Framework Document

NDPB Charity

2024/25-2026/27

Sir John Soane’s Museum
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ANNEX A: Guidance

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Introduction and background

1 Purpose of document

1.1 This framework document (the "framework document") has been agreed between the Department for Culture, Media and Sport ("DCMS") and Sir John Soane's Museum in accordance with HM Treasury's handbook Managing Public Money ("MPM") (as updated from time to time) and has been approved by HM Treasury.

1.2 The framework document sets out the broad governance framework within which Sir John Soane's Museum and the DCMS operate. It sets out the Museum's core responsibilities, describes the governance and accountability framework that applies between the roles of the DCMS and Sir John Soane's Museum, and sets out how the day-to-day relationship works in practice, including in relation to governance and financial matters.

1.3 The document does not convey any legal powers or responsibilities but both parties agree to operate within its terms. Nothing in this Document shall prevent Sir John Soane's Museum from carrying out its legal duties under its founding legislation or under any other legislation which impacts on its functions, activities or powers. The expectations set out here sit alongside Sir John Soane's Museum statutory and charitable duties expected of staff and trustees. Any perceived conflicts should be brought to the attention of DCMS to discuss an appropriate way forward.

1.4 While commercial subsidiaries or trading arms may not be subject to the same requirements as the Sir John Soane's Museum itself, the Sir John Soane's Museum's accounting officers should refer to Managing Public Money guidance which provides guidance on any delegations and oversight required for subsidiaries, if applicable. Prior to the next date for review and updating of this document, there shall be a document setting out the arrangements between the Sir John Soane's Museum and any subsidiaries.

1.5 Copies of the document and any subsequent amendments have been placed in the libraries of both Houses of Parliament and made available to members of the public on the www.soane.org/about/governance-and-management website.

1.6 This framework document should be reviewed and updated at least every 3 years unless there are exceptional reasons that render this inappropriate that have been agreed with HM Treasury and the Principal Accounting Officer of the sponsor department. The latest date for review and updating of this document is 31 March 2027.

2 Objectives

2.1 DCMS and Sir John Soane's Museum share the common objective of caring for and preserving the Museum collections; ensuring that they are exhibited to the public and made available for study and research; and promoting the public’s understanding and enjoyment of these collections. To achieve this Sir John Soane's Museum and DCMS will work together in
recognition of each other’s roles and areas of expertise, providing an effective environment for Sir John Soane’s Museum to achieve its charitable objectives through the promotion of partnership and trust and ensuring that Sir John Soane’s Museum also supports the strategic aims and objectives of the department and wider government as a whole in addition to its charitable purposes as set out in the Order.

3 Classification

3.1 Sir John Soane’s Museum has been classified as a central government organisation by HM Treasury Classifications Team.

It has been administratively classified by the Cabinet Office as a non-departmental public body (NDPB)

Sir John Soane’s Museum is a registered charity in England and Wales (charity number 313609)

3.2 Sir John Soane’s Museum is a ‘Freedoms Body’. This means that it operates under a set of exemptions from, or modifications to, a specific number of financial and operating requirements. These are detailed at Annex B: Cultural Freedoms Bodies’ Freedoms Charter.

Purposes, aims and duties

4 Purposes

4.1 Under the original Sir John Soane’s Museum Act (1833), superseded by the Act of 1969, Sir John Soane’s Museum has been set up in order to settle and preserve Sir John Soane’s Museum, Library, and works of art for the benefit of the public. Its statutory and charitable duties are the provision and maintenance of Numbers 12, 13, and 14, Lincoln’s Inn Fields and their contents as well as the provision of facilities for education and research.

5 Powers and duties

5.1 The statutory powers and other duties of the Sir John Soane’s Museum derive from the Sir John Soane’s Museum Order (1969), which incorporates the provisions of Sir John Soane’s original Act of Parliament of 1833 by which the Museum was established. The Order was amended in 1996, 2003, 2011 and 2012. Sir John Soane’s Museum is also a registered charity and must comply with the relevant regulations.

5.2 Sir John Soane’s Museum statutory and charitable duties and functions are:
The provision and maintenance of Numbers 12, 13, and 14, Lincoln's Inn Fields and their contents as well as the provision of facilities for education and research.

5 Aims

6.1 Sir John Soane's Museum strategic aims are to:

- Maintain and enhance the Museum's buildings and collections.
- Ensure a relevant, diverse, and questioning programme of high-quality exhibitions and events; in addition to our academic and scholarly activities, we will focus our work on creating value through qualitative and intimate experiences for key local audiences and on specific areas of relevance and need around architecture, art and design.
- Accelerate the provision of digital capacity, tools and access to enable online engagement with and interpretation of collections, virtual events, communities and commerce.
- Resources permitting, address key capacity issues and actively seek a more diverse staff and board.
- Ensure financial sustainability in these challenging times through aligning fundraising and trading to pursue a full spectrum of income generating possibilities, acknowledging the limits of trading in the short-term to develop individual giving and partnerships.

Governance and accountability

7 Governance and accountability

7.1 Sir John Soane's Museum shall operate corporate governance arrangements that, so far as practicable and in the light of the other provisions of this framework document, its charitable status, or 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), Sir John Soane's Museum should:

- comply with the principles and provisions of the Corporate Governance in Central Government Departments Code of Good Practice (as amended and updated from time to time) to the extent appropriate and in line with their statutory duties or specify and explain any non-compliance in its annual report
- comply with MPM
- in line with MPM have regard to the Functional Standards as appropriate and in particular those concerning Finance, Commercial and Counter Fraud, as far as resources will permit.
- take into account the codes of good practice and guidance set out in Annex A of this framework document, as they apply to ALBs

- comply with their duties under charity law

7.3 In line with MPM Annex 3.1 and the Charities Statement of Recommended Practice Sir John Soane’s Museum 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 Sir John Soane’s Museum does intend to materially depart from the Code, the sponsor should be notified in advance.

Role of the department

8 The responsible Minister

8.1 The responsible Minister is The Secretary of State for Culture, Media and Sport of the United Kingdom. The Secretary of State and other members of the DCMS Ministerial Team are accountable to Parliament for all matters concerning Sir John Soane’s Museum. For consistency, the Secretary of State will be referred to as ‘the responsible Minister’ throughout this Framework Document.

8.3 Appointments to the board

The Director of Sir John Soane’s Museum is appointed by the Board of Trustees under Sir John Soane’s Museum Order (1969, no. 468, amended in 1996, 2003, 2011, and 2012), which incorporates the provisions of Sir John Soane’s original Act of Parliament of 1833 by which the Museum was established, with the approval of the President of the Royal Academy. He or she is appointed Accounting Officer by the Secretary of State for the Department for Culture, Media & Sport.

8.4

- The Chair is appointed by the Trustees under the Order of 1969. This appointment is subject to the Public Appointments Order in Council and as such must comply with the Governance Code on Public Appointments.

- Trustees are appointed by the Board of Trustees under the Order of 1969. This appointment is subject to the Public Appointments Order in Council and as such must comply with the Governance Code on Public Appointments.

- All such appointments should have regard to the principle that appointments should reflect the diversity of the society in which we live, and appointments should be
made taking account of the need to appoint boards which include a balance of skills and backgrounds.

8.5 Other ministerial powers and responsibilities

The responsible Minister is also responsible for:

- agreeing the policy framework within which Sir John Soane’s Museum operates

- Based on advice of the sponsor team, determining if it is necessary to read and consider the Sir John Soane’s Museum’s performance framework, strategy and annual Plan. There may be circumstances in which Ministerial approval for certain courses of action is necessary and appropriate.

- matters regarding spending approvals, in line with delegations as set out in the delegation letter and the Museum Freedoms detailed at Annex B

- such other matters as may be appropriate and proportionate in the interests of the charity

9 The Principal Accounting Officer

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

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

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

9.4 The PAO is accountable to Parliament for the issue of any grant-in-aid to Sir John Soane’s Museum.

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 Sir John Soane’s Museum in the light of the department’s wider strategic aims and priorities.

- an appropriate budget for Sir John Soane’s Museum in the light of the sponsor department’s overall public expenditure priorities

- how well Sir John Soane’s Museum is achieving its strategic objectives and whether it is delivering value for money
the exercise of the Ministers’ statutory responsibilities concerning Sir John Soane’s Museum as outlined above

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

- monitor Sir John Soane’s Museum’s activities and performance
- address significant problems in Sir John Soane’s Museum, 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 Sir John Soane’s Museum’s objectives and activities in line with the wider departmental risk assessment process
- inform Sir John Soane’s Museum of relevant government policy in a timely manner
- bring ministerial or departmental concerns about the activities of Sir John Soane’s Museum to the full 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 DCMS Museums and Cultural Property Team is the primary contact for Sir John Soane’s Museum. The responsible senior civil servant for this relationship is the Deputy Director for Museums and Cultural Property (or the holder(s) of any subsequent post that takes on the equivalent functions). They are the main source of advice to the responsible Minister on the discharge of their responsibilities in respect of Sir John Soane’s Museum. They also support the PAO on their responsibilities toward Sir John Soane’s Museum.

10.2 Officials of the Museums and Cultural Property Team, supported by Finance Business Partners, in the sponsor department will hold quarterly partnership meetings to review performance against plans, achievement against targets and expenditure against its DEL and AME allocations. The Museums and Cultural Property Team will also take the opportunity to explain wider policy developments that might have an impact on the ALB.

11 Resolution of disputes between the [ALB] and department

11.1 Any disputes between the department and Sir John Soane’s Museum will be resolved in as timely a manner as possible. The department and Sir John Soane’s Museum 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 DCMS Director (Culture and Creative Industries), will be used to resolve the issue. Failing this, 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 responsible Minister.

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

13 Reporting on legal risk and litigation

13.1 Sir John Soane's Museum shall update sponsors at quarterly partnership meetings on the existence of any active or reasonably anticipated litigation. The parties acknowledge the importance of ensuring that legal risks are communicated appropriately to the sponsor in a timely manner.

13.2 In respect of each substantial piece of litigation involving the ALB, the parties will agree appropriate and timely reporting on the status of the litigation. The parties will ensure that:
   
   - legally privileged documents and information are clearly marked as such
   
   - steps are taken to ensure that legal privilege is not waived, including ensuring any circulation within Government is limited to that which is strictly necessary.

Sir John Soane’s Museum’s governance structure

14 The Chief Executive

14.1 Responsibilities of Sir John Soane's Museum's chief executive as accounting officer

The Chief Executive or Director as AO is personally responsible for safeguarding the public funds for which they have charge; for ensuring propriety, regularity, value for money and feasibility in the handling of those public funds; and for the day-to-day operations and management of Sir John Soane's Museum. In addition, they should ensure that Sir John Soane’s Museum 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.

14.2 Responsibilities for accounting to Parliament and the public

Responsibilities to Parliament and the public include:
• signing the accounts and ensuring that proper records are kept relating to the accounts and that the accounts are properly prepared and presented in accordance with any directions issued by the responsible Minister.

• preparing and signing a Governance Statement covering corporate governance, risk management and oversight of any local responsibilities, for inclusion in the annual report and accounts.

• ensuring that effective procedures for handling complaints about the ALB in accordance with Parliamentary and Health Service Ombudsman’s Principles of Good Complaint Handling are established and made widely known within the ALB and published www.soane.org.uk/about/governance-and-management.

• acting in accordance with the terms of MPM and other instructions and guidance issued from time to time by the department, the Treasury and the Cabinet Office.

• ensuring that as part of the above compliance they are familiar with and act in accordance with:
  • any governing legislation
  • this framework document
  • any delegation letter issued to body as set out in paragraph 18.1
  • any elements of any settlement letter issued to the sponsor department that is relevant to the operation of Sir John Soane’s Museum.
  • any separate settlement letter that is issued to Sir John Soane’s Museum from the sponsor department
  • the Sir John Soane’s Museum other governing document(s)

• ensuring they have appropriate internal mechanisms for monitoring, governance and external reporting regarding non-compliance with any conditions arising from the above documents.

• giving evidence, normally with the PAO, when summoned before the PAC on the Sir John Soane’s Museum’s stewardship of public funds.

14.3 Responsibilities to DCMS

Responsibilities to DCMS include:

• Prior to publication, presenting Sir John Soane’s Museum’s Strategic Plan to the department to demonstrate these plans reflect the department’s wider strategic aims and agreed priorities.

• informing the department of progress in helping to achieve the department’s policy objectives which coincide with Sir John Soane’s Museum charitable purposes 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 to the department; that the department is notified promptly if over or under spends are likely and that corrective action is taken; and that any significant problems whether financial or otherwise, and whether detected by internal audit or by other means, are notified to the department in a timely fashion

14.4 Responsibilities to the board of trustees

The Chief Executive is responsible for:

• advising the Board of trustees on the discharge of their responsibilities as set out in this document, in charity law and in compliance with the Sir John Soane’s Museum governing document the founding legislation and in any other relevant instructions and guidance that may be issued from time to time
• advising the Board on Sir John Soane’s Museum performance compared with its aims and objectives
• 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

14.5 Managing conflicts

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 If the Chair or Board of Sir John Soane’s Museum is minded to instruct its AO to carry out a course inconsistent with their duties as AO, then the AO should make their reservations clear, preferably in writing. If the Board is still minded to proceed, Sir John Soane’s Museum AO should then:

• ask the PAO of the sponsor department to consider intervening to resolve the difference of view, preferably in writing
• if the Board’s decision stands, seek its written direction to carry it out, asking the sponsor department to inform HM Treasury
• proceed to implement without delay
• follow the routine in paragraph 3.6.6 of MPM

15 The Board of trustees

15.1 Composition of the Board of trustees
Sir John Soane’s Museum will have a board of trustees 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 Sir John Soane’s Museum, and to deliver the charitable objectives, in accordance with the purposes as set out above, their statutory, regulatory, charity law and common law duties and their responsibilities under this framework document and the ALB’s framework and any other governing documents. Detailed responsibilities of the board shall be set out in the Board terms of reference. Remuneration of the Board will be disclosed in line with the guidance in the Government Financial Reporting manual (FRReM).

15.2 The Board will consist of 14 trustees, including a chairperson, that have a balance of skills and experience appropriate to directing Sir John Soane’s Museum business. For Sir John Soane’s Museum there should be members who have experience of legal, financial, curatorial, architectural, digital, fundraising and commercial skills.

15.3 **Board Committees**

The Board may set up such committees as necessary for it to fulfil its functions. As is detailed below at a minimum this should include an Audit and Risk Committee chaired by an independent and appropriately qualified non-executive member of the Board.

15.4 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.

15.5 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.

15.6 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.

15.7 **Duties of the Board of trustees**

The board of trustees is specifically responsible for:

- establishing and taking forward the strategic aims and objectives of Sir John Soane’s Museum, consistent with its overall strategic direction, charitable aims, and within the policy and resources framework determined by the responsible Minister.
providing effective leadership of Sir John Soane's Museum 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 Sir John Soane's Museum to meet its objectives

reviewing management performance

ensuring that the Board receives and reviews regular financial and management information concerning the management of Sir John Soane's Museum

ensuring that it is kept informed of any changes which are likely to impact on the strategic direction of Sir John Soane's Museum 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 sponsor 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 sponsor department

ensuring that as part of the above compliance they are familiar with:
  - this framework document
  - their duties as trustees under charity law
  - any delegation letter issued to body as set out in paragraph 18.1
  - any elements of any settlement letter issued to the sponsor department that is relevant to the operation of the ALB
  - any separate settlement letter that is issued to the ALB from the sponsor department
  - 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 Sir John Soane's Museum 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 external expertise or an independent audit committee to help the board to address key financial and other risks

unless the establishing legislation provides for other arrangements appointing with the responsible Minister's approval a Chief Executive and, in consultation with the department, set performance objectives and remuneration terms linked to these objectives for the Chief Executive which give due weight to the proper management and use and utilisation of public resources
• cooperating with the DCMS-led annual appraisal of the chairperson, including sharing the Board’s own effectiveness review

• putting in place mechanisms for the Chief Executive to have visibility of Board activity with sufficient time before Board decisions are agreed. The mechanism will enable the Chief Executive to take action where needed as per paragraph ‘Managing conflicts’

• determining all such other things which the Board considers ancillary or conducive to the attainment or fulfilment by Sir John Soane’s Museum of its objectives, including its charitable purposes

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

15.9 The Board should make a strategic choice about the style, shape and quality of risk management and should lead the assessment and management of opportunity and risk. The Board should ensure that effective arrangements are in place to provide assurance over the design and operation of risk management, governance and internal control in line with the Management of Risk – Principles and Concepts (The Orange Book). The Board must set up an Audit and Risk Assurance Committee chaired by a suitably experienced or qualified non-executive member to provide independent advice and ensure that the department’s Audit and Risk Assurance Committee are provided with routine assurances with escalation of any significant limitations or concerns. The Board is expected to assure itself of the adequacy and effectiveness of the risk management framework and the operation of internal control.

16 The Chair’s role and responsibilities

16.1 The 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 appointment letter, the priorities in the chair’s letter issued to them by the sponsor team, as set out in the Order, and pursuant to charity law, as well as this document and the documents and guidance referred to within this document.

16.2 Communications between Sir John Soane’s Museum 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, which covers conduct in the role and includes the Nolan Principles of Public Life.

16.4 In addition, the Chair is responsible for:

• ensuring including by monitoring and engaging with appropriate governance arrangements that Sir John Soane’s Museum affairs are conducted with probity
ensuring that policies and actions support the responsible Minister’s wider strategic policies and where appropriate, these policies and actions should be clearly communicated and disseminated throughout the ALB.

16.5 The Chair has the following leadership responsibilities:

- formulating the Board’s strategy
- ensuring that the Board, in reaching decisions, takes proper account of guidance provided by the responsible Minister or the department
- promoting the efficient and effective use of staff and other resources
- delivering high standards of regularity and propriety
- representing the views of the board to the general public

16.6 The Chair also has an obligation to ensure that:

- the work of the Board and its members are reviewed and are working effectively including ongoing assessment of the performance of individual board members with a formal annual evaluation and more in-depth assessments of the performance of individual board members when being considered for re-appointment

- that in conducting assessments that the view of relevant stakeholders including employees and the sponsorship team are sought and considered

- that the Board has a balance of skills appropriate to directing Sir John Soane’s Museum business, and that all trustees (including the Chair) and the Chief Executive continually update their skills, knowledge and familiarity with 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 the appointment of new Trustees.

- 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

- 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

17 Individual trustees’ responsibilities
17.1 Individual trustees should:

- comply at all times with the Code of Conduct for Board Members of Public Bodies, which covers conduct in the role and includes the Nolan Principles of Public Life as well as rules relating to the use of public funds and to conflicts of interest
- demonstrate adherence to the 12 Principles of Governance for all Public Body Non-Executive Directors as appropriate
- 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 Sir John Soane’s Museum
- ensure they are familiar with any applicable guidance on the role of public sector non-executive directors and boards that may be issued from time to time by the Cabinet Office, HM Treasury or wider government
- ensure that they are familiar with guidance on the duties of trustees under charity law
- comply with the ALB’s governing document

18 Delegated authorities

18.1 Sir John Soane’s Museum delegated authorities and limits are set out in the delegation letter issued annually at the start of a new Financial Year. This delegation letter may be updated and superseded by later versions which may be issued by the sponsor department in agreement with HM Treasury.

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

18.3 The ALB 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 the ALB’s annual budget as approved by the department
- incurring expenditure for any purpose that is or might be considered novel or contentious, or which has or could have significant future cost implications
- making any significant change in the scale of operation or funding of any initiative or particular scheme previously approved by the department
- making any change of policy or practice which has wider financial implications that might prove repercussive or which might significantly affect the future level of resources required
• carrying out policies that go against the principles, rules, guidance and advice in MPM

19 Spending authority

19.1 Once the budget allocation has been approved by the sponsor department and subject to any restrictions imposed by statute, the responsible Minister’s instructions, this document, HM Treasury settlement or delegation letters, Sir John Soane’s Museum shall have authority to incur expenditure approved in the budget and in line with their Freedoms without further reference to the sponsor department, on the following conditions:

• Sir John Soane’s Museum shall comply with the delegations set out in the delegation letter. These delegations shall not be altered without the prior agreement of the sponsor department and as agreed by HM Treasury and Cabinet Office as appropriate.

• The Museum shall comply with MPM regarding novel, contentious or repercussive proposals.

• inclusion of any planned and approved expenditure in the budget shall not remove the need to seek formal departmental approval where any proposed expenditure is outside the delegated limits or is for new schemes deviating significantly from activities and expenditure anticipated in the Corporate and/or Strategic Plan.

• Sir John Soane’s Museum shall provide the sponsor department with such information about its operations, performance, individual projects or other expenditure as the sponsor department may reasonably require.

20 Banking and managing cash

20.1 As a Freedoms Body, Sir John Soane’s Museum does not need explicit approval from DCMS to change banking provider, but should provide written notification to DCMS upon doing so.

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

21 Procurement

21.1 As a Freedoms Body Sir John Soane’s Museum has the flexibility to opt in and out of central procurement and is exempt from a number of other spend controls [see Annex B for details]. Nonetheless, the following standards of good practice apply.

21.2 Sir John Soane’s Museum 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.
In procurement cases where Sir John Soane's Museum is likely to exceed its delegated authority limit, and where the relevant Freedom exemption does not apply, procurement strategy approval for the specific planned purchase must be sought from DCMS commercial. It is best practice for the Sir John Soane's Museum to have a procurement policy setting out their process and procedure for procurements.

Goods, services, and works should be acquired by competition where necessary and appropriate. 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.

The delegated limit for single tender action contracts is set out in Annex C Sir John Soane's Museum must comply with the Single Tender Action process as outlined at Annex C and as otherwise communicated to them by the Department.

Where appropriate and proportionate, procurement by Sir John Soane's Museum 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).

Sir John Soane's Museum shall:

- engage with department and government wide procurement initiatives that seek to achieve VfM from collaborative projects
- comply with relevant Procurement Policy Notes issued by Cabinet Office
- co-operate with initiatives to improve the availability of procurement data to facilitate the achievement of VfM

Sir John Soane's Museum shall comply with the relevant 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 ALBs, regardless of commercial approach used and form part of a suite of functional standards that set expectations for management within government.

Risk management

The Sir John Soane's Museum 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.

The Sir John Soane's Museum will allow for risk-based DCMS involvement in Audit and Risk Committee meetings

Counter fraud and theft

Sir John Soane's Museum should adopt and implement policies and practices to safeguard itself against fraud and theft.
23.2 Sir John Soane's Museum 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. 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 Sir John Soane's Museum should keep records of and prepare and forward to the department an annual report on fraud and theft suffered by Sir John Soane's Museum and notify the sponsor department of any unusual or major incidents as soon as possible. Sir John Soane's Museum should also report detected loss from fraud, bribery, corruption and error, alongside associated recoveries and prevented losses, to the counter fraud centre of expertise in line with the agreed government definitions as set out in Counter Fraud Functional Standard.

24. Staff

24.1 Broad responsibilities for staff

Within the arrangements approved by the responsible Minister and the Treasury and subject to any relevant Freedom, the ALB will have responsibility for the recruitment, retention and motivation of its staff. The broad responsibilities toward its staff are to ensure that:

the rules for recruitment and management of staff create an inclusive culture in which diversity is fully valued; appointment and advancement is based on merit; there is no discrimination against employees with protected characteristics under the Equality Act 2010

the level and structure of its staffing, including grading and staff numbers, are appropriate to its functions and the requirements of economy, efficiency and effectiveness

the performance of its staff at all levels is satisfactorily appraised and the ALB performance measurement systems are reviewed from time to time

its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve the ALB’s objectives

proper consultation with staff takes place on key issues affecting them

adequate grievance and disciplinary procedures are in place

whistle-blowing procedures consistent with the Public Interest Disclosure Act are in place

a code of conduct for staff is in place based on the Cabinet Office’s Model Code for Staff of Executive Non-departmental Public Bodies.
24.2 **Staff costs**

Subject to its delegated authorities, Sir John Soane’s Museum shall ensure that the creation of any additional posts does not incur forward commitments that will exceed its ability to pay for them.

24.3 **Pay and conditions of service**

Sir John Soane’s Museum staff are subject to appropriate levels of remuneration and terms and conditions of service (including pensions) As a Freedom Body Sir John Soane’s Museum will not be subject to the Civil Service Pay Remit Guidance (“PRG”) and will have the ability to offer pay awards in excess of caps set out in the guidance.

They shall continue to engage with their Sponsor Department during the process of making a pay remit application, particularly prior to completion. They shall also continue to provide outturn data to HM Treasury and adhere to all other Civil Service Pay guidance issued by HM Treasury and the Cabinet Office.

24.4 If civil service terms and conditions of service apply to the rates of pay and non-pay allowances paid to the staff and to any other party entitled to payment in respect of travel expenses or other allowances, payment shall be made in accordance with the Civil Service Management Code and the annual Civil Service Pay Remit Guidance, except where prior approval has been given by the department to vary such rates.

24.5 Staff terms and conditions should be set out and available to both staff and DCMS if requested.

24.6 Sir John Soane’s Museum shall continue to adhere to all other Civil Service Pay guidance issued by HM Treasury and the Cabinet Office, including the Senior Pay Guidance.

24.6 Where a performance-related pay scheme is operated, Sir John Soane’s Museum shall have due regard to the Senior Pay Guidance.

24.7 The travel expenses of board members shall be tied to the rates allowed to senior staff of Sir John Soane’s Museum. Reasonable actual costs shall be reimbursed.

24.8 **Pensions, redundancy and compensation**

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

24.9 Staff of Sir John Soane’s Museum and Soane Museum Enterprises (the Museum’s wholly owned trading subsidiary) shall normally be eligible for a pension provided by either PCSPS or NEST, depending on the nature of their employment contract. Staff may opt out of the occupational pension scheme provided by by Sir John Soane’s Museum or Soane Museum Enterprises.

As a Freedom Body Sir John Soane's Museum has the right to opt out of the Principal Civil Service Pension Scheme for new starters.

24.10 Any proposal by Sir John Soane's Museum to pay any redundancy or compensation for loss of office, requires the prior approval of the department. Proposals on severance must comply with the rules in chapter 4 of MPM.

Business plans, financial reporting and management information

25 Corporate and business plans

25.1 Sir John Soane's Museum shall share with the department its multi-year strategic plans in advance of publication, and provide annual progress updates. The plan shall reflect [the ALB's] statutory and/or other duties, its charitable purposes, 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 Sir John Soane's Museum contributes to the achievement of the department's medium-term plan and priorities and aligned performance metrics and milestones in line with its charitable objectives.

25.2 The first year of the corporate plan, amplified as necessary, shall form the business plan. The business plan shall be updated to include key targets and milestones for the year immediately ahead and shall be linked to budgeting information so that resources allocated to achieve specific objectives can readily be identified by the department. Subject to any commercial considerations, the corporate and business plans should be published by Sir John Soane's Museum on its website and separately be made available to staff.

25.3 The following key matters should, where necessary and relevant, be included in the plans:

- key objectives and associated key performance targets for the forward years, and the strategy for achieving those objectives
- key non-financial performance targets
- a review of performance in the preceding financial year, together with comparable outturns for the previous [2-5] years, and an estimate of performance in the current year
- alternative scenarios and an assessment of the risk factors that may significantly affect the execution of the plan but that cannot be accurately forecast
other matters as agreed between the department and Sir John Soane’s Museum

Budgeting procedures

26.1 Each year, in the light of decisions by the department on the its updated draft corporate plan, the department will send to Sir John Soane’s Museum within an agreed timetable:
- a formal statement of the annual budgetary provision allocated by the department in the light of competing priorities across the department and of any forecast income approved by the department
- a statement of any planned change in policies affecting Sir John Soane’s Museum

26.3 The annual business plan will take account both of approved funding provision where this applies and where this applies 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 business plan for the year in question.

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. Sir John Soane’s Museum 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 Sir John Soane's Museum 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 In the event that the department provides the ALB separate grants for specific (ring-fenced) purposes, it would issue the grant as and when the ALB needed it on the basis of a written request. The ALB would provide evidence that the grant was used for the purposes authorised by the department. The ALB shall not have uncommitted grant funds in hand, nor carry grant funds over to another financial year.

Annual report and accounts

28.1 Sir John Soane's Museum must publish an annual report of its activities together with its audited accounts after the end of each financial year. Sir John Soane's Museum shall provide the department its finalised (audited) accounts within an agreed timeframe each year in order for the accounts to be consolidated within DCMS. A draft of the report should be submitted to the department two weeks before the proposed publication date. Sir John Soane's Museum has elected to prepare its accounts with regard to the relevant statutes and specific accounts direction issued by the department; as well as the Treasury’s Financial Reporting Manual (FReM) when it enhances the disclosures provided for in the SORP FRS 102.
The annual report must:
- cover any corporate, subsidiary or joint ventures under its control
- Where appropriate comply with the FreM and in particular have regard to the illustrative statements for an NDPB
- outline main activities and performance during the previous financial year and set out in summary form forward plans.

Information on performance against key financial targets is included within the annual report and subject to the auditor’s consistency opinion. The report and accounts shall be laid in Parliament and made available on Sir John Soane’s Museum website, in accordance with the guidance in the FreM.

Reporting performance to the department

Sir John Soane’s Museum 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.

Sir John Soane’s Museum shall inform the sponsor 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 via quarterly Partnership Meetings with the department.

Sir John Soane’s Museum performance shall be formally reviewed by the department quarterly. Sir John Soane’s Museum will share a summary of its financial and non-financial performance - including performance in helping to deliver ministers’ policies, on key DCMS priorities and against KPIs - quarterly as part of engagement meetings. The format of this information pack will be agreed between Sir John Soane’s Museum and their Senior Sponsor in advance. Board papers will be shared on a case-by-case basis, as appropriate.

The responsible Minister will meet a senior representative of Sir John Soane’s Museum once a year.

The PAO will meet the Chair and/or Director at least once a year.

Information sharing

The department has the right of access to all Sir John Soane’s Museum records and personnel for any purpose including, for example, sponsorship audits and operational investigations. However, a Data Sharing Agreement/MoU will be required prior to the transfer of any personal data.

Sir John Soane’s Museum shall provide the sponsor department with such information about its operations, performance, individual projects or other expenditure as the sponsor department may reasonably require.

The department and HM Treasury may request the sharing of data held by Sir John Soane’s Museum in such a manner as set out in central guidance except where 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, Sir John Soane's Museum shall provide the department with information monthly that will enable the department satisfactorily to monitor:
- Sir John Soane's Museum cash management
- its draw-down of grant-in-aid
- forecast outturn by resource headings
- other data required for the Online System for Central Accounting and Reporting (OSCAR)
- data as required in respect of its compliance with any applicable Cabinet Office Controls pipelines or required in order to meet any condition as set out in any settlement letter

Audit

31 Internal audit

31.1 Sir John Soane's Museum shall:
- establish and maintain arrangements for internal audit
- ensure that any arrangements for internal audit are in accordance with the Public Sector Internal Audit Standards (PSIAS) as adopted by HM Treasury.
- Ensure the sponsor 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 ALB] Head of Internal Audit opinion on risk management, control and governance as soon as possible to the sponsor department
- keep records of and prepare and forward to the department an annual report on fraud and theft suffered by Sir John Soane's Museum and notify the sponsor department of any unusual or major incidents as soon as possible
- will share with the sponsor department information identified during the audit process and the Annual Audit Opinion Report (together with any other
outputs) at the end of the audit, in particular on issues impacting on the department's responsibilities in relation to financial systems within [the ALB]

32. **External audit**

32.1 The Comptroller & Auditor General (C&AG) audits Sir John Soane's Museum annual accounts and passes the audited accounts to the responsible Minister who will lay the accounts together with the C&AG's report before parliament.

32.2 In the event that Sir John Soane's Museum has set up and controls subsidiary companies, Sir John Soane's Museum will in the light of the provisions in the Companies Act 2006 invite the National Audit Office to tender to act as auditor of those company subsidiaries that it controls and/or whose accounts are consolidated within its own accounts.

32.3 *The C&AG:*

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

- has a statutory right of access to relevant documents, including by virtue of section 25(8) of the Government Resources and Accounts Act 2000, held by another party in receipt of payments or grants from Sir John Soane's Museum

- will share with the sponsor department information identified during the audit process and the audit report (together with any other outputs) at the end of the audit, in particular on issues impacting on the Department's responsibilities in relation to financial systems within Sir John Soane's Museum

- will consider requests from departments and other relevant bodies to provide regulatory compliance reports and other similar reports at the commencement of the audit. Consistent with the C&AG's independent status, the provision of such reports is entirely at the C&AG's discretion

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

33 Review of ALB’s status

33.1 Sir John Soane’s Museum will be reviewed as part of the wider Public Bodies Reviews programme, at a time determined by the department’s ministers and their PAO.
Annex A: Guidance

Sir John Soane’s Museum shall have regard to and, where appropriate comply with the following guidance, documents and instructions unless subject to an explicit exemption as a consequence of their status as a Freedoms Body.

Corporate governance

- This framework document
- Code of conduct for Board members of Public Bodies: https://www.gov.uk/government/publications/code-of-conduct-for-board-members-of-public-bodies

Financial management and reporting

- Relevant Dear Accounting Officer (DAO) letters: www.gov.uk/government/collections/dao-letters
- The most recent letter setting out the delegated authorities, issued by the parent department.
- The Charities Statement of Recommended Practice: The Charities Statement of Recommended Practice (SORP) - GOV.UK (www.gov.uk).
Management of risk


Commercial management

- Procurement Policy Notes: https://www.gov.uk/government/collections/procurement-policy-notes

- Cabinet Office spending controls: https://www.gov.uk/government/collections/cabinet-office-controls; except where [the ALB] is exempt under the operational freedoms (see Annex B)


Public appointments

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

- Guidance from the Commissioner for Public Appointments: https://publicappointmentscommissioner.independent.gov.uk/

Staff and remuneration

- HM Treasury guidance on senior pay and reward:
  www.gov.uk/government/publications/senior-civil-service-pay-and-reward

- Civil Service pay remit guidance (updated annually):

- Public sector pay and terms:

- Whistleblowing Guidance and Code of Practice:

- The Equalities Act 2010: www.gov.uk/guidance/equality-act-2010-guidance

General

- Freedom of Information Act guidance and instructions:
  www.legislation.gov.uk/ukpga/2000/36/contents and
  https://ico.org.uk/for-organisations/guide-to-freedom-of-information/


- Other relevant instructions and guidance issued by the central Departments (Cabinet Office and HM Treasury)

- Recommendations made by the Public Accounts Committee, or by other Parliamentary authority, that have been accepted by the Government and are relevant to [the ALB].

- Guidance from the Public Bodies team in Cabinet Office:

- The Civil Service diversity and inclusion strategy (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:
www.gov.uk/government/organisations/government-digital-service

The Government Fraud, Error, Debt and Grant Efficiency function:
www.gov.uk/government/collections/fraud-error-debt-and-grants-function and
www.gov.uk/government/publications/grants-standards

Code of Practice for Official Statistics:
https://code.statistics.gov.uk/#/--text=The%20Code%20of%20Practice%20for%20Statistics%20sets%20the%20produced%20by%20people%20and%20organisations%20that%20are%20trustworthy

Accounting Officer System Statements (AOSS are produced by departments with input from ALBs):
www.gov.uk/government/publications/accounting-officer-system-statements

Charity law

Charity Commission guidance for trustees on their main duties under charity law: The essential trustee: what you need to know, what you need to do:

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

Charity Commission guidance on exempt charities (if the ALB does not have the Charity Commission as its principal regulator): Exempt charities (CC23) - GOV.UK (www.gov.uk)

Charity Commission guidance on political activity/impartiality:
https://www.gov.uk/topic/running-charity/managing-charity
HM Treasury contacts

This document can be downloaded from www.gov.uk

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