

# **National Citizen Service Trust Framework Document**

Department for Culture, Media and Sport (DCMS) and National  
Citizen Service Trust (NCST)

This Framework Document is taking effect on 1 August 2023 and replacing all previous versions from that date. The latest date for review and updating of this document is July 2026.

## Table of content

|   |           |
|---|-----------|
| <b>Table of content</b>   | <b>2</b>  |
| <b>Introduction and background</b>  | <b>4</b>  |
| 1. Purpose of document  | 4         |
| 2. Objectives   | 4         |
| 3. Classification   | 5         |
| <b>Section 1: National Citizen Service Trust purpose, aims and duties</b>         | <b>6</b>  |
| 4. Purpose of NCST  | 6         |
| 5. Powers and duties of the NCST  | 6         |
| 6. Aims   | 7         |
| <b>Section 2: Governance and accountability</b>                                   | <b>8</b>  |
| 7. Governance and accountability  | 8         |
| <b>Section 3: Role of the Department</b>  | <b>9</b>  |
| 8. The responsible Minister   | 9         |
| 9. The Principal Accounting Officer   | 9         |
| 10. The role of the sponsorship team  | 10        |
| 11. Resolution of disputes between NCST and DCMS                                  | 11        |
| 12. Freedom of Information and other data requests                                | 11        |
| 13. Reporting on legal risk and litigation  | 11        |
| <b>Section 4: NCST's governance structure</b>                                     | <b>13</b> |
| 14. The Chief Executive   | 13        |
| 15. The Board   | 15        |
| 16. The Chair's role and responsibilities   | 19        |
| 17. Individual Board members' responsibilities                                    | 21        |
| <b>Section 5: Management and Financial responsibilities</b>                       | <b>22</b> |
| 18. Delegated authorities   | 22        |
| 19. Spending authority  | 22        |
| 20. Banking and managing cash   | 23        |
| 21. Procurement   | 23        |
| 22. Risk management   | 24        |
| 23. Counter fraud and theft   | 24        |
| 24. Staff   | 24        |
| <b>Section 6: Business plans, financial reporting, and management information</b> | <b>27</b> |
| 25. Corporate and business plan   | 27        |
| 26. Budgeting procedures  | 27        |
| 27. Grant-in-Aid and any ring-fenced grants                                       | 28        |
| 28. Annual reports and accounts   | 28        |
| 29. Reporting performance to the Department                                       | 29        |
| 30. Information sharing   | 29        |
| <b>Section 7: Audit</b>   | <b>32</b> |
| 31. Internal audit  | 32        |

|   |           |
|---|-----------|
| 32. External audit                                    | 32        |
| <b>Section 8: Reviews and winding up arrangements</b> | <b>34</b> |
| 33. Review of NCST's status                           | 34        |
| 34. Arrangements in the event that NCST is wound up   | 34        |
| <b>Annexes</b>  | <b>35</b> |
| <b>Signatures</b>                                     | <b>35</b> |
| <b>Annex A: Guidance</b>                              | <b>36</b> |
| <b>Annex B - Commercial Requirements</b>              | <b>40</b> |
| <b>Annex C - Financial Responsibilities</b>           | <b>44</b> |

## Introduction and background

### 1. Purpose of document

- 1.1. This framework document (the “framework document”) has been agreed between the Department for Culture, Media and Sport (DCMS) and the National Citizen Service Trust (NCST) 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 NCST and DCMS operate. It sets out NCST core responsibilities, describes the governance and accountability framework that applies between the roles of DCMS and NCST 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. References to NCST include all its subsidiaries and joint ventures that are classified to the public sector and central government for national accounts purposes. If NCST establishes a subsidiary or joint venture, there shall be a document setting out the arrangements between it and NCST agreed with DCMS.
- 1.5. Copies of the document and any subsequent amendments have been placed in the libraries of both Houses of Parliament and made available to members of the public on NCST’s website and gov.uk.<sup>2</sup>
- 1.6. This framework document should be reviewed and updated at least every 3 years unless there are exceptional reasons that render this inappropriate that have been agreed with HM Treasury and the Principal Accounting Officer of the Department. The latest date for review and updating of this document is July 2026.

### 2. Objectives

- 2.1. DCMS and NCST share the common objective of delivering the National Youth Guarantee - this government’s commitment that, by 2025, every young person will have access to regular clubs and activities, adventures away from home, and volunteering opportunities. More generally, DCMS and NCST will collaborate to deliver impactful, valuable programmes for young people, build life-long volunteering habits, support young people’s skill development, help strengthen communities, and level-up access to opportunity across the country. NCST and DCMS will work together in recognition of each other's roles and areas of expertise, providing an effective environment for NCST to achieve its objectives through the promotion of partnership and trust and ensuring that NCST also supports the strategic aims and objectives of the Department and wider government as a whole.

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<sup>1</sup> [Managing public money - GOV.UK](#)

<sup>2</sup> [Our Objectives & Impact - National Citizen Service](#)

### **3. Classification**

- 3.1. NCST has been classified as a central government organisation by the ONS/HM Treasury Classifications Team.
- 3.2. It has not been administratively classified by the Cabinet Office.

## **Section 1: National Citizen Service Trust purpose, aims and duties**

### **4. Purpose of NCST**

- 4.1. NCST has been established under the National Citizen Service Act 2017 (NCS Act)<sup>3</sup> and by the National Citizen Service Royal Charter 2017 (Royal Charter)<sup>4</sup>. Its purposes are set out in Section 1 of the NCS Act as follows:
- a. to provide or arrange for the provision of programmes for young people in England with the purpose of—
    - i. enabling participants from different backgrounds to work together in local communities to participate in projects to benefit society, and
    - ii. enhancing communication, leadership and team-working skills of participants; and
  - b. to promote the programmes to—
    - i. young people in England,
    - ii. parents and carers of young people in England,
    - iii. schools and other educational bodies, and
    - iv. local authorities and other public bodies.
- 4.2. For the purposes of this section—
- a. “young people” means 16 and 17 year olds, but may also include other persons who are 15 years old or have attained the age of 18 but are under the age of 25;
  - b. young people are “in England” if they are resident in England, or receive education or training there.

### **5. Powers and duties of the NCST**

- 5.1. NCST’s powers and duties stem from Section 1 of the NCS Act. NCST must act in accordance with the primary functions conferred by the NCS Act, as replicated in the Royal Charter. Article 18(3) of the Royal Charter states that NCST must use these general powers only for the purposes of the other functions set out in the Royal Charter, or the functions conferred by or under the NCS Act or any other Act.
- 5.2. NCST’s statutory duties and functions are as described in Paragraph 4.1. of this document. As stated in Article 3 of the Royal Charter, in exercising its primary functions, the objectives of the NCST are to:
- a. promote social cohesion through social integration, by ensuring equality of access to the programmes by participants regardless of their background or circumstances, and
  - b. seek to expand the number of participants.

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<sup>3</sup> [National Citizen Service Act 2017](#)

<sup>4</sup> [26 April 2017 ELIZABETH THE SECOND by the Grace of God of the United Kingdom of Great Britain and Northern Ireland and of Our ot](#)

In addition, in exercising its primary functions, NCST must:

- a. treat the need to safeguard and promote the wellbeing of participants as the paramount consideration,
- b. have regard to the desirability of
  - i. promoting social mobility,
  - ii. promoting the personal and social development of participants,
  - iii. promoting the employment prospects of participants by equipping them with relevant practical skills,
  - iv. encouraging participants to take an interest in debate on matters of local or national political interest, and promoting their understanding of how to participate in national and local elections, and
  - v. ensuring value for money.

## 6. Aims

6.1. NCST has the following strategic aims:

- a. improve access to a choice of trips away from home, regular activities and volunteering opportunities for young people, as part of delivering the National Youth Guarantee<sup>5</sup>;
- b. enable participants to become world-ready and work-ready, with the skills to flourish in life and in the workplace;
- c. enable participants to develop increased confidence, resilience and wellbeing, enjoying positive mental health;
- d. provide opportunities for social action and volunteering;
- e. promote citizenship and community engagement;
- f. enable social mixing of young people from all backgrounds;
- g. support the Levelling Up agenda<sup>6</sup> by providing services and experience where they are needed most;
- h. improve collaborative working and partnerships with and across the youth sector and community-based organisations;
- i. improve NCST's efficiency and value for money for taxpayers; and
- j. conduct thorough evaluation and contribute to building a stronger evidence base.

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<sup>5</sup> [Government outlines ambitious plans to level up activities for young people - GOV.UK](#)

<sup>6</sup> [Levelling Up the United Kingdom - GOV.UK](#)

## **Section 2: Governance and accountability**

### **7. Governance and accountability**

- 7.1. NCST shall operate corporate governance arrangements that, so far as practicable and in the light of the other provisions of this framework document or as otherwise may be mutually agreed, accord with good corporate governance practice and applicable regulatory requirements and expectations.
- 7.2. In particular (but without limitation), NCST should:
- comply with the principles and provisions of the Corporate Governance in Central Government Departments Code of Good Practice<sup>7</sup> (as amended and updated from time to time) to the extent appropriate and in line with their statutory duties or specify and explain any non-compliance in its annual report;
  - comply with MPM;
  - in line with MPM have regard to the relevant Functional Standards<sup>8</sup> as appropriate and in particular those concerning Finance, Commercial, General Grants and Counter Fraud; and
  - take into account the codes of good practice and guidance set out in Annex A of this framework document, as they apply to ALBs.
- 7.3. In line with MPM Annex 3.1, NCST shall provide an account of corporate governance in its annual governance statement including the Board's assessment of its compliance with the Code with explanations of any material departures. To the extent that NCST does intend to materially depart from the Code, the sponsor should be notified in advance.

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<sup>7</sup> [Corporate governance code for central government departments 2017 - GOV.UK](#)

<sup>8</sup> [Functional Standards - GOV.UK](#)

## **Section 3: Role of the Department**

### **8. The responsible Minister**

- 8.1. The Secretary of State (“the responsible Minister” or “the Minister”), and other members of the DCMS ministerial team, are accountable to Parliament for all matters concerning NCST.
- 8.2. The Minister’s statutory powers in respect of NCST are set out in the NCS Act and the Royal Charter.
- 8.3. These are:
  - Setting high-level policy objectives and key outcomes for NCST;
  - Making grant payments to NCST;
  - Laying before Parliament a copy of NCST’s Annual Business Plan;
  - Laying before Parliament a copy of NCST’s Annual Report and Accounts;
  - Reviewing, discussing, and, when relevant, resolving issues that have been escalated, particularly involving financial difficulties, breach of contract or criminal conduct;
  - Determining the criteria for appointing non-executive members of NCST and approving the related competition process;
  - Receiving written notice of non-executive members of NCST’ resignation;
  - Terminating the appointment of a non-executive member of NCST, in consultation with NCST’s chair;
  - Appointing, in consultation with NCST’s chair, the government representative on the Remuneration Committee and on the Audit and Risk Committee.

### **Other Ministerial powers and responsibilities**

- 8.4. The Minister is also responsible for:
  - the policy framework within which NCST operates;
  - setting the performance framework within which NCST will operate including approving the NCST’s Annual Business Plan;
  - matters regarding spending approvals, acquisitions, disposals, and joint ventures in line with delegations as set out in the delegation letter; and
  - such other matters as may be appropriate and proportionate.
- 8.5. The Minister for Civil Society, as junior Minister, has delegation to carry out certain functions and duties as and when considered appropriate by the Secretary of State.

### **9. The Principal Accounting Officer**

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

## **PAO's specific accountabilities and responsibilities**

- 9.2. The PAO of DCMS designates the Chief Executive as NCST'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 Accounting Officers for ALBs are set out in Chapter 3 of Managing Public Money.
- 9.4. The PAO is accountable to Parliament for the issue of any grant-in-aid to NCST.
- 9.5. The PAO is also responsible, usually via the sponsorship team, for advising the responsible Minister on:
  - an appropriate framework of objectives and targets for NCST in the light of the Department's wider strategic aims and priorities;
  - an appropriate budget for NCST in the light of the Department's overall public expenditure priorities;
  - how well NCST is achieving its strategic objectives and whether it is delivering value for money; and
  - the exercise of the Ministers' statutory responsibilities concerning NCST as outlined above.
- 9.6. The PAO via the sponsorship team is also responsible for ensuring arrangements are in place in order to:
  - monitor NCST's activities and performance;
  - address significant problems in NCST, making such interventions as are judged necessary;
  - periodically and at such frequency as is proportionate to the level of risk carry out an assessment of the risks both to the Department and NCST's objectives and activities in line with the wider departmental risk assessment process;
  - inform NCST of relevant government policy in a timely manner; and
  - bring ministerial or departmental concerns about the activities of NCST to the full NCST's 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 sponsorship team in the Department is the primary contact for NCST. The responsible senior civil servant for this relationship is the Deputy Director for Youth. They are the main source of advice to the responsible Minister on the discharge of their responsibilities in respect of NCST. They also support the PAO on their responsibilities toward NCST.
- 10.2. Officials of the sponsorship team in the Department will liaise regularly with NCST officials to review performance against plans, achievement against targets and expenditure against its DEL and AME allocations. The sponsorship team will also take the opportunity to explain wider policy developments that might have an impact on NCST.

- 10.3. The sponsorship team and NCST will work together to ensure the NCS programmes deliver the greatest impact for young people and their communities in the most cost-effective way. This will be achieved by:
- Close and collaborative working between the sponsorship team and NCST;
  - A shared understanding of the programmes and their impact;
  - A shared understanding of DCMS, Civil Service and Ministerial priorities and ways of working;
  - Supporting ministers to make decisions about the programmes;
  - Ensuring the benefits of the programmes are maximised and visible across Government;
  - Agreeing performance indicators, key milestones, and evaluation plans; and
  - Facilitating oversight and scrutiny of NCST's budget, strategy and performance.
- 10.4. In doing so, the sponsorship team will apply key principles, such as purpose, engagement, value, and assurance, across all capabilities, as stated in the Sponsorship Code of Good Practice.<sup>9</sup>

## **11. Resolution of disputes between NCST and DCMS**

- 11.1. Any disputes between the Department and NCST will be resolved in as timely a manner as possible. The Department and NCST will seek to resolve any disputes through an informal process in the first instance. If this is not possible, then a formal process, overseen by the senior sponsor, 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.

## **12. Freedom of Information and other data requests**

- 12.1. Where a request for information is received by either party under the Freedom of Information Act 2000 or the Data Protection Act 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.
- 12.2. The parties each agree to provide such assistance as is reasonably required to enable the other party to comply with such requests within the time limits imposed by the legislation.

## **13. Reporting on legal risk and litigation**

- 13.1. NCST shall provide a quarterly update to the sponsor on the existence of any active litigation and any threatened or reasonably anticipated litigation. The parties

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<sup>9</sup> [Arm's length body sponsorship code of good practice - GOV.UK](#)

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 NCST, 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
- circulation of privileged information within government occurs only as necessary.

## **Section 4: NCST's governance structure**

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

#### **Responsibilities of the NCST's chief executive as Accounting Officer**

14.1. The NCST Chief Executive as Accounting Officer 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 NCST. In addition, they should ensure that NCST as a whole is run on the basis of the standards, in terms of governance, decision-making and financial management, that are set out in Box 3.1 of MPM. These responsibilities include the below and those that are set in the AO appointment letter issued by the PAO of the sponsor department.

#### **Responsibilities for accounting to Parliament and the public**

- 14.2. Responsibilities to Parliament and the public include:
- signing the accounts and ensuring that proper records are kept relating to these accounts and that they are properly prepared and presented in accordance with Treasury Guidance and any directions issued by the Secretary of State;
  - preparing and signing a Governance Statement covering corporate governance, risk management and oversight of any local responsibilities, for inclusion in the annual report and accounts;
  - ensuring that effective procedures for handling complaints about NCST in accordance with Parliamentary and Health Service Ombudsman's Principles of Good Complaint Handling are established and made widely known within NCST and published on NCST'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;
  - ensuring that as part of the above compliance they are familiar with and act in accordance with:
    - any governing legislation,
    - this framework document,
    - any delegation letter issued to the body as set out in paragraph 18,
    - any elements of any settlement letter issued to the Department that is relevant to the operation of NCST,
    - any separate settlement letter that is issued to NCST from the Department;
  - 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 NCST's stewardship of public funds.

### **Responsibilities to DCMS**

14.3. Responsibilities to DCMS include:

- establishing, in agreement with the Department, NCST's corporate and business plans in the light of the Department's wider strategic aims and agreed priorities;
- informing the Department of progress in helping to achieve DCMS's policy objectives and in demonstrating how resources are being used to achieve those objectives;
- ensuring that timely forecasts and monitoring information on performance and finance are provided, that the Department is notified promptly if overspends or underspends are likely and that corrective action is taken, and that any significant problems whether financial or otherwise, and whether detected by internal audit or by other means, are notified to the Department in a timely fashion.

### **Responsibilities to the NCST Board**

14.4. The Chief Executive is responsible for:

- advising the Board on the discharge of their responsibilities as set out in this document, in the founding legislation and in any other relevant instructions and guidance that may be issued from time to time;
- advising the Board on NCST'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 financial appraisal techniques are followed.

### **Managing conflicts with the Board**

14.5. The Chief Executive 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 considers would infringe the requirements of propriety or regularity or does not represent prudent or economical administration, efficiency or effectiveness, is of questionable feasibility, or is unethical the Chief Executive in their role as AO should reject that course of action and ensure that the Board have a full opportunity to discuss the rationale for that rejection.

14.7. Such conflicts should be brought to the attention of the PAO and the responsible Minister as soon as possible.

14.8. Furthermore, and if agreed with the responsible Minister, the AO must write a letter of justification to the chair of the Board setting out the rationale for not following the

advice and recommendation of the Board and copy that letter to the Treasury Officer of Accounts.

- 14.9. If the responsible Minister agrees with the proposed course of action of the Board it may be appropriate for the Minister to direct the AO in the manner as set out in MPM paragraph 3.6.6 onwards.

## **15. The Board**

### **Composition of the Board**

- 15.1. NCST will have a Board in line with good standards of corporate governance and as set out in its establishing statute and in guidance as set out in Annex A. The role of the Board shall be to run the NCST, and to deliver the objectives, in accordance with the purposes as set out above, their statutory, regulatory, common law duties and their responsibilities under this framework document. Detailed responsibilities of the Board shall be set out in the Board's terms of reference. Remuneration of the Board will be disclosed in line with the guidance in the Government Financial Reporting manual (FReM).
- 15.2. In line with the Royal Charter, the Board will consist of a chairperson, together with the Chief Executive and at least 8, but not more than 10, independent non-executive members that have a balance of skills and experience appropriate to directing NCST's business. For NCST there should be members who have experience of its business, operational delivery, corporate services such as HR, grant management, working with government, and communications. This will include as an executive and voting board member an appropriately qualified finance director as described in Annex 4.1 of MPM. The Board should include a majority of independent non-executive members to ensure that executive members are supported and constructively challenged in their role. The process for appointing Board members is led by DCMS and is run according to the requirements of the Royal Charter as set out below.

### **Appointments to the Board**

- 15.3. The Chief Executive of NCST is appointed by the Board under Article 6 of the Royal Charter on the recommendation of the nominations committee, established by NCST Board and consisting of at least three non-executive members, one of whom must be made chair of the committee. Before making recommendations under this article, the nominations committee must conduct a fair, open and merit-based competition. NCST will keep the sponsor team sighted throughout any CEO appointment process.
- 15.4. The NCST Board is appointed as follows:
- The chairperson is appointed, for a term not exceeding three years, by the King-in-Council on the advice of Privy Council and on the recommendation of the Prime Minister under Article 5 of the Royal Charter. Before making the

recommendation the Prime Minister must conduct a fair, open and merit-based competition.

- Non-executive members are appointed, for a term not exceeding three years, by the King-in-Council, on the advice of Privy Council, and on the recommendation of the Prime Minister under Article 5 of the Royal Charter. The chairperson must make recommendations on appointments to the Prime Minister following a fair, open and merit-based competition. The chair should provide the Prime Minister with a choice of appointable candidates whose skills, experience and qualities meet the needs, as determined by the Secretary of State and the chair, of the role. Recommendations on appointments made by the chair must specify the recommended term of the appointment. In practice, recommendations from the Chair are incorporated through the Chair's involvement on the Advisory Assessment Panel for non-executive member appointments, in line with the Governance Code on Public Appointments. The competition process must be approved by the Secretary of State.
- The procedure for re-appointment of non-executive members is the same as for appointment. A person may be re-appointed as a non-executive member once only.
- Appointments and reappointments are subject to the Public Appointments Order in Council and must comply with the Governance Code on Public Appointments.
- All such appointments should have regard to the principle that appointments should reflect the diversity of the society in which we live, and appointments should be made taking account of the need to appoint boards which include a balance of skills and backgrounds.

### **Termination of non executive member appointments**

- 15.5. A non-executive member of the NCST Board may resign by giving written notice to the Secretary of State. The Secretary of State may terminate the appointment of a non-executive member of the NCST Board by giving the member written notice if:
  - a. The member has been absent from three consecutive meetings of the NCST Board without permission from the NCST;
  - b. The member is unable, unfit or unwilling to carry out the member's functions.
- 15.6. Before terminating an appointment of a non-executive member (other than the chair), the Secretary of State must consult the chair.

### **Board committees**

- 15.7. The Board may set up such committees as necessary for it to fulfil its functions and those committees may establish sub-committees. As is detailed below at a minimum this should include an Audit and Risk Committee and a Remuneration Committee, both chaired by an independent and appropriately qualified non-executive member of the Board. The number, remit and composition of a committee or sub-committee

established are a matter for NCST but each committee or sub-committee must include at least one member or employee of NCST. NCST may arrange for the payment of remuneration, allowances, and expenses to any person who is a member of a committee or sub-committee established, but is not a member or employee of NCST. Those decisions must be made in accordance with a remuneration policy prepared by NCST and approved by the Remuneration Committee.

- 15.8. While the Board may make use of committees to assist its consideration of appointments, succession, audit, risk and remuneration it retains responsibility for, and endorses, final decisions in all of these areas. The Chair should ensure that sufficient time is allowed at the Board for committees to report on the nature and content of discussion, on recommendations, and on actions to be taken.
- 15.9. Where there is disagreement between the relevant committee and the Board, adequate time should be made available for discussion of the issue with a view to resolving the disagreement. Where any such disagreement cannot be resolved, the committee concerned should have the right to report the issue to the sponsor team, PAO and responsible Minister. They may also seek to ensure the disagreement or concern is reflected as part of the report on its activities in the Annual Report.
- 15.10. The Chair should ensure board committees are properly structured with appropriate terms of reference. The terms of each committee should set out its responsibilities and the authority delegated to it by the Board. The Chair should ensure that committee membership is periodically refreshed and that individual independent non-executive directors are not overburdened when deciding the chairs and membership of committees.

### **Duties of the Board**

- 15.11. The Board is specifically responsible for:
  - establishing and taking forward the strategic aims and objectives of NCST, consistent with its overall strategic direction and within the policy and resources framework determined by the Secretary of State;
  - providing effective leadership of NCST within a framework of prudent and effective controls which enables risk to be assessed and managed;
  - ensuring the financial and human resources are in place for NCST to meet its objectives;
  - reviewing management performance;
  - ensuring that the Board receives and reviews regular financial and management information concerning the management of NCST;
  - ensuring that it is kept informed of any changes which are likely to impact on the strategic direction of NCST's 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 any delegated authority agreed with the

Department, and in accordance with any other conditions relating to the use of public funds;

- ensuring that in reaching decisions, the Board takes into account guidance issued by the Department;
  - ensuring that as part of the above compliance they are familiar with:
    - this framework document,
    - any delegation letter issued to the body as set out in paragraph 18,
    - any elements of any settlement letter issued to the Department that is relevant to the operation of NCST,
    - any separate settlement letter that is issued to NCST from the Department,
    - the principles, rules, guidance and advice in MPM, 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 and NCST 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 and in consultation with the Department, setting performance objectives and remuneration terms linked to these objectives for the Chief Executive which give due weight to the proper management and use and utilisation of public resources;
  - ensuring contribution to the Department-led appraisal and annual evaluation of the performance of the chairperson, taking into account the views of relevant stakeholders;
  - monitoring, and ensuring the effective management of risk, including reputational risk, communicating these with DCMS;
  - ensuring that the responsible minister is kept informed of any changes which are likely to impact on the strategic direction of the NCST Board or on the attainability of its targets, and determining the steps needed to deal with such changes; and
  - determining all such other things which the Board considers ancillary or conducive to the attainment or fulfilment by NCST of its objectives.
- 15.12. The Board should ensure that effective arrangements are in place to provide assurance on risk management, governance and internal control.
- 15.13. 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)<sup>10</sup>. The Board must set up an Audit and Risk Committee chaired by an

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<sup>10</sup> [Orange Book - GOV.UK](https://www.gov.uk/orange-book)

appropriately qualified non-executive member and including a Government representative to provide independent advice and ensure that the Department's Audit and Risk Assurance Committee are provided with routine assurances with escalation of any significant limitations or concerns. The Board is expected to assure itself of the adequacy and effectiveness of the risk management framework and the operation of internal control.

15.14. As set out in the Royal Charter, the Board must establish a Remuneration Committee chaired by an appropriately qualified non-executive member and including a Government representative. The Remuneration Committee should support the Board and Accounting Officer by:

- making recommendations to NCST about its remuneration policy (but not about individual pay decisions); and
- determining whether or not to approve a remuneration policy prepared by the NCST and submitted by it to the committee for approval.

Where NCST submits a remuneration policy to the remuneration committee for approval:

- A simple majority of the members of the committee present and entitled to vote is required to approve the policy, but
- The policy is not approved unless the Government representative votes to approve the policy. In the event of a tie, the Government representative has a casting vote.

## **16. The Chair's role and responsibilities**

16.1. 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 their contract of employment/appointment letter, the priorities in the chair's letter issued to them by the sponsorship team, the statutory authority governing NCST, this document and the documents and guidance referred to within this document.

16.2. Communications between NCST's Board and the responsible Minister should normally be through the Chair.

16.3. The Chair is bound by the Code of Conduct for Board Members of Public Bodies<sup>11</sup>, which covers conduct in the role and includes the Nolan Principles of Public Life<sup>12</sup>.

16.4. In addition, the Chair is responsible for:

- Ensuring including by monitoring and engaging with appropriate governance arrangements that NCST's affairs are conducted with probity; and
- Ensuring that policies and actions support the responsible Minister's and where relevant other Ministers' wider strategic policies and where appropriate, that these policies and actions are clearly communicated and disseminated throughout NCST.

16.5. The Chair has the following leadership responsibilities:

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<sup>11</sup> [Code of conduct for board members of public bodies - GOV.UK](#)

<sup>12</sup> [The Seven Principles of Public Life - GOV.UK](#)

- formulating the Board’s strategy;
  - ensuring that the Board, in reaching decisions, takes proper account of guidance provided by the responsible Minister or the Department;
  - promoting the efficient and effective use of staff and other resources;
  - delivering high standards of regularity and propriety;
  - representing the views of the Board to the general public; and
  - a commitment to diversity, inclusion, and equality.
- 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 members with a formal annual evaluation and more in-depth assessments of the performance of individual members when being considered for reappointment;
  - in conducting assessments, 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 NCST’s business, and that all directors including the Chair and Chief Executive continually update their skills, knowledge and familiarity with NCST 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 the public sector;
  - board members are fully briefed on terms of appointment, duties, rights and responsibilities;
  - they, together with the other board members, receives appropriate training on financial management and reporting requirements and on any differences that may exist between private and public sector practice;
  - the responsible Minister is advised of NCST’s needs when board vacancies arise;
  - there is a Board Operating Framework in place setting out the role and responsibilities of the board consistent with the Government Code of Good Practice for Corporate Governance; and
  - there is a code of practice for board members in place, consistent with the Cabinet Office Code of Conduct for Board Members of Public Bodies.
- 16.7. The Chair’s performance will be reviewed annually, in accordance with the published chair appraisal principles<sup>13</sup>. The DCMS senior sponsor (a Senior Civil Servant) shall conduct the appraisal. They should confirm the intended scope of the appraisal and gather feedback from the wider Board, the sponsorship team, the Board Effectiveness Review, Ministers, and other relevant government stakeholders. The Chair shall self assess with reference to the scope as well as feedback from stakeholders. The final assessment of a Chair’s performance will be agreed between DCMS and the Chair and will be shared with DCMS Ministers and the Permanent Secretary where appropriate.

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<sup>13</sup> [Chair appraisals: principles and resources for arm's-length bodies and sponsoring departments - GOV.UK](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/672222/Chair_appraisals_principles_and_resources_for_arm's-length_bodies_and_sponsoring_departments_-_GOV.UK.pdf)

## 17. Individual Board members' responsibilities

### 17.1. Individual board members should:

- comply at all times with the Code of Conduct for Board Members of Public Bodies, which covers conduct in the role and includes the Nolan Principles of Public Life as well as rules relating to the use of public funds and to conflicts of interest;
- demonstrate adherence to the 12 Principles of Governance for all Public Body Non-Executive Directors as appropriate<sup>14</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;
- act in good faith and in the best interests of NCST; and
- 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.

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<sup>14</sup> [12 Principles of Governance for all Public Body NEDs - GOV.UK](#)

## **Section 5: Management and Financial responsibilities**

### **18. Delegated authorities**

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

### **19. Spending authority**

- 19.1. Once the budget has been approved by the Department and subject to any restrictions imposed by statute, HM Treasury settlement or delegation letters, the responsible Minister's instructions, and this document, NCST shall have authority to incur expenditure approved in the budget without further reference to the Department, on the following conditions:
  - NCST shall comply with the delegations set out in the delegation letter. These delegations shall not be altered without the prior agreement of the Department and as agreed by HM Treasury and Cabinet Office as appropriate;
  - NCST shall comply with MPM regarding novel, contentious or repercussive proposals;
  - inclusion of any planned and approved expenditure in the budget shall not remove the need to seek formal departmental approval where any proposed expenditure is outside the delegated limits or is for new schemes not previously agreed; and
  - NCST shall provide the Department with such information about its operations, performance, individual projects or other expenditure as the Department may reasonably require.

19.2. Further details on spending authority can be found in Annex C.

## **20. Banking and managing cash**

- 20.1. NCST must maximise the use of publicly procured banking services (accounts with central government commercial banks managed centrally by Government Banking).
- 20.2. NCST should only hold money outside Government Banking Service accounts where a good business case can be made for doing so and HM Treasury consent is required for each account to be established. Only commercial banks which are members of relevant UK clearing bodies may be considered for this purpose.
- 20.3. Commercial accounts where approved should be operated in line with the principles as set out in MPM.
- 20.4. The AO is responsible for ensuring NCST has a banking policy as set out in MPM and ensuring that policy is complied with.

## **21. Procurement**

- 21.1. NCST 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. For the purpose of the Public Contracts Regulations 2015, NCST is a sub-central contracting authority and should follow the relevant thresholds.
- 21.2. NCST shall establish its procurement policies and document these in a Procurement Policy and Procedures Manual.
- 21.3. In procurement cases where NCST is likely to exceed its delegated authority limit, procurement strategy approval for the specific planned purchase must be sought from the DCMS Commercial Director.
- 21.4. 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.
- 21.5. The delegated limit for single tender action contracts is set out at Annex B. NCST must comply with the Single Tender Action process as outlined at Annex B and as otherwise communicated by the Department.
- 21.6. NCST shall comply with the requirements set out in Annex B.
- 21.7. Procurement by NCST of works, equipment, goods, and services shall be based on, a full option appraisal and value for money (VfM), i.e. the optimum combination and whole life costs and quality (fitness for purpose).
- 21.8. NCST shall:
  - engage fully with Department and government wide procurement initiatives that seek to achieve VfM from collaborative projects;
  - comply with all relevant Procurement Policy Notes issued by Cabinet Office; and
  - co-operate fully with initiatives to improve the availability of procurement data to facilitate the achievement of VfM.

- 21.9. NCST shall comply with the commercial<sup>15</sup> and grants standards<sup>16</sup>. These standards apply to the planning, delivery, and management of government commercial activity, including management of grants in all departments and ALBs, regardless of commercial approach used and form part of a suite of functional standards that set expectations for management within government.

## **22. Risk management**

- 22.1. NCST shall ensure that the risks that it faces are dealt with in an appropriate manner, in accordance with relevant aspects of best practice in corporate governance, and develop a risk management strategy in accordance with the Treasury guidance Management of Risk: Principles and Concepts.
- 22.2. Overall responsibility for managing risks lies with the NCST's Board. The Board should take into account any risk appetite directions given by the Department. Recognising that the Secretary of State is accountable to Parliament for issues that crystallise, the Board should share its assessment of risk regularly with the Department, and explicitly escalate risks that are beyond the NCST's risk appetite or ability to effectively mitigate.
- 22.3. The Department has oversight of risks in NCST and across the portfolio by collating information provided by them and assessing the degree of risk and appropriateness of mitigative actions planned or taken.

## **23. Counter fraud and theft**

- 23.1. NCST should adopt and implement policies and practices to safeguard itself against fraud and theft.
- 23.2. NCST 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>17</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 or to provide grant or grant-in-aid.
- 23.3. NCST should keep records of and prepare and forward to the Department an annual report on fraud and theft suffered by NCST and notify the Department of any unusual or major incidents as soon as possible. NCST 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.
- 23.4. Further details on counter fraud and theft can be found in Annex C.

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<sup>15</sup> [Government Functional Standard GovS 008: Commercial and Commercial Continuous Improvement Assessment Framework - GOV.UK](#)

<sup>16</sup> [Government Functional Standard GovS 015: Grants - GOV.UK](#)

<sup>17</sup> [Government Functional Standard GovS 013: Counter Fraud](#)

## **24. Staff**

### **Broad responsibilities for staff**

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

### **Staff costs**

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

### **Pay and conditions of service**

- 24.3. As per the Royal Charter, NCST members and employees are not regarded as servants or agents of the Crown. NCST may pay its employees and its non-executive members such remuneration as it decides. NCST may also pay or provide for the payment of, such pensions, allowances or gratuities as it decides, to or in respect of a person who is or has been an employee or a non-executive member of NCST.
- 24.4. Decisions on remuneration, pensions, allowances and gratuities must be made in accordance with a remuneration policy prepared by NCST and approved by the Remuneration Committee and the Department.
- 24.5. NCST's staff are subject to levels of remuneration and terms and conditions of service (including pensions) within the general pay structure approved by the sponsor department. NCST has no delegated power to amend these terms and conditions.

- 24.6. If civil service terms and conditions of service apply to the rates of pay and non-pay allowances paid to the staff and to any other party entitled to payment in respect of travel expenses or other allowances, payment shall be made in accordance with the Civil Service Management Code<sup>18</sup> and the annual Civil Service Pay Remit Guidance, except where prior approval has been given by the department to vary such rates.
- 24.7. Staff terms and conditions should be set out in an Employee Handbook, which should be provided to the department together with subsequent amendments.
- 24.8. NCST shall abide by public sector pay controls, including the relevant approvals process dependent on the organisation's classification as detailed in the Senior Pay Guidance<sup>19</sup> and the Public Sector Pay and Terms Guidance<sup>20</sup>.
- 24.9. NCST shall operate a performance-related pay scheme that shall form part of the general pay structure approved by the department, where relevant with due regard to the Senior Pay Guidance.
- 24.10. In accordance with the Royal Charter, for any proposals to pay an individual the same or more than the Prime Minister, NCST must seek approval from the Chief Secretary of the Treasury.
- 24.11. NCST shall not remunerate employees via special purpose companies or by means of any other tax avoidance devices. Senior staff with significant financial responsibility must be on the payroll, unless there are exceptional temporary circumstances, which must be agreed by the Accounting Officer and not exceed a period of six months. NCST is also responsible for ensuring that any temporary off-payroll workers employed are meeting their tax obligations.
- 24.12. The travel expenses of board members shall be tied to the rates allowed to senior staff of NCST. Reasonable actual costs shall be reimbursed.

### **Pensions, redundancy and compensation**

- 24.13. Compensation scheme rules and pension scheme rules should reflect legislative and HM Treasury guidance requirements regarding exit payments.
- 24.14. NCST's staff shall normally be eligible for a pension provided by its own scheme. Staff may opt out of the occupational pension scheme provided by NCST, but that employers' contribution to any personal pension arrangement, including stakeholder pension, shall normally be limited to the national insurance rebate level.
- 24.15. Any proposal by NCST to move from the existing pension arrangements, or to pay any redundancy or compensation for loss of office outside of contractual and statutory terms, requires the prior approval. Proposals on severance must comply with the rules in chapter 4 of MPM.
- 24.16. Further details on severance and redundancies payments can be found in Annex C.

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<sup>18</sup> [Civil Service management code - GOV.UK](#)

<sup>19</sup> [Guidance for approval of senior pay - GOV.UK](#)

<sup>20</sup> [Public sector pay and terms: guidance note - GOV.UK](#)

## **Section 6: Business plans, financial reporting, and management information**

### **25. Corporate and business plan**

- 25.1. As per the NCS Act, for each financial year, NCST must publish a business plan before 1 June in the financial year concerned. The Secretary of State must lay a copy of the published business plan before each House of Parliament. A draft of the business plan should be submitted to the Department at the end of April/ early May, in such time as to allow meaningful consideration and feedback - including Ministerial endorsement.
- 25.2. The business plan shall reflect NCST's statutory and/or other duties and, within those duties, the priorities set from time to time by the responsible Minister (including decisions taken on policy and resources in the light of wider public expenditure decisions). The plan shall demonstrate how NCST contributes to the achievement of the department's medium-term plan and priorities and aligned performance metrics and milestones.
- 25.3. As per the NCS Act, the business plan shall set out the proposed strategic priorities and the proposed main activities of NCST for that year. The plan shall demonstrate how NCST contributes to the achievement of the department's medium-term plan and priorities and include aligned performance metrics and milestones. The plan shall also be linked to budgeting information so that resources allocated to achieve specific objectives can readily be identified by the department.
- 25.4. In particular, the following key matters shall be included in the plan:
- key objectives and associated key performance targets for the forward years, and the strategy for achieving those objectives;
  - the proposed main activities of NCST for that year;
  - key non-financial performance targets;
  - high-level budgeting information and resource allocation, including budget breakdown as set out in the delegation letter and a best estimate forecast of income and expenditure suitably classified by activity and key objectives, taking account of guidance on resource assumptions and policies provided by the Department at the beginning of the planning round;
  - an assessment of the risk factors that may significantly affect the execution of the plan but that cannot be accurately forecast; and
  - other matters as agreed between the Department and NCST.

### **26. Budgeting procedures**

- 26.1. Each year, in the light of decisions by the Department on the updated draft corporate plan, the Department will send to NCST approximately by 31 March:
- a formal statement of the annual budgetary provision allocated by the Department in the light of competing priorities across the Department and of any forecast income approved by the Department
  - a statement of any planned change in policies affecting NCST.

- 26.2. The approved 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. These elements form part of the approved business plan for the year in question.

## **27. Grant-in-Aid and any ring-fenced grants**

- 27.1. 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. The grant-in-aid will normally be paid in monthly instalments on the basis of written applications showing evidence of need. NCST 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 NCST. 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.
- 27.3. Further details on Grant-in-Aid can be found in Annex C.

## **28. Annual reports and accounts**

- 28.1. NCST's Board must publish an annual report of its activities together with its audited accounts after the end of each financial year. NCST shall provide the Department its finalised (audited) accounts by the end of October each year in order for the accounts to be consolidated within DCMS. A draft of the report should be submitted to the Department in May/early June where possible. The accounts should be prepared in accordance with the relevant statutes and specific accounts direction issued by the Department as well as the Treasury's Financial Reporting Manual (FReM).
- 28.2. The annual report must:
- cover any corporate, subsidiary or joint ventures under its control;
  - comply with the FReM and in particular have regard to the illustrative statements for an NDPB21;
  - outline main activities and performance during the previous financial year and set out in summary form forward plans; and
  - comply with the reporting conditions laid out in the NCS Act. In particular, the report must address:
    - the extent to which the proposed strategic priorities of NCST for that year have been met,
    - the extent to which the proposed main activities of NCST for that year have been carried out,
    - the quality of the programmes provided or arranged by NCST,

- the number of participants in those programmes for that year,
  - the number of those participants who have a disability within the meaning of section 6 of the Equality Act 2010,
  - the extent to which participants from different backgrounds have worked together in those programmes,
  - the number of hours spent volunteering in community projects through participation in those programmes, and
  - the extent to which NCST has obtained value for money in the exercise of its functions.
- 28.3. Information on performance against key financial targets is included within the annual report and subject to the auditor’s consistency opinion.
- 28.4. As stated in the NCS Act, the Secretary of State and the Comptroller and Auditor General must lay, respectively, a copy of the report and accounts before each House of Parliament. In addition they will be made available by NCST on the NCST website and GOV.UK, in accordance with the guidance in the Government Financial Reporting Manual (FRM). The copy of the report laid before each House of Parliament may be accompanied by a document prepared by the Secretary of State which contains one or both of the following:
- comments which the Secretary of State may have on the report; and
  - information about activities undertaken by government departments to promote NCST and its work.

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

- 29.1. NCST 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. NCST will share its board-level reporting on financial and non-financial performance, including performance in helping to deliver ministers’ policies, and the achievement of key objectives at least quarterly at the Sponsor Steering Group meetings.
- 29.2. NCST shall inform the Department 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 Ministers’ policies, and the achievement of key objectives regularly.
- 29.3. NCST’s performance shall be formally reviewed by the Department quarterly.
- 29.4. The responsible Minister will meet the Chair once a year.
- 29.5. The PAO will meet the Chief Executive at least once a year.

## **30. Information sharing**

- 30.1. The Department has the right of access to all NCST’s records and personnel for any purpose including, for example, sponsorship audits and operational investigations, except insofar as it is prohibited by law.

- 30.2. NCST shall provide the sponsor Department with such information about its operations, performance, individual projects or other expenditure as the sponsor Department may reasonably require.
- 30.3. The Department and HM Treasury may request the sharing of data held by NCST 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, NCST shall provide the Department with information monthly that will enable the Department satisfactorily to monitor:
- NCST's cash management;
  - its draw-down of grant-in-aid;
  - forecast outturn by resource headings;
  - other data required for the Online System for Central Accounting and Reporting (OSCAR); 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.
- 30.5. NCST will have responsibility for contributing to the Government's system of democratic accountability by making information available to the public on the quality and productivity of its services, value for money, performance and progress on delivery. NCST will:
- provide timely and accurate information required for Parliamentary Questions, responses by Chief Executives to Parliamentary Questions and contributions to Ministerial and public correspondence;
  - publish an annual report of its activities together with its audited resource accounts after the end of each financial year; and
  - publish other information as required by the Department in the interests of transparency and as communicated from time to time.
- 30.6. Should DCMS wish to contact a participant of the NCS programmes, the Department will notify NCST and NCST will obtain the consent from the participant. If the participant does not consent NCST can withhold the information from the Department.
- 30.7. NCST will be responsible for responding in a timely way to requests made to it by DCMS to assist DCMS to respond to requests under the Information Acts (Freedom of Information Act 2000 and Environmental Information Regulations 2004) and data protection legislation (Data Protection Act 2018 and UK GDPR), where applicable, within the statutory time limit. Whilst the Department will attempt, as far as reasonably practicable, to notify NCST of requests for information, NCST acknowledges that the Department may be required to disclose information under the Information Acts without obtaining prior consent from NCST.
- 30.8. NCST will ensure there is a lawful basis in place under Article 6 of the UK GDPR, which will allow the sharing of information, including information held by providers, with the Department or any body which might, at some point in the future, take over responsibility for the delivery of the programme.

- 30.9. The parties acknowledge that for the purposes of data protection legislation, NCST and DCMS are separate Data Controllers. If personal data is required, a Data Sharing Agreement will be put in place. The parties will ensure any data sharing is lawful under Data Protection legislation.
- 30.10. NCST will proactively sight DCMS on announcements, events and publications which are controversial or otherwise likely to attract significant interest. In particular, DCMS and NCST agreed on a set of principles which NCST will follow in regards to their policy proposals as well as an approval process which will be triggered when NCST is responding to a government consultation and/or making policy recommendations that sit outside of current government commitments and don't solely relate to NCS programmatic experience.

## **Section 7: Audit**

### **31. Internal audit**

31.1. NCST shall:

- establish and maintain arrangements for internal audit in accordance with the Public Sector Internal Audit Standards (PSIAS)<sup>21</sup> as adopted by HM Treasury and ensure that the Department's internal audit team have complete access to all relevant records;
- ensure the Department is satisfied with the competence and qualifications of the Head of Internal Audit and the requirements for approving appointments in accordance with PSIAS;
- set up an audit committee of its Board in accordance with the Code of Good Practice for Corporate Governance and the Audit and Risk Assurance Committee Handbook;
- forward the audit strategy, periodic audit plans and annual audit report, including the NCST's Head of Internal Audit opinion on risk management, control and governance as soon as possible to the Department;
- keep records of and prepare and forward to the Department an annual report on fraud and theft suffered by NCST and notify the Department of any unusual or major incidents as soon as possible;
- will share with the Department information identified during the audit process and the Annual Audit Opinion Report (together with any other outputs) at the end of the audit, in particular on issues impacting on the Department's responsibilities in relation to financial systems within NCST.

31.2. DCMS's internal audit service has a right of access to all documents prepared by the NCST internal auditor, including where the service is contracted out, for the purpose of obtaining assurance as to the NCST's handling of public funds and effectiveness of financial controls.

### **32. External audit**

32.1. The Comptroller & Auditor General (C&AG) audits the NCST's annual accounts and lays them before Parliament, together with his report.

32.2. In the event that NCST has set up and controls subsidiary companies, NCST will (in the light of the provisions in the Companies Act 2006) ensure that the C&AG is appointed auditor of those company subsidiaries that it controls and/or whose accounts are consolidated within its own accounts. NCST shall discuss with DCMS the procedures for appointing the C&AG as auditor of the companies.

32.3. The Comptroller & Auditor General:

- will consult the Department and NCST on whom – the NAO or a commercial auditor – shall undertake the audit(s) on his behalf, though the final decision rests with the C&AG;

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<sup>21</sup> [Public Sector Internal Audit Standards - GOV.UK](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/421212/PSIAS-2015-2016.pdf)

- 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 NCST;
  - will share with DCMS information identified during the audit process and the audit report (together with any other outputs) at the end of the audit, in particular on issues impacting on the Department's responsibilities in relation to financial systems within the NCST; and
  - will consider requests from Departments and other relevant bodies to provide regulatory compliance reports and other similar reports at the commencement of the audit. Consistent with the C&AG's independent status, the provision of such reports is entirely at the C&AG's discretion.
- 32.4. The C&AG may carry out examinations into the economy, efficiency and effectiveness with which the NCST has used its resources in discharging its functions. For the purpose of these examinations the C&AG has statutory access to documents as provided for under section 8 of the National Audit Act 1983. In addition, NCST 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.
- 32.5. Subject to any overriding legal rights or obligations, DCMS has the right of access to all NCST's records and personnel for any purpose including, for example, sponsorship audits and operational investigations.

## **Section 8: Reviews and winding up arrangements**

### **33. Review of NCST's status**

- 33.1. NCST 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 is provisionally scheduled to be in 2023/24.

### **34. Arrangements in the event that NCST is wound up**

- 34.1. As per the Royal Charter, subject to requirements below, NCST may propose to surrender the Charter and wind up or otherwise deal with the affairs of NCST in such a manner as NCST consider fit, provided that all remaining funds (which remain once the debts of NCST have been paid in full) together with the proceeds from the sale of any assets belonging to the NCST are to be paid to the Consolidated Fund.
- 34.2. A proposal to surrender this Charter and wind up or otherwise deal with the affairs of NCST may not be made unless a resolution is passed in favour of the proposal by a majority of not less than three-quarters of the members of NCST present and entitled to vote at a meeting duly convened for that purpose. The three-quarters majority must also represent a simple majority of the total number of members of NCST.
- 34.3. Such proposal by NCST is subject to approval by the King-in-Council on the advice of Privy Council upon such terms as they consider fit.
- 34.4. The Department shall ensure that arrangements are in place to ensure the orderly winding up of NCST. To this end, the Department shall:
- have regard to Cabinet Office guidance on winding up of ALBs;
  - ensure that procedures are in place in NCST 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 NCST's assets and liabilities;
  - ensure that arrangements are in place to prepare closing accounts and pass to the C&AG for external audit, and that, for non-Crown bodies funds are in place to pay for such audits. It shall be for the C&AG to lay the final accounts in Parliament, together with his report on the accounts; and
  - arrange for the most appropriate person to sign the closing accounts. In the event that another ALB takes on the role, responsibilities, assets and liabilities, the succeeding ALB AO should sign the closing accounts. In the event that the Department inherits the role, responsibilities, assets and liabilities, the Department's AO should sign.
- 34.5. NCST shall provide the Department with full details of all agreements where NCST 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 NCST.

## Annexes

- Annex A - Guidance
- Annex B - Commercial Requirements
- Annex C - Financial Responsibilities

## Signatures

The image shows two handwritten signatures in blue ink. The first signature is 'Emma Squire' and the second is 'Nicola Hewer'.

Emma Squire and Nicola Hewer  
Interim Directors General for Culture, Sport and Civil Society  
Date: 23/06/23 (On behalf of DCMS)

## Mark Gifford

Mark Gifford  
Chief Executive Office, National Citizen Service Trust  
Date: 14/06/2023 (On behalf of NCST)

## Annex A: Guidance

NCST shall comply with the following guidance, documents and instructions, as well as any subsequent updates to guidance and any new guidance issued by DCMS, Cabinet Office and/or Treasury:

### Corporate governance:

- This framework document
- [National Citizen Service Act 2017](#)
- [National Citizen Service Royal Charter 2017](#)
- [Corporate governance code for central government departments 2017 - GOV.UK](#)
- [Code of conduct for board members of public bodies - GOV.UK](#)
- [Governance Code for Public Appointments - GOV.UK](#)
- [Partnerships with arm's length bodies: code of good practice - GOV.UK](#)
- [Assurance frameworks guidance - GOV.UK](#)
- [Arm's length body boards: guidance on reviews and appraisals - GOV.UK](#)

### Financial management and reporting

- [Managing public money - GOV.UK](#)
- [Cabinet Office Controls - GOV.UK](#)
- [Guidance on annual reports and accounts - GOV.UK](#)
- [Relevant Dear Accounting Officer \(DAO\) letters](#)
- Relevant guidance and instructions issued by the Treasury in respect of [Whole of Government Accounts - GOV.UK](#)
- The most recent letter setting out the delegated authorities, issued by the Department.
- Government's target for spending with SMEs, with such targets set for NCST by agreement with the Department.
- Government's [Prompt payment policy - GOV.UK](#)

### Management of risk

- [Management of Risk](#) and [Management of risk in government: framework - GOV.UK](#)
- [Public Sector Internal Audit Standards - GOV.UK](#)
- [Treasury approvals process for programmes and projects - GOV.UK](#)
- [Government Cyber Security Strategy: 2022 to 2030 - GOV.UK](#) and [Cyber security guidance for business - GOV.UK](#)

### Commercial management

- [Procurement policy notes - GOV.UK](#)
- [Transparency in supply chains: a practical guide - GOV.UK](#)
- [VCSEs: A guide to working with government - GOV.UK](#)
- Government Functional Standards, including:
  - [Government Functional Standard GovS 008: Commercial and Commercial Continuous Improvement Assessment Framework - GOV.UK](#)
  - [Government Functional Standard GovS 006: Finance - GOV.UK](#)
  - [Government Functional Standard GovS 002: Project Delivery](#)

- [Government Functional Standard GovS 003: Human Resources](#)
- [Government Functional Standard GovS 013: Counter Fraud](#)
- Counter Fraud Government Functional Standard GovS13Fraud.
- Guidance from the [Commissioner for Public Appointments](#)
- [Procurement Policy Note 08/15: tax arrangements of appointees - GOV.UK](#)

### Staff and remuneration

- HM Treasury [Guidance for approval of senior pay - GOV.UK](#)
- [Civil Service Pay Remit Guidance, 2023 to 2024 - GOV.UK](#) (updated annually)
- [Public sector pay and terms: guidance note - GOV.UK](#)
- [Whistleblowing: guidance and code of practice for employers - GOV.UK](#)
- [Rules on lobbying for Non-Departmental Public Bodies](#)
- [Equality Act 2010: guidance - GOV.UK](#)
- [Gender pay gap reporting: guidance for employers - GOV.UK](#), if NCST's number of employees exceeds 250

### General

- [Freedom of Information Act 2000](#) guidance and instructions
- [The Privacy and Electronic Communications \(EC Directive\) Regulations 2003](#)
- Modern Slavery Act requirements, including publishing an annual statement if applicable ([Slavery and human trafficking in supply chains: guidance for businesses - GOV.UK](#)) and [Procurement Policy Note 05/19: Tackling Modern Slavery in Government Supply Chains - GOV.UK](#)
- [GDPR](#)
- [The Parliamentary and Health Service Ombudsman's Principles of Good Administration](#)
- 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 NCST.
- [Civil Service Diversity and Inclusion Strategy: 2022 to 2025 - GOV.UK](#) (outlines the ambition, to which Arm's Length Bodies can contribute)
- Guidance produced by the [Infrastructure and Projects Authority \(IPA\)](#) on management of major projects
- [The Government Digital Service](#)
- [Grants Management Function - GOV.UK](#)
- [Code of Practice for Statistics](#)
- [Accounting officer system statements - GOV.UK](#) (AOSS are produced by Departments with input from ALBs)

## Annex B - Commercial Requirements

### 1. Public Contracts Regulations:

- 1.1. NCST shall comply with the Public Contracts Regulations 2015 (PCR) (as amended) in its procurement activity. For the purpose of the Public Contracts Regulations 2015, NCST is a sub-central contracting authority and should follow the relevant thresholds.

### 2. Central Government Policy and Processes:

- 2.1. NCST shall acquire goods and services through fair and open competition, in accordance with the Government Commercial Operating Standards (including the Outsourcing Playbook), delivering value for money through procurement, and operating in line with UK and other international law, including restriction on state aid/subsidy controls.
- 2.2. NCST shall comply with current and future requirements on additional spend controls, delegated authorities and authorisations on procurement and leases as notified to them by the Department.
- 2.3. Where possible and appropriate, NCST shall utilise whichever Crown Commercial Services frameworks are relevant to its needs.
- 2.4. NCST must support the wider Government Commercial Function's strategies and programmes in their design, implementation and sustained application.
- 2.5. NCST must embed all applicable current and future Procurement Policy Notes into its commercial operations. In particular, NCST must:
  - Support the Government's SME agenda through appropriate procurement activity where this does not conflict with the PB's charitable status;
  - Promote the inclusion of the Social Value Act and its associated principles in procurement activity wherever possible; and
  - Comply with Government transparency policies and commitments.
- 2.6. NCST shall support Commercial Procurement and Contract Management improvement and oversight initiatives, where applicable, including:
  - Contract Classification for all contracts;
  - Internal spend control assurance & governance processes, aligned to the Department and Cabinet Office Commercial Spend Control approval processes;
  - GCOS Implementation and Reporting;
  - Pipeline reporting;
  - Assurance and audit implementation and reporting;
  - Contracts Finder compliance reporting;
  - Contract KPI reporting for Gold and Silver classified contracts; and
  - Commercial Systems and Data improvement initiatives, eg. CASIE.
- 2.7. NCST shall attend Cabinet Office training programmes designed to raise commercial awareness and improve commercial capability, including Playbook and GCOS masterclasses, and Contract Management Capability Training.

- 2.8. NCST shall promote the inclusion of the Social Value Act and its associated principles in procurement activity wherever possible and will comply with the relevant and future PPNs on this topic. Where relevant, procurement activity should also take note of the Government Greening Commitments and conform to them where practicable.

### **3. Departmental Policy and Processes:**

- 3.1. NCST shall comply with departmental spend controls as set by DCMS Commercial.
- 3.2. In procurement cases where NCST is likely to exceed its delegated authority limit, procurement strategy approval for the specific planned purchase must be sought from the DCMS Commercial Director.
- 3.3. NCST must comply with the Single Tender Action process. The delegated limit for single tender action contracts (where no competition has taken place to select a supplier) is set at £50,000 (ex VAT) for each contract or requirement. Proposals for awarding single tender action contracts above this delegated limit must have the prior written approval of the DCMS Commercial Director or their nominated representative before any contract is awarded or any spend committed. The DCMS Commercial Director will consider the delegated limit for single tender action contracts annually each March and may adjust as appropriate. Any application for single tender action contracts approval must be aligned to the permitted exceptional circumstances as laid out in the Public Contracts Regulations 2015 Regulation 32. DCMS Commercial Director STA approval must be sought in accordance with the DCMS Commercial STA Guidance and updated from time to time.

### **4. Collaborative initiatives**

- 4.1. NCST shall:
  - Support all Commercial Procurement and Contract Management improvement and oversight initiatives from DCMS and the Cabinet Office.
  - Support collaborative procurement and commercial efforts across the Department and its ALBs. This will include supporting the establishment of a DCMS Commercial Council or similar body, where such a group has been instituted, and wider commitments to support knowledge-sharing and training for staff involved in Commercial and Procurement activity across DCMS ALBs.
  - Support the formation and ongoing activities of a commercial function across the DCMS family of public bodies, through engagement with the DCMS Commercial team.
  - Engage fully with Department and Government wide procurement initiatives that seek to achieve VfM from collaborative projects.

### **5. Grants and other bodies**

- 5.1. NCST shall comply with the Commercial and Grants Standards. These standards apply to the planning, delivery, and management of government commercial activity, including management of grants in all departments and arm's length bodies, regardless of commercial approach used and form part of a suite of functional standards that set expectations for management within government.
- 5.2. In circumstances where NCST finds itself having oversight and assurance of other public bodies or the procurement activities of private bodies spending public money NCST shall ensure, as far as is reasonably practicable, and in so far as it has legal authority to do so, that all such parties adhere to the principles of Managing Public Money including the encouragement of transparent and robust practices and compliance with any applicable law.

## 6. Management Information and Compliance

- 6.1. The Department and NCST are committed to sharing corporate information to ensure transparency and alignment.
- 6.2. NCST recognises that the Department will at times need to request such information on an ad hoc basis and/or with a short time frame as required. NCST must (and within any reasonable timescale required by DCMS) supply any information requested by DCMS, and should proactively seek to provide DCMS with advanced sight of events and publications which the Government would take an interest in.
- 6.3. In addition to this ad hoc information and open lines of communication, DCMS expects NCST to provide regular information on Commercial and Procurement. A list of this information can be found below. The list is intended to enable advanced planning for periodic Departmental commissions; it is not exhaustive and may be subject to change. Separate returns are not needed for each commission and some are covered by existing reporting mechanisms, such as the Audit and Risk Committee or the quarterly Sponsor Steering Group.

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

| Commission title  | Timescale              | DCMS lead team | Purpose  |
|---|------------------------|----------------|--|
| Contract register   | Quarterly              | Commercial     | For oversight of commercial liability and risk across sectors, categories and suppliers, if a contract register is available..   |
| Government Commercial Operating Standards (GCOS) return   | Six months             | Commercial     | For the submission of the Departments annual Government Commercial Operating Standards (GCOS) return and six month update against improvement plans.   |
| Contracts finder compliance report  | Six months             | Commercial     | Transparency policy compliance reporting   |
| Submission of procurement spend transactions to Bravo   | Annually               | Commercial     | To comply with Cabinet Office spend reporting requirements   |
| Government Key Contracts Public KPIs return   | Quarterly              | Commercial     | For the submission of the Department's quarterly Key Contracts Public KPIs return to the Cabinet Office  |
| Procurement pipeline for publication return   | Quarterly              | Commercial     | For the submission of the Departments quarterly pipeline return for publication on .Gov.uk   |
| Social Value reporting return   | Quarterly              | Commercial     | To comply with Cabinet Office policy on Social Value reporting. Specifically at (a) pipeline (b) procurement strategy (c) Contract award (d) contract close subject to PPN06/2020            |
| Prompt Payment reporting for contracts  | Quarterly              | Commercial     | To ensure accurate reporting to Cabinet Office of in-scope contracts including any exclusions and exemptions requested   |
| Return for the review of key metrics, targets and reports related to procurement, contract management and commercial resourcing | Quarterly              | Commercial     | To benchmark procurement spend, compliance assessment to policy and provide data on economic effect of spend by Departments and PBs including 3rd party spend and commercial risk reporting. |
| Direct and Indirect SME spend   | Quarterly and Annually | Commercial     | To support the Government's SME Agenda and the DCMS SME Action Plan  |

## Annex C - Financial Responsibilities

### 1. Spend delegations

- 1.1. NCST shall comply with the delegations set out in the delegation letter. The delegation letter may be updated and superseded by later versions which may be issued by the Department in agreement with HM Treasury. In line with MPM Annex 2.2 these delegations will be reviewed on an annual basis.
- 1.2. These delegations shall not be altered without the prior agreement of the Department and as agreed by HM Treasury and Cabinet Office as appropriate.
- 1.3. All delegations are subject to the requirement that spending proposals falling within Managing Public Money Annex 2.2, box A.2.2C should be referred to DCMS. These are
  - Items which are novel, contentious or repercussive, even if within delegated limits;
  - Items which could exceed the agreed budget and Estimate limits;
  - Contractual commitments to significant spending in future years for which plans have not been set;
  - Items requiring primary legislation;
  - Any item which could set a potentially expensive precedent; and
  - Where Treasury consent is a specific requirement of legislation.
- 1.4. Capital expenditure
  - 1.4.1. The delegated limit for capital expenditure is set in the delegation letter.
  - 1.4.2. NCST must notify DCMS regarding any expenditure on the signing of new leases, renewals of existing leases, the non-exercise of lease break options, any new property acquisitions (including those made through a Public Finance Initiative Provider), new build developments, sale and leaseback, and any freehold sales as part of national property controls.
- 1.5. Gifts
  - 1.5.1. The delegated limit for gifts is set out in the delegation letter and will be reviewed on an annual basis.
  - 1.5.2. Proposals for making gifts outside the delegated limit must have prior approval. NCST must keep a controlled register that lists any and all gifts given. Details of any singular gift to one person/organisation shall be reportable in the organisation's annual accounts if a monetarised value for that gift exceeds the maximum as detailed within the organisation's Gifts and Hospitality Policy.
- 1.6. Fraud

- 1.6.1. There is no delegation for fraud. All cases of attempted, suspected or proven fraud, error, bribery and corruption incidents, irrespective of the amount involved, must be reported by NCST to the Department as soon as it is discovered. NCST must seek to adhere to all aspects of the Government's Counter-Fraud Functional Standard and of MPM.
  - 1.6.2. NCST must adopt and implement policies and practices to safeguard themselves against fraud, error and bribery & corruption, in line with the Government's Counter Fraud Functional Standard GovS 013. Responsibility for effective internal controls and appropriate corporate governance is delegated to NCST.
  - 1.6.3. NCST shall operate within the controls detailed in their Fraud Policy and Fraud Response Plan. The controls and supporting documentation must be demonstrably updated in line with Government' Counter Fraud Functional Standard GovS 013.
  - 1.6.4. NCST shall submit quarterly Fraud Consolidated Data Reports including nil returns to DCMS Counter Fraud Team.
  - 1.6.5. NCST can obtain advice and guidance about fraud policy from the Counter Fraud Team and/or the External Bodies Accounting Team. They can also seek advice and guidance from the Government Internal Audit Agency.
- 1.7. General Grants (Exchequer Funded)
- 1.7.1. NCST must provide an annual statement of assurance, confirming that:
    - it is in compliance with the Government Functional Standards for General Grants<sup>22</sup> (or noting material divergences/reasoning for this), and have an appropriate assurance framework;
    - the assurance framework (and/or other governance documents) make reference to the need to comply with the standards;
  - 1.7.2. NCST shall upload data of all exchequer funded General Grants and Grant Schemes to the central Government Grant Database at least annually by each financial year or more frequently as required. The uploaded data subsequently to be published on GOV.UK in line with 360 Giving Protocols.
  - 1.7.3. NCST shall undertake an annual assessment of grant making capability and capacity against the minimum requirements of the Functional Standard for Grants (or as and when required by the Cabinet Office and or DCMS). The results of the assessment will be used to help drive improvements over the subsequent year.
- 1.8. Non-Statutory Contingent Liabilities
- 1.8.1. Any contingent liabilities require DCMS, and HM Treasury approval when relevant, with the exception of:
    - Contingent liabilities that are intrinsic to day-to-day commercial business which may be reasonably considered integral to the core

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<sup>22</sup> [Government Functional Standard GovS 015: Grants - GOV.UK](#)

activities of maintaining and operating NCST, such as contracts for services;

- Contingent liabilities that are not novel, contentious and repetitious; and
- Contingent liabilities that are capped with a maximum exposure of £100,000 for contracts outside of the day-to-day commercial business of NCST.

1.8.2. In cases for which NCST requires approval for contingent liabilities, NCST is required to complete the contingent liability checklist<sup>23</sup> which will be sent to DCMS.

## 1.9. Losses

1.9.1. The delegated limits for losses are set out in the delegation letter.

1.9.2. The write-off of losses should only be carried out by staff authorised to do so by and on behalf of NCST's Accounting Officer. NCST should consult DCMS where cases:

- Involve important questions of principle;
- Raise doubts about the effectiveness of existing systems;
- Contain lessons which might be of wider interest;
- Are novel or contentious;
- Might create a precedent for other departments in similar circumstances;
- Arise because of obscure or ambiguous instructions issued centrally.

1.9.3. A record of losses should be maintained and if the total of losses or special payments in the year exceeds £100k, the annual accounts should include a statement, with any individual losses and special payments exceeding £100k specifically identified.

1.9.4. Costs written off due to unfilled places will not be included as a loss incurred in this context.

## 1.10. Special Payments

1.10.1. There is no delegation for the approval of special payments. All special payments will require HM Treasury approval regardless of value.

1.10.2. Special payments, as considered here, do not include PILON (payment in lieu of notice). NCST is able to pay PILON as per its approved Remuneration Policy.

1.10.3. Ministerial approval must be sought for the use of confidentiality clauses, as per Cabinet Office guidance. A confidentiality clause should only be used when necessary and not be included in settlement agreements as a matter of course.

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<sup>23</sup> [Contingent liability approval framework - GOV.UK](#)

- 1.10.4. Approvals should always be sought in advance. Retrospective approvals will only be considered in exceptional extenuating circumstances and may not be approved, resulting in qualification of accounts.
- 1.10.5. NCST must comply with HM Treasury's Guidance for Approval of Senior Pay<sup>24</sup> at all times, seeking approval where required.
- 1.11. Severance payments
- 1.11.1. There is no delegation for severance payments. Any proposed payment regardless of value, requires approval in advance from DCMS and HM Treasury.
- 1.11.2. Severance payments will only be approved:
- where they provide value for money for the Exchequer;
  - where expenditure is used efficiently, economically and effectively;
  - where all management procedures have been followed; and
  - where legal advice has been provided where appropriate.
- 1.12. Redundancy payments
- 1.12.1. All redundancy payments outside contractual or statutory terms require approval.

## 2. Cabinet Office Spend Controls

- 2.1. NCST is subject to the latest Cabinet Office spend controls<sup>25</sup> and the DCMS thresholds for spend controls.
- 2.2. All Cabinet Office spend controls apply to the NCST, with the following exceptions:
- Redundancy and Compensation
    - NCST is not part of the Civil Service Compensation Scheme or members of the Civil Service Pension Scheme, therefore Cabinet Office approval is not required.
    - Alternative oversight arrangements, however, have been put in place within the Department with the power of veto on the NCST Remuneration Committee.
    - NCST must inform DCMS of intentions to make staff redundant and exit payments planned. Any redundancy payments outside contractual and statutory terms require approval.
  - Learning and Development
    - NCST are paid subscribers of the Civil Service Learning expert service. NCST are free to set their own Learning & Development budget but must follow the Cabinet Office spend control guidance<sup>26</sup> in managing that budget. This means that if NCST subsequently

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<sup>24</sup> [Guidance for approval of senior pay - GOV.UK](#)

<sup>25</sup> [Cabinet Office Controls - GOV.UK](#)

<sup>26</sup> [Cabinet Office learning and development spend control guidance - GOV.UK](#)

procure anything outside of the Civil Service Learning catalogue or above £10k, the Cabinet Office spend control process will apply.

- 2.3. Any breach of the Spend Controls must be reported to DCMS immediately. Breaches of the controls are serious and may be considered as irregular spend, potentially incurring qualification of NCST's accounts by the Comptroller and Auditor General, and/or fines.

### **3. Budgets and Grant-in-Aid**

- 3.1. Grant-in-Aid is the amount payable by the Department to NCST in each year and is independent of the budget figures, although derived from them. It does not include depreciation.
- 3.2. Both the Grant-in-Aid provided by the Department and the overall budgets set by it for the year in question will be voted in the Department's Supplementary Estimate and be subject to Parliamentary control.
- 3.3. Expenditure against resource and capital budgets must be recorded and monitored by NCST in accordance with the Treasury's Consolidated Budgeting Guidance (or its successor). These are the net expenditure limits for NCST in each year – and must be adhered to. Net expenditure above these limits may not be committed until or unless a revised budget has been agreed in writing by the Department.
- 3.4. NCST may not breach the component parts of the capital and resource budgets. Approval must be sought in advance and in writing from the Department if NCST wishes to spend more in one category and less in another. In all these matters, the Department may be required to refer a decision to the Treasury before granting approval.
- 3.5. The following costs are not eligible expenditure for Grant-in-Aid funding:
  - Payments that support activity intended to influence Parliament, Government or political parties;
  - Payments that attempt to influence the awarding or renewal of contracts and grants; and
  - Payments that attempt to influence legislative or regulatory action.
- 3.6. The Grant-in-Aid will normally be paid in monthly instalments on the basis of written applications showing evidence of need. NCST 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 NCST. 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.

### **4. Capital projects**

- 4.1. All capital projects, whether already underway or beginning during this period, are subject to the Department's investment appraisal processes. Any capital expenditure that exceeds NCST's delegated capital limit must be referred to the DCMS Finance Committee for approval. The figure used in calculating whether the costs exceed the delegated limit is the lifetime cost of the capital project, including non-exchequer funding and any increased running costs ensuing from it.
- 4.2. New non-capital spend projects that are not covered by NCST budget and are a new type of spend also require the production of proportionate business cases using Treasury guidance.
- 4.3. When considering the case for capital projects, regardless of whether the project requires DCMS approval, NCST is expected to use the Treasury's Green Book methodology (or its successor), as modified or enhanced by guidance from DCMS. The Department reserves the right to receive copies of business cases for projects below NCST's delegated limit or elements of it, such as the Net Present Value calculation.