

**NATIONAL
HERITAGE
MEMORIAL
FUND**



Business Plan for 2019-2020

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Foreword: Our purpose and role

The National Heritage Memorial Fund (NHMF) holds a unique position across the United Kingdom, providing financial assistance towards the acquisition of assets of national heritage that are at risk of loss.

It is also the parent body of the newly styled the National Lottery Heritage Fund (formerly the Heritage Lottery Fund), which distributes the heritage share of income from the National Lottery. In January 2019 we launched our new Strategic Funding Framework for 2019-2024 and set out an ambitious new vision and role for the Fund - inspiring, leading and resourcing the UK's heritage to make a positive and lasting change for people and communities, now and in the future.

Through 25 years of National Lottery investment we've ensured that heritage is broad and inclusive, telling the stories of the many communities that make up our four countries today. Our approach to heritage – from parks to punk archives, steam trains to synagogues – is strongly supported by National Lottery players and the general public. Nine out of ten people agree that heritage should be enjoyed by as wide a range of people as possible (YouGov, 2018).

We have established a reputation as an expert grant-maker and investor in heritage, trusted by the public, stakeholders and Governments to distribute funding wisely. We will build on this as we deliver our Corporate Strategy and Strategic Funding Framework, with more strategic partnerships and collaborations, support for innovation, and advocacy for the value and social impact of heritage.

Our teams are based in all parts of the UK and our work reflects the different operating environments locally. We respond sensitively to these and adapt to different local circumstances, as well as taking account of different Policy Directions from Governments. In 2018-2019 we received new UK-wide Directions as well as new Directions in Scotland, Wales, and, for the first time, England.

In 2019-2020 we will deliver the first year of our Strategic Funding Framework for 2019-2024 which sets out our ambitions to extend the reach and the impact of National Lottery investment, with a broader leadership role for the National Lottery Heritage Fund, a huge devolution in decision making on our investment, a radically simplified grant-making portfolio and a strong commitment to innovation and strategic collaborations.

To deliver this we are continuing a significant programme of business transformation and organisational re-design, investing in our people and the technology that will enable us to work locally and responsively across the UK, and dramatically improve our customers' experience. In England we are reorganising our National Lottery grant-making into three new areas – North, Midlands & East, and London & South. Through new committees in these larger areas and our existing committees in Scotland, Wales and Northern Ireland, we will increase the impact and effectiveness of our strategic working, while ensuring we remain close to communities at local level.

1 Introduction - Our aims and values

This Business Plan sets out what we are aiming to achieve in 2019-2020, and the resources that we plan to use in that year. This covers both the National Heritage Memorial Fund (NHMF) and the National Lottery Heritage Fund ('the Fund').

1.1 The National Heritage Memorial Fund

The National Heritage Memorial Fund was set up by Parliament in 1980 to save the most outstanding parts of our heritage at risk of loss to the nation, as a memorial to those who have given their lives for the United Kingdom. NHMF is unique in its ability to provide grants for the acquisition, preservation and maintenance of such a wide range of heritage treasures from trains to masterpieces of art, wildlife havens to manuscripts. It acts as a fund of last resort, being able to move very quickly in emergencies.

The NHMF operates as an Arms-Length Body from government under the sponsorship of the Department for Digital, Culture, Media and Sport. We work under the direction of a Board of Trustees. Our chair is Sir Peter Luff. Although our origins are in the NHMF, this now accounts for a small but important element of our work - about £5M a year in grants.

A small grants team handles the UK wide NHMF grants business.

1.2 The National Lottery Heritage Fund

In 1994, the NHMF became distributor of the heritage share of National Lottery money for good causes, which it now operates through the National Lottery Heritage Fund (formerly the Heritage Lottery Fund). This is the main focus of our activity on which we expect to spend around £225M in grants and other investments in 2019-2020.

1.3 Our aims

Under our new Strategic Funding Framework 2019-2024 we are continuing our established direction of ensuring that heritage is enjoyed by the widest range of people which, since 1994, has transformed communities across the UK. Our new vision and role is to inspire, lead and resource the UK's heritage to create positive and lasting change for people and communities, now and in the future. We will stand up for the enormous good that heritage delivers for society, using our experience and evidence to be a strong advocate, supporting the capacity and resilience of the heritage sector as a whole, encouraging innovation and collaboration, and working with a wider range of partners.

We have introduced six corporate objectives for the impact of our funding, and will measure our progress against these during the life of the Funding Framework. We will:

- Continue to bring heritage into better condition;

- Inspire people to value heritage more;
- Ensure that heritage is inclusive;
- Support the organisations that we fund to be more robust, enterprising and forward looking;
- Demonstrate how heritage helps people and places to thrive,
- Grow the contribution that heritage makes to the UK economy.

1.4 Our values

In 2019-2020 we will take further steps to diversify our income and role, as we implement our Corporate Strategy 2018-2021 and our Strategic Funding Framework 2019-2024, supported by significant transformation of our business. Our values underpin and support our approach to these changes, as well as how we work on a day to day basis.

In our work we aim to:

- Always act with **integrity** by being impartial and professional.
- Be **trusted** for our expertise and judgement.
- Be **collaborative** by working in and learning from partnerships across the Fund, with stakeholders and National Lottery players.
- Be **inclusive** by embracing all aspects of heritage, and the interests of all people and communities.
- Be **forward looking** by advancing the cause of heritage, encouraging new and innovative thinking.

These values define:

- A fundamental part of our culture and the way we work;
- A framework for our leadership and management and,
- Our behaviours.

During 2019-20, we will continue to build these values into our strategic and business planning, and business transformation and promote them through internal communications.

2 Our Corporate Strategy

2.1 Overview

Our Corporate Strategy reinforces the direction we've been taking for several years, setting out our role as the largest dedicated source of funding for heritage across the UK, and taking further steps towards a stronger leadership position, with a particular focus on the opportunities beyond pure grant giving. The goal is to drive change and increase our impact across the UK's heritage.

2.2 Current position and drivers for change

With reduced public funding over many years, the need to diversify sources of income for the UK's heritage is pressing. Trends in private and social investment suggest opportunities, but the sector as a whole needs further support to build capacity to engage and work with these. Through our National Lottery money we can lever investment from others into the heritage market, and there is evidence that relatively small-scale interventions in capacity building can increase income generation in the sector. We will deliver a new campaign on resilience and capacity building in 2019-2020 and 2020-2021, including a business support programme, and match funding incentives.

2.3 Market opportunities for the Fund

We need to make efficiencies in our own business to address fluctuations in our income. New market opportunities may help us to do this by increasing the volume of our grant-making and providing economies of scale. We are pursuing a new business development strategy to complement our National Lottery and Memorial Fund grant-making activity. We have done initial exploration of viability of opportunities in a range of areas in 2018-2019, and made our first social investment - £2.5M into a £7M Heritage Impact Fund launched by the Architectural Heritage Fund in February 2019.

In 2019-2020 we will consider options to join the Government's Crown Commercial Services' (CCS) Grants and Programme Services Framework when it is next tendered. We will co-invest in further Impact Funds where suitable opportunities arise, further explore setting up a Heritage Fund led Impact Fund, and develop our approach to loans alongside grants as we re-develop our investment systems and processes for 2020.

2.4 Changes to our brand identity

In January 2019 we launched a new brand identity and name, the National Lottery Heritage Fund. The continued success of the National Lottery underpins our work. A key aim in 2019-2020 is to increase public awareness of the power of National Lottery funding as we mark 25 years since it was set up in 1994. With an increasingly competitive market, working in partnership with the National Lottery family, we have done a lot of work to assess how we can strengthen the connection between the good causes and the National Lottery in the minds of the public. The change to our name and logo uses the highly recognised crossed-fingers to achieve this. We may also use the 'Heritage Fund' identity for non-Lottery work in future.

3 National Lottery grant giving

3.1 Strategic Framework 2013-2019 *A lasting difference for heritage and people*

Our Strategic Framework 2013-19 ended in March 2019 following a transitional year to the new Framework. We managed a reduced grant budget of £190M by reducing the number of programmes we offered, and encouraging all larger projects to apply under

the Heritage Grants programme. We also announced a pause in Major Batch grants over £5M in 2019-2020 whilst planning the introduction of the new Framework.

The Strategic Funding Framework 2013-2019 included three performance measures to ensure we achieved an optimal balance and spread of funding. At the end of this Strategic Framework, our performance over the six years has been:

- Around 75% of funding would be available through “open programmes”. In 2018-2019 this was 78%;
- £30M a year would go to small grant programmes (under £100K) – we have achieved this to date, and,
- Delegation of grants up to £2M to country and regional committees/teams (£2M limit applied to years up to and including 2017-18). Due to the reduced budget for 2018-2019 we reduced the delegation level to committees to £1M on a temporary basis.

3.2 Leadership, partnerships and sharing learning 2018-2019

Our ambitions for a broader leadership role build on the strategic partnerships, conversations and innovations we have developed over the last Funding Framework. In 2018-2019 we delivered new work across a wide range of themes including:

- We published ***What has National Lottery Heritage Fund done for Nature?*** new research to understand our impact for habitats and threatened species, and on wildlife organisations;
- We launched **Future Parks Accelerator**, a joint venture with the National Trust, to transform the way green space services are funded and delivered;
- We were a founding partner in the **Cultural Governance Alliance** and supported a new online resource to encourage good governance in the cultural sector;
- In partnership with other Lottery distributors we ran a small grants programme supporting the **Scottish Government’s Year of Young People**;
- We **piloted a micro grants programme in Barrow**, a priority development area rich in heritage assets, generating an immediate increase in funded projects;
- 2018-2019 was the final year of our funding to mark the centenary of the **First World War**. The achievements are impressive – see infographic on page 8;
- We contributed to the **DCMS Digital Culture** project, providing evidence and sharing perspectives on the issues facing heritage,
- We developed a **joint action plan with Arts Council England** to ensure that we deliver the recommendations of the Mendoza Review of English Museums.

Thanks to National Lottery players,
communities across the UK have
marked the **First World War Centenary**



10million

people engaged in
First World War
heritage



£97million
invested in
2,200
projects



Communities have
told thousands of First
World War stories with **700**
groups
receiving
funding for
the **first time**



14-18-NOW
WW1 CENTENARY ART COMMISSIONS
£10million



Imperial War Museum
£6.5million

26,000
people inspired to volunteer



HMS Caroline
£15million

Hundreds of exhibitions,
performances, films,
resources, workshops
and events



8,000
people
trained



3.3 Our Strategic Funding Framework 2019-2024

Our Strategic Funding Framework 2019-2024, *Inspiring, leading and resourcing the UK's heritage* sets out a radical new approach to delivering around £1.2BN for the UK's heritage over the next five years. This includes a strong focus on simplification of our funding, innovation and delegation.

We will place greater emphasis on **leadership and advocacy**, as well as financial support for heritage, continuing the conversations and sector engagement that has informed our new Funding Framework.

Inclusion remains a top priority and we have introduced a mandatory outcome 'a wider range of people will be involved in heritage' – responding to the clear public support for this. A new inclusion strategy will enable more people under-represented in heritage to take part – particularly focusing on young people, disabled people, people from BAME and LGBT+ communities, and people from lower-socio economic backgrounds. Achieving this will be the responsibility of all teams across the organisation.

We will have streamlined and more efficient funding through a simpler portfolio – **National Lottery Grants for Heritage** will support all types of heritage project from £3K to £5M. ([See page 17](#) for more detail).

We will introduce an ambitious **increase in local decision-making on our grants - 80% of funding will be decided locally** (up from around 45%) – nearly all grants from £3K to £5M.

We will trial and introduce exciting **new models of investment**, moving beyond grants to include loans and partnerships, which will attract others to invest alongside us.

We will have a major focus on **nature, communities, and on ensuring everyone is able to enjoy heritage** – three top priorities for respondents in our consultations;

We will provide more support for **commercial, sustainable approaches** to tackling heritage that's in danger of being lost. Every single project we support will be **environmentally friendly**.

There will be more support and funding for the **13 most under-funded and deprived communities** in the UK.

UK-wide heritage campaigns designed to encourage innovation and fund key areas of heritage need will focus initially (in 2019-2020 and 2020-2021) on:

- **Organisational resilience and capacity building**, including a new UK and sector wide business support programme, match funding incentives, and continued leadership and advocacy around governance, enterprise, and income diversification;
- **Digital capabilities**, supporting heritage organisations to transform, upskill and develop their use of digital in all aspects of their business;
- **Wellbeing**, working with partners to deliver innovative approaches to achieving wellbeing benefits through heritage that will influence future practice, as well as

- encouraging more projects to consider how they can deliver our new wellbeing outcome,
- **Dynamic collections**, supporting strategic approaches to collection development, curation and management in museums, libraries and archives.

4 Transforming how we work

4.1 Changes to our organisation

Our Corporate Strategy is core to all our work, and along with the new Strategic Funding Framework, is our principal way of responding to the recommendations of our 2017-2018 Tailored Review. One of the ways we are bringing the strategy to life is through a programme of business transformation. This has three strands, which together will deliver outcomes we need to help achieve our corporate objectives:

Shaping contains projects and activities that will deliver Shaping our Future Business (organisational re-design), culture change and governance review and change.

During 2018-2019 a wide range of staff were involved in Shaping our Future Business. We are aiming to enable a more effective, joined up delivery of our business, empowering and improving local customer focus and service, integrating policy and marketing across the countries and areas, as well as delivering from central teams. The whole organisation was engaged in team discussions and briefings as the project moved forward. A Culture Change lead has been recruited to provide focus and resource to take this forward as we implement our new organisational structure across the UK from April 2019.

Locating focuses on where and how we work, including changes to our estates and office locations, maintaining and extending our UK coverage and local presence; greater use of flexible working; and the re-location of our London office to St Katharine Dock, after more than 20 years at Sloane Square.

Delivering focuses on our business processes and systems to support more agile and flexible ways of working, including the introduction of a new investment management system, and the technology we need to do that, including implementing Office 365.

4.2 Our organisational structure

We will have three departments, **Business Innovation and Insight**, **Business Delivery**, and **Business Services**, based in offices across the UK, replacing our previous structure.

The three countries and three English areas will each have a dedicated local team within Business Delivery providing advice and support to applicants, and assessment and monitoring of grant applications. Each team will continue to provide a common service to their areas, but adapted and devolved to the particular local needs. At the same time, more of our staff in the Business Innovation and Insight department responsible for policy, public affairs and marketing will be based in the countries or areas that they support, ensuring our strategy, policy and operational delivery are better integrated and locally responsive.

4.3 Our governance and delegations

Our grant-making committees in Scotland, Northern Ireland, and Wales will continue, and we are introducing area committees for our three new geographical areas in England – North, Midlands & East, and London & South.

We will delegate to these committees all decisions under the main open programme, National Lottery Grants for Heritage, up to £5M for the first time. Senior Business Delivery staff have delegated authority to approve grants of up to £250K for resilience funding. Other Business Delivery staff will have delegated authority to approve grants on a local basis below £100K.

Our Board consists of up to 15 trustees including a Chair and three trustees for Scotland, Wales and Northern Ireland. Together, the Board will lead on strategy and governance as well as considering strategic investments through UK-wide heritage campaigns and partnership initiatives, and awards over £5M. The Board has agreed that these significant changes to our structure, grant giving and policies present a timely opportunity for a review of the organisation's governance to ensure that our governance model firmly underpins our new ways of working. A Governance Review will inform the composition of the future decision taking structures which will be in place from April 2020. In 2020, four of our Trustees retire and we anticipate making replacements in line with any revised governance requirements.

4.4 Our people

Our skilled and dedicated workforce are our greatest asset. We recognise the challenges of implementing significant changes to our organisational structure, governance, and people's roles and responsibilities to meet the changing needs of heritage and communities in the UK, and are committed to providing support for managers and staff throughout the process. Our Corporate Strategy and Strategic Funding Framework will only be delivered successfully through continued investment in our staff, their skills, development and wellbeing.

Alongside Shaping our Future Business, we have reviewed our staff policies and procedures, and invested in a new HR Management Information System. In 2019-2020, we will continue our investment in learning and development for our staff, to ensure they have the skills and competences to deliver our goals, and will take action to strengthen our commitment to diversity and inclusion in our workforce.

4.5 Our staffing details

During 2019-20 we expect to employ about 290 staff (full time equivalents), either in permanent roles, or in fixed term appointments. These staff will be deployed in our departments as follows:

Business Services:	Around 16% of our staffing
Business Innovation and Insight:	Around 17% of our staffing
Business Delivery:	Around 67% of our staffing

Our staff are employed in different job ranges across our organisation according to the responsibilities and scope of their roles. Details of the job ranges, structures, etc. can be found on our website and at the direct.gov.uk website.

4.6 Our commitment to diversity and equality

We recognise and appreciate the value of having a diverse staff group, and recognise our responsibilities to ensure that all of our staff processes are equitable and transparent. We also recognise the role that our staff play in leading and supporting diversity in our grant making processes and the wider heritage sector, including ensuring applicants for our funds promote inclusion and diversity in their projects. We actively promote diversity and equality through our organisation and in our recruitment and selection processes. Our staff diversity details are:

Gender Profile:	Female 76% and Male 24%
Ethnicity Profile:	White 77%; BAME 11%; Undeclared 12%
Declared disability:	4%
Age Profile:	Under 40 years 51%; 41-60 years 46%; and 61 years+ 3%

We will be undertaking further work to promote and champion a diverse workforce in 2019-2020, including benchmarking our policies and processes against national best practice. We will endeavour to ensure that our staff diversity reflects the diversity of our customers and stakeholders.

5 Our Corporate Priorities in 2019-2020

The operating environment for heritage in the UK remains volatile with continued public funding constraints and the uncertainty associated with the UK's departure from the EU. Our Strategic Funding Framework is designed to address the most significant needs and opportunities identified by our stakeholders and customers and we will continue to engage them and review our funding offer during the life of the Framework.

In 2019-2020 we will continue to manage the impact of fluctuations in income and new investments balanced against our long term commitments and the need to maintain appropriate reserves. We expect to be able to make awards totalling £225M. Alongside the National Lottery Community Fund (formerly the Big Lottery Fund), our rebrand will further reinforce the link between play and good causes. We will continue to work closely with Camelot, Gambling Commission, DCMS and the other National Lottery distributors to understand the underlying trends in income and will engage with these partners to support the National Lottery licence renewal process, due to be concluded in 2022.

Our approach to financial management will remain flexible, aligning income, commitments and our reserves to ensure that these do not get out of kilter. We will carefully manage our risks, strengthening and sustaining our existing relationships and

ensuring continuity in our business approach as we implement our business transformation.

In this context we have identified the following priorities for 2018-19, and grouped these into areas of common themes:

Priority (Headline/Title)	What does this mean? (the what)	What are we going to do to deliver this priority? (the how)
<p>Get the Strategic Funding Framework off to a successful start and into delivery.</p>	<p>Smooth transition to first applications and decisions under the new portfolio.</p> <p>Successful phased roll out of SFF launch messaging leading up to 25th birthday in November.</p> <p>New campaigns designed, timetabling agreed and campaigns launched.</p> <p>Re-design of investment management systems and procurement for re-launch in 2020.</p>	<p>Undertake evaluation/audience feedback exercise for SFF launch.</p> <p>Embed staff and decision takers training and briefings, introduce use of new Knowledge Hub internally, and promote new digital resources externally.</p> <p>Deliver monthly planned programme of leadership, advocacy and marketing focused on SFF themes.</p> <p>Board agreement to the detailed proposals on campaigns, consult stakeholders and partners, plan and design funding interventions and associated activities, and launch capacity building and digital.</p> <p>Establish development/build route for new investment system.</p> <p>Design, build and test.</p> <p>Launch new system/portal.</p>
<p>Ensure SF4 continues to run smoothly.</p>	<p>Business continuity for the existing portfolio of cases.</p> <p>Effective handling of second-round competition.</p> <p>Prompt closure of cases.</p>	<p>Consider and assess the outstanding Round 2 cases as soon as possible.</p> <p>Close down and good housekeeping on closed cases.</p>

Priority (Headline/Title)	What does this mean? (the what)	What are we going to do to deliver this priority? (the how)
Further development of the Corporate Strategy.	<p>Further develop plans for offering grant making services to other bodies and investigation of partnership options with existing suppliers under CCS Framework.</p> <p>Additional investment in impact funds where appropriate opportunities arise.</p> <p>Further investigation of feasibility of NLHF-led impact funds.</p> <p>Feasibility/options on in-house approach to loans alongside grants as part of new investment systems.</p> <p>Establish leadership profile and positioning as part of SFF roll out.</p> <p>Establish strengthened approach to brand acknowledgement/recognition of National Lottery in funded project.</p>	<p>Potential partnerships are being explored, together with best routes for delivery.</p> <p>Recruitment for social investment and innovation skills to the Strategy & Innovation team to drive this work forward.</p> <p>Establish innovation panel to test new ideas and partnership opportunities.</p> <p>Continued engagement with potential social investment partners.</p> <p>BII Innovation team and BD Investment team scope process requirements.</p> <p>Business requirement for loans integrated into system specification.</p> <p>Planned programme of advocacy and convening opportunities alongside SFF themes.</p>
Deliver Business Transformation.	<p>Implement the organisational re-design agreed in 2018-2019.</p> <p>Implement office moves and mobile working in line with estates strategy.</p> <p>Implement new digital infrastructure and ways of working.</p>	<p>Complete transition arrangements and final recruitment,</p> <p>Continue and embed culture change work.</p> <p>Move estate in Exeter, Newcastle and London.</p> <p>Implement Office 365.</p>

Priority (Headline/Title)	What does this mean? (the what)	What are we going to do to deliver this priority? (the how)
Complete implementation of Tailored Review, Mendoza Review and DCMS Digital Project recommendations.	<p>Tailored Review implementation plan monitored monthly, with regular reports to DCMS, and remaining actions closed.</p> <p>BII to develop Digital Capabilities campaign for 2019-2020.</p> <p>BII to develop Dynamic Collecting campaign for 2020-2021.</p> <p>BII to deliver and monitor action plan agreed with Arts Council England.</p>	<p>BII maintaining oversight of progress and updating TRIP until complete.</p> <p>Carry out additional research with sector and scope proposals for May Board.</p> <p>Use jointly commissioned Heritage Fund/ACE research on Collections Initiatives work to scope out what areas both can best support dynamic collections management together or separately. Proposals for our response through the campaign to go to Board in October'.</p> <p>Regular liaison with ACE at Policy and Area level.</p>
Promotion of the 25 th anniversary of the National Lottery.	<p>Collaboration with National Lottery Family on NLPU-led campaign to demonstrate the impact and value of the National Lottery, and look ahead to the next 25 years.</p> <p>Roll out Strategic Funding Framework strategic themes from April to November culminating in 25th birthday celebratory communications activity in November.</p>	<p>Support other Lottery Distributors and National Lottery Operator on 25th Anniversary events.</p> <p>Promote the 25th anniversary to applicants and grantees, potentially through a dedicated anniversary funding campaign.</p> <p>Use marketing opportunities to endorse and promote the 25th anniversary.</p>

6 Our investment portfolio

6.1 Overview

The National Heritage Memorial Fund

In 2019-20 we will receive £5M Grant in Aid as the third year of our settlement for the NHMF. We continue to prudently invest the NHMF Endowment Fund to align with our investment strategy, and try to retain the value of the endowment at par to the initial

grant in 1980. The successful investment of our Endowment Fund means from 2019-2020 we will generate an extra £750K to add to the GIA budget for further grants.

The National Lottery Heritage Fund

We estimate that our share of the National Lottery good causes income will be around £310M for 2019-2020. Along with DCMS, we continue to monitor income levels and fluctuations to ensure they remain consistent with optimising the level of our investment, setting prudent levels of commitments (given that many projects take some time to complete), and maintaining a sensible level of funding of our reserves in the National Lottery Distribution Fund (NLDF).

Our budget for grants and other investments (e.g. - impact funds) will be £225M for 2019-20, an increase of more than 10% over the budget originally set for 2018-2019.

6.2 Our investment portfolio 2019-2020

This will comprise:

- National Lottery Grants for Heritage £3K to £5M – project grants responsive to applications for all types of heritage;
- Heritage campaigns focused on cross-cutting themes or areas of heritage;
- Joint funds to deliver strategic initiatives in partnership, such as Future Parks Accelerator, and,
- Social investments such as impact funds and loans.

National Lottery Grants for Heritage £3K to £5M

We will offer the majority of our funding through a single open programme for all types of heritage. National Lottery Grants for Heritage will provide grants from £3K upwards. Through this programme we will respond flexibly to high-quality proposals of all kinds, from all parts of the heritage sector and from the widest range of applicants. Our application forms, processes and requirements will be shorter and simpler for smaller grants, and we will offer more applicants a quicker decision by increasing the upper limit for single-round awards from £100K to £250K. For larger grants (£250K to £5M), we will introduce an early Expression of Interest stage, based on submission of a brief project proposal, to reduce the levels of competition and risks involved in making a full application. The key features of our application, decision making and monitoring processes for National Lottery Grants for Heritage from £3K to £5M are available on our website.

Major Awards over £5M

We will have two competitions for major awards of over £5M during the life of the Strategic Funding Framework – in 2020-2021 and 2022-2023. More details will be available during 2019.

Heritage campaigns

We will run occasional heritage campaigns to fulfil identified strategic needs or funding gaps, create opportunities for advocacy and strategic leadership, stimulate innovation, and bring new sources of expertise, audiences, and resources for heritage through partnerships. Each campaign will have a clear geographical reach (UK wide, country, area or local), will be time-limited, and alongside our funding, will offer opportunities to share new knowledge and learning to benefit the heritage sector ([see page 10](#)). Further details will be announced during 2019. Other UK-wide, country and local campaigns will also be announced periodically.

Innovation and partnerships

We are committed to driving innovation, testing and learning from new approaches, working with partners to share resources and add value to these initiatives. One way we will support this is by releasing Open Data about our grant funding from April 2019, and updating this on an annual basis. We will seize opportunities for new partnerships and innovations as they arise.

6.3 Investment budgets 2019-2020

Our budgets in 2019-20 will be:

- Decisions on strategic campaigns and other interventions determined on a UK-wide basis - about £19M;
- Grants under £5M delegated to the English Areas, Northern Ireland, Scotland and Wales will amount to £161M, and,
- Grants under £100K delegated to officers across the UK will amount to £45M.

6.4 Our approach to allocation and delegation

We will continue our current practice of per capita allocation of budgets for all funding not reserved for strategic interventions or UK-wide competition. We will also retain a 'country reserve' of £16M for Scotland, Wales and Northern Ireland for high-priority cases that cannot be accommodated in the delegated budgets. The per capita allocation of budgets is:

Scotland	8.4%
Northern Ireland	2.9%
Wales	4.8%
England – North	23.7%
England – Midlands and East	25.3%
England – South and London	35.0%

Decisions on around 80% of all of our funding will be made by local decisions makers - committees and senior staff in Scotland, Northern Ireland, Wales and the three areas of England. This will include decisions on project grants between £3K and £5M through National Lottery Grants for Heritage, and on any country or local heritage campaigns, joint funds or social investments that are being funded through delegated budgets. In the case of England, any national intervention will be top sliced from the English area budgets, or through

agreement between the English areas themselves. Our UK-wide Board will retain oversight and decision making for all UK heritage campaigns, joint funds, impact funds, and major awards over £5M.

7 Our operating costs

We recognise the importance to National Lottery players and taxpayers that they wish to maximise the amount spent on grants, and to keep our own costs on administration down to the optimal level.

We are set a limit by DCMS that our total National Lottery operating costs should be less than 8% of National Lottery income. Our track record on achieving this has been good to date:

2014-15	5.2%
2015-16	5.8%
2016-17	6.9%
2017-18	6.6%
2017-18	5.0%
2018-19	6.8%

In 2018-19 DCMS have agreed to changes in the calculation of our efficiency targets. This will now be a single figure of 8% and be calculated:

- Using a three year rolling average of lottery income (two years actual plus one years projected);
- Excluding non-recoverable VAT, and,
- Excluding exceptional items.

We expect to meet the 8% target in 2019-2020. The target will decrease to 7.75% in a year's time.

8 Our Service Standards

We have set targets to deliver timely services to our applicants and grantees as follows:

8.1 National Heritage Memorial Fund Decisions

The decision on an application will normally be taken at the next available decision meeting following assessment in:

Urgent acquisitions:	3 months
Other projects:	6 months

Grant payments will be made to the grantee within 15 working days from receipt by NHMF of the payment request.

8.2 National Heritage Lottery Fund Decisions

Decisions will normally be taken at the next available decision meeting following assessment in:

National Lottery Grants for Heritage £100K - £5M

Expression of interest response: 20 days
Development/delivery round application: 12 weeks

National Lottery Grants for Heritage £10 - £100K and £ 3K - 10K

From application: 8 weeks

8.3 Grant Payments

Grant payments will be made to the grantee within 9 working days from receipt by NLHF of the payment request.

8.4 Customer Satisfaction

We will undertake a survey of successful and unsuccessful applicants, and aim to maintain customer satisfaction with our assessment processes at no less than 80%.

We will undertake a similar survey of those to whom we have awarded grants, and aim to maintain customer satisfaction with our monitoring and post-award processes at no less than 85%.

The proportion of applicants that find the NLHF website easy to use will be at least 80%.

We will publish decisions on our website within a maximum of twenty working days, and will actively promote a wide selection of our awards via the media, to generate awareness amongst potential applicants and National Lottery players.

9 Our Key Performance Indicators (KPIs)

We have set Key Performance Indicators (KPIs) for our corporate strategy 2018-2021 and will report on these annually. In developing the KPIs, a number of principles were adhered to:

- Measures should be clearly aligned to organisational objectives and be understandable, meaningful, as well as adding value to the achievement of objectives;
- Data should be reliable and allow for timely and efficient reporting and review of measures, and,

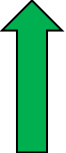
- Management information collected and monitored provides relevant insight into the activity.

There are a number of KPIs that are focused on business as usual activities and others which are more aspirational (these have been marked with an *). It is unlikely that much progress will be made against the aspirational ones during the financial year 2019-2020, so these have to be viewed as longer term. For this reason targets are for 2020-21:

Goals	Indicators and Baselines	Owner	Target for 2020-21
KPI1 Operate within efficiency target set by DCMS.	See section 7: Calculated using a 3 year rolling average of lottery income (2 years actual plus 1 years projected); Excluding non-recoverable VAT and exceptional items.	Business Services – Finance.	7%
KPI2* Generate new income streams.	Not reliant solely on lottery and grant in aid money.	Business Innovation and Insight – Strategy and Innovation.	£0.5M
KPI3* Lottery investment used to leverage greater funds from other investors.	For every £1 of lottery investment (through Heritage Grants) we secured £1.02 from other investors (2017-18).	Business Innovation and Insight – Strategy and Innovation.	Increase by 10%
KPI4 Excellent reputation with stakeholders.	Favourability towards NLHF among all elected representatives, policy makers and officials at national and local level: 89% (Members of Parliament) 70% (Members of Scottish Parliament) 92% (Members of the National Assembly of Wales) 85% (Members of the Northern Ireland Assembly) 92% (Councillors and local stakeholders) (ComRes panel report, 2017).	Business Innovation and Insight – Policy and Marketing.	Maintain at current rates. Increase by 1%

Goals	Indicators and Baselines	Owner	Target for 2020-21
	Key Media: 82% Slightly/Strongly favourable in a typical quarter 2018/19		
<p>KPI5</p> <p>High levels of customer satisfaction.</p>	<p>8.03/10 score for overall handling of application.</p> <p>79% of customers state it was 'very/fairly easy' to find information on the NLHF website to make their application.</p> <p>17% of applicants found experience with NLHF worse than with other grant providers (Customer Care Survey 2018).</p>	Business Innovation and Insight - Data and Insight.	<p>Maintain at over 8/10 and over 80%</p> <p>Reduce to 12%</p>
<p>KPI6</p> <p>Improved NLHF brand awareness.</p>	<p>Brand awareness amongst UK population: 11% of people surveyed would approach NLHF for funding of a Heritage project (2018).</p> <p>Media reach: 24,760,758 in a typical quarter 2018/19.</p> <p>Twitter follower growth: 1,095 in a typical quarter 2018/19.</p> <p>Facebook follower growth: 273 in a typical quarter 2018/19.</p> <p>Instagram follower growth: 507 in a typical quarter 2018/19.</p> <p>Website: 98,501 users in a typical quarter 2018/19.</p> <p>News and stories: 21,728 users in a typical quarter 2018/19.</p> <p>Newsletter: 31% unique open rate in a typical month in 2018/19.</p> <p>Newsletter: 5% unique click-through rate in a typical month in 2018/19.</p>	Business Innovation and Insight – Marketing.	<p>Increase to over 15%</p> <p>Increase by 1%</p> <p>Increase by 1%</p> <p>Increase by 1%</p> <p>Increase by 1%</p> <p>Increase by 1%</p> <p>Increase by 1%</p> <p>Maintain above 25%</p> <p>Maintain above 3%</p>

Goals	Indicators and Baselines	Owner	Target for 2020-21
KPI7 Support the National Lottery brand.	76% of National Lottery players reached in a typical quarter 2018/19. 24% of regional and 17% of national titles mentions of the National Lottery in a typical quarter 2018/19.	Business Innovation and Insight – Marketing.	Maintain at above 75% Increase by 1%
KPI8 Raise operational productivity.	Operational Productivity 2016-17 Reduce average cost and average direct labour cost per caseload and reduction in overall monitoring cost of portfolio. Register of Support Services (ROSS) Reduction in average day rate cost compared to previous framework.	Business Delivery.	Reductions over 2016-2017 baseline. Average day rate reduced by £50.
KPI9 High levels of staff engagement.	Overall Employee Engagement Index score across NLHF is 72% : <ul style="list-style-type: none"> • Directors here are sufficiently visible (54% agreed) • Communication between departments is good (53% agreed) • Success is recognised here (51% agreed) • There are good career prospects here (16% agreed) (Staff Survey 2017-18)	Business Services – HR and People Management.	Increase overall score to 75% And all other measures by 5%

Goals	Indicators and Baselines	Owner	Target for 2020-21
KPI10 Increase staff understanding of equality and diversity.	Proportion of staff uptake of training: <ul style="list-style-type: none"> • Changes in behaviour • Improved relationships • Improved experiences 	HR and People Management.	
KPI11 Monitor and improve workforce equality and diversity at all levels.	Staff (March 2018) /UK population (ONS) Female: 76%/51% Male: 24%/49% White: 89%/86% BAME: 11%/14% Declared disability: 4%/11% LGBT: 2%/2% (ONS)	HR and People Management.	Recruitment and pay policies support greater equality.
KPI12 Higher quality project self-evaluation supporting better sharing of learning.	77% of self-evaluations for HG projects rated fair, good or excellent (n=326). 79% of self-evaluations for OH rated fair, good or excellent (n=78) (March 2018).	Business Innovation and Insight - Data and Insight.	By 2020-21 increase fair, good or excellent evaluations to 90%
KPI13 A clearly articulated impact narrative (Strategic Funding Framework KPIs).	KPI development for our next SFF leading to clear impact statements such as: <ul style="list-style-type: none"> • For every £X NLHF invests Y jobs are created. 	Business Innovation and Insight - Data and Insight.	SFF objectives show improvement against 2018-2019 baselines. Mid-term review 2022.
KPI14* New products and services developed.	Currently 0 new products/services; launched, 0 new contracts won.	Business Innovation and Insight - Data and Insight.	Appointed to Government Framework 2019 or 2020.

Goals	Indicators and Baselines	Owner	Target for 2020-21
			At least 1 new contract won by 2020.

10 Our risks and how we manage these

Our approach to managing risks is to mitigate so they come within what we are prepared to tolerate. We have a corporate risk register which is regularly reviewed by the executive as well as Audit Committee and Board.

Overall the risk exposure for 2019-2020 has remained the same or in one or two instances improved. We have introduced a new risk related to the renewal of the Fourth National Lottery licence, although this is more vicarious and therefore very hard to mitigate or influence through our own actions. We have seen some modest risk improvement regarding National Lottery income following injections into marketing funding from NLDF. This maybe a lag issue and time will show the improvements. We have also seen some modest improvements in the risk related to Shaping our Future Business (SFB) because we now have a defined baseline post consultation and we can start to map transition and implementation with certainty. The key focus now is on communications and engagement around the changes and implementation. We have done some initial work on culture and are committing to additional resources over the next two years to help that work develop further.

Our main risks that we presently anticipate for 2019-20 are as follows, along with what we will do to manage those risks:

	Our corporate risks	Our actions to mitigate these
1	Lottery income is variable and makes long term commitment planning difficult.	The measures we instituted in Dec 2017 are having an impact and bringing the financial KPIs back into line. This included setting budgets below income and setting R2 conversion rates at 80%, whilst also looking at de-commitments, closing down cases etc. We have also worked with DCMS, other LDBs, GamCom and Camelot on revised marketing, games and NL engagement to improve income projections.
2	The competitive renewal of the fourth National Lottery Licence disrupts funding to good causes.	Initial liaison and conversations with DCMS and GamCom have started and we are keeping a watching brief on consultation. Updates are being provided to CEO at Lottery Forum and FDs at Finance Forum.

	Our corporate risks	Our actions to mitigate these
3	Corporate Strategy - specifically diversification of income - may fail because we don't have the resources, we don't agree to prioritise the right resources or we simply are not successful in delivery.	Continue to develop options for further work. We have completed the initial feasibility work and Board agreement obtained to further work on Grant Management Services and Social Investment. SFB has identified the skills types needed in this area, roles and likely grades and numbers of staffing.
4	Morale and engagement will deteriorate as the reaction to change and business transformation set in, especially in areas like OD and people changes, this may get worse if we don't handle communications and messaging effectively.	<p>Communication and messaging will be critical to handling and managing this risk. We now have a dedicated communications role to support existing internal communications resources and have both a plan and beefed up communication activity.</p> <p>We will also deliver change management activities and identify/manage any concerns or reluctance. Some evidence of confused messages/communications being received and through multiple channels. Town Halls events undertaken. Staff groups have been involved in Shaping our Future Business.</p> <p>Staff engaged in Change and Culture work stream. Q&A open and used as channel.</p> <p>Need to manage SFB and SFF planning and preparations.</p>
5	SFF transition places too many demands on us to deliver successfully. The lottery income position undermines SFF preparations or successful implementation. Business Transformation and change also distracts us from successful transition. We don't have sufficient time for effective planning for SFF.	Inform grantees/applicants and stakeholders of income and competition position and likely SFF positioning. Continuing with SFF delivery and planning/implementation alongside narrative and material. Website development continuing. Process improvements continue to take place and process/IT minimum viable option on track for delivery at this stage. Review of resources and workload ongoing.
6	The consequences of Brexit have an adverse impact on the Fund.	(1) There may be a risk that NL players behaviour means drop in sales of Euro millions, although historically adverse economic circumstances have in the past increased sales, (2) Camelot have advised us that they have taken all foreseeable precautions and remain vigilant, (3) The Fund has limited numbers of EU staff and none in business critical roles, and (4) We

	Our corporate risks	Our actions to mitigate these
		have and continue to test suppliers arrangements and provisions.
7	Our own restructuring and OD work may create changes to core structure, business model and operating model that do not fit (or contradict) devolution, in countries and in English regions and we risk becoming exposed on our model and funding distribution and this being moved elsewhere.	Build this into planning checks and balances. Ensure design works and functions in post evaluation assessments and check points.

11 Our commitment to transparency and data publication

We recognise our obligations to National Lottery players and taxpayers in explaining how we use their monies and funding.

We publish on our websites (see below) the following:

- Tenders and contracts worth £10K or more where we are seeking suppliers/business partners to help us deliver our business. We welcome bids from all potential suppliers especially small, medium enterprises whom we haven't worked with as yet;
 - Contracts awarded for such services and support where we have let those contracts;
 - Our organisation charts and senior staff salaries. These are also published in our Annual Reports and Accounts (which are also available on our websites);
 - Our Board and Committee decisions on grant applications;
 - Our governance structures;
 - Details of our Trustees and Regional Committee members as well as our senior staff charged with the day to day running of the NHMF and NLHF;
 - Our full Strategic Funding Framework 2019-2024;
 - Our online communities and opportunities to share experiences and ideas;
 - Opportunities for jobs and working with us including committee membership and trustee vacancies when they arise;
 - Any special initiatives or programmes;
 - Details of all grant programmes with guidance on how to apply, requirements and links to our online portal for lodging applications;
 - How we work with you to deliver your project and outcomes;
 - Our research and evaluation reports;
- We will release a first batch of our grants awarded information as Open data in April 2019 and update it on an annual basis (see weblink heritagefund.org.uk/open-data and heritagefund.org.uk/publications/strategic-framework-four-projects-funded-initial-decision-between-1-april-2013-and-31-march-2019).
- In tandem we will also provide grants data through Grantnav, which is an Open Data standard (see web-link [Grantnav](#)); and,
- Other corporate information.

12 How to contact us

If you want to know more about our work please visit us at: www.nhmf.org.uk or www.heritagefund.org.uk

Or you can ring us on 0207 591 6000, or textphone on 0207 591 6255