

May 2021

Business Plan 2021-22

Contents

Context.....	4
Our Purpose and Role	4
Our response to the COVID-19 pandemic in 2020-2021	6
Our Corporate Strategy and Business Priorities for 2021-22.....	8
Our Corporate Strategy	8
Business Priorities for 2021-22	9
Our Values and Behaviours	12
Our Lottery Investment Plans 2021-2022.....	13
Our Commitment to Equality, Diversity and Inclusion.....	17
How we will deliver.....	21
Our Governance	21
Our People	22
Our Income and Costs.....	24
Our Performance	25
Our Service Standards	26
Our commitment to sustainability	27

Our Risks.....29

Our Transparency.....32

How to get in touch.....34

Important note:

We recognise that we will need to be flexible and agile in all our work in 2021-22 especially in relation to the coronavirus COVID-19 crisis. In consequence, this plan will be reviewed quarterly and be adapted where needs be to differing requirements during the year.

Context

Our Purpose and Role

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 new chair from April 2021 is Dr Simon Thurley CBE. Although our origins are in the NHMF, this now accounts for a small but important element of our work - about £5million a year in grants.

A small grants team handles the UK wide NHMF grants business. In 2021-2022 we plan to play a more significant role in securing the future of outstanding heritage assets at risk due to the impacts of the pandemic. We have set aside £20m from our endowment to rescue assets and secure them in sustainable new ownership where their future is threatened by organisational failures accompanied by a further £20m from DCMS to make an overall £40m investment programme.

The National Lottery Heritage Fund

As the UK's largest funder of heritage, we have a critical role in supporting all kinds of heritage. The Heritage Fund is unique in covering the full breadth of natural, cultural and intangible heritage, across the whole of the UK. We believe heritage is everything that matters to people in their community and history. Heritage is vital to improving our quality of life, the physical space around us and is central to our identities. It provides common experiences for us all and has the power to transform lives.

Through our ambitious funding programmes and partnerships, we will inspire, lead and resource sustainable, thriving UK heritage. Positive and lasting change will be created for people and their communities, now and in the future.

We already have a very strong track record of grant-making for heritage, with over 26 years of experience and expert teams located across the UK. And we already work collaboratively with partners to resource joint solutions for heritage. However, we are committed to doing more: to investing our resources to protect more heritage assets and create better heritage experiences across the UK.

Through our six devolved area and country teams we are already funding projects and partnerships across the whole breadth of heritage, that deliver value for money.

Our Strategic Funding Framework sets out our approach to investing over 2019–24. We will also do more to:

- Demonstrate and champion the economic, social and community impact of heritage.
- Bring together organisations working across heritage to share knowledge and resources.
- Encourage and lead greater innovation and new income-generating opportunities for heritage.

We are committed to the long term for heritage, not just as a grant maker, but as a proactive collaborator and leader.

Our response to the COVID-19 pandemic in 2020-2021

Since March 2020, all our efforts at The Heritage Fund have been focused on supporting heritage to adapt and respond to the immediate impact of COVID-19. Across every part of the UK, our country and area teams have been working side by side with local heritage organisations to support them through this most difficult of times. Our approach to supporting the heritage during the COVID-19 pandemic has been grounded in data and insight into sector needs as they changed over the course of the year. Building on the heritage sector survey we commissioned at the start of the pandemic as well as stakeholder intelligence we swiftly closed our National Lottery Grants for Heritage open programmes and introduced the Heritage Emergency Fund alongside other measures to support organisations working with heritage through the pandemic. We also undertook stakeholder consultation and commissioned an evaluation of the Heritage Emergency Fund and other support measures to understand their impact and also future needs.

Many organisations rose admirably to the challenges presented by the pandemic, finding new, safe ways of opening with social distancing measures in place to welcome people back through the summer months and embracing new digital ways of working to find and engage new audiences. The subsequent closures due to further lockdowns during winter 2020-2021 intensified the financial pressures across the sector, and the UK Government and devolved administrations responded with unprecedented support packages to sustain organisations into the spring and summer 2021.

By the end of the 2020-2021 financial year, we had distributed more than £500m into the heritage sector including:

- A UK-wide £50m Heritage Emergency Fund, which has supported almost 1,000 organisations, thanks to National Lottery players.
- The initial £92m Culture Recovery Fund for Heritage for DCMS, part of the department's £1.57bn package of support for the wider cultural sector; this was followed by £44m in the second phase of this programme to support organisational recovery through to the end of June 2021.
- The £40m Green Recovery Challenge Fund on behalf of DEFRA, for eNGO's and other environmental organisations.
- In Wales, we delivered environmental grants worth over £4m for the Welsh Government. This, alongside the DEFRA fund, reflects the importance of a 'green' recovery from the pandemic and our expertise as one of the UK's largest funders of land and nature.
- In Northern Ireland we were the delivery partners for the Department of Communities £5.5m Heritage Recovery Fund, part of the Government's UK wide commitment to cultural recovery.

Throughout the past year we have prioritised urgent funding for heritage facing the greatest risk, including safeguarding the investments we have already made. We have done this by continuing to support more than 2,500 projects in development and delivery where our investment commitments total £1.1bn. For those in development, we have continued to make decisions on delivery grants – for example major grants for the Loughborough Bell foundry and the Newport Transporter bridge.

In November we re-opened our project funding for grants up to £100,000 focusing on our resilience and inclusion outcomes, recognising that many projects aiming to drive greater inclusion in heritage had been paused at the start of the pandemic and that many organisations needed further support to refocus their activities and plans. On 8 February 2021, we re-opened our project funding in full for grants up to £5m, marking a return to our core National Lottery business – but not a return to a pre-COVID-19 ‘business as usual’ approach. As we build back, our funding and expertise will support heritage organisations to adapt to fundamentally changed circumstances, to closely examine their existing business models and to develop new, creative and more resilient ways of operating. Through our heritage funding and support ahead, we will prioritise projects that:

- boost the local economy
- provide job creation and encourage skills development
- support local health and wellbeing
- strengthen the resilience of organisations in heritage
- ensure that local places and communities can thrive

And critically, we will want all the project partners we work with to demonstrate that they are building long-term environmental sustainability and inclusion into their plans.

More than one year into the pandemic, the outlook for our health and our economy remains uncertain, but the rapid development and roll out of the vaccine programme brings hope. We will continue to work with Governments, in partnership with leading heritage agencies such as CADW and Historic England, to deliver the support the UK’s heritage needs to achieve a sustained recovery in 2021-2022. Now, more than ever, heritage has the opportunity to demonstrate its economic contribution and value to our national life and support for the recovery of our local economies and communities.

Our Corporate Strategy and Business Priorities for 2021-22

Our Corporate Strategy

In 2020 we refreshed our Corporate Strategy 2018-2021 in response to changes in the external environment and the introduction of our current Strategic Funding Framework in 2019. It continues to be as ambitious as the original: our vision is to be recognised for our expertise and leadership; and through our funding programmes and partnerships, we will inspire, lead and resource sustainable, thriving UK heritage.

The refreshed Corporate Strategy builds on the progress we have made in the last two years to deliver in new ways beyond our core grant funding approach; for example, the Future Parks Accelerator innovation programme and the Heritage Impact Fund offering social investment, as well as building partnerships across all areas and countries of the UK. The refresh makes the relationship to the Strategic Funding Framework outcomes clearer, addresses the need to give more urgency to climate action and of course responds to the current COVID-19 pandemic.

We are focused on delivering five key outcomes which provide the framework for our business priorities in 2021-2022:

- supporting heritage throughout the COVID-19 pandemic
- promoting heritage as a force for good across the UK
- playing our part in tackling climate change
- involving and connecting a wider range of people
- encouraging a forward looking and flexible heritage sector

Corporate Strategy (Refreshed 2018-2021)

Vision

By 2021, we will be recognised for our expertise and leadership across UK heritage.

Heritage will be recognised as a vital contributor to economic growth and social cohesion, to better places and communities, to health and wellbeing, and to the protection of our environment. We will inspire, lead and resource sustainable, thriving UK heritage. Positive and lasting change will be created for people and their communities, now and in the future.

Role

As the UK's largest funder of heritage, we are committed to doing more to invest our resources in protecting more heritage assets and creating better heritage experiences across the UK.

Outcomes

1. Supporting heritage through the COVID-19 pandemic
2. Promoting heritage as a force for good across the UK
3. Playing our part in tackling climate change
4. Involving and connecting a wider range of people
5. Encouraging a forward looking and flexible heritage sector

Supporting our outcomes through:

- empowering and supporting our people
- partnering and collaboration

Business Priorities for 2021-22

As the COVID-19 pandemic continues to dominate our operating context, our two overarching priorities are to support the organisations working with heritage to manage the crisis; and to make our own organisation fitter and more responsive to immediate operating environment and beyond. We will

provide high-quality service and support for our customers while working collaboratively to advocate for heritage and the positive contribution it makes to life in the UK. This work will be driven by improved analysis and use of data and insight.

1) Delivery of our National Lottery and Grant in Aid programmes

Our National Lottery project funding will continue with funding offered from £3,000 to £10,000, £10,000 to £250,000 and £250,000 to £5m. All projects will deliver some or all of our prioritised outcomes – inclusion (mandatory), organisational resilience, skills, economic impact, wellbeing and supporting places to thrive, and will demonstrate how they intend to reduce their carbon footprint and contribute to greater environmental sustainability. We will make grants of over £5m under our Heritage Horizon Awards designed to support exceptional projects delivering transformation, collaboration and innovation at scale, at sites across the UK.

To support people through the process of making an application and delivering a project and ensure the projects we support are high impact and value for money, we will offer enhanced guidance and help through our website and through the service offered by our engagement and investment teams.

We will continue to deliver our highly regarded Digital Skills for Heritage campaign which is equipping organisations of all sizes to accelerate their grasp of new opportunities offered by working digitally. Further organisational support will be available through business support and enterprise development programmes running in all parts of the UK.

We will develop our thought leadership with a new campaign focused on museum and archive collections (Dynamic Collections). We will have a strategic focus on the role of heritage in places, introducing new place-based initiatives and approaches to investment to enhance our support for communities in collaboration with other leading cultural agencies. We will nurture innovation through a new fund developed in partnership with the Young Foundation, and a further investment in our Future Parks Accelerator. We will continue to encourage and incentivise organisations working in heritage to diversify their income and develop their financial skills, building on our existing social investments and pilot loans programmes.

We will work with Governments across the UK to continue to deliver the support the sector needs to recover. We will deliver the second phase of the Green Recovery Challenge Fund on behalf of DEFRA, further funding for DCMS and the Welsh Government and will create new funding partnerships where the opportunities arise. Internally, we will develop and improve our business and operating model and processes to support the effective delivery of National Lottery and Grant in Aid funds simultaneously, ensuring we have the right structures and resources across The Heritage Fund.

2) Implement a new Investment Management Service

We will replace the current grant management system with a modern more flexible investment management service offering a smoother, easier application process and enabling our staff to work more efficiently. A new application portal will be introduced from the spring, supported by enhanced online information and help for customers, and a comprehensive staff training programme. Following data migration, we will continue to build our data

warehouse and improve our data reporting capabilities. Our business will be more data driven and we will be better able to evidence our impact through the development of a new impact framework, embedded in our assessment process, to support our decision making.

3) Stakeholders and external partners

We will continue to strengthen and deepen our work with stakeholders and other key partners that have been intrinsic to our work supporting and sustaining the sector in 2020-2021, both UK wide and within our England areas and Scotland, Northern Ireland and Wales. Through the National Lottery Forum, we will continue our collaborative work with other National Lottery distributors to strengthen our impact focused on place, to improve data and reporting on National Lottery investment and to contribute to demonstrating the collective impact of the National Lottery for the UK's national life. We will explore new partnership opportunities, in particular in social investment and innovation, and continue existing social investment partnerships with the Architectural Heritage Fund and Nesta. We have begun the preliminary work on our next Corporate Strategy for beyond 2021.

4) Equality, diversity and inclusion

We will follow up the Equality, Diversity and Inclusion Review with an implementation plan for our culture, workforce, investments and governance as well as existing work in this area. We will show progress in The Heritage Fund becoming more equal and inclusive.

5) Progress and embed culture change

We will conclude work on our culture and values across The Heritage Fund and embed a new behavioural framework into day-to-day work and business. Our recruitment and performance frameworks will ensure that our values and behaviours are central to delivering objectives

Our Values and Behaviours

In 2021-22 we are taking further steps to ensure our values and behaviours are fundamental to our culture, the way we work, strategic and business planning and our leadership and management.

In everything we do we will be:

- **Trusted for our integrity, expertise and judgment.** Choosing what is right over what is easy. Trusting each other to lead by example. We are fair, open and transparent.
- **Inclusive of all aspects of heritage, people and communities.** Appreciating the richness inclusion brings, we champion the interests of all and actively challenge exclusion. We respect each other. Recognising and supporting diverse communities.
- **Collaborative by working and learning together.** Listening and learning from the best mix of skills and expertise. We share knowledge and experience. Working across boundaries to deliver solutions.
- **Ambitious for our people, communities and heritage.** Looking to the future and open to new ideas. We are enterprising, innovative and bold. We grow ourselves, our leadership position and sustainability.

So, in April 2021 we will introduce a completely new way to recruit staff by recruiting based on our behaviours set out above and in June 2021 we will introduce a new performance management framework to assess staff's performance that includes an assessment of their behaviours (the how) and their deliverables (the what).

In addition, as we return to more familiar ways of working and our offices in 2021-22, we will also look at the lessons we have learned from working virtually and remotely and how this will have changed the way we work and interface with our customers as well as ourselves.

Our Lottery Investment Plans 2021-2022

Our Strategic Funding Framework 2019-24 sets out six objectives for our investment over the course of five years:

We will continue to bring heritage into better condition. This conveys the importance we place on the condition of heritage. For example, we will measure the extent to which heritage is no longer at risk as a result of our investment by tracking grant data.

We will inspire people to value heritage more. Heritage must remain at the core of every project we fund. Our research shows that a broad range of heritage is important to National Lottery players. We will track the public perception of the value of heritage.

We will ensure that heritage is inclusive. We will do this by measuring and reporting on the demographics of the people engaged through all our work (as visitors, participants, staff, volunteers, trainees and those leading and governing projects), and by tracking the geographic spread of our grant funding across the UK.

We will support the organisations we fund to be more robust, enterprising and forward looking. We will evaluate a sample of organisations before and after our funding to assess whether they have become more resilient.

We will demonstrate how heritage helps people and places to thrive. National Lottery players want to see us fund projects that produce a strong social benefit in local areas. We will measure the added value of our intervention in 13 priority areas compared to other areas using a range of established indicators.

We will grow the contribution that heritage makes to the UK economy. Heritage creates economic benefit. We will measure how much benefit is created in terms of jobs, Gross Value Added and tourism, and what proportion of that can be attributed to our investment.

In 2021-22 the COVID-19 pandemic is the key driver for our investment plans. The impact of the pandemic will have long-term consequences for UK heritage, and we are planning for a longer, slower recovery with a best estimate of a more stable state by Spring 2022.

Our investment in 2021-22 is driven by our priorities to support the UK's heritage through the pandemic and for heritage to support the UK's economic and social recovery. We are transitioning from the emergency support we have distributed through the Heritage Emergency Fund and a number of UK and devolved government emergency and recovery funds, towards supporting recovery and renewal for heritage.

In 2021-22 National Lottery Grants for Heritage will focus on priority outcomes that respond to the COVID-19 context: supporting local economies, wellbeing, better places to live, work and visit, skills, organisational resilience and inclusion. Our priorities for heritage, as outlined in our Strategic

Funding Framework, are nature and landscapes, community heritage and heritage at risk. We will also strengthen our focus on environmental sustainability, ensuring all projects take steps to increase positive environmental impacts and reduce negative environmental impacts.

We will invest in campaigns and interventions that support organisations working with heritage, especially on aspects like digital and resilience that have been highlighted by the crisis. We will also continue to support projects in our funding portfolio through the pandemic by offering flexibility to funding terms, grant increases, support through our engagement and investment teams and Register of Support Services.

Given the uncertainty of the context in which we are operating, we will continue to review and take a flexible approach to our investment plans throughout the year. We are becoming more data and insight-led through our investments in new technologies and analysis. This evidence-based approach is helping drive our decision-making.

Our lottery investment portfolio 2021-22 will comprise of:

- National Lottery Grants for Heritage £3,000 to £5m (grants of £3,000 to £250,000 are delegated and over £250,000 to £5m are decided by our committees)
- Heritage Horizon Awards over £5m
- Strategic campaigns, interventions and partnerships focussed on themes or areas of heritage
- Social investments such as impact funds and loans

Our investment budgets are:

- £13m for joint funds, accelerators, loans and innovation
- £40m for Heritage Horizon Awards¹
- £50m for delegated grants
- £145m for committee grants

¹budget has been revised up to £50m

The delegated grant budgets are split across our UK teams and are:

England (North) £12m England (Midlands and the East) £13m England (London and the South) £18m Northern Ireland £2m Wales £3m Scotland £4m

The committee grant budgets are split across our UK committees and are:

England (North) £34m England (Midlands and the East) £37m England (London and the South) £51m Northern Ireland £4m Wales £7m Scotland £12m

In addition, there is country reserve available to Northern Ireland, Wales and Scotland of £16m.

(Note sums rounded)

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. Decisions on over 90% of funding are made locally.

The per capita allocation of budgets is:

Area	Per capita allocation of budget
Scotland	8.4%
Northern Ireland	2.9%
Wales	4.8%
England – North	23.7%
England – Midlands and East	25.3%

Area	Per capita allocation of budget
Scotland	8.4%
England – South and London	35.0%

In addition - as mentioned above - we will also deliver COVID-19 response programmes for DCMS (The Cultural Recovery Fund), DEFRA (The Green Challenge Recovery Fund), Welsh Government (Green Recovery Fund). These will be Grant In Aid funded programmes.

Our Commitment to Equality, Diversity and Inclusion

Our refreshed Corporate Strategy was published in June 2020 and commits us to:

‘Involving and connecting a wider range of people.

We are using heritage to bring people and communities together and explore the past, present and future. We are creating a space where communities can explore their identities. We are identifying and removing barriers to funding for organisations that are historically underrepresented in our funding. We are working to improve diversity, equality and inclusion across our own workforce and governance.’

We have undertaken a wide-ranging review of our approach to diversity and inclusion covering our workforce, culture, investment and governance. As part of the review, we consulted both internally and externally and committed to act on what we learned. An external taskforce advised the review and made the following observations and recommendations:

- **Vision:** Agree where the EDI focus should be and have a vision of what good looks like being clear in narrative, purpose and aim.
- **Pace:** The need to deliver at a realistic pace with work phased.
- **Intersectionality:** People’s experiences are based on multiple, interconnected parts of their identities such as race, age, gender, sexual orientation, disability and class. These interconnections should be a core part of our planning and delivery on EDI and guard against pigeonholing specific groups or communities.
- **Training and development:** Carry out deeper pieces of work to inform better training and development be bolder.
- **Leadership:** The need for continued strong and vocal leadership on EDI from The Heritage Fund, including taking time to learn at the very top levels and filter through the organisation. We should also show leadership by letting people know what we are doing internally and externally.
- **Accountability:** Ensure we are accountable for our EDI programme, at Board and public levels. We will also need to develop our work in holding funded organisations accountable.

The recommendations from the review with an implementation plan setting out our actions were agreed by our Board in March 2021 and include the following.

In terms of our lottery investment to:

- Support, monitor and hold accountable our grantees in delivery of the mandatory inclusion outcome.
- Consider new requirements, in particular for larger organisations and projects in areas like their governance arrangements.
- Work in partnership with other funders to examine best practice.
- Improve our processes so we have better data and insight on diversity data to improve our investment and engagement work.
- Improve training and support for our Investment Teams on our mandatory inclusion outcome.
- Improve the diversity of our ROSS framework itself.
- Use the skills of the ROSS framework consultants to assist potential applicants with limited experience in EDI matters and to mentor such applicants.
- Retain the User Research Panel we have created for the Investment Management Service to help diversify our applicant base and experience.
- Encourage projects more to share their own diversity data.
- Review our external communications and marketing for investment to ensure our language, channels and processes are accessible.
- Review our application processes and experiences for investment.
- Improve mentoring and networking between grantees.

In terms of our own culture:

- Continue to focus on our own value of inclusion and being “inclusive of all aspects of heritage, people and communities.”

- Continue to embed all of our values and behaviours in all aspects of work.
- Learn from our different teams in curated perspectives for example in areas like heritage and race.
- Enhance the Inclusion Zone in our internal Knowledge Hub to provide materials, insight and information in EDI issues.
- Strengthen our network of Culture Champions through their development.
- Further promotion of our Behaviours Framework.
- Identification of metrics and measures in Staff Check In Surveys.

In terms of our governance:

- Encourage and facilitate more applications from diverse candidates as Trustees and Committee members.
- Learn from and deploy the successes we have had in recent pilot recruitment campaigns for committees.
- Creation of more accessible role descriptions, improved channels for recruitment and the use of independent advisors and panellists in campaigns.
- Improved use of exit interviews for departing trustees and committee to understand our culture better and any barriers to recruitment and inclusion.
- Improve awareness of our legal responsibilities across the UK including Public Sector Equality Duty.
- A more tailored and bespoke training for those in governance.
- Strengthen monitoring and reporting of our EDI work.
- Improve engagement of young people in our decision making and governance.

In terms of our workforce:

- Continue to deliver our extensive and wide-ranging Workforce Action Plan.
- Implement more training in EDI areas including anti-racism training.
- Refocus recruitment channels to improve the diversity of applicants.
- Create an entirely new recruitment framework to reflect wider EDI principles, our values and behaviours.
- Create a new performance management framework for staff built around values and behaviours and focussed on EDI.
- Develop new policies areas in specific EDI related policies but also embed EDI in other policies like Dispute and Resolution, Capability and Conduct and Dignity at Work.
- Improve our reporting and transparency on staff data.

How we will deliver

Our Governance

Following the conclusion of our Governance Review in 2019, we have reduced the overall trustee numbers on the Board to around ten.

On the 1st April our new chair Dr Simon Thurley CBE takes up post. We have Trustees for Northern Ireland, Scotland and Wales who are deputy chairs too. In addition, they chair the committees for those countries.

In 2021/22 we will recruit new trustees for our three English areas who will also become chairs of the committees for those areas and mirror the arrangements in the countries.

We expect the recruitment campaign to start in April and conclude with appointment by the late summer.

The Board leads on our strategy, policy and governance as well as considering strategic investments through UK-wide heritage campaigns and partnership initiatives, and awards grants of over £5m (Heritage Horizon Awards).

We have six grant-making committees in Scotland, Northern Ireland, Wales and in three areas of England – North, Midlands & East, and London & The South.

Again, following recommendations of our Governance Review 2021-22 will see a significant transition programme for our committees in England with new committee members being recruited over the summer and autumn to provide a diversity and a wide range of skills, knowledge and experience as well as geographical spread across all three areas.

There will be smaller recruitment campaigns in Northern Ireland, Wales and Scotland committees too in the year.

We delegate to these committees all decisions under the main open programme, National Lottery Grants for Heritage, from £250,000 up to £5m.

Senior Business Delivery staff have delegated authority to approve grants of up to £250,000.

Our People

Our skilled and dedicated workforce are our greatest asset. Our Corporate Strategy and Strategic Funding Framework will only be delivered successfully through continued investment in our staff, their skills, development and wellbeing.

We have three departments, Business Innovation and Insight, Business Delivery, and Business Services, based in offices across the UK. The three countries and three English areas each have a dedicated local team within Business Delivery providing advice and support to applicants, and assessment and monitoring of grant applications. Each team provide a common service to their areas but adapted and devolved to the particular local needs. At the same time, some of our staff in the Business Innovation and Insight department responsible for policy, public affairs and marketing are based in the countries or areas that they support, ensuring our strategy, policy and operational delivery are better integrated and locally responsive. The same is true for our Business Service staff who provide our Finance, HR, IT, Estates and Legal and Governance functions.

During 2021-22 our baseline complement of staff will be 289 staff full time equivalents (FTE) either in permanent or fixed term roles. This will be supplemented by additional staff taken onto to deliver our extra Grant in Aid Programmes, we expect that we may employ up to 320 staff as FTE over the year.

With regard to gender our staff are 76% Female, 24% Male and 0% Gender Neutral, Non-Binary, Gender Fluid or Gender Queer.

In respect of ethnicity our staff are currently circa 90% white and 10% are Black, Asian or Ethnic Minority.

Around 6% of staff are LGBTQ+.

In terms of disability 9% of our staff have a disability.

The age profile of our staff is:

- 16 to 24 years old 4%
- 25 to 34 years old 33%
- 35 to 44 years old 29%
- 45 to 54 years old 19%

- Over 55 years old 15%

Our Income and Costs

In 2021-22 we expect to receive around £335m as our share of the Returns to Good Causes from the National Lottery.

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:

2018-19	6.8%
2019-20	7.7%
2020-21	5.0%

As part of the changes DCMS made in 2018-19 there will now be a single figure of 7.75% from 2021-22 (reduced from 8% above) and calculated:

- using a three-year rolling average of lottery income (two years actual plus one year projected)
- excess superannuation charges
- excluding non-recoverable VAT
- excluding exceptional items

We expect to meet the 7.75% target in 2021-22.

In addition to Lottery income in 2021-22 we will also receive our standard Grant in Aid income for the National Heritage Memorial Fund £4.9m for grants and £100,000 for administration costs. Furthermore, we will also have income from DCMS, DEFRA and Welsh Government to distribute grants. We will also receive administration budgets to accompany their distribution.

We expect our combined administration budgets for Lottery and Grant in Aid to be around £30m for the year.

We may also see additional income emerge throughout the year and this will be reported in the Annual Report and Accounts in due course.

Our Performance

We will review our corporate performance indicators (KPIs) this financial year in the light of the impacts of COVID-19 on our delivery of the current Strategic Funding Framework 2019-2024.

Our Framework agreement with our sponsor body the Department for Digital, Culture, Media and Sport (DCMS) includes the following key performance indicators for 2020-2021:

Outcome: Support financial resilience and the wider recovery of the heritage sector

A reduction in heritage assets considered to be 'at risk' as a direct result of National Lottery Heritage Fund investment

The number of jobs directly supported by National Lottery Heritage Fund investment

The proportion of grant applications processed within the published timeframe

Outcome: increased diversity and inclusion and increased participation in heritage

The number of visitors to heritage sites, museums and galleries, broken down by England area and country, recorded in DCMS's Taking Part survey

The number of volunteers directly supported through National Lottery Heritage Fund investment

Outcome: Prioritise contributions to the place and levelling up agendas

The amount and proportion of funding to the 25% most deprived local authority areas

Our Service Standards

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

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 us of the payment request.

National Heritage Lottery Fund Decisions

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

National Lottery Grants for Heritage £100,000 - £5m

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

National Lottery Grants for Heritage £10,000 - £100,000 and £ 3,000 – 10,000

- From application: 8 weeks

Grant Payments

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

Our commitment to sustainability

Sustainable development is intrinsic to our work and meeting the ambitions of our Corporate Strategy and the Strategic Funding Framework. For example, in the strategic outcome to *play our part in tackling climate change* and support our work to *promote heritage as a force for good across the UK and encouraging a forward looking and flexible heritage sector*.

Our approach is to look to set two different net-zero ambitions.

First, a medium-term goal of Net Zero before 2030 for our operations, decarbonising our offices, travel and waste, driving rapid change over the next decade to get our own house in order. Secondly, for our wider environmental impact (resulting from investments, grants and purchases), we will set a Science Based Target which will determine our low carbon trajectory, in-line with the 2015 Paris Agreement. This longer-term goal will help to take our grantees on the journey with us and provide a robust target for the whole sector. Our Science Based Target will form the backbone of a suite of environmental targets which will drive change across the whole scope of sustainable development, including quality education, reduced inequalities, sustainable cities and communities, life on land and life below water.

Each year The Heritage Fund reports on its environmental impact as part of the Annual Report and Accounts. Our priority is to create a consistent and clear methodology for reporting, and to include a wider range of environmental impacts.

Following this work, we will be able to better identify the existing data gaps in the information available, particularly as a result of the specific energy use data in our serviced offices. We will undertake a case study with one (or more) of our existing licence holders to best understand the challenges involved and effective methods for supplier engagement going forwards.

This work will focus upon verifying our direct organisational impact (greenhouse gas emissions included in annual report) and also provide a baseline for our wider environmental impact, predominantly due to supply chain and investments. The main output of this work will be an evidence-based reduction target – identifying the minimum rate at which we need to decarbonise as an organisation.

True organisational change will be realised through staff engagement and culture change. One of the key principles of the sustainability work will be transparency, both within and outside of the organisation. To provide transparent information to our colleagues, our intranet will become a key tool to provide up-to-date information and chart the decision making made along our net-zero journey.

The workplan and aspirations for sustainability align with other priorities for the year ahead, chief amongst those is the values and behaviours work. Sustainability does not need to stand alone here alongside this work, but instead can be woven into the narratives used in this work for this year.

Another area of alignment is the organisational shift in working habits. As offices start to reopen this year and colleagues establish the mix of home and office working that works for them, local action groups could become a transitional tool to help teams to rebuild connections, identify environmental opportunities and establish different ways of working that perhaps would not have been considered before the pandemic.

Via our Learning and Development team, we will identify the skills gaps in the organisation to deliver the sustainability strategy including sustainable procurement, green investment and carbon literacy.

The principal outcome of the reporting and engagement work for 2021 is to inform the development of robust and science-led policy and guidelines. Rather than requiring a new set of guidelines to embed sustainable working into the organisation, amendments can be made to existing guidelines such as: travel, expenses, home working, cycle to work, procurement.

There are many well established frameworks which will be used to inform the strategy development - the most fundamental of these is the Sustainable Development Goals (SDGs). Developed by the UN, the SDGs identify 17 areas for development for a sustainable future. They are an excellent tool to broaden the focus of climate action, to consider how the many facets of our society will function in a sustainable future. We will run a series of workshops to identify the development goals that speak most to our organisation. These goals and the discussion around them will be used as a foundation for the policy development and will also help identify the first steps that need to be taken in our sustainable development journey.

Our Risks

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. The Board have seen and discussed detailed risk assessments on the principle corporate risks throughout the crisis.

Our main risks for 2021-22 are as follows, along with what we will do to manage those risks:

Our risks	How we will manage these
<p>Lottery & GIA Income, Liquidity and Cashflow</p> <p>We have risks attached to the volatility of long-term lottery income along with uncertainty on the longer-term GIA income too. The demands of the COVID-19 pandemic also mean demand for cash and prompt cashflows places pressure on our lottery liquidity/cashflow and managing this for both the immediate term as well as longer term demands for the lottery investment portfolio.</p>	<p>We manage the long-term lottery by using insight from the lottery operator and GamCom on projections, taking mid-level projections with high confidence levels, set out scenarios/what if analysis and using our KPI model to project exposure. We will have discussions and close engagement with sponsor and funding departments/bodies to understand the longer-term exchequer funding environment. In addition to our long-term cash modelling/scenarios we also have a short term in year cashflow model that was developed in 2020-21 and has worked very well. These will continue to be tracked alongside the financial KPIs throughout the year to manage the risk.</p>
<p>Funding for administration and workloads/resources</p> <p>We need to ensure that we have sufficient administration funding to service the lottery and GIA funded investment programmes. This year the lottery efficiency cap from DCMS will reduce from 8% to 7.75%. We have taken steps to manage that transition and set budgets accordingly. GIA administration is more problematic with funding normally time limited and sometimes not the ideal funding level. We face risks of timing challenges with multiple programmes/spread throughout the year, demands on re-opening lottery programmes and pressures on key resource areas throughout different parts of the business.</p>	<p>We will work with funding sponsors to explain these risks and identify the optimal funding level. We will seek economies of scale, flexible resources and different ways of working to fit funding levels.</p> <p>We have started work on more detailed resourcing and costing models to understand impacts, identify needs and resources, understand capacity flow and timings better.</p> <p>We will start a piece of work with long term strategic cost planning in mind, realisation of efficiencies from our new investment management system and workforce planning to accompany this.</p>

Our risks	How we will manage these
<p>Staff engagement/morale</p> <p>Like all organisations maintaining staff, engagement and morale throughout the pandemic has been a significant challenge. This will continue throughout the spring and summer and until we can return to more familiar ways of working.</p>	<p>Staff have a strong affinity to maintaining the sector through the crisis and have an exceptional professional can do attitude to that. We will continue to supplement that with support for line managers, their teams and individual members of staff. A series of Mental Health and Wellbeing packages will continue throughout the crisis and beyond, we have strong support packages for staff in terms of caring responsibilities, we will provide regular crisis updates on roadmaps etc. We will support staff with time off for vaccinations etc. as well as specialist services like Employee Assistance Programmes and Occupational Health referrals. We also have a programme of regular staff events like Tai Chi, Meditation, social events etc. Senior staff engage with all teams and all staff to ensure their health and wellbeing remains number one priority.</p>
<p>Remote and virtual working</p> <p>We will need to continue running all operations across all departments and teams until we can safely return to offices.</p>	<p>We will continue to support all staff throughout the crisis by remote and virtual working. Our IT services have adapted for new starters and leavers. All staff are equipped to work remotely using O365 and Fund devices. All data is stored, accessed and used remotely and digitally. Support DSE training is available for all staff alongside support for equipment at home as needed. We have bolstered our IT resilience and security arrangements to give extra assurance for services.</p>
<p>Investment Management System</p> <p>In April we go live with our new Investment Management System (IMS) that replaces our current grant management system. This is the main arterial system of The Heritage Fund.</p>	<p>We have created effective governance oversight of this at the Board, Executive and IMS Project Board.</p> <p>We have a well-resourced, experienced and skilled Service Design/Digital team in the design, build and delivery. This is supported by our in-house IT team and our strategic system/technology delivery partners.</p>

Our risks	How we will manage these
	We have provided additional resources for design, build, delivery training, data migration, cost management etc, to ensure effective delivery of all aspects of the programme.

Our Transparency

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 £10,000 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 The Heritage Fund.
- 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.

- Other corporate information.
- We also publish data through GrantNav which is an Open Data Standard

How to get in touch

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 **call** us on 0207 591 6000, or textphone on 0207 591 6255