delegated authorities, Historic England shall ensure that the creation of any additional posts does not incur forward commitments that will exceed its ability to pay for them.

Pay and conditions of service

- 24.3. Historic England's staff are subject to appropriate levels of remuneration and terms and conditions of service (including pensions). As a Freedoms Body, Historic England will not be subject to the Civil Service Pay Remit Guidance ('PRG') and will have the ability to offer average pay awards in excess of caps set out in this guidance. However, they shall continue to engage with their Sponsor department during the process of making a pay remit application, particularly prior to completion. They shall also continue to provide outturn data to HM Treasury and adhere to all other Civil Service Pay guidance issued by HM Treasury and the Cabinet Office.
- 24.4. If civil service terms and conditions of service apply to the rates of pay and non-pay allowances paid to the staff and to any other party entitled to payment in respect of travel expenses or other allowances, payment shall be made in accordance with the Civil Service Management Code⁶, except where prior approval has been given by the department to vary such rates.
- 24.5. Staff terms and conditions should be set out and available to both staff and DCMS if requested.
- 24.6. Historic England shall continue to adhere to all other Civil Service Pay guidance issued by HM Treasury and the Cabinet Office, including the Senior Pay Guidance.
- 24.7. Historic England shall operate a performance-related pay scheme that shall form part of the general pay structure approved by the department and the Treasury, and where relevant with due regard to the Senior Pay Guidance.
- 24.8. The travel expenses of Commission members shall be tied to the rates allowed to senior staff of Historic England. Reasonable actual costs shall be reimbursed.

Pensions, redundancy and compensation

- 24.9. Compensation scheme rules and pension scheme rules should reflect legislative and HM Treasury guidance requirements regarding exit payments.
- 24.10. Historic England staff shall normally be eligible for a pension provided by PCSPS. Staff may opt out of the occupational pension scheme

⁶ <https://www.gov.uk/government/publications/civil-servants-terms-and-conditions>

provided by Historic England. As a Freedoms Body, Historic England has the right to opt out of the Principal Civil Service Pension Scheme for new starters.

- 24.11. Any proposal by Historic England to pay any redundancy or compensation for loss of office, requires the prior approval of the department. Proposals on severance must comply with the rules in chapter 4 of MPM.

Business plans, financial reporting and management information

25. Corporate and business plans

- 25.1. Historic England shall share its multi-year strategic plans and annual Corporate Plans in advance of publication, and provide annual progress updates. These plans should reflect Historic England's statutory and/or other duties and, within those duties, the priorities set from time to time by the responsible Minister. The plan shall demonstrate how Historic England contributes to the achievement of the department's medium-term plan and priorities and aligned performance metrics and milestones.
- 25.2. Subject to any commercial considerations, the corporate and business plans should be published by Historic England on its website and separately be made available to staff.

26. Budgeting procedures

- 26.1. Each year, in the light of decisions by the department on the updated draft corporate plan, the department will send to Historic England within an agreed timetable:
 - a formal statement of the annual budgetary provision allocated by the department in the light of competing priorities across the department and of any forecast income approved by the department
 - a statement of any planned change in policies affecting Historic England
- 26.2. This submission will take account both of approved funding provision and any forecast receipts. It will include a budget of estimated payments and receipts together with a profile of expected expenditure and of draw-down of any departmental funding and/or other income over the year. These elements form part of the approved business plan for the year in question.

27. Grant-in-aid and any ring-fenced grants

- 27.1. Grant-in-Aid is the amount payable by the DCMS to Historic England each year and is distinct from the budget. It does not include depreciation or any budgetary cover allocated by the department for Historic England's use of its own reserves.
- 27.2. Any grant-in-aid provided by the department for the year in question will be voted in the department's Supply Estimate and be subject to parliamentary control.

- 27.3. The grant-in-aid will normally be paid in monthly instalments on the basis of the grant-in-aid form showing evidence of need. Historic England will comply with the general principle, that there is no payment in advance of need. Cash balances accumulated during the course of the year from grant-in-aid or other Exchequer funds shall be kept to a minimum level consistent with the efficient operation of Historic England. Grant-in-aid not drawn down by the end of the financial year shall lapse. Subject to approval by Parliament of the relevant Estimates provision, where grant-in-aid is delayed to avoid excess cash balances at the year-end, the department will make available in the next financial year any such grant-in-aid that is required to meet any liabilities at the year end, such as creditors.
- 27.4. In the event that the department provides Historic England separate grants for specific (ring-fenced) purposes, it would issue the grant as and when the ALB needed it on the basis of a written request. Historic England would provide evidence that the grant was used for the purposes authorised by the department. Historic England shall not have uncommitted grant funds in hand, nor carry grant funds over to another financial year.

28. Annual report and accounts

- 28.1. Historic England must publish an annual report of its activities together with its audited accounts within an agreed timeframe each financial year. Historic England shall provide the department its finalised (audited) accounts by Parliamentary summer recess each year (unless otherwise agreed by DCMS) in order for the accounts to be consolidated within DCMS's. A draft of the report should be submitted to the department two weeks before the proposed publication date. The accounts should be prepared in accordance with the relevant statutes, relevant accounting practices and specific accounts direction issued by the department as well as the Treasury's Financial Reporting Manual (FReM).
- 28.2. The annual report must:
- cover any corporate, subsidiary or joint ventures under its control
 - comply with the FReM unless otherwise agreed with DCMS and NAO, and in particular have regard to the illustrative statements for an NDPB
 - outline main activities and performance during the previous financial year and set out in summary form forward plans.
 - reference any and all incidences, and provide values for, all monies lost to financial crimes, including but not limited to fraud, error and bribery & corruption, during the previous financial year.

- 28.3. Information on performance against key financial targets is included within the annual report and subject to the auditor's consistency opinion. The report and accounts shall be laid in Parliament and made available on Historic England's website, in accordance with the guidance in the FReM.

29. Reporting performance to the department

- 29.1. Historic England shall operate management, information and accounting systems that enable it to review in a timely and effective manner its financial and nonfinancial performance against the budgets and targets set out in the corporate and business plans.
- 29.2. Historic England shall inform the sponsor department of any changes that make achievement of objectives more or less difficult. Historic England will share its board-level reporting on financial and non-financial performance, including performance in helping to deliver ministers' policies, English Heritage Trust performance and financial risks, and the achievement of key objectives via quarterly partnership meetings with the department. Historic England's performance shall be formally reviewed by the department four times a year.
- 29.3. The responsible ministers will meet the Chair and Chief Executive once a year, including to discuss the performance of the English Heritage Trust charity. The PAO will meet the Chief Executive at least once a year.

30. Information sharing

- 30.1. Subject to any overriding legal rights or obligations, DCMS has the right of access to all Historic England's records and personnel for any purpose including, for example, sponsorship audits and operational investigations. However, a Data Sharing Agreement/MoU will be required prior to the transfer of any personal data.
- 30.2. The department and Historic England are committed to sharing information to ensure transparency and alignment.
- 30.3. Historic England recognises that the department will at times need to request information on an ad hoc basis and/or with a short time frame as required. Historic England must (and within any reasonable timescale required by DCMS) supply any information requested by DCMS, and should proactively seek to provide DCMS with advanced sight of events and publications which the Government would take an interest in.
- 30.4. Historic England shall provide the sponsor department with such information about its operations, performance, individual projects or other expenditure as the sponsor department may reasonably require.

- 30.5. The department and HM Treasury may request the sharing of data held by Historic England in such a manner as set out in central guidance except where it is prohibited by law. This may include requiring the appointment of a senior official to be responsible for the data sharing relationship.
- 30.6. As a minimum, Historic England shall provide the department with information monthly that will enable the department satisfactorily to monitor:
- Historic England's cash management
 - its draw-down of grant-in-aid
 - forecast outturn by resource headings
 - other data required for the Online System for Central Accounting and Reporting (OSCAR)
 - data as required in respect of its compliance with any applicable Cabinet Office Controls pipelines or required in order to meet any condition as set out in any settlement letter

Communications

- 30.7. Historic England will proactively sight DCMS on announcements, events and publications which are controversial or otherwise likely to attract significant media interest.
- 30.8. Historic England will have a strong, clear public engagement strategy that sets out how the breadth of its work coheres to help protect the historic environment and how this benefits the nation.

Audit

31. Internal audit

31.1. Historic England shall:

- establish and maintain arrangements for internal audit in accordance with the Treasury's Public Sector Internal Audit Standards (PSIAS);
- ensure that any arrangements for internal audit are in accordance with the Public Sector Internal Audit Standards (PSIAS) as adopted by HM Treasury
- set up an audit committee of its Commission in accordance with the Code of Good Practice for Corporate Governance and the Audit and Risk Assurance Committee Handbook
- forward the audit strategy, periodic audit plans and annual audit report, including Historic England Head of Internal Audit opinion on risk management, control and governance as soon as possible to the sponsor department
- have effective controls to prevent fraud and theft
- keep records of and prepare and forward to the department a quarterly report on fraud and theft suffered by Historic England and notify the sponsor department of any unusual or major incidents as soon as possible
- share with the sponsor department information identified during the audit process and the Annual Audit Opinion Report (together with any other outputs) at the end of the audit, in particular on issues impacting on the department's responsibilities in relation to financial systems within Historic England.

32. External audit

32.1. The Comptroller & Auditor General (C&AG) audits Historic England's annual accounts. The C&AG passes the audited accounts to the Secretary of State who will lay the accounts together with the C&AG's report before parliament.

32.2. In the event that Historic England has set up and controls subsidiary companies, Historic England will in the light of the provisions in the Companies Act 2006 ensure that the C&AG has the option to be appointed auditor of those company subsidiaries that it controls and/or whose accounts are consolidated within its own accounts. Historic England shall discuss with the sponsor department the procedures for appointing the C&AG as auditor of the companies. The exception to this is English Heritage Trust, which is not covered by the Government

Resourcing Accounts Act (it is a public corporation but also a subsidiary of Historic England) and is therefore not mandated to appoint the C&AG as its auditor.

32.3. The C&AG:

- will consult the department and the ALB on whom – the NAO or a commercial auditor – shall undertake the audit(s) on his behalf, though the final decision rests with the C&AG
- has a statutory right of access to relevant documents, including by virtue of section 25(8) of the Government Resources and Accounts Act 2000, held by another party in receipt of payments or grants from Historic England
- will share with the sponsor department information identified during the audit process and the audit report (together with any other outputs) at the end of the audit, in particular on issues impacting on the department's responsibilities in relation to financial systems within Historic England
- will consider requests from departments and other relevant bodies to provide regulatory compliance reports and other similar reports at the commencement of the audit. Consistent with the C&AG's independent status, the provision of such reports is entirely at the C&AG's discretion.

32.4. The C&AG may carry out examinations into the economy, efficiency and effectiveness with which the ALB has used its resources in discharging its functions. For the purpose of these examinations the C&AG has statutory access to documents as provided for under section 8 of the National Audit Act 1983. In addition, Historic England shall provide, in conditions to grants and contracts, for the C&AG to exercise such access to documents held by grant recipients and contractors and sub-contractors as may be required for these examinations; and shall use its best endeavours to secure access for the C&AG to any other documents required by the C&AG which are held by other bodies.

Reviews and winding up arrangements

33. Review of ALB's status

- 33.1. Historic England will be reviewed as part of the wider Public Bodies Reviews programme, at a time determined by the department's ministers and their PAO.

34. Arrangements in the event that the ALB is wound up

- 34.1. The sponsor department shall put in place arrangements to ensure the orderly winding up of Historic England. In particular it should ensure that the assets and liabilities of Historic England are passed to any successor organisation and accounted for properly. (In the event that there is no successor organisation, the assets and liabilities should revert to the sponsor department.) To this end, the department shall:
- have regard to Cabinet Office guidance on winding up of ALBs
 - ensure that procedures are in place in Historic England to gain independent assurance on key transactions, financial commitments, cash flows and other information needed to handle the wind-up effectively and to maintain the momentum of work inherited by any residuary body
 - specify the basis for the valuation and accounting treatment of Historic England's assets and liabilities
 - ensure that arrangements are in place to prepare closing accounts and pass to the C&AG for external audit, and that, for non-Crown bodies funds are in place to pay for such audits. It shall be for the C&AG to lay the final accounts in Parliament, together with his report on the accounts
 - arrange for the most appropriate person to sign the closing accounts. In the event that another ALB takes on the role, responsibilities, assets and liabilities, the succeeding ALB AO should sign the closing accounts. In the event that the department inherits the role, responsibilities, assets and liabilities, the sponsor department's AO should sign.
- 34.2. Historic England shall provide the department with full details of all agreements where Historic England or its successors have a right to share in the financial gains of developers. It should also pass to the department details of any other forms of claw-back due to Historic England.

Handwritten signatures of Ruth Hannant and Polly Payne. Ruth Hannant's signature is on the left, and Polly Payne's signature is on the right.

Signed by Polly Payne/Ruth Hannant
27/02/2024
on behalf of DCMS

Handwritten signature of Duncan Wilson.

Signed by Duncan Wilson
26/02/2024
on behalf of Historic England

Annex A: Guidance

Historic England shall have regard to and, where appropriate, comply with the following guidance, documents and instructions unless subject to an explicit exemption as a consequence of their status as a Freedoms Body.

Corporate governance

- This framework document
- Corporate Governance Code for Central Government Departments (relevant to Arm's Length Bodies) and supporting guidance:
<https://www.gov.uk/government/publications/corporate-governance-code-for-central-government-departments-2017>
- Code of conduct for Board members of Public Bodies:
<https://www.gov.uk/government/publications/code-of-conduct-for-board-members-of-public-bodies>
- Code of practice for partnerships between Departments and Arm's Length Bodies:
<https://www.gov.uk/government/publications/partnerships-with-arms-length-bodies-code-of-good-practice#:~:text=This%20code%20of%20good%20practice,partnership%20approach%20to%20shaping%20relationships.>

Financial management and reporting

- Managing Public Money (MPM):
<https://www.gov.uk/government/publications/managing-public-money>
- Government Financial Reporting Manual (FReM):
www.gov.uk/government/collections/government-financial-reporting-manual-frem
- Relevant Dear Accounting Officer (DAO) letters:
www.gov.uk/government/collections/dao-letters
- Relevant guidance and instructions issued by the Treasury in respect of Whole of Government Accounts:
<https://www.gov.uk/government/collections/whole-of-government-accounts>
- The most recent letter setting out the delegated authorities, issued by the parent department.

Management of risk

- Management of Risk:
www.gov.uk/government/publications/orange-book and
<https://www.gov.uk/government/publications/management-of-risk-in-government-framework>
- Public Sector Internal Audit Standards:
www.gov.uk/government/publications/public-sector-internal-audit-standards

- HM Treasury approval processes for Major Projects above delegated limits:
<https://www.gov.uk/government/publications/treasury-approvals-process-forprogrammes-and-projects>
- The Government cyber-security strategy and cyber security guidance:
<https://www.gov.uk/government/publications/national-cyber-strategy-2022/national-cyber-security-strategy-2022> and
- <https://www.gov.uk/government/collections/cyber-security-guidance-for-business>

Commercial management

- Procurement Policy Notes:
<https://www.gov.uk/government/collections/procurement-policy-notes>
- Cabinet Office spending controls:
<https://www.gov.uk/government/collections/cabinet-office-controls>
(except where Historic England is exempt under the operational freedoms).
- Transparency in supply chains - a practical guide:
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1040283/Transparency_in_Supply_Chains_A_Practical_Guide_2017_final.pdf

Public appointments

The following are relevant where public bodies participate in public appointments processes.

- Guidance from the Commissioner for Public Appointments:
<https://publicappointmentscommissioner.independent.gov.uk/>
- Governance Code on Public Appointments:
www.gov.uk/government/publications/governance-code-for-publicappointments
- Procurement Policy Note 08/15 – Tax Arrangements of Public Appointees:
<https://www.gov.uk/government/publications/procurement-policy-note-0815-tax-arrangements-of-appointees>

Staff and remuneration

- HM Treasury guidance on senior pay and reward:
www.gov.uk/government/publications/senior-civil-service-pay-and-reward
- Civil Service pay guidance (updated annually):
www.gov.uk/government/collections/civil-service-pay-guidance
- Public sector pay and terms:
<https://www.gov.uk/government/publications/public-sector-pay-and-termguidance-note>

- Whistleblowing Guidance and Code of Practice:
<https://www.gov.uk/government/publications/whistleblowing-guidance-and-code-of-practice-for-employers>
- The Equalities Act 2010:
www.gov.uk/guidance/equality-act-2010-guidance

General

- Freedom of Information Act guidance and instructions:
www.legislation.gov.uk/ukpga/2000/36/contents and
<https://ico.org.uk/fororganisations/guide-to-freedom-of-information/>
- The Parliamentary and Health Service Ombudsman's Principles of Good Administration: <https://www.ombudsman.org.uk/about-us/our-principles>
- Other relevant instructions and guidance issued by the central Departments (Cabinet Office and HM Treasury)
- Recommendations made by the Public Accounts Committee, or by other Parliamentary authority, that have been accepted by the Government and are relevant to Historic England.
- Guidance from the Public Bodies team in Cabinet Office:
www.gov.uk/government/publications/public-bodies-information-and-guidance
- The Civil Service diversity and inclusion strategy (outlines the ambition, to which Arm's Length Bodies can contribute):
<https://www.gov.uk/government/publications/civil-service-diversity-and-inclusionstrategy-2022-to-2025>
- Guidance produced by the Infrastructure and Projects Authority (IPA) on management of major projects:
www.gov.uk/government/organisations/infrastructure-and-projects-authority
- The Government Digital Service:
www.gov.uk/government/organisations/government-digital-service
- The Government Fraud, Error, Debt and Grant Efficiency function;
www.gov.uk/government/collections/fraud-error-debt-and-grants-function
and www.gov.uk/government/publications/grants-standards
- Code of Practice for Official Statistics:
<https://code.statisticsauthority.gov.uk/#:~:text=The%20Code%20of%20Practice%20for%20Statistics%20sets%20the,produced%20by%20people%20and%20organisations%20that%20are%20trustworthy.>
- Accounting Officer System Statements (AOSS are produced by departments with input from ALBs):
www.gov.uk/government/publications/accounting-officerssystem-statements

Annex B: Cultural Freedom Bodies' Freedoms Charter



Department
for Culture,
Media & Sport

Cultural Freedom Bodies' Freedoms Charter

May 2023

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BACKGROUND

The 'Operational Freedoms' are a set of exemptions from, or modifications to, a discrete number of financial and operating requirements applying to a group of Arm's Length Bodies⁷ ('ALBs'). These 'Freedoms Bodies' have been granted these flexibilities in recognition of their distinct public-facing role and hybrid public/commercial funding model.

The following set of Freedoms was approved by HM Treasury and Cabinet Office on 26 April 2023. This document is an updated version of the Charter that was previously agreed by those parties and the Freedoms Bodies' Sponsor Departments⁸ in Q1 2022/23.

It will be reviewed in Q3 2024/25, or at the next Spending Review, whichever is sooner. The Freedoms are extended at HM Government's discretion and may be paused or withdrawn where circumstances dictate.

FREEDOMS - AT A GLANCE

Financial Freedoms:

1. Freedom to maintain and spend reserves of self-generated income.
2. Freedom to invest non-grant income.
3. Exemption from the requirement to use the Government Banking Service.
4. The power to borrow through voted loans from sponsoring departments.
5. Favourable consideration of requests for Departmental Expenditure Limit (DEL) cover to meet exceptional depreciation charges.
6. Freedom to offer pay awards in excess of caps set out in the Pay Remit Guidance.
7. Freedom to opt out of the Principal Civil Service Pension Scheme for new starters.

Spend Control Freedoms:

8. Flexibility to opt in or out of central procurement on a case by case basis.
9. Exemption from advertising, marketing, and communications spend controls.
10. Exemption from the commercial spend control.
11. Exemption from property spend controls.
12. Exemption from facilities management spend controls.

Increases to Delegated Limits

13. Digital and Technology spend.
14. Self-funded capital projects (HMT delegated limit for DCMS Freedom Bodies only).

⁷ Refer to Schedule 1 at the end of this document

⁸ Refer to Schedule 2 at the end of this document

FINANCIAL FREEDOMS

1. Freedom to maintain and spend reserves of self-generated income.

HM Treasury will provide Freedoms Bodies with budgetary cover (for both Resource and Capital spend) for the required use of reserves. It will be based on Freedom Body forecasts and made via Supplementary Estimates. The use of reserves in excess of the allocation will be considered an overspend for which Bodies must alert DCMS / relevant department as early as possible.

2. Freedom to invest non-grant income

Freedoms Bodies are free to invest non grant income in line with the relevant Charity Commission guidance on investments.

3. Exemption from the requirement to use the Government Banking Service

Freedoms Bodies are exempt from the requirement to use the Government Banking Service (GBS). They will continue to provide DCMS / relevant department [“The Department”] with the normal monthly forecasts including the amount of cash held in their bank accounts. They should also continue to seek help and guidance from the GBS to help negotiate value for money banking contracts.

Where Freedoms Bodies elect to open non-GBS accounts, formal HM Treasury approval is not required, but Bodies must inform The department and provide them with balances held in these accounts at set times during the year as communicated to them by the Department.

4. The power to borrow through voted loans from sponsoring departments

Freedom Bodies have the power to borrow to access seed funding which can be used for cost savings measures and to develop revenue raising projects.

Loans will be made available to Freedom Bodies by The department up to a limit of £60m per year (across all Freedoms Bodies) and no longer than 25 years in length.

DCMS will include all requests within its Supplementary Estimates return to HM Treasury. Freedoms Bodies may request loans during each financial year up until the Supplementary Estimates return is submitted. Cash can however be made available ahead of Supplementary Estimates as HMT approval at Supplementary Estimates is assumed if DCMS provides the necessary approval to the loan request.

Loan requests from Freedoms Bodies will require a single-stage business case submission to be approved by The Department. If the loan request forms part of a larger business case, the request should be incorporated into an appropriate business case stage (although no earlier than Outline Business Case) . The department will review any loan requests at an appropriate Committee that aligns with the value of the request.

5. Favourable consideration of requests for additional budgetary cover to meet exceptional depreciation charges

In exceptional circumstances, the impact of depreciation may result in a breach of the HM Treasury ring-fenced budgetary total. The department will ensure it retains sufficient cover for any known depreciation charges and will explore avenues to

manage exceptional depreciation charges within the delegated control totals. It may be for example that requests for additional budgetary cover can be made outside of the supplementary estimates window.

In the unlikely event that this is not possible, the department would ask HM Treasury to look favourably on any breach caused by these circumstances.

Freedoms Bodies should proactively notify their department if such an event is anticipated, so that HMT can be informed and remedies can be explored.

6. Freedom to offer average pay awards in excess of caps set out in the Pay Remit Guidance

Freedom Bodies are not subject to the Pay Remit Guidance (“PRG”). However they shall continue to engage with their Sponsor department during the process of making a pay remit application, particularly prior to completion. They shall also continue to provide outturn data to HM Treasury and adhere to all other Civil Service Pay guidance issued by HM Treasury and the Cabinet Office. This freedom can include multi-year pay settlements as long as they are affordable and this does not prejudice future spending reviews.

This Freedom may be paused under extraordinary future circumstances, and should be reviewed as part of Spending Reviews.

7. Freedom to opt out of the Principal Civil Service Pension Scheme for new starters

Bodies may close, or amend the eligibility criteria to restrict access to the Civil Service Pension Schemes (CSPS) for new members. Current active and non-contributory members will be allowed to continue to accrue and receive their respective benefits. The CSPS closes completely once the last active scheme employee leaves the organisation.

The decision to use this Freedom will be taken by the Body’s Board of Trustees.

To take advantage of this Freedom, Bodies should first consult with The Department, setting out the case for the proposed course of action. They must also confirm that:

- (a) relevant statutory requirements have been followed;
- (b) agreed Trade Union/Management negotiating processes have been undertaken as part of the consultation with staff;
- (c) a reasonable number of alternative pension providers have been considered to ensure good value.

Following this process, the Freedom Body will need to liaise with the Cabinet Office and Government Actuarial department (GAD). The decision to close, or restrict access to the CSPS to new starters may incur an “exit charge”. This charge will be determined by the GAD, based on the particular circumstances of the Freedom Body, and will take into account current and future scheme liabilities and the impact on the CSPS. The presumption is that the Freedom Body will pay the exit charge from its own funds and/ or reserves, although they may be able to access the voted loans fund for this purpose.

SPEND CONTROL FREEDOMS

8. Flexibility to opt in or out of central procurement

Freedoms Bodies may decide whether or not to use central procurement for all items of expenditure on a case by case basis. Where centralised procurement deals exist, Freedoms Bodies should satisfy themselves that any contract outside of these arrangements demonstrates better whole life value for money.

9. Exemption from advertising, marketing, and communications spend control

Freedom Bodies are exempt from the Cabinet Office's central advertising, marketing and communications (AME) spending control.

10. Exemption from the commercial spend Control

Freedoms Bodies are exempt from the Cabinet Office's Commercial spend control approval processes. This does not, however, supersede the requirement to adhere to the Government Functional Standard and other Cabinet Office guidance for those Bodies that make grants using public funding.

11. Exemption from property spend controls

Freedoms Bodies are exempt from the control on property spend, including the requirement to seek approval for all new facilities management contracts and contract extensions.

12. Exemption from facilities management spend controls

Freedoms Bodies are exempt from the spend control on facilities management, enabling them to procure specialist services, and to do so independently and at pace.

INCREASES TO DELEGATED LIMITS (NEW)

13. Approval for Digital and Technology spend

All public bodies are required to record all spend in a digital and technology pipeline as part of a joint Cabinet Office / departmental assurance review process. The control applies to digital spend over £100,000 and technology spend over £1 million.

For Freedoms Bodies, this threshold is increased to £10m for both digital and technology spend. This threshold will be reviewed as part of review of wider freedoms - in Q3 2024/25, or at the next Spending Review, whichever is sooner.

14. Approval for self-funded capital projects [DCMS Freedom Bodies only]

HM Treasury has increased DCMS' Delegated Capital Expenditure Limit from £30m to £60m for majority-self-funded ALB capital projects. This avoids the requirement of Treasury Approval Points for any projects below £60m, but does not negate the requirement for DCMS approval.

FREEDOMS RETIRED

The final group of Freedoms may be more accurately described as 'service level agreements' (SLAs). They were intended to help streamline the process of complex approvals processes for Freedoms Bodies. Following a review of these commitments, they were found to be largely redundant or irrelevant. As such they will be replaced in the manner described below.

- HM Treasury commitment to respond to capital business cases within 28 days, and training to ensure business cases are proportionate and cost-effective.
 - ➔ To be replaced with departmental-led guidelines which clarify businesses case clearance processes, roles and responsibilities; these may include response time Service Level Agreements (SLAs).
- Cabinet Office commitment to respond to redundancy and restructuring applications within two business days.
 - ➔ To be replaced with departmental-led process maps which clarify roles and responsibilities; these may include response time SLAs.
- Pre-application guidance from HM Treasury to reduce the administrative burden from severance payment business cases and to achieve quicker decisions.
 - ➔ To be replaced with departmental-led process maps which clarify roles and responsibilities; these may include response time SLAs.

Schedule 1: List of Freedom Bodies

The department for Culture, Media & Sport (DCMS)

British Museum
Horniman Museum and Gardens
Imperial War Museums
Museum of the Home
National Gallery
National Museums Liverpool
National Portrait Gallery
Natural History Museum
Royal Armouries
Royal Museums Greenwich
Science Museum Group
Sir John Soane's Museum
Tate Gallery
V&A Museum
Wallace Collection
British Film Institute
Historic England
British Library
Churches Conservation Trust

department for the Environment, Food and Rural Affairs (Defra)

Royal Botanic Gardens Kew

Ministry of Defence (MOD)

National Army Museum
National Museum of the Royal Navy
Royal Air Force Museum

Schedule 2: List of Sponsor Departments

The department for Culture, Media & Sport (DCMS)

The department for the Environment, Food & Rural Affairs (Defra)

The Ministry of Defence (MOD)

Annex C: DCMS Commercial Requirements for HE

The following outlines in full the commercial requirements of DCMS ALBs, as well as a list of mandated reporting requirements. This document provides additional detail to ALBs Framework Documents, in order to support their full compliance with commercial and procurement requirements.

A: Commercial requirements

Public Contracts Regulations

1. HE shall comply with the Public Contracts Regulations 2015 (PCR) (as amended) in its procurement activity. Further, as a Central Government Authority as set out at Schedule 1 of the Public Contracts Regulations 2015, the ALB is subject to certain thresholds when tendering for a procurement opportunity.

Central Government Policy and Processes

2. HE shall acquire goods and services through fair and open competition, in accordance with the Government Commercial Operating Standards (including the Outsourcing Playbook), delivering value for money through procurement, and operating in line with UK and other international law, including restrictions on state aid/subsidy controls.
3. Subject to the exemptions listed ('Freedoms') at Annex B, HE shall comply with current and future requirements on additional spend controls, delegated authorities and authorisations on procurement and leases as notified to them by the Department.
4. HE shall not be required to comply with the Cabinet Office Learning and Development Spend control Guidance, nor any of the caps or restrictions set out in it.
5. ALBs designated as a freedom body have flexibility to opt in or out of central procurement on a case by case basis. However, where possible and appropriate, HE shall utilise whichever Crown Commercial Services frameworks are relevant to its needs.
6. HE must support the wider Government Commercial Function's strategies and programmes in their design, implementation and sustained application.
7. HE must embed all applicable current and future Procurement Policy Notes into its commercial operations. In particular, HE must:
 - Support the Government's SME agenda through appropriate procurement activity where this does not conflict with HE's Freedom body status.
 - Promote the inclusion of the Social Value Act and its associated principles in procurement activity wherever possible.
 - Comply with Government transparency policies and commitments.

8. Support Commercial Procurement and Contract Management improvement and oversight initiatives including:
 - Contract Classification for all contracts
 - Internal spend control assurance & governance processes, aligned to the department and Cabinet Office Commercial Spend Control approval processes (subject to exemptions detailed at Annex B - 'Freedoms')
 - Pipeline reporting where relevant
 - Assurance and audit implementation and reporting
 - Contracts Finder compliance reporting
 - Contract KPI reporting for external public publication
 - Commercial Systems and Data improvement initiatives eg. CASIE
9. Attend Cabinet Office training programmes designed to raise commercial awareness and improve commercial capability, including Playbook and GCOS masterclasses, and Contract Management Capability Training.

Departmental Policy and Processes

Subject to the exemptions listed ('Freedoms') at Annex B, the ALB shall comply with departmental spend controls as set by DCMS Commercial.

10. In procurement cases where HE is likely to exceed any applicable delegated authority limit, procurement strategy approval for the specific planned purchase must be sought from the DCMS Commercial Director.
11. Single Tender Contracts: HE must notify DCMS a minimum of 48 hours in advance of its intention to award a single tender contract the value of which exceeds the threshold set out in HE's delegation letter. These requirements do not apply to purchases for collections, acquisitions, core public offerings, or subscriptions that support these (e.g. subscriptions to unique journals).
12. HE must adhere to requirements of its charitable status (where relevant), and inform the DCMS Commercial Director if there may be a conflict with public law and its charitable status.

Collaborative initiatives

HE shall:

- Support all Commercial Procurement and Contract Management improvement and oversight initiatives from DCMS and the Cabinet Office.
- Support collaborative procurement and commercial efforts across the department and its ALBs. This will include supporting the establishment of a DCMS Commercial Council or similar body, where such a group has been instituted, and wider commitments to support knowledge-sharing and training for staff involved in Commercial and Procurement activity across DCMS ALBs.

- Support the formation and ongoing activities of a commercial function across the DCMS family of public bodies, through engagement with the DCMS Commercial team.
- Engage with department and Government wide procurement initiatives that seek to achieve VfM from collaborative projects.

Grants and other bodies

13. If applicable, HE shall comply with the government functional standard for the management of grants. These standards set expectations for the management of grants, and to promote efficient and effective grant making to ensure funding is used as intended and provides value for money through high quality delivery.
14. In circumstances where HE finds itself having oversight and assurance of other public bodies or the procurement activities of private bodies spending public money HE shall ensure, as far as is reasonably practicable, and in so far as it has legal authority to do so, that all such parties adhere to the principles of Managing Public Money including the encouragement of transparent and robust practices and compliance with any applicable law.

Management Information and Compliance

15. The department and HE are committed to sharing information to ensure transparency and alignment.
16. HE recognises that the department will at times need to request information on an ad hoc basis and/or with a short time frame as required. HE must (within any reasonable timescale required by DCMS) supply any information requested by DCMS, and should proactively seek to provide DCMS with advance sight of events and publications which the Government would take an interest in.
17. In addition to this ad hoc information and open lines of communication, DCMS expects ALBs to provide regular information as listed below at Part 2 (reporting requirements). The list is not definitive, and intended to enable advanced planning for periodic Departmental commissions.

B. Reporting requirements - Freedom Bodies

Commission title	Timescale	DCMS lead team	Purpose
Consultancy Spend Control pipeline and compliance return (including nil returns)	Quarterly	Commercial	For DCMS and the Cabinet Office to plan and keep track of the public sector consultancy contracts and approvals
Commercial Spend Control Pipeline return (including nil returns)	Quarterly	Commercial	For the submission of the Departments quarterly Commercial Spend Control pipeline to Cabinet Office in accordance with Cabinet Office guidelines

Contract register	To be kept updated and accessible if requested by DCMS	Commercial	For oversight of commercial liability and risk across sectors, categories and suppliers, if a contract register is available.
Government Commercial Operating Standards (GCOS) return	If required / requested	Commercial	For the submission of the Department's Government Commercial Operating Standards (GCOS) return and update against improvement plans.
Contracts finder compliance report	Six months	Commercial	Transparency policy compliance reporting
Submission of procurement spend transactions to Bravo	Annually	Commercial	To comply with Cabinet Office spend reporting requirements
Government Key Contracts Public KPIs return (including nil responses if not on CCS)	If relevant - quarterly	Commercial	For the submission of the Department's quarterly Key Contracts Public KPIs return to the Cabinet Office
Procurement pipeline for publication return (including nil responses if not on CCS)	Quarterly	Commercial	For the submission of the Departments quarterly pipeline return for publication on .Gov.uk
Social Value reporting return	If required / requested	Commercial	To comply with Cabinet Office policy on Social Value reporting. Specifically at (a) pipeline (b) procurement strategy (c) Contract award (d) contract close subject to PPN06/2020
Prompt Payment reporting for contracts	Annually	Commercial	To ensure accurate reporting to Cabinet Office of in-scope contracts including any exclusions and exemptions requested
Return for the review of key metrics, targets and reports related to procurement, contract management and commercial resourcing	Quarterly	Commercial	To benchmark procurement spend, compliance assessment to policy and provide data on economic effect of spend by Departments and PBs including 3rd party spend and commercial risk reporting.
Direct and Indirect SME spend	Quarterly and Annually	Commercial	To support the Government's SME Agenda and the DCMS SME Action Plan

C. Delegated financial limits

All delegations are subject to the requirement that spending proposals falling within Managing Public Money Annex 2.2, box A.2.2C should be referred to DCMS. These are:

- Items that are novel, contentious, or repercussive, even if within delegated limits
- Items that could exceed the agreed budget and Estimate limits.

- Contractual commitments to significant spending in future years for which plans have not been set. Appropriate planning should be carried out to account for DCMS & HMT approval if required.
- Items requiring primary legislation (e.g. to write off NLF debt or PDC)
- Any item which could set a potentially expensive precedent
- Where Treasury consent is a specific requirement of legislation. Please refer to Managing Public Money and Framework Agreements for further detail.

A breakdown of delegated financial limits can be found in the delegations letter, issued by DCMS to ALBs annually shortly after the start of each financial year.

END

HM Treasury contacts

This document can be downloaded from www.gov.uk

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