

**FRAMEWORK DOCUMENT**

**FOR THE**

**NATIONAL MUSEUM OF THE**

**ROYAL NAVY (NMRN)**

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# Introduction and Background

## 1. Purpose of this Document

- 1.1. This framework document (the “framework document”) has been agreed between the Ministry of Defence (MOD) and the National Museum of the Royal Navy (NMRN) in accordance with HM Treasury’s handbook Managing Public Money<sup>1</sup> (“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 the NMRN and the MOD operate. It sets out the NMRN’s core responsibilities, describes the governance and accountability framework that applies between the roles of the MOD and the NMRN, 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.
- 1.4. 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 NMRN’s website/gov.uk.
- 1.5. This framework document should be reviewed and updated at least every three years unless there are exceptional reasons that render this inappropriate that have been agreed with HM Treasury and the Principal Accounting Officer of the MOD. The latest date for review and updating of this document is March 2028.

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<sup>1</sup>[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1000670/MPM\\_Spring\\_21\\_with\\_an\\_nexes\\_080721.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1000670/MPM_Spring_21_with_an_nexes_080721.pdf)

## **2. Objectives**

- 2.1. The MOD and the NMRN share the common objective to promote the public understanding of the Royal Navy past, present and future. To achieve this the NMRN and the MOD will work together in recognition of each other's roles and areas of expertise, providing an effective environment for the NMRN to achieve its charitable objectives through the promotion of partnership and trust and ensuring that in so far as it would be charitable the NMRN also supports the strategic aims and objective of the department and wider government as a whole within its charitable purposes.

## **3. Classification**

- 3.1. The NMRN has been classified as a central government organisation by the Office for National Statistics /HM Treasury Classifications Team.
- 3.2. It has been administratively classified by the Cabinet Office as an Executive Non-Departmental Public Body (NDPB).
- 3.3. The NMRN is a registered charity in England and Wales (charity number 1126283). The NMRN is regulated by the Charity Commission and as such subject to the Charities Act 2011, the Charities (Protection and Social Investment) Act 2016, the Charities (Accounts and Reports) Regulations and the Statement of Recommended Practice (SORP) and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102).
- 3.4. The NMRN is a Company Limited by Guarantee established by a Memorandum of Association and subject to the Companies Act 2006 (as amended). The Company registration number is 6699696. The registered office is the National Museum of the Royal Navy, HM Naval Base PP66, Portsmouth, Hampshire, PO1 3NH. The Trustees, under charity law, are also the Members and Directors of the National Museum of the Royal Navy for the purposes of company law.
- 3.5. The National Museum of the Royal Navy is not defined as a public authority under Schedule 1 of the Freedom of Information Act (2000).
- 3.6. The NMRN is the holding company of other charities and trading entities within the NMRN Group. The NMRN Group consists of NMRN itself as the parent charity and by virtue of its controlling interests:

The linked Charitable Trusts:

- The Royal Naval Museum
- HMS M33 Trust

#### The Charitable Trusts:

- Royal Marines Museum
- Royal Navy Submarine Museum
- Fleet Air Arm Museum
- HMS Victory Preservation
- HMS Caroline Preservation

#### The NMRN Charitable Companies Limited by Guarantee:

- NMRN Operations
- Foudroyant Trust
- HMS Trincomalee Trust
- NMRN Hartlepool
- NMRN Services

#### The Charitable Company Limited by Shares:

- Warrior Preservation Trust

NMRN Operations has a wholly owned trading subsidiary, National Museum of the Royal Navy Trading.

NMRN Operations is also equal (50:50) owner of Portsmouth Historic Dockyard Operations Ltd, a joint venture company, with the Mary Rose Trust.

## Purposes, Aims and Duties

### 4. Purposes

4.1. The NMRN's charitable purposes are set out in its governing document, its Memorandum and Articles of Association incorporated 16 September 2008, as amended by special resolutions dated 11 October 2016 and 12 October 2018. The charitable objectives of the National Museum of the Royal Navy, as defined within its Articles of Association, are:

- The promotion of education and learning of the Naval Service and Auxiliaries personnel and other members of the public about the history, deeds and traditions of those Services.
- The promotion and enhancement of military efficiency by assisting recruitment and retention and fostering the '*esprit de corps*' of the men and women who are serving in the Naval Service or Auxiliaries: and
- The commemoration and remembrance of those members of the Naval Service and Auxiliaries who have died while on active service and the encouragement of public recognition of the sacrifice made by such persons:

## 5. Powers and Duties

- 5.1. The NMRN's powers and duties are set out in the Articles of Association and in company law.

## 6. Aims

- 6.1. The NMRN will deliver this through its strategic pillars, set out in the "NMRN Strategy 2025-2030" which are:

Our Audiences - After significant research and analysis, the NMRN now understands the motivations and potential of our different audiences better than ever before. In the future our Museum, our projects and our sites will be shaped by what inspires them. We will work within the charging model which underpins the Museum to continue to develop the targeted free and reduced admission and programmes which have social impact. Our strategic objectives are to:

- Grow our audiences
- Build communities and senses of place
- Diversify our audiences

Our Collections - Founded on the holdings of our origin museums, our collections have developed to become an integrated national collection of exceptional breadth and richness. Recent acquisitions are as diverse as 'The Armada Maps' of 1589, the artefacts from the wreck of HMS Invincible of 1758 and the striking portrait of Boy Cornwell of 1917. We are an Accredited Museum and an Accredited Archive – with two of our sites designated as Places of Deposit for Public Records. In the future we will invest in the systems which support engagement, access and use. We will build the collections which reflect the modern and contemporary Navy, including born-digital material. Our strategic objectives are to:

- Share our world class collections
- Develop our world class collections
- Care for our world class collections

Our Stories - We connect our audiences and collections through the inspiring, authentic stories we tell. In the future the Museum will be defined by which stories we choose to tell, or which partners work with us to reveal and by how we tell them. We will emphasise stories of contemporary relevance, and diversity so our strategic objectives are to:

- Share relevant and inspirational stories
- Tell the Royal navy's contemporary story
- Uncover diverse stories that have not been told before

Our Foundations will underpin our strategic pillars:

People and Culture - We will become a great place to work, where our people can be themselves and perform their best. Our 'People Strategy' will:

- Create a culture where people thrive, want to stay and have a sense of belonging; where diversity of thought and ideas are welcomed and valued.
- Promote a safe, healthy and supportive working environment, where the wellbeing of our people matters.
- Provide learning, development and career opportunities that enable our people to be the 'best they can be' through developing the skills, knowledge and experience, which enhance performance.
- Reward, recognise and value the contribution our people make.

Reputation and Brand - We will invest to transform the corporate positioning and profile of the Museum group. Our 'Brand Strategy' will:

- Create a clear brand hierarchy and fresh visual and verbal identity.
- Boost strategic investment in the Museum brand, elevating its impact and decreasing reliance on the PHD destination brand.
- Targeted audience development to optimise site master planning, and aligns consumer marketing with a ten-year admissions growth strategy.
- Support the forging of strategic partnerships which enhance reputation, strengthen community ties, and generate sustainable income.

Financial Resources - We are uniquely positioned as a national museum in terms of our funding model – we are not funded to enable free admission and must generate the majority of our own revenue (through fundraising, admissions, commercial activities, grants and donations) to enable us to deliver our charitable purposes. Financial sustainability must lie at the heart of all that we do to ensure we can maintain good financial health over the long term.

Through our finance strategy we will:

- Develop our sustainable finance culture
- Plan strategically to maintain a balanced budget and establish an appropriate level of free reserves
- Develop our revenue streams - increasing and diversifying our income sources to reduce reliance on any single source of funding
- Engage with strategic partners, the public and stakeholders to increase support, funding and efficiency
- Support our sustainability foundation through investing in sustainable practices and infrastructure to ensure our long-term viability

Sustainability - We will embed sustainability at the Museum's heart, building requirements into all our projects, policies, processes and procedures to set the tone for lasting change. Grounded in baseline data our 'Sustainability Strategy' will:

- Focus on achieving financial, environmental, and social sustainability, and in so doing contribute to the United Nations Call for Action and Sustainable Development Goals.
- Include a strong stance on the climate emergency, with a clear aspirational goal of achieving the sustainable development targets set by Government policy.
- Foster sustainable communities by addressing poverty, education (in particular STEM education), equality, and inclusion.
- Guide and motivate staff, through education and training, to work in an environmentally responsible manner and to play a full part in developing new ideas and initiatives, reflecting sustainability in our culture and values, ensuring that everyone is part of the solution.

Estates and Sites - We will review the Museum's estate making choices to invest, rationalise or de-invest on the outcomes for our audiences, our collections and our stories. The approach will:

- Ensure that financial and environmental sustainability underpin the investment decisions for our physical and digital estate and sites.
- Make planning and investment decisions in collaboration with the Museum's key strategic partners at different sites
- Align our capital projects to invest in all infrastructure including our digital presence, site security and internal exhibition spaces.
- Invest in Estate and/or Asset Management Systems to create a comprehensive long term Infrastructure Maintenance and Management Plan.
- Develop an 'innovation first' culture when infrastructure reaches the end of its life.

Our Governance - We will respond to external recommendations and deliver the next steps in integration of our governance structure to make it fit for our purpose and enable the next phase of the Museum's growth. The approach will:

- Continue to work with the NMRN Groups' Boards and Committees to deliver their statutory duty.
- Ensure that there is clarity and accountability within the Museum's governance that reduces duplication.
- Empower the Executive to focus on performance and key strategic objectives whilst managing risk across the NMRN Group's Boards and Committees
- Create an effective and streamlined structure, with a more efficient use of resources directed towards strategic objectives.
- Reflect the improvements within our governance and its impact across the NMRN Group, within statutory reports.

## **7. Governance and Accountability**

7.1. The NMRN shall operate corporate governance arrangements that, so far as practicable and in the light of the other provisions of this framework document, its charitable status, or otherwise may be mutually agreed,

accord with good corporate governance practice and applicable regulatory requirements and expectations.

7.2. In particular (but without limitation), the NMRN should:

- comply with its duties under charity law;
- comply with the principles and provisions of the Corporate Governance in Central Government Departments Code of Good Practice<sup>2</sup> (as amended and updated from time to time) to the extent appropriate in so far as the principles relate to the NMRN being a registered charity independent of Government and in so far as the principles of the Code do not conflict with charity law and the provisions of the Charity Governance Code, and;
- comply with Managing Public Money (MPM);
- in line with MPM have regard to the relevant Functional Standards<sup>3</sup> as appropriate and in particular those concerning Finance, Commercial and Counter Fraud;
- take into account the codes of good practice and guidance set out in Annex A of this framework document, as they apply to NMRN.
- work within the Financial Freedoms contained in Annex B.

7.3. In line with MPM Annex 3.1 and the Charities Statement of Recommended Practice<sup>4</sup> the NMRN shall provide an account of corporate governance in its annual report including the Board's assessment of its compliance with any relevant governance codes such as the Charity Governance Code and in so far as they are applicable the relevant parts of the Code.

## **Role of the Department**

### **8. Ministerial Responsibility**

8.1. The Secretary of State for Defence is accountable to Parliament for all matters concerning the NMRN. Day to Day oversight is delegated to the Defence Minister in the House of Lords.

8.2. When the NMRN was established in 2008 it became the recipient of Grant in Aid to support the Royal Naval Museums and became an Executive Non-

<sup>2</sup> <https://www.gov.uk/government/publications/corporate-governance-code-for-central-government-departments-2017>

<sup>3</sup> <https://www.gov.uk/government/collections/functional-standards>

<sup>4</sup> <https://www.gov.uk/government/publications/charities-sorp-2005>

Departmental Public Body. During the period 2009 to 2011 the Royal Navy Museum, Royal Marines Museum, Fleet Air Arm, and the Royal Naval Submarine Museum joined the NMRN Group as legally distinct subsidiary charities. These four museums exist either as charitable trusts or as, in the case of the Royal Naval Museum, by a Scheme of the Commission. All four museums were designated by Statutory Instrument, Museums and Galleries, the Armed Forces Museum (Designation of Institutions) under the National Heritage Act 1983 to ensure that ex Civil Servants employed in the museums remained within the Principal Civil Service Pension Scheme (PCSPS).

### **Appointments to the Board**

- 8.3. Appointments to the NMRN Board are made in accordance with the provisions set out in its Articles of Association. The NMRN is not subject to the public Appointments No 2 Order in Council as it is not a body regulated by the Commissioner for Public Appointments. The NMRN follows relevant principles set out in the Governance Code on Public Appointments. The Board shall consist of not less than four (unless otherwise determined by ordinary resolution of the company) and not more than 16 persons appointed from time to time as provided in the Articles. Any such additional Trustees shall be appointed and removed pursuant to Articles 44 to 46 (inclusive). All appointments are made per the Trustee Recruitment Policy.
- 8.4. The NMRN does not require Ministerial authority for the appointment of the NMRN Board (including the Chairman of the Trustees) or its executive staff, including the Chief Executive Officer. This is different from the National Army Museum and the RAF Museum who have different constitutional arrangements, where both have to make Ministerial appointments.

## **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 the MOD designates the Chief Executive Officer as the NMRN'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 NMRN 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 the NMRN.

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

- an appropriate framework of objectives and targets relating to Grant in Aid to be granted to NMRN to be used in the furtherance of its charitable purpose in alignment with the department's wider strategic aims and priorities and the NMRN's charitable purpose,
- an appropriate budget for Grant in Aid for the NMRN in the light of the MOD's overall public expenditure priorities,
- how well the NMRN is achieving its strategic objectives and whether it is delivering value for money.

9.6. The PAO via the sponsorship team is also responsible for ensuring arrangements are in place in order to:

- monitor the NMRN's activities and performance relating to its use of Grant in Aid,
- act within its powers to address significant problems in the NMRN subject at all times to the NMRN's status as a charity regulated by the Charity Commission and the need for the charity to operate independently of Government,
- 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 the NMRN's objectives and activities in line with the wider departmental risk assessment process,
- inform the NMRN of relevant government policy in a timely manner, and
- bring departmental concerns about the activities of the NMRN to the full (NMRN) board, 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 Navy Policy Secretariat Third Sector team under the lead of Navy Regional Commander Wales and Western England in the department is the primary contact for the NMRN. The responsible senior Naval Officer for this relationship is the Director of Navy Strategic Policy. They also support the PAO on their responsibilities toward the NMRN.

10.2. Officials of the Navy Policy Secretariat Third Sector team in the MOD will liaise regularly with NMRN officials to review performance against plans, achievement against targets and expenditure against its Grant in Aid and CDEL

project funding. The team will also take the opportunity to explain wider policy developments that might have an impact on the NMRN.

## **11. Resolution of Disputes Between the NMRN and the Department**

- 11.1. Any disputes between the department and the NMRN will be resolved in as timely a manner as possible. The department and the NMRN will seek to resolve any disputes through an informal process in the first instance. The Navy Policy Secretariat Third Sector team will liaise with the NMRN in the first instance to try and resolve the dispute before it escalates. If this is not possible, then a formal process, overseen by the sponsor team, will be used to resolve the issue. Failing this, the senior sponsor will ask the relevant policy Director General to oversee the dispute. They may then choose to ask the Permanent Secretary to nominate a non-executive member of the department's Board to review the dispute, mediate with both sides and reach an outcome, in consultation with the Secretary of State.
- 11.2. Officials of the Navy Policy Secretariat Third Sector team in the MOD will liaise regularly with NMRN officials to review performance against plans, achievement against targets and expenditure against its Grant in Aid and CDEL project funding. The team will also take the opportunity to explain wider policy developments that might have an impact on the NMRN.

## **12. Freedom of Information Requests**

- 12.1. The NMRN is not defined as a public authority under the Schedule 1 of the Freedom of Information Act 2000 and as such is not required to respond to such information requests.
- 12.2. 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. The NMRN 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. In respect of each substantial piece of litigation involving the NMRN, 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, and
- legally privileged documents and information are clearly marked as such and only shared when necessary and after legal advice has been sought and assurances provided that legal privilege will not be lost.

## **The NMRN Governance Structure**

### **14. The Chief Executive Officer**

#### **Responsibilities of the NMRN's Chief Executive Officer as Accounting Officer**

14.1. The Chief Executive Officer holds the Accounting Officer responsibilities and 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 the NMRN. In addition, they should ensure that the NMRN 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 MOD.

#### **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 the Charities Statement of Recommended Practice, as confirmed by the National Audit Office,
- 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 the NMRN in accordance with Parliamentary and Health Service Ombudsman's Principles of Good Complaint Handling are established

and made widely known within the NMRN and published on the NMRN's website;

- 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, providing that doing so does not cause a breach of charity law or company law applicable to the NMRN;
- ensuring that as part of the above compliance they are familiar with and act in accordance with:
  - this framework document,
  - any elements of any settlement letter issued to the MOD that is relevant to the operation of the NMRN,
  - any separate settlement letter that is issued to the NMRN from the MOD, and
  - the NMRN's governing document.
- ensuring they have appropriate internal mechanisms for monitoring, governance and external reporting regarding non-compliance with any conditions arising from the above documents; and
- giving evidence, normally with the PAO, when summoned before the PAC on the NMRN's stewardship of public funds.

## **Responsibilities to the MOD**

14.3. Responsibilities to the MOD include:

- outlining how the NMRN's independent corporate and business strategies and plans support the department's wider strategic aims, agreed priorities and the NMRN's charitable purposes,
- informing the department of progress in helping to achieve the department's policy objectives which coincide with the NMRN's charitable purposes and in demonstrating how Grant in Aid is being used to achieve those objectives, and
- ensuring that timely forecasts and monitoring information on performance and finance are provided to the department; that the department is notified promptly if Grant in Aid over or under spends 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.

## **Responsibilities to the Board of Trustees**

14.4. The Chief Executive Officer is responsible for:

- advising the Board of trustees on the discharge of their responsibilities as set out in this document, in charity law and in compliance with the NMRN's governing documents:
- advising the Board on the NMRN's performance compared with its aims and objectives; and
- ensuring that financial considerations are taken fully into account by the Board at all stages in reaching and executing its decisions, and that appropriate financial appraisal techniques are followed.

## **Managing Conflicts**

14.5. The Chief Executive Officer should follow the advice and direction of the Board, except in very exceptional circumstances with a clear cut and transparent rationale for not doing so.

14.6. If the Board, or its chairperson, is contemplating a course of action involving a transaction which the Chief Executive 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 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. If the Chair or Board of the NMRN is minded to instruct its AO to carry out a course inconsistent with their duties as AO, then the AO should make their reservations clear, preferably in writing. If the Board is still minded to proceed, the NMRN AO should then:

- ask the PAO of the MOD to consider intervening to resolve the difference of view, preferably in writing;
- if the Board's decision stands, seek its written direction to carry it out, asking the Sponsor Department to inform HM Treasury;
- proceed to implement without delay; and
- follow the routine in paragraph 3.6.6 of MPM.

## **15. The Board of Trustees**

### **Composition of the Board of trustees**

- 15.1. The NMRN will have a board of trustees in line with charity law and good standards of corporate governance and as set out in its Articles of Association. The role of the board shall be to run the NMRN, and to deliver the charitable objectives, in accordance with the purposes as set out above, their statutory, regulatory, charity law and common law duties and their responsibilities under this framework document and the NMRN's framework and any other governing documents. Detailed responsibilities of the board shall be set out in the Board terms of reference. Remuneration of the Board will be disclosed in accordance with the Charities SORP FRS102.
- 15.2. The Board will consist of sufficient trustees, that may include a chairperson, that have a balance of skills and experience appropriate to directing the NMRN's business. The Board determines the skills required of the Trustees, such as experience in Commercial activities, Marketing, Technology, Museology, Project Management, Auditing, Governance, Finance, Fundraising, Research and Health and Safety.

### **Board Committees**

- 15.3. The Trustees determine how business should be conducted in accordance with Charity Law and Governance Codes. The Board may set up such committees as necessary for it to fulfil its functions. As is detailed below this should include an Audit and Risk Committee chaired by an independent and appropriately qualified non-executive member of the Board.
- 15.4. The Board may delegate authority, but not responsibility to its committees. The committees should have clear terms of reference and delegated authority and shall consist of Trustees and other independent committee members as deemed appropriate. The meetings and proceedings of any such committee shall be governed by the Articles for regulating the meetings and proceedings of the Board.

### **Duties of the Board of Trustees**

- 15.5. The duties of the Board of Trustees are set out in the Articles of Association and in Charity Law.
- 15.6. The Board of Trustees is specifically responsible for:
- Ensuring the charity is carrying out its purposes for the public benefit.

- Duty of Care – use reasonable care and skill as trustees and obtain professional advice where necessary.
- Duty of Prudence – manage the charity’s resources responsibly, reduce the risk of liability, ensure solvency, use assets reasonably and only in furtherance of objects.
- Duty to act in the charity’s best interests – in the best interests of carrying out the objects now and in the future.
- Duty of compliance – ensuring the charity is accountable with charity law, governing document, regulatory requirements and general law.
- establishing and taking forward the strategic aims and objectives of the NMRN, consistent with its overall strategic direction and within the framework of policies and controls determined by the Secretary of State,
- providing effective leadership of the NMRN within a framework of prudent and effective controls which enables risk to be assessed and managed,
- ensuring the charity’s assets, including financial and human resources are only used to support the NMRN in meeting its charitable objectives,
- reviewing management performance,
- ensuring that the Board receives and reviews regular financial and management information concerning the management of the NMRN,
- ensuring that it is kept informed of any changes which are likely to impact on the strategic direction of the NMRN Board 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 in accordance with any other conditions relating to the use of public funds,
- ensuring that in reaching decisions, the Board gives due consideration to guidance issued by the MOD in relation to a specific decision,
- ensuring that as part of the above compliance they are familiar with:
  - this framework document,
  - their duties as trustees under charity law,

- any elements of any settlement letter issued to the MOD that is relevant to the operation of the NMRN,
  - any separate settlement letter that is issued to the NMRN from the MOD, and
  - that they have appropriate internal mechanisms for the monitoring, governance and external reporting regarding any conditions arising from the above documents and ensure that the Chief Executive Officer and the NMRN] as a whole act in accordance with their obligations under the above documents.
- demonstrating high standards of corporate governance at all times, including by using the independent audit committee to help the board to address key financial and other risks,
  - Appointing a Chief Executive Officer and, setting performance objectives and remuneration terms linked to these objectives for the Chief Executive Officer which give due weight to the proper management and use and utilization of public resources and sharing these objectives with the Sponsor,
  - putting in place mechanisms for independent appraisal and annual evaluation of the performance of the chairperson by the independent non-executives, taking into account the views of relevant stakeholders. If required the outcome of that evaluation should be made available to the responsible Minister,
  - putting in place mechanisms for the Chief Executive Officer to have visibility of Board activity with sufficient time before Board decisions are agreed. The mechanism will enable the Chief Executive Officer to take action where needed as per paragraph 'Managing conflicts', and
  - determining all such other things which the Board considers ancillary or conducive to the attainment or fulfilment by the NMRN of its objectives, including its charitable purposes.

15.7. The Board should ensure that effective arrangements are in place to provide assurance on risk management, governance and internal control.

15.8. The Board 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 Board 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). The Board must set up an Audit and Risk Assurance Committee chaired by an independent and appropriately qualified non-executive board member to provide independent

advice and ensure that the Sponsor's Audit and Risk Assurance Committee are provided with routine assurances with escalation of any significant limitations or concerns. The Board 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 duties of the Chair are set out in the Articles of Association and in the NMRN's Code of Conduct for Trustees and Committee Members.
- 16.2. The Chair is responsible for leading the board in the delivery of its responsibilities. Such responsibility should be exercised in the light of their duties and responsibilities as set out in the NMRN's governing document and charity law, and this document and the documents and guidance referred to within this document.
- 16.3. Communications between the NMRN's Board and the Secretary of State should normally be through the Chair and the Departmental Sponsor.
- 16.4. In addition, the Chair is responsible for:
- Ensuring, including by monitoring and engaging with appropriate governance arrangements, that the NMRN's affairs are conducted with probity, and
  - ensuring that policies and actions support the wider strategic policies and where appropriate, these policies and actions should be clearly communicated and disseminated throughout the NMRN.
- 16.5. The Chair has the following leadership responsibilities:
- formulating the Board's strategy,
  - ensuring that the Board, in reaching decisions, takes proper account of guidance provided by the Charity Commission and in relation to the Grant in Aid any guidance provided by the department,
  - promoting the efficient and effective use of workforce and other resources,
  - delivering high standards of regularity and propriety, and
  - 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 Board 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 re-appointment,
- in conducting assessments that the view of relevant stakeholders including employees and the sponsorship team are sought and considered,
- the Board has a balance of skills appropriate to directing the NMRN's business, and that all trustees (including the Chair) and the Chief Executive Officer continually update their skills, knowledge and familiarity with the NMRN to fulfil their role both on the Board and committees. This will include but not be limited to skills and training in relation to financial management and reporting requirements, risk management and the requirements of board membership within charities,
- board members are fully briefed on terms of appointment, duties, rights and responsibilities,
- there is a code of conduct for board members in place, consistent with the Cabinet Office Code of Conduct for Board Members of Public Bodies.

## **17. Individual Trustees' Responsibilities**

17.1. The duties of the Trustees are set out in the Articles of Association, Charity Law and in the NMRN's Code of Conduct for Trustees and Committee Members.

17.2. Individual trustees 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<sup>9</sup>,
- 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 Board's rules on the acceptance of gifts and hospitality, and of business appointments,

<sup>9</sup> <https://www.gov.uk/government/publications/public-bodies-non-executive-director-principles/12-principles-of-governance-for-all-public-body-needs>

- act in good faith and in the best interests of the NMRN,
- 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,
- ensure that they are familiar with guidance on the duties of trustees under charity law, and
- comply with the NMRN's governing document.

17.3. Communications between the NMRN's Board and the Secretary of State should normally be through the Chair and the Departmental Sponsor.

## **Management and Financial Responsibilities and Controls**

### **18. Delegated Authorities**

18.1. The NMRN's Accounting Officer's delegated authorities are set out in the delegation letter (attached to this framework document). This delegation letter may be updated and superseded by later versions which may be issued by the MOD in agreement with HM Treasury.

18.2. With the exception of the provisions listed below and within the Financial Freedoms, the NMRN has no other delegated authorities.

18.3. In line with MPM Annex 2.2 these delegations will be reviewed on an annual basis.

18.4. The NMRN shall obtain the department's and where appropriate HM Treasury's prior written approval before:

- incurring expenditure to be funded from Grant in Aid or CDEL 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, and
- carrying out policies in relation to Grant in Aid that go against the principles, rules, guidance and advice in MPM.

## **19. Spending Authority**

19.1. Once the Grant in Aid and CDEL funding has been approved by the MOD, the NMRN shall have authority to incur expenditure without further reference to the MOD, on the following conditions:

- the NMRN shall comply with the delegations set out in the Grant in Aid letter and in any grant agreements relating to CDEL funding. These delegations shall not be altered without the prior agreement of the MOD and as agreed by HM Treasury and Cabinet Office as appropriate,
- the NMRN shall comply with MPM regarding novel, contentious or repercussive proposals,
- inclusion of any planned and approved expenditure in the Grant in Aid and CDEL grant agreement shall not remove the need to seek formal departmental approval where any proposed expenditure is outside the delegated limits or is for new schemes not previously agreed, and
- the NMRN shall provide the MOD with such information about its operations, performance, individual projects or other expenditure as the MOD may reasonably require.

## **20. Banking and Managing Cash**

20.1. As a Freedoms Body, the NMRN is exempt from the requirement to use the Government Banking Service (GBS). They will continue to provide the MOD 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.

20.2. Where the NMRN, as a Freedoms Body, elects to open non-GBS accounts, formal HM Treasury approval is not required, but the NMRN 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. The NMRN will notify the FMPA Treasury Management Team of the opening of any new bank accounts.

20.3. Commercial accounts should be operated in line with the principles as set out in MPM.

20.4. The AO is responsible for ensuring NMRN has a banking policy as set out in MPM and ensuring that policy is complied with.

## **21. Procurement**

- 21.1. The NMRN 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.
- 21.2. The NMRN shall establish its procurement policies and document these in a Procurement Policy and Procedures Manual.
- 21.3. As a Freedoms Body, the NMRN may decide whether or not to use central government procurement for all items of expenditure on a case-by-case basis.
- 21.4. Where centralised procurement deals exist, the NMRN should satisfy themselves that any contract outside of these arrangements demonstrates better whole life value for money.
- 21.5. Goods, services, and works should be acquired by competition. 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. Procurement by the NMRN 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).
- 21.7. The NMRN shall:
- comply with all relevant Procurement Policy Notes issued by Cabinet Office, and
  - co-operate fully with initiatives to improve the availability of procurement data to facilitate the achievement of VfM.

## **22. Risk Management**

- 22.1. The NMRN 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, while taking account of the Treasury guidance Management of Risk: Principles and Concepts<sup>5</sup>.

## **23. Counter Fraud and Theft**

- 23.1. The NMRN should adopt and implement policies and practices to safeguard itself against fraud and theft.
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23.2. The NMRN 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 Standard<sup>6</sup>. It should also take all reasonable steps to appraise the financial standing of any firm or other body with which it intends to enter a contract.

23.3. The NMRN should keep records of and prepare and forward to the department an annual report on fraud and theft suffered by the NMRN and notify the MOD of any unusual or major incidents as soon as possible. The NMRN 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. NMRN Workforce

### Broad Responsibilities - Workforce

24.1. The NMRN will have responsibility for the recruitment, retention and motivation of its workforce. The broad responsibilities toward its workforce are to ensure that:

- The rules for recruitment and management of workforce create an inclusive culture in which diversity is fully valued; appointment and advancement are based on merit; there is no discrimination against employees with protected characteristics under the Equality Act 2010;
- the level and structure of its workforce, including grading and workforce numbers, are appropriate to its functions and the requirements of economy, efficiency and effectiveness;
- the performance of its workforce at all levels is satisfactorily appraised and the NMRN performance measurement systems are reviewed from time to time;
- its workforce are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve the NMRN's objectives;
- proper consultation with the workforce 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; and

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<sup>6</sup> <https://www.gov.uk/government/publications/government-functional-standard-govs-013-counter-fraud>

- a code of conduct for staff is in place based on the principles of the Cabinet Office's Model Code for Staff of Executive Non-departmental Public Bodies<sup>7</sup>.

## **Workforce Costs**

24.2. The NMRN shall ensure that the creation of any additional posts does not incur forward commitments that will exceed its forecast ability to pay for them.

## **Pay and Conditions of Service**

24.3. The NMRN's workforce are subject to levels of remuneration and terms and conditions of service (including pensions) within a pay structure that aligns with the Freedoms agreed by Treasury. The NMRN as a Freedoms Body is not subject to Pay Remit Guidance and has the freedom to offer average pay awards in excess of the caps set out in the Pay Remit Guidance. However, the NMRN should ensure that the NMRN MOD sponsor team is engaged during the process of making a pay remit application, particularly prior to completion. NMRN is required to provide outturn data to HMT via Strategic Finance.

24.4. Workforce terms and conditions should be set out in an Employee Handbook.

24.5. The NMRN shall abide by public sector pay controls, including the relevant approvals process dependent on the organisations classification as detailed in the Senior Pay Guidance<sup>8</sup> and the Public Sector Pay and Terms Guidance<sup>9</sup>, but within the context of the Financial freedoms.

24.6. The NMRN may operate a performance-related pay scheme that shall form part of the annual aggregate pay budget, where relevant with due regard to the Senior Pay Guidance.

24.7. The travel expenses of board members shall be tied to the rates allowed to the workforce of the NMRN. Reasonable actual costs shall be reimbursed.

## **Pensions, Redundancy and Compensation**

24.8. Compensation scheme rules and pension scheme rules should reflect legislative and HM Treasury guidance requirements regarding exit payments.

24.9. The NMRN workforce shall normally be eligible for a pension provided by its own defined contribution pension scheme. A small number of employees who

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<sup>7</sup>[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/80082/PublicBodiesGuide2006\\_5\\_public\\_body\\_staffv2\\_0.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/80082/PublicBodiesGuide2006_5_public_body_staffv2_0.pdf)

<sup>8</sup> <https://www.gov.uk/government/publications/senior-civil-service-pay-and-reward>

<sup>9</sup> <https://www.gov.uk/government/publications/public-sector-pay-and-terms-guidance-note>

TUPE transferred into the NMRN are members of the Principal Civil Service Pension Scheme (PCSPS) or a Local Government Pension Scheme (LGPS).

24.10. Any proposal by the NMRN to move from the existing pension arrangements, or to pay any redundancy or compensation for loss of office that exceeds the statutory minimum, 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. The NMRN shall submit annually to the MOD its independent strategy, corporate and business plans within a week of them being approved.

25.2. The corporate plan covering three years ahead shall reflect the NMRN's statutory and/or other duties, and its charitable purposes. The plan shall demonstrate how the NMRN contributes to the achievement of the department's medium-term plan and priorities and aligned performance metrics and milestones in line with its charitable objectives.

25.3. The first year of the corporate plan, amplified as necessary, shall form the business plan. The business plan shall be updated to include key targets and milestones for the year immediately ahead and shall be linked to budgeting information. Subject to any commercial considerations, a digest of the corporate and business plans should be published by the NMRN on its website and separately be made available to workforce.

25.4. The following key matters should be included in the plans:

- Key objectives and associated key performance targets for the forward years, and the strategy for achieving those objectives;
- key non-financial performance targets;
- a review of performance in the preceding financial year, together with comparable outturns for the previous years, and an estimate of performance in the current year;
- an assessment of the risk factors that may significantly affect the execution of the plan but that cannot be accurately forecast.

### **26. Budgeting Procedures**

26.1. Each year, the department will send to the NMRN by the end of September an estimate of the Grant in Aid for the next financial year in the light of competing priorities across the department and a forecast of the anticipated budgetary

provision for the next three financial years. Once the department's control totals are set, it will issue:

- a formal statement of the Grant in Aid allocated by the department for the next financial year, and
- a statement of any planned change in policies affecting the NMRN.

26.2. Should the need arise, the NMRN will be informed of any proposed changes to the financial profile at the earliest opportunity.

26.3. The annual business plan 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.

## 27. Grant in Aid and Any Ring-Fenced Grants

27.1. 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.

27.2. Grant In Aid is provided to the NMRN in three parts, which are:

- a) **The running cost element** can be used towards the payment of workforce costs, utilities, resources such as cleaning materials, display fixtures, office supplies, rent, service charges and commercial insurance. It cannot be used towards new build capital projects: fundraising activities; investment for the purpose of generating additional funds; making loans or gifts: and development of business activities.
- b) **The ring-fenced artefacts element** this element will be paid on receipt of an application showing evidence of need/intent. It may be carried over from one year to another to enable the purchase of larger items and should be placed in an interest-bearing account to maintain the value of the funding, so far as possible. Any carry forward value will be reported separately in the cash report as a restricted fund.
- c) **The statutory redundancy and winding up costs element** limited to this purpose only and paid in the event that the NMRN was wound up.

27.3. In any case of doubt on the use to which the Grant in Aid may be put, MOD should be consulted. The Grant in Aid allocation is dependent on the NMRN demonstrating performance against agreed aims and objectives. The NMRN should seek prior approval from MOD before using the Grant in Aid to undertake any long term financial commitments that might fall outside the terms of this Framework. The MOD will require an annual return from the NMRN in respect of any outstanding related liabilities.

27.4. The Grant in Aid will normally be paid in monthly instalments on the basis of written applications showing evidence of need. The NMRN 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 the NMRN. 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.

27.5. Any Grant in Aid already issued but not spent by the NMRN may be carried over for use within the next Financial Year, providing that the overall amount of Grant in Aid funds does not exceed 2% of the NMRN's total Grant in Aid. Such carry forward may be taken into account in reducing the following year's Grant in Aid, where appropriate. This carry-forward condition applies to the Grant in Aid element of the NMRN's funds only. It does not apply to those funds self-generated by the NMRN over and above the Grant in Aid provided by the Department.

27.6. The NMRN is eligible to apply for CDEL project funding on an annual basis in accordance with timescales, policy and process set out by the department. To be eligible for CDEL, the project or stage in a project must produce an outcome that results in added value. The NMRN's application for CDEL will be considered in parallel to others submitted by the wider department.

## **28. Annual Report and Accounts**

28.1. The NMRN Board must publish an annual report of its activities together with its audited accounts after the end of each financial year. The NMRN shall provide the department its finalised (audited) accounts by 31<sup>st</sup> December each year, in accordance with its statutory filing obligations under Charity Law and Company Law. 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 Charities (Accounts and Reports) Regulations and the Statement of Recommended Practice (SORP) and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102).

28.2. The annual report must:

- cover any corporate, subsidiary or joint ventures under its control;
- outline main activities and performance during the previous financial year and set out in summary form forward plans, and
- Comply with Charity Law and Company Law.

28.3. Information on performance against key financial targets that is within the scope of the audit 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 the NMRN website.

## **29. Reporting Performance to the Department**

29.1. The NMRN shall operate management, information and accounting systems that enable it to review in a timely and effective manner its financial and non-financial performance against the budgets and targets set out in the corporate and business plans.

29.2. The NMRN shall inform the MOD of any changes that make achievement of objectives more or less difficult. It shall report financial and non-financial performance, including performance in helping to deliver the department's policies, and the achievement of key objectives regularly.

29.3. The reporting will normally be through Navy Command and NMRN Directors quarterly meetings, and the NMRN's open invitation to attend the meetings listed below, excluding any portion of those meetings that discuss sensitive internal matters, where it is not in the interests of either party for a Navy Command presence.

- a. NMRN Board;
- b. NMRN Operations Board;
- c. Audit and Governance Committee.

29.4. The NMRN's performance shall be formally reviewed by the department twice a year.

29.5. The PAO retains the right to meet the Accounting Officer if and when the need arises.

## **30. Information Sharing**

30.1. Subject to any overriding legal rights or obligations the MOD (on provision of at least 14 days' notice) has the right of access to all the NMRN records and personnel for any reasonable purpose relating to the Grant in Aid received by the NMRN.

30.2. The NMRN shall provide the MOD with such information about its operations, performance, or individual projects as the MOD may reasonably require.

30.3. The department and HM Treasury may request the sharing of data held by the NMRN in such a manner as set out in central guidance except insofar as it is prohibited by law. This may include requiring the appointment of a senior official to be responsible for the data sharing relationship.

30.4. As a minimum, the NMRN shall provide the department with information monthly that will enable the department satisfactorily to monitor:

- the NMRN's cash management,
- its draw-down of Grant in Aid,
- forecast outturn by resource headings, especially within agreed deadlines at AP06, AP09 and AP 12.
- Adherence to IFRS 16 (in shadow for 2023-24 and within accounts for 2024-25) for the department reporting timetable.
- other data required for the Online System for Central Accounting and Reporting (OSCAR), and
- data as required in respect of its compliance with any Cabinet Office Controls pipelines or required in order to meet any condition as set out in any settlement letter.

## **Audit**

### **31. Internal audit**

31.1. The NMRN shall:

- establish and maintain arrangements for internal audit;
- ensure that any arrangements for internal audit are in accordance with the Public Sector Internal Audit Standards (PSIAS) as adopted by HM Treasury<sup>10</sup>;
- set up an audit committee of its board in accordance with the Code of Good Practice for Corporate Governance.
- provide the audit strategy, periodic audit plans and annual audit report, including Head of Internal Audit opinion on risk management, control and governance to the MOD;
- keep records of and prepare and forward to the department an annual report on fraud and theft suffered by the NMRN and notify the MOD of any unusual or major incidents as soon as possible.

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<sup>10</sup> <https://www.gov.uk/government/publications/public-sector-internal-audit-standards>

## 32. External Audit

32.1. The Comptroller & Audit General (C&AG) audits the NMRN's annual accounts and provides their certificate and report on the accounts to the NMRN.

32.2. The NMRN lays the certified accounts before Parliament and files them with Companies House and the Charity Commission, as required under Company Law and Charity Law.

32.3. In the event that the NMRN has set up and controls subsidiary companies, the NMRN will 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. Otherwise, the NMRN will ensure that the C&AG is provided with all necessary information of those company subsidiaries that it controls and/or whose accounts are consolidated within its own accounts to enable the C&AG to audit the consolidated accounts.

32.4. The C&AG:

- will consult the department and the NMRN on whom the National Audit Office (NAO) of a commercial auditor shall undertake the audit(s) on their behalf, although 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 the NMRN;
- will share with the MOD information identified during the audit process and the audit report (together with any other outputs) at the end of the audit;
- 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.

32.5. The C&AG may carry out examinations into the economy, efficiency and effectiveness with which the NMRN has used the Grant in Aid 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, the NMRN 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 NMRN's Status

33.1. The NMRN will be reviewed as part of the wider Public Bodies Reviews programme, at a time determined by the department's ministers and their PAO. The date of the next review will be in 2026.

### 34. Arrangements In the Event That The NMRN Is Wound Up

34.1. The Trustees shall put in place arrangements to ensure the orderly winding up of the NMRN in accordance with its governing document. In particular they should ensure that the assets and liabilities of the NMRN are passed to any successor charitable organisation with similar charitable purposes and accounted for properly. Where appropriate, any assets wholly or partly funded by grants or Grants in Aid from the MOD may revert to the sponsoring department to the extent that valid and legally enforceable conditions have been imposed at the time of the grant. In the event that there is no successor charitable organisation, the assets and liabilities should be passed to a charity with similar charitable objects.

34.2. In the event that the NMRN is wound up, the MOD shall:

- have regard to Cabinet Office guidance on winding up of NMRN<sup>11</sup>
- ensure that procedures are in place for the NMRN 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 the NMRN'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 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 their report on the accounts; and
- arrange for the most appropriate person to sign the closing accounts. In the event that another charitable NMRN takes on the role, responsibilities, assets and liabilities, the succeeding AO should sign the closing accounts. In the event that the department inherits any assets and liabilities, the PAO should sign.

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<sup>11</sup>[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/690952/Public\\_Bodies\\_-\\_a\\_guide\\_for\\_departments\\_-\\_chapter\\_10.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/690952/Public_Bodies_-_a_guide_for_departments_-_chapter_10.pdf)

34.3. The NMRN shall provide the department with full details of all agreements where the NMRN 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 the NMRN.

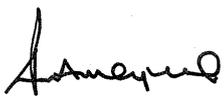
### 35. NMRN Board Discretion

35.1. Nothing in this Framework Document will operate to fetter the discretion of (1) the NMRN Board in their management of the NMRN in accordance with their responsibilities as Charity trustees and company directors, or (2) the Boards of any subsidiary charities or companies within the NMRN Group in their management of their respective entities in accordance with their responsibilities in law.

### 36. Effective Date

36.1. This Framework will take effect from the date signed below, remaining in effect for three years from the date of signature unless a new Accounting Officer is appointed, either party requests termination or amendment before that date or the results of Public Bodies Reviews result in the requirement for a further review or amendment. This Framework may be terminated by either party following 12 months' notice, unless both parties agree a shorter timescale.

36.2. This Framework is subject to all relevant Treasury Policy and Guidance so far as this is compatible with the charitable status of the NMRN.

<p>Signed</p>  <p>Date 18 September 2025.</p>	<p>Signed</p>  <p>Date 29 July 2025</p>
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On behalf of MOD

On behalf of the National Museum of  
the Royal Navy Board of Trustees

# Annex A: Guidance

The NMRN shall so far as is relevant and appropriate as set out further in this Agreement comply with the following guidance, documents and instructions:

## 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](http://www.gov.uk/government/collections/government-financial-reporting-manual-frem)
- Relevant Dear Accounting Officer (DAO) letters: [www.gov.uk/government/collections/dao-letters](http://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.
- The Charities Statement of Recommended Practice: [The Charities Statement of Recommended Practice \(SORP\) - GOV.UK \(www.gov.uk\)](http://www.gov.uk/government/publications/the-charities-statement-of-recommended-practice)

## Management Of Risk

- Management of Risk: [www.gov.uk/government/publications/orange-book](http://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](http://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-for-programmes-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>
- 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](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-public-appointments](http://www.gov.uk/government/publications/governance-code-for-public-appointments)
- Procurement Policy Note 08/15 – Tax Arrangements of Public Appointees: <https://www.gov.uk/government/publications/procurement-policy-note-0815-tax-arrangements-of-appointees>

## Workforce and Remuneration

- HM Treasury guidance on senior pay and reward: [www.gov.uk/government/publications/senior-civil-service-pay-and-reward](http://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](http://www.gov.uk/government/collections/civil-service-pay-guidance)
- Public Sector pay and terms: <https://www.gov.uk/government/publications/public-sector-pay-and-terms-guidance-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](http://www.gov.uk/guidance/equality-act-2010-guidance)

## General

- Freedom of Information Act guidance and instructions: [www.legislation.gov.uk/ukpga/2000/36/contents](http://www.legislation.gov.uk/ukpga/2000/36/contents) and <https://ico.org.uk/for-organisations/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 the NMRN.
- Guidance from the Public Bodies team in Cabinet Office: [www.gov.uk/government/publications/public-bodies-information-and-guidance](http://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-inclusion-strategy-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](http://www.gov.uk/government/organisations/infrastructure-and-projects-authority)
- The Government Digital Service: [www.gov.uk/government/organisations/government-digital-service](http://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](http://www.gov.uk/government/collections/fraud-error-debt-and-grants-function) and [www.gov.uk/government/publications/grants-standards](http://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 NMRNs): [www.gov.uk/government/publications/accounting-officer-system-statements](http://www.gov.uk/government/publications/accounting-officer-system-statements)

## Charity Law

Charity Commission guidance for trustees on their main duties under charity law: The essential trustee: what you need to know, what you need to do: <https://www.gov.uk/government/publications/the-essential-trustee-what-you-need-to-know-cc3>

Charity Commission guidance on managing charities (note that some of this guidance will not apply to exempt charities): Managing your charity: detailed information: <https://www.gov.uk/topic/running-charity/managing-charity>

Charity Governance Code: <https://www.charitygovernancecode.org/en/front-page>



Department  
for Culture,  
Media & Sport

# **Cultural Freedom Bodies' Freedom 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 Bodies<sup>12</sup> ('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 Departments<sup>13</sup> 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.

<sup>12</sup> Refer to Schedule 1 at the end of this document

<sup>13</sup> Refer to Schedule 2 at the end of this document

- |   |
|---|
| 11. Exemption from property spend controls.<br>12. Exemption from facilities management spend controls.   |
| <b>Increases to Delegated Limits</b><br>13. Digital and Technology spend.<br>14. Self-funded capital projects (HMT delegated limit for DCMS Freedom Bodies only). |

**Increases to Delegated Limits**

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

## **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 Freedom Bodies) and no longer than 25 years in length.

DCMS will include all requests within its Supplementary Estimates return to HM Treasury. Freedom 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 Freedom 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.

Freedom 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 marketing and advertising controls.

### **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)

DAVID WILLIAMS, CB



MINISTRY OF DEFENCE  
FLOOR 5, ZONE D, MAIN BUILDING, WHITEHALL  
LONDON SW1A 2HB

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E-mail: [PUS-PrivateOffice@mod.gov.uk](mailto:PUS-PrivateOffice@mod.gov.uk)

PERMANENT

15 Aug 2024

**Mr Matthew Sheldon**  
**Chief Executive Officer**  
**National Museum of the Royal Navy**  
*Sent electronically*

Dear Matthew,

## **ACCOUNTING OFFICER FOR THE NATIONAL MUSEUM OF THE ROYAL NAVY (NMRN)**

1. Your appointment as Chief Executive Officer carries with it the responsibility of Accounting Officer for the NMRN. I am therefore appointing you as Accounting Officer, with effect from 26 July 2024 for the NMRN accounts.
2. As Principal Accounting Officer (PAO), I am accountable for the Ministry of Defence's Account. This includes monies paid from the Ministry of Defence to the NMRN, and I must satisfy myself that the resources authorized by Parliament are used for the purposes intended by Parliament. You will be personally responsible and accountable to Parliament for the use of public money and stewardship of public assets.
3. You will be required to provide a governance statement as part of the NMRN's annual report and accounts. The statement should give assurances about performance and insight on the NMRN's risk profile, the responses to the identified and emerging risks and how any risks have been successfully managed.
4. As an accounting officer, you must be able to assure Parliament and the public of high standards of probity in the management of public funds and assets. This will include ensuring that appropriate systems and controls are in place. This will include the NMRN's governance statement; your organization's governance, decision-making and financial management assurances when considering, promoting and safeguarding regularity, propriety, affordability, feasibility, sustainability, risk, and value for money across the whole of the public sector and not just your organization; and accounting accurately and transparently for your organization's financial position and transactions. You will also ensure that any grants received, from the Department, are applied for the purposes intended and that such expenditure and the other income and expenditure are properly accounted for.

5. It is important that you appreciate that if you do not meet the standards required of accounting officers, your accounting officer designation can be withdrawn.

6. You will wish to note the circumstances set out in Chapter 3 in [Managing Public Money](#) on Arm's Length Bodies. In the event you were to be overruled by your Board on a matter of propriety, regularity value for money, or feasibility, you should inform me of any issues in the first instance. However, in the event of a written direction from the Board, you will need to inform the Comptroller and Auditor General. Additionally, you must ensure that your sponsoring organization's Senior Responsible Officer, is fully appraised of, and engaged on any issues that have the potential propriety and regularity considerations.

7. [Managing Public Money](#) sets out the principles and high standards expected for handling public resources and Chapter 3 focuses on the main responsibilities of an accounting officer. Your accountability will be subject to my overall responsibilities for the Ministry of Defence. As part of these responsibilities, the Committee of Public Accounts may invite you to attend as a witness at its evidence sessions. Appearing as a witness before the Committee is not optional. It is only with specific agreement of the Chair of the Committee that an accounting officer may defer their attendance or send a substitute.

8. You should also look at the guidance on the accountability framework for public spending available on [gov.uk](#) at: <https://www.gov.uk/government/publications/public-spending-the-accountability-framework>. This guidance contains links to the following Treasury issued handbooks:

- the accounting officer's survival guide, which draws out the main accounting officer's responsibilities;
- guidance on accounting officer assessments, which are recommended for assessing significant or complicated policy initiatives; and
- Parliamentary scrutiny of public spending, which provides practical guidance on engagement with the Committee of Public Accounts and the National Audit office.

9. The Leadership College for Government provides a full training package for newly appointed accounting officers, namely, the *Accounting Officer's Responsibilities Roundtable* which is held in the Treasury (or virtually, if appropriate) and covers the concepts of regularity, propriety, value for money and feasibility as they affect public service delivery. I recommend that you contact the Leadership College for Government to arrange this training:  
[leadershipcollege@cabinetoffice.gov.uk](mailto:leadershipcollege@cabinetoffice.gov.uk).

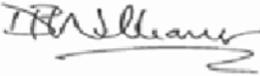
10. Additionally, I have asked Sarah Davies, Finance Director, Navy Command to talk to you about your role as accounting officer. You should also arrange a discussion with staff at the National Audit Office. The Treasury Officer of Accounts team can offer further advice in your accounting officer capacity.

11. Finally, may I take this opportunity to wish you well in your new appointment as an accounting officer.

## ANNEX B

12. I am copying this letter to the [Comptroller and Auditor General](#), the [Clerk of the Committee of Public Accounts](#), the [Treasury Officer of Accounts](#) and the [Civil Service Leadership Academy](#)

Yours sincerely,



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**DAVID WILLIAM**

## GLOSSARY AND DEFINITIONS

Abbreviation	Full Title	Explanation
RDEL	Resource Departmental Expenditure Limits	The running cost element (RDEL) may be used for any purpose apart from the following: new-build capital projects; fund-raising activities; investment for the purpose of generating additional funds; making loans, grants or gifts and development of business activities.
CDEL	Capital Departmental Expenditure Limits	To be eligible for CDEL, the project or stage in a project must produce an outcome that results in added value. For example, the design stage is not eligible for CDEL because a decision could be made not to use the plans. However, the actual build is eligible for consideration of CDEL because it adds tangible value such as extending the life of the property, reduced energy bills etc.