

**NATIONAL
HERITAGE
MEMORIAL
FUND**



Business Plan for 2016-2017

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Foreword: Our purpose and role

The National Heritage Memorial Fund (NHMF) - also operating as the Heritage Lottery Fund (HLF) – holds a unique position across the United Kingdom.

The NHMF is able to provide financial assistance towards the acquisition of assets of national heritage that are at risk of loss.

HLF complements the NHMF role by providing grants to sustain and transform heritage through projects that make a lasting difference for heritage, people and communities.

We help people to get involved in the UK's heritage and make a positive impact by enriching lives and communities and bringing economic value to the UK.

We have established a reputation built on trust and confidence. We are trusted by the public, stakeholders and Government to distribute funding wisely and in support of successful projects.

We are an expert in grant making. We are independent, measured and focused on quality.

We have developed the relationships and skills to work with others in partnership to improve heritage and the quality of people's lives.

1. Introduction

Background

This business plan sets out what we are aiming to achieve in 2016-2017 and the resources that we plan to use in that year. This covers both the National Heritage Memorial Fund (NHMF) and the Heritage Lottery Fund (HLF).

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 financial assistance towards the acquisition, preservation and maintenance of such a wide range of heritage treasures from trains to masterpieces of art, wildlife havens to manuscripts.

In the last year NHMF has helped acquire:

- *The Campbell Sisters* by Lorenzo Bartolini;
- The English translation of *Enchiridion* by Erasmus;
- *Two Forms Orkney* by Barbara Hepworth;
- The lost papers of Thomas Manning and,
- Gertrude Jekyll's album of photographs.

A small grants team handles the UK wide NHMF grants business. In 2015 an additional team was established as part of NHMF to manage the Listed Places of Worship Roof Repair Fund on behalf of the Government. This programme will continue in 2016-17 with a further £25M of grants to be awarded.

In 1994, the NHMF and its trustees were also given the task of distributing the heritage share of National Lottery money for good causes, which it now operates through the Heritage Lottery Fund (HLF).

The NHMF operates as an Arms-Length Body from government under the sponsorship of the Department for Culture, Media and Sport. We work under the direction of a Board of Trustees. Our chair is Sir Peter Luff.

The NHMF continues to act as the fund of last resort, being able to act very quickly in emergencies. The Heritage Lottery Fund gives grants to sustain and transform heritage through projects that make a lasting difference for heritage, people and communities.

Although our origins are in the NHMF, this now accounts for a small but still important element of our work - about £5M a year in grants. HLF is otherwise the main focus of our activity on which we will spend around £435M in 2016-17 in grants.

Heritage Lottery Fund: How we are organised

We have four departments: Operations, Strategy & Business Development, Communications and Finance & Corporate Services.

Scotland, Wales, Northern Ireland and each of the English regions have a dedicated local team within Operations providing advice and support to applicants and assessment and monitoring of grant applications.

Our Board is made up of 15 appointed trustees in total, including the Chair, bringing differing areas of expertise. They meet monthly throughout the year (except August) and consider grants for non-delegated programmes – the larger spending programmes with awards above £2M and some specific national programmes.

Country and regional committees covering Scotland, Wales, Northern Ireland and the English regions approve grant decisions for programmes with spend from £100K to £2M.

Senior Operations staff have delegated authority to approve grants of up to £250K under the new Resilient Heritage programme from 2016-2017.

Operational staff have delegated authority to approve smaller grants on a local basis where these are below £100K.

We expect to review our wider approach to delegation in 2016-2017.

2. Our aims and values

Aims

Using money raised by National Lottery players, the Heritage Lottery Fund aims to give grants to sustain and transform our heritage, making a lasting difference for heritage, people and communities.

Our value and impact as HLF

- Over the last twenty-two years we have been trusted by the public, stakeholders and successive governments to distribute National Lottery money wisely, supporting successful heritage projects right across the UK;
- We are an expert grant maker, experienced in ensuring that our funding achieves great results. We are independent, considered and focused on quality;
- We have developed the relationships and skills to work with others to improve heritage and quality of life across the UK and;
- Thanks to National Lottery players, our investment has had an enormous impact on the nation's heritage, transforming it for people and communities. With just over £430M to distribute this year, HLF will be one of the most important sources of heritage funding, and will continue to make investments which unlock the huge potential of the UK's heritage.

Our own values

Our core values centre on clarity, prioritisation, judgement, recognising diversity alongside authority and accountability. These core values guide our grant giving work and inform how we work with applicants, grantees and partners. Recognising our obligations in spending public money we also work to achieve economy, efficiency and effectiveness.

We aim to be recognisable wherever we work through consistent practice and presentation whilst retaining our flexibility to respond to differences and varying needs across the UK. We expect this to become even more important during 2016-2017, as further local devolution settlements in England are agreed with Government.

3. Our strategy

Strategic Framework

2016-2017 will be the fourth year of HLF's Strategic Framework 2013-2018, *A lasting difference for heritage and people*. The framework aims to give confidence to the sector and provide some certainty about how we will deploy our resources, whilst retaining flexibility to respond to emerging needs and demands. In this Framework we have remained true to the core principles that have defined our distinctive approach since 2002. We invest in the full breadth of the UK's heritage and have identified outcomes we want our funding to achieve for heritage, people and communities.

Following a review of the Framework at its mid-point (September 2015) we announced some new responsive measures to address pressures in the operating environment for our applicants and grantees and our priorities for an inclusive heritage sector, to be delivered in 2016-17. These are in the areas of organisational resilience, skills and young people and are detailed below.

Trustees also agreed that the approach set out in our current Strategic Framework remains the right one for our operating environment over the next few years, with sufficient flexibility to introduce changes or new initiatives when needed. In view of that, and to allow our new Chief Executive to engage with HLF's strategic planning we will extend the current Strategic Framework for a further year to 2019, and undertake full consultation on that during 2017 rather than earlier.

Our project outcomes

In assessing applications, we take account of the broad range of outcomes we know heritage projects can deliver, give extra weight to those outcomes we value most, such as learning, and are proportionate in our expectations of projects at different levels of grant.

The project outcomes we will be assessing can be summarised as:

Heritage outcomes

With our investment, heritage will be:

- better managed¹
- in better condition²
- better interpreted and explained
- identified and recorded.

Outcomes for individuals

With our investment, people will have:

- learnt about heritage²
- developed skills¹
- changed their attitudes and/or behaviour
- had an enjoyable experience
- volunteered time.

Outcomes for communities/society

With our investment:

- environmental impacts will be reduced¹
- more people and a wider range of people will have engaged with heritage¹
- organisations will be more resilient
- local economies will be boosted
- local areas/communities will be a better place to live, work or visit.

Progress to date

Grant programmes and initiatives

In the first two years of the framework, we launched a series of new grant programmes. We also continued six programmes from our previous Strategic Plan.

¹ These outcomes are weighted for grants over £100K in our open programmes

² This outcome is weighted for all grants in our open programmes

We have also added a new programme - First World War: Then and Now was added to the portfolio in response to strong public, media and political interest in the centenary. This programme will run until 2018-19.

We reviewed our progress and achievements at the mid-point of the framework in 2015-2016. As a result we have identified a number of new developments and priorities which we will deliver in 2016-2017:

- A renewed focus on organisational resilience. We will simplify and consolidate our support for organisations needing to build their capacity and capabilities in the context of a challenging operating environment by combining the existing grant programmes Transition Funding, Start-up Grants and Catalyst small grants into a single new programme offering grants from £3K to a higher maximum grant level of £250K;
- Alongside this we will support organisations with ambitions to develop their long-term financial sustainability through endowment building with the launch of a third investment in a challenge fund for endowments, providing grants of £250K, £500K or £1M, to be matched through private fundraising on a 1:1 basis;
- We will deliver a third round of the Skills for the Future programme, designed to address the skills shortages in the heritage sector and with increased emphasis on supporting heritage organisations to recruit and train a more diverse workforce;
- We will launch a new initiative to support a small number of organisations working in consortia to deliver a demonstrable step-change in young people's engagement with heritage – outside school – and to embed good practice across the sector and,
- We will continue to encourage high-quality applications for projects focusing on natural heritage as a strategic priority as these are less well-represented in our funding.

Balance and spread of funding

To ensure we achieve an optimal balance and spread of funding, we made three spending commitments:

- Around 75% of funding would be available through “open programmes” – we have achieved this to date;
- £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 – we have achieved this to date too.

Leadership and sharing learning

As part of our Strategic Framework we committed to “speak up for and demonstrate the value of heritage to modern life” and to create “more opportunities for dialogue with people who care about heritage”. We took this forward through a convening role in 2015-2016 with a major conference, twenty years on from the Disability Discrimination Act, Inclusive Heritage. The proceedings have been widely shared on our website and via social media. As part of our on-going commitment to inclusive heritage we are planning a series of themed events in 2016-17.

We also led a conference on reviving places by re-using industrial heritage in December 2015, in partnership with Historic England and the Princes' Regeneration Trust and plan a follow-up to our first conference focusing on parks in 2014, with a further State of the UK's Public Parks conference in 2016-17.

Following the Heritage Exchange conference in July 2014 we have continued our research with the Royal Society of Arts (RSA) on Heritage, Identity and Place and will hold a further Heritage Exchange event in 2016-17. The Heritage Index, launched by the RSA in September 2015, helps people understand local heritage assets and activities, and access relevant data through a single site. The Index is designed to stimulate debate about what is valued from the past, and how that influences the identity of its current residents.

This can help a place achieve its aspirations to grow and prosper, socially and economically. The Index will inform HLF's future approach to funding in places, in developing our next strategic framework, and consideration of where to prioritise targeted support for applicants through the work of our development teams.

We have further developed our online communities as a focus for sharing learning and good practice across the sector. In 2015-16 we launched a new open space for applicants and grantees to share information, advice and questions about any kind of heritage project. Our programme-specific forums around Parks, Landscape Partnerships, Young Roots, Skills and Catalyst (private fundraising) continue to provide a focus for those with shared interests around these themes. We will continue to promote these in 2016-17.

In the current challenging operating environment many projects are facing unexpected challenges and demands both during delivery and after completion. We have increased our focus on post-completion monitoring and will continue to do so, and share lessons learned through our operational practice, for the remainder of the Strategic Framework.

4. Our focus in 2016-2017

The Culture White Paper

The **Culture White Paper** published in March 2016 is the first for over 50 years, and sets out the Government's vision for culture under four main themes:

- **Opportunities for enjoyment of culture** – the importance of lifelong cultural experiences and how they should be available to everyone, regardless of background.
- **Culture and place** – how culture is integral to the identity of local areas and has the potential to transform a place.
- **Culture and international standing** – how culture can further enhance the soft power of the UK.
- **Cultural investment, resilience and reform** – making sure our culture has a robust and resilient future.

The White Paper provides important context for HLF's work in 2016-2017 and includes a number of initiatives to which we will contribute. We have set aside a contingency of £10 million to cover any additional investment agreed by the Board.

- **Young people and Cultural Citizens** – HLF's planned Young People's initiative will contribute to this programme aimed at engaging young people, developing knowledge, skills and talent and setting them on the right path for lifelong cultural experiences.
- **GREAT Place Scheme** – to be piloted in twelve areas, this aims to support communities to realise their local cultural vision, embedding culture in the local authority's local plan and boosting jobs, economic growth, education, health and wellbeing.
- **Skills Development** – through a further investment of £10m in our Skills for the Future programme we will contribute to a drive to attract new entrants into the heritage workforce.
- **Funding** – building on the work we have done with DCMS and ACE on the Catalyst programme, HLF will invest a further £10m in Heritage Endowments which will sit alongside a crowd funding pilot scheme for cultural organisations being developed by NESTA with funding from HLF and ACE.
- **Church Review** – HLF will contribute our expertise to this review of the funding, use and sustainability of places of worship.
- **Museums Review** – HLF and ACE will each be contributing to this review of museums, how they are funded, who leads strategically and how to build resilience. It is expected to report in Spring 2017 and will take into account museums infrastructure in Wales, Scotland and Northern Ireland.
- **Tailored Review** – HLF and ACE will each undergo a Government review of how we operate.

Challenges

We recognise that 2016-17 is set to be an exceptionally demanding and challenging year.

The key challenges that we will face in are set out below. We will seek to carefully manage and address these through our management of risk, relationships and business workings.

- The heritage sector is in a dynamic and rapidly changing environment with changes in long-standing funding sources, ownership or partnership structures – all with the potential to impact on the demand for our funds and resources;
- The 2015 Spending Review increased the risk to heritage in local authority ownership due to funding cuts, with potential threats to past HLF investment through disposals, closures, and reduced maintenance;
- Devolution agreements in England may require tailored responses at local level, putting additional pressure on our established operating model;
- The outcome of 2016 elections in Scotland, Wales, and Northern Ireland may increase the drive for further devolution at national level;
- The continuing impacts of austerity and the wider economic/financial environment increase risk in the delivery of heritage projects and loss of skills and expertise in the sector;
- Changes to key partners and stakeholders will mean the need to renew, refresh or create relationships and look at policy responses and new areas of policy;
- There may be increased expectations and demands upon us as sectoral leaders for convening opportunities, opinion and direction;
- Workload increases from more applications, rejections and post-award interventions with projects in difficulty will mean greater demands on our resources whilst at the same time we must operate within the efficiency limits expected of us and,
- We need to manage the transition of a new Chief Executive.

Corporate priorities

Delivering our HLF grant programmes in accordance with our current strategic framework and our NHMF grants in line with our funding agreement is the core of our work and the starting point and context for our annual priority-setting. This comprises the vast majority of our activity and is reflected in our departmental plans, staff objectives and personal development plans.

We will continue to provide locally based support to applicants and grantees across the UK, responding quickly and effectively to changing demand, ensuring access to our funding, and being ready and able to deal with projects facing difficulty and protect our investment.

We will maintain our progressive agenda, working responsively and collaboratively to support the sector. We will continue to make a compelling, evidence-based case for the

value and impact of heritage and the vital role of National Lottery funding. In doing so we will ensure we are accountable to governments, the sector that we serve as well as National Lottery players.

We place a high value on our staff, respecting their professionalism and commitment alongside their skills and competences. We will try to enhance all of these through our learning and development opportunities.

In this context we have identified the following priorities for 2016-17 and grouped these into areas of common themes. The items in italics will show how we have achieved these.

Grant making

Our corporate priorities	Our actions	How we will know we have been successful
<p>1. Programme changes: launch and deliver new initiatives on resilience, skills, young people and place; Review and refresh our approach to Grants for Places of Worship, Parks for People and Landscape Partnerships</p>	<ul style="list-style-type: none"> • Programme development and launch for new initiatives • Register of Support Services (ROSS) re-recruitment • Implement portal/forms/GEMS changes to support new initiatives (and GEMS priority changes) • Pre-application, assessment and monitoring across new initiatives • Co-ordinate guidance on key items e.g. costs/contingency/inflation etc. across all programmes • Reissue applicant guidance (GPOW, Parks) • Programme policy development (LP) for implementation in 2017 • Staff/decision makers briefing and training across all changes 	<ul style="list-style-type: none"> • New programmes will be successfully implemented on time, to cost and quality; • External communications and marketing successfully promote the programmes; • ROSS changes will be implemented and successfully transitioned; • SF4 IT changes delivered successfully to time, cost and quality and Change Requests matched; • All Operations work areas running effectively for new programmes; • Training for staff on SF4 successfully delivered and staff prepared for change;

Our corporate priorities	Our actions	How we will know we have been successful
		<ul style="list-style-type: none"> Revised guidance in place and working effectively
<p>2. Listed Places of Worship programme: deliver through NHMF on behalf of Government</p>	<ul style="list-style-type: none"> Complete first-round monitoring Assessment and decision making on second round and further monitoring 	<ul style="list-style-type: none"> 95% of first phase projects will be completed; 100% of second phase budget will be committed; 85% of second phase projects will have started and the first payment made and, DCMS and HMT will be satisfied with programmes delivery,

Strategic development

Our corporate priorities	Our actions	How we will know we have been successful
<p>3. Strategic Framework 4: monitor progress on our existing commitments under the SF including increased diversity in grant-making, workforce and governance; funding to the natural environment; building our thought leadership and convening role; and sharing learning</p>	<ul style="list-style-type: none"> Deliver an Inclusion Action Plan Continue development work with a focus on increasing applications from the natural heritage sector Promote events, research, publishing and evidence of heritage impact to stimulate public and sector discussion Develop and embed sharing of learning and good practice through the website and our online communities 	<ul style="list-style-type: none"> Plan is delivered on time and budget and to quality standard, we meet the 12 local targets for applications/awards to BAME organisations, there is an overall increase in the amount awarded and the number of awards to BAME organisations and organisations based in Priority Development Areas; Development activity is successfully delivered, there is an increase in the number of awards to

Our corporate priorities	Our actions	How we will know we have been successful
		natural heritage projects; <ul style="list-style-type: none"> • Content for the website and online communities is delivered on time and to quality standard, online communities are successfully promoted and facilitated, with a target of 60:40 ratio of external stakeholders/HLF staff contributions.
4. Strategic Framework 5: ; begin strategic planning process for post-2019 ('SF5')	<ul style="list-style-type: none"> • Engage stakeholders with initial thinking on SF5 • Undertake research and analysis 	<ul style="list-style-type: none"> • All required stakeholders will have been contacted and engaged on early development • We will have initiated the necessary research programmes/undertaken analysis where required
5. External communications: account for the value and impact of our funding	<ul style="list-style-type: none"> • Target the public - directly and working with lottery partners - with compelling stories about our funding and the difference it makes to people's lives, creating a stronger connection with The National Lottery • Research our reputation including elected representatives, and respond to findings 	<ul style="list-style-type: none"> • We will have promoted at least 50 "real life" stories; • We will have completed research, published findings and implemented changes;

Effectiveness and efficiency

Our corporate priorities	Our actions	How we will know we have been successful
6. Business Process	<ul style="list-style-type: none"> • Review end-to-end business 	<ul style="list-style-type: none"> • Business Process

Our corporate priorities	Our actions	How we will know we have been successful
Review and Improved Insight undertake and implement outcomes of BPR, implement a new approach to using intelligence and insight to underpin our work	processes <ul style="list-style-type: none"> • Amend business processes and support tools (portal, forms, GEMS08, Wiki) as required • Recruit expanded evaluation team • Increase resources available for evaluation of the impact of our funding • Integrate approaches to evaluation and post-completion monitoring to improve business process, guidance and insight 	Review scoping and review completed and implementation plan signed off; <ul style="list-style-type: none"> • Post Completion Team in place and monitoring working effectively. • Evaluation team will have been fully recruited and will be fully operational
7. Information management review: Undertake first stages	<ul style="list-style-type: none"> • Establish the business information requirements and needs • Match with legislative compliance needs and IT solutions • Develop prototype and test 	<ul style="list-style-type: none"> • Defined solution for information management systems • Matched compliance with DPA, security protocols etc. • Built prototype and successfully tested • Digitised historic hard copy records
8. Tailored Review: Manage the Tailored Review process and implement agreed outcomes	<ul style="list-style-type: none"> • Ensure robust evidence is in place for review • Agree with reviewers and wider stakeholders on review's scope and approach • Ensure efficient and effective engagement with the review team and stakeholders • Agree outcomes, recommendations and implementation plan 	<ul style="list-style-type: none"> • Agreed planning scope, delivered evidence/responses and final report; • Started to implement recommendations as agreed

People

Our corporate priorities	Our actions	How we will know we have been successful
9. Staff engagement: improve internal communication and staff engagement alongside new Trade Union engagement	<ul style="list-style-type: none"> • Complete staff engagement survey with associated action plans in response • Hold an all-staff conference • Invest in leadership development, talent 	<ul style="list-style-type: none"> • Completed Staff Engagement Survey and agreed Action Plans across all teams as follow up; • All Staff Conference

Our corporate priorities	Our actions	How we will know we have been successful
	<p>management and succession planning</p> <ul style="list-style-type: none"> • Review function and purpose of Managers' Forum • Consider options for Intranet • Deliver IIP re-accreditation • Manage induction for new CEO • Implement new arrangements of TU recognition 	<p>held with successful feedback</p> <ul style="list-style-type: none"> • Successfully gained IIP re-accreditation • Successfully implemented TU liaison and negotiations • Successfully inducted CEO and managed transition period • Continue Grade D leadership and development programme, scope Grade C programme • Prepared and approved business case for Intranet

External environment

Our corporate priorities	Our actions	How we will know we have been successful
<p>10 Devolution, Spending Review, and Culture White Paper</p>	<ul style="list-style-type: none"> • Respond as required to the devolution agenda in all four nations • Respond to proposals in the Government's Culture White Paper • Provide information, analysis etc. for stakeholder requirements 	<ul style="list-style-type: none"> • We will have responded sensitively and flexibly to the emerging development in the devolution agenda; • We will have set out our response to the Culture White Paper • We will modify SF4, business models, funding policies and governance if required

5. Our people

Our staffing details

During 2016-2017 we expect to employ about 295 staff (full time equivalents) either in permanent roles or in fixed term appointments.

These staff will be deployed in our departments as follows:

Operations: 199 representing 68% of our staffing.

Strategy & Business Development: 32 representing 11% of our staffing

Communications: 23 representing 7% of our staffing

Finance & Corporate Services*: 41 representing 14% of our staffing

(*Includes our Secretariat and Chief Executive and her office support)

These staff will be located as follows:

London (Corporate Head Office, London and SE England regions): 146 people

Other English regions: 106 people

Scotland: 17 people

Wales: 16 people

Northern Ireland: 10 people

Our staff are employed in different grades across our organisation and details of the grades, structures etc. can be found on our website and at the direct.gov.uk website.

Our commitment to diversity and equality

We recognise and appreciate the value of having a diverse staff group.

We actively promote diversity and equality through our organisation and in our recruitment and selection processes. Our staff diversity details are:

Gender

- Female staff 76%
- Male staff 24%

Ethnicity

- White 90%

- Other ethnicity 10%

Disability

- Declared disability 5%

Age

- Under 40 years old: 50%
- 41 to 60 years old: 44%
- 61 years or older: 6%

Our commitment to learning and development

We continue to invest in staff learning and development as a key feature of our commitment to teams and the value we place on professional development.

In 2016-2017 we plan to continue our management and leadership development programme for our staff in senior and middle management roles and roll this out - extending to other staff and other grades throughout the year. We will continue to invest strongly in professional and vocational training for all staff.

We will also undertake succession planning and talent management for all our staff.

In addition we will continue to provide tailored specific learning opportunities for staff throughout the year and across multiple locations to enhance their skills, competences and experiences.

We recognise that in times of pay constraint reward and recognition through other routes such as learning and development are essential to staff engagement, motivation and the successful delivery of our business.

In 2016-2017 we expect to spend £160K on learning and development representing about £540 per head. This compares favourably to other benchmarks from the Chartered Institute of Personnel and Development of around £286 per head.

6. Our grant programmes

Overview

National Heritage Memorial Fund

In 2016-17 we will receive £5M Grant In Aid as the first year of our new 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.

In 2016-17 we will also receive £25M as additional Grant in Aid for the Listed Places of Worship scheme announced in both the 2014 Autumn Statement and the March 2015 Budget.

Heritage Lottery Fund

The Department for Culture, Media and Sport (DCMS) project that our share of the National Lottery good causes income will be £365M pa for the next four years. Along with the department we continue to monitor income levels and fluctuations to ensure they remain consistent with optimising the level of grant giving, setting prudent levels of commitments (given that many projects take some time to complete) and maintaining a sensible level of funding in the National Lottery Distribution Fund (NLDF) and our bank accounts.

In December 2014 our trustees undertook a review of our financial parameters, income projections and cash balances to set a financial framework to run alongside our strategic framework.

With this in mind we have set an approach for 2016-2017 to oversubscribe our income in order to reduce the balance held in the NLDF.

Our overall planned programme grants for 2016-2017 will therefore be £435M. We expect this to return to normal levels of £375M after 2016-17.

Our programmes in 2016-17 will be:

- Grants over £2M and those determined on a UK-wide basis - about £255M will go to grants of £2M+ and national programmes (including Parks for People, Landscape Partnerships, Townscape Heritage, Skills for the Future and Heritage Endowments).
- Grants under £2M delegated to the English regions, Northern Ireland, Scotland and Wales will amount to £170M. We will retain an unallocated contingency of £10M.
- We offer a combination of open grant programmes, through which we expect to make the majority of our awards, and targeted programmes and special initiatives.

7. Our programme budgets for 2016-17

The planned programme budgets are:

Heritage Grants (Under £2M)	£95M ¹
Heritage Grants (£2M to £5M)	£110M ¹
Heritage Grants (Over £5M)	£55M
Parks for People	£25.5M
Landscape Partnerships	£25M
Townscape Heritage	£18M
Grants for Places of Worship	£30M
Our Heritage	£25M
Sharing Heritage	£4M
Young Roots	£4M
First World War: then and now	£4M
Heritage Endowments	£10M
Skills for the Future	£10M
Resilient Heritage	£8M ²
Contingency	£10M

Key

*Including Heritage Enterprise

** Including £1M Transition Funding until June 2017

8. Our open programmes

Open Programmes for 2016-2017 are:

Heritage Grants Programme:

This offers grants over £100K for projects that make a lasting difference for heritage, people and communities in the UK. It caters for all types of heritage and a wide range of projects, including the very largest and most complex. To receive a grant, projects requesting less than £2M must achieve at least one of our outcomes for each of heritage, people and communities, projects requesting £2M or more should achieve more than one outcome for each.

¹ Including Heritage Enterprise

² Including £1M Transition Funding until June 2017

Our Heritage

Our Heritage offers grants from £10K to £100K for all types of heritage projects, including small and medium-sized capital projects (for example, smaller parks and green spaces, community buildings, museum collections and archives), as well as activity projects exploring language, cultures and memories. To receive a grant, projects will need to achieve at least one outcome for heritage and one outcome for people.

Sharing Heritage

Sharing Heritage is for the smallest grants of £3K to £10K. This grants programme is for any not-for-profit group wanting to explore, share and celebrate their community's heritage. Activities we can support include events, celebrations, producing local history publications, conservation of individual heritage items, acquisitions, volunteer training and support. To receive a grant, projects will need to achieve at least one outcome for people.

9. Our targeted programmes

Targeted programmes for 2016-2017 are:

Transition Funding

Transition funding offers grants from £10K to £100K to organisations who want to achieve significant strategic change – through acquiring new skills or knowledge, new models of governance, leadership or business – in order to become more resilient for the long term. Applicants must be a previous recipient of an HLF grant and be able to demonstrate a strong case for time based financial support that will deliver a step-change for their organisation and the heritage they are responsible for.

Start Up Grants

Start Up Grants of up to £10K are for anyone thinking about creating a new organisation to look after or engage people with heritage, or for existing groups taking on new responsibilities for heritage.

Both Transition Funding and Start Up Grants will be combined into our new offer supporting resilience, the Resilient Heritage programme, during 2016-2017.

Resilient Heritage

Resilient Heritage is a new programme offering grants from £3K to £250K to organisations seeking to increase their capacity and capabilities to withstand risks and pressures in their operating environment and to become more financially sustainable. It is a flexible programme open to past grantees of HLF and new groups and will fund all of the types of activity previously supported through Start-up Grants, Transition Funding and Catalyst small grants, as well as enabling some innovative approaches and ways of working.

Heritage Endowments

This is a new investment in building endowments in the heritage sector, on a challenge fund basis. Grants of £250K, £500K and £1m will be available, to be match funded by fundraised income on a 1:1 basis. Successful grantees can also bid to have their fundraising resources 'matched' with up to 10% of the total grant available on top of the endowment grant to ensure they have the capacity to deliver their campaigns.

Skills for the Future

A third targeted investment in vocational training, Skills for the Future offers individuals paid opportunities to develop skills that will equip them for a career in heritage, with grants from £100K to £1m. The programme will meet identified skills shortages in the heritage sector; enhance the capacity of the heritage sector to deliver sustainable training and share good practice, for example by creating new qualification pathways; and increase the diversity of the heritage workforce.

A Young People's programme

This new initiative seeks to address the under-representation of young people in heritage by building the long-term capacity of the heritage sector to engage with 11-25 year olds in a meaningful way. We are seeking a step-change in the way the sector works with young people as an audience group. Projects will be delivered by consortia with a credible track record of work with young people, deliver benefits beyond a single organisation and work as cohort to demonstrate commitment to share learning from the programme across the heritage sector. Projects will last between 3-5 years, with grants from £500K.

Grants for Places of Worship

The Grants for Places of Worship programme offers grants of £10K to £250K for urgent structural repairs, new facilities and activities to encourage greater community use and get more people involved with these buildings. Historic England provides technical advice on projects in England, and Historic Scotland partner with us in grant-making in Scotland. We will look to simplify the processes for this programme in 2016-17.

Heritage Enterprise

The Heritage Enterprise programme offers grants of between £100K and £5M for the conservation and adaptation of historic buildings for an end-use that actively contributes to sustainable development. The programme supports projects that seek to bring back historic buildings into active commercial use, helping to improve the local built environment whilst at the same time stimulating economic growth.

Parks for People

Parks for People offers grants between £100K and £5M and supports projects that restore and transform public parks and cemeteries across the UK. The programme supports projects that make a real difference by caring for the heritage that makes parks and cemeteries special, improving people's wellbeing and knowledge of their area, and making communities better places to live, work and visit.

The Big Lottery Fund has also committed £10M for Parks for People projects in England during 2016/17.

Landscape Partnerships

This programme offers grants between £100K and £3M and is for schemes led by partnerships of local, regional and national interests that conserve distinctive landscapes throughout the UK and bring to light the heritage of local communities. Landscape Partnerships help put heritage conservation at the heart of rural regeneration. The programme aligns with the UK's commitment to the European Landscape Convention.

Townscape Heritage

The Townscape Heritage programme offers grants between £100K and £2M for projects that regenerate historic areas across the UK requiring investment. Local, regional and national organisations are supported to work together to make a difference to deprived towns and cities and their communities, by repairing and bringing buildings back to life, improving urban spaces, encouraging new investment and providing skills training.

Young Roots

The Young Roots grant programme is for young people aged 11 to 25 years old who want to explore their heritage and develop skills. Grants of between £10K and £50K are available for partnerships of heritage and youth organisations to help young people shape and deliver their own projects.

First World War: Then and Now

This programme offers grants between £3K and £10K for local, community projects which explore, learn about and share the heritage of the First World War. The programme aims to leave a legacy of First World War community heritage to mark the centenary. This is in addition to the First World War projects we are likely to support through our other grant programmes.

10. 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 minimum level.

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

2011-12	5.7%
2012-13	4.8%
2014-15	5.2%
2015-16	5.8%

We expect in 2016-2017 to operate at 6.1%.

Total operating costs

Type of cost	2016-17 (in hundreds of thousands)	2015-16 (in hundreds of thousands)
Employment	£12,864	£11,803
Accommodation	£2,070	£1,955
Travel & Subsistence	£571	£546
General expenses	£3,400	£3,046
Depreciation	£625	£572
Office equipment	£400	£211
Professional fees	£4,538	£3,872
Total	£24,468	£22,005

DCMS have also set a limit for processing costs to be no more than 5% of National Lottery Income. Our track record on achieving this has also been good to date:

2011-12	4.5%
2012-13	3.8%
2014-15	3.7%
2015-16	4.1%

We expect in 2016-2017 to process at 4.5%.

Record levels of cases in delivery (some 5,500) and record levels of applications (over 3,000) are a testimony to the demand for our grants and our commitment to our aim to sustain and transform heritage through projects that make a lasting difference for heritage, people and communities.

But these demand resources and we have made a significant investment in our staffing levels and resources for a further year, whilst still working within the efficiency limits set for us.

We understand also that we have an obligation to ensure even greater efficiency and so in 2016-2017 we shall be undertaking a business review for our “end to end” operating processes to understand what drives our work, our costs etc. and how we might need to manage these differently to maintain or improve our business and deliver at less cost.

This is a hard task given that our workload volumes have increased over recent years although we may see a decline in 2016-2017 against some of the peak volumes seen recently. Nonetheless understanding the drivers and causes of workload increases and impacts upon us is essential to being able to offer the best service to our applicants and grantees and achieve our business aims.

We will competitively tender with the market for our banking and investment management services.

Young Roots

8 weeks

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

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 HLF website easy to use will be at least 87%.

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.

12. Our risks and how we manage these

Like all organisations we face risks. Our approach to managing risks is to mitigate those risks so they come within what we are prepared to tolerate. We recognise that it is often impossible to eliminate risk entirely. We maintain a corporate risk register setting out the main strategic risks to us as an organisation. This is regularly reviewed by the executive staff as well as our Audit Committee and Board. Our main risks that we presently anticipate for 2016-17 are as follows, along with what we will do to manage those risks:

Our corporate risks and actions

No.	Our corporate risks	Our actions to mitigate these
1	We are not seen as effective in protecting aspects of the UK's most important heritage	<ul style="list-style-type: none"> • Monitor implementation of the Strategic Framework • Improved feedback loops to senior managers • Maintain key governmental interests • Pro-active media management
2	The volume, volatility and variability of our workloads mean our current business model and processes are not sustainable	<ul style="list-style-type: none"> • Continue to monitor demand and quality across all regions and countries • Adjust messaging if necessary, especially for new applications (website to indicate success rates). • New resource for post-completion/contract compliance to help with reporting
3	Staff changes means loss of experienced staff in some places (risk losing business experience and corporate memory) whilst at the same time high levels of staff retention in other places may mean resistance to business change and differing levels of staff morale and engagement	<ul style="list-style-type: none"> • Maintain investment in learning and development • Provide a stimulating and positive working environment • Opportunities to take on new tasks/responsibilities • Monitor performance on country and regional basis with specific interventions where needed • Continue to improve processes and efficiencies to

No.	Our corporate risks	Our actions to mitigate these
		<p>make for more effective working environment.</p> <ul style="list-style-type: none"> • Good staff communication on HLF benefits. • Targeted team building
4	<p>Past Lottery investment in heritage, particularly that within Local Authority Control is threatened by reductions in funding and investment or changed operating models. This places the heritage itself at risk, potential reduction in public benefit, not meeting contractual obligations - reputational issues.</p>	<ul style="list-style-type: none"> • Give adequate resources to our strategic planning and intelligence gathering functions • Prepare strategy for past investment • Monitor state of projects. • Use of Transition Funding/Resilient Heritage to assist projects
5	<p>Devolution arrangements may lead to a significantly changed business model for HLF and our operations across the UK</p>	<ul style="list-style-type: none"> • Monitoring of political developments continues. • Close liaison with UK and national governments. • Gathering of information and intelligence on possible impacts • Understanding risks and impacts of differing models. • Trustees, Management Board and Regional Committee Chairs all briefed
6	<p>Changes in policy as a result of the Cultural White Paper and the outcomes of the Spending Review will have implications for our overall strategy and relationships with the sector</p>	<ul style="list-style-type: none"> • Close liaison with DCMS on the implementation and outcomes of the Culture White Paper • Aligning our new initiatives with the White Paper objectives
7	<p>Wider business continuity resilience arrangements are not as strong or robust as they need to be</p>	<ul style="list-style-type: none"> • We will use business impact analyses to improve plans • Better communication and social media planning • Better use of mobile devices

No.	Our corporate risks	Our actions to mitigate these
8	Reputational issues threaten our legitimacy and "franchise" for the future.	<ul style="list-style-type: none"> • Swift monitoring and review of adverse coverage with rebuttal where needed. • Briefing stakeholders and Government. • Continuing to generate flow of positive coverage. • 20 years in 12 places research enables us to demonstrate strong support from National Lottery players.
9	The retirement of the Chief Executive causes loss of confidence in NHMF, lack of leadership and loss of management direction	<ul style="list-style-type: none"> • We have made an appointment of a well-respected leading figures from the heritage sector • We have minimised the gap between the appointments • Strong and capable Management Board with stability in the period of transition, defined planning for SR, White Paper etc. being handled.
10	Our Information Management and Assurance model is not mature enough and needs reform and updating to reflect current risks	<ul style="list-style-type: none"> • Improved understanding of information management, assurance, training etc.

13. 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 who are part of the Management Board charged with the day to day running of the NHMF and HLF;
- Our full Strategic Framework 4;
- 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 and,
- Other corporate information.

How to contact us

- If you want to know more about our work please visit us at: www.nhmf.org.uk or www.hlf.org.uk
- You can ring us on 0207 591 6000 or textphone on 0207 591 6255
- Or by appointment at:

7 Holbein Place
London
SW1W 8NR

Appendix on our grant programmes: Applications and Awards

Number of applications to all programmes since beginning of Strategic Framework 4

Programme	2013-14	2014-15	2015-16
Catalyst Umbrella Grants	18	-	0
Catalyst: Endowments	-	-	0
Catalyst: Small Grants	139	-	0
Collecting Cultures		57	0
First World War	564	578	292
Grants for Places of Worship	375	348	323
Heritage Enterprise	43	35	33
Heritage Grants under £2m	295	283	276
Heritage Grants £2-5 m	70	48	65
Heritage Grants Major	19	19	12
Landscape Partnership	24	23	14
Our Heritage	1,098	933	867
Parks for People	33	27	25
Sharing Heritage	679	440	619
Skills for the Future	-	-	0
Start Up Grants	67	78	105
Townscape Heritage Initiative	25	30	24
Transition Funding	31	42	49
Young Roots	132	170	191

Value (£m) of applications to all programmes since beginning of Strategic Framework 4

Programme	2013-14	2014-15	2015-16
Catalyst Umbrella Grants	7.0	-	0
Catalyst: Endowments	-	-	0
Catalyst: Small Grants	1.3	-	0
Collecting Cultures	-	12.60	0
First World War	4.5	4.63	2.55
Grants for Places of Worship	48.0	50.59	49.12
Heritage Enterprise	98.3	73.99	70.36
Heritage Grants under £2m	217.8	228.27	209.22
Heritage Grants £2-5 m	244.3	168.38	223.30
Heritage Grants Major	183.4	203.81	141.48
Landscape Partnership	48.9	50.13	29.72
Our Heritage	63.3	50.61	48.90
Parks for People	61.2	45.25	57.03
Sharing Heritage	5.43	3.68	5.23

Programme	2013-14	2014-15	2015-16
Skills for the Future	-	-	0
Start Up Grants	0.7	0.72	0.99
Townscape Heritage Initiative	34.4	39.38	35.25
Transition Funding	2.0	2.29	3.36
Young Roots	4.5	5.84	7.41

Number of awards under all programmes since beginning of Strategic Framework

4

Programme	2013-14	2014-15	2015-16
Catalyst Umbrella Grants	9	0	0
Catalyst: Endowments	13	0	0
Catalyst: Small Grants	125	0	0
Collecting Cultures	0	23	0
First World War	336	528	213
Grants for Places of Worship	187	174	158
Heritage Enterprise	11	14	16
Heritage Grants under £2m	109	92	154
Heritage Grants £2-5 m	26	20	0
Heritage Grants Major	8	7	0
Landscape Partnership	9	9	13
Our Heritage	463	465	444
Parks for People	17	12	13
Sharing Heritage	385	276	307
Skills for the Future	39	0	0
Start Up Grants	22	47	59
Townscape Heritage Initiative	9	14	9
Transition Funding	18	22	35
Young Roots	95	104	118

Value (£M) of awards under all programmes since beginning of Strategic Framework 4

Programme	2013-14	2014-15	2015-2016
Catalyst Umbrella Grants	3.46	0	0
Catalyst: Endowments	8.5	0	0
Catalyst: Small Grants	1.137	0	0
Collecting Cultures	0	5.12	0
First World War	2.73	4.19	1.91
Grants for Places of Worship	26.71	27.81	25.52

Programme	2013-14	2014-15	2015-2016
Heritage Enterprise	28.89	33.43	23.49
Heritage Grants under £2m	95.56	82.76	263.88
Heritage Grants £2-5 m	92.78	79.88	0.00
Heritage Grants Major	99.29	78.97	0.00
Landscape Partnership	21.15	20,27	28.93
Our Heritage	25.52	23,99	24.96
Parks for People	35.31	33.75	28.69
Sharing Heritage	3.06	2.32	2.68
Skills for the Future	20.37	0	0
Start Up Grants	0.21	0.45	0.56
Townscape Heritage Initiative	11.13	20.93	13.54
Transition Funding	1.19	1.15	2.51
Young Roots	3.22	3.47	4.44

Success rates by programme in Strategic Framework 4

Programme	SF4 (to date)	SP3	SP2
Catalyst Umbrella Grants	50%	-	-
Catalyst: Endowments ¹	43%	-	-
Catalyst: Small Grants	90%	-	-
Collecting Cultures	40%	-	-
First World War	75%	-	-
Grants for Places of Worship	50%	43%	48%
Heritage Enterprise	37%	-	-
Heritage Grants under £2m	42%	50%	69%
Heritage Grants £2-5 m	25%	50%	69%
Heritage Grants Major	30%	50%	69%
Landscape Partnership	51%	57%	82%
Our Heritage	47%	56%	78%
Parks for People	49%	48%	74%
Sharing Heritage	56%	-	-
Skills for the Future	30%	59%	-
Start Up Grants	51%	-	-
Townscape Heritage Initiative	41%	40%	60%
Transition Funding	61%	-	-
Young Roots	64%	70%	78%

¹ Applications made in 2012-13, prior to the start of SF4