

**NATIONAL  
HERITAGE  
MEMORIAL  
FUND**



**2009 Business Plan**

## **CONTENTS**

1. Introduction

2. Aims, values and Corporate Goals

3. Resource Allocation

4. Service Delivery

Service Delivery Targets

Annex 1 2009 Risk Register

## **1 INTRODUCTION**

1.1 This Plan focuses on our use of resources in 2009-10 to achieve the aims set out in the Heritage Lottery Fund's Strategic Plan 2008-13. This Plan covers the second year of our five-year Strategic Plan.

1.2 The Plan covers both the Heritage Lottery Fund (HLF) and the National Heritage Memorial Fund (NHMF).

## **2 AIMS, VALUES AND CORPORATE GOALS**

### **Aims**

2.1 NHMF was established by Parliament in 1980. In 1993, NHMF was appointed as the distributor of the share of the Lottery proceeds devoted to the heritage. This Plan sets out the way in which we will use Government grant in aid and National Lottery resources to meet the aims of the two Funds, which are set out below.

### **National Heritage Memorial Fund**

2.2 As a memorial to those who have died for the United Kingdom, the aim of the National Heritage Memorial Fund is to defend the most outstanding parts of our national heritage which are at risk.

### **Heritage Lottery Fund**

2.3 HLF is the UK's leading advocate for the value of heritage to modern life. The Fund sustains and transforms our heritage through innovative investment in projects with a lasting impact on people and places.

2.4 Our focus is on conserving, sustaining and sharing heritage. Through our grant making we aim to:

- conserve the UK's diverse heritage for present and future generations to experience and enjoy;
- help more people, and a wider range of people, to take an active part in and make decisions about their heritage;
- help people to learn about their own and other people's heritage.

2.5 We want to protect and hand on what people value most, open up more of our heritage for everyone to enjoy, and regenerate and enrich our historic cities, towns and countryside.

### **Our organisation**

2.6 We have four departments: Communications, Finance & Corporate Services, Operations and Policy & Strategic Development. Scotland, Wales, Northern Ireland and each of the nine English regions has a dedicated team within Operations providing advice and support to applicants, assessment and monitoring services and local accountability.

### **Values**

2.7 As an organisation we strive to achieve economy, efficiency and effectiveness in all that we do. In addition clarity, prioritisation, judgement, responsible authority and accountability are core principles for us as an organisation. They inform our approach to funding, and how we work with customers and colleagues. We aim to be recognisable wherever we work through consistent practice and presentation while retaining the flexibility to respond to differences and needs through our local teams across the UK.

### **Key Challenges**

2.8 Set out below are the key challenges that we face in 2009-10. Most are externally driven, but all require us to focus our organisational skills, knowledge and resources to deliver the best possible outcomes against our strategic aims.

- Smaller grant budgets available for HLF to fund new projects when the need for investment in the heritage is as great as ever;
- The recession reducing the funding available to applicants from other sources;
- The risk of projects already completed failing due to reduced income or other funding as a result of the recession;
- Uncertainty over the impact the recession will have on the number of applications that we receive and on the help that we may be asked to give to completed projects that are struggling to survive;
- The risk to HLF's reputation if existing projects fail and fewer new applications are funded;
- Political perceptions of the value of heritage;
- Understanding the expectations of under-represented applicants;
- Planning for the impact of climate change;
- The need to reflect changes in demographic and social structures;
- The impact of the devolution of government in the home countries;
- Expectations that HLF will analyse and share what it has learned in 15 years of operation
- Maintaining staff morale in changing circumstances.

## **Corporate Goals**

2.9 In order to meet those challenges during 2009-10, our corporate goals are to:

- Cope with the uncertainty that we face as a result of the recession and respond quickly and effectively to changing demands;
- Embed our third Strategic Plan (SP3) and monitor its impact and operation;
- Deliver our grant programmes in accordance with the aims set out in our Strategic Plan;
- Promote, and enable people to have access to our funding;
- Focus the work of our development teams on agreed priorities;
- Measure, evaluate and communicate the impact of HLF funding and activities;
- Build awareness of the value of heritage to modern life, and the impact of HLF's investment, amongst opinion formers and the general public;
- Monitor the impact of the economic crisis on new applications, on the successful delivery of projects currently underway and on the continued viability of those projects that have already been completed;
- Investigate and develop policy and initiatives in response to challenges and opportunities as they arise;
- Support the work of the organisation with efficient and reliable IT and knowledge management systems, appropriate accommodation, high quality training and a fair rewards package;
- Provide clear leadership throughout the organisation.

### 3 RESOURCE ALLOCATION

3.1 This section describes the resources likely to be available to us in 2009-10 to award to heritage projects and the way in which we propose to allocate them:

- between the four countries of the United Kingdom;
- between the English Regions; and
- between major, large and smaller grants.

#### National Heritage Memorial Fund

3.2 In the 2007 Comprehensive Spending Review the Government announced that the grant in aid to NHMF would remain at £10m per annum for the next three years. We welcome the Government's recognition of the need for public money to be available to help rescue items of importance to the national heritage that are at risk of loss.

3.3 The demand for our help to defend the most outstanding parts of our national heritage at risk is increasing. We made awards in 2008-09 that exceeded our income and we had to further deplete our already diminished endowment fund. In 2009-10 we will pay £3m of the grant in aid that we receive to the endowment fund to begin to rebuild it. That will leave £7m, but we are already committed to a stage payment for the acquisition of Titian's *Diana and Actaeon* in April 2009. We will be left with just £4m to defend the most outstanding parts of our national heritage in 2009-10.

#### Heritage Lottery Fund

3.4 Capital projects, particularly larger ones, draw down funds over a considerable period: when we agree to support a larger project we are committing ourselves to expenditure over many years to come. Because of this long lead time to the draw down of our funds, and the flow of cash from the National Lottery Distribution Fund over a period of years, we have been able in previous years to commit more to new grants than we received in income. By the end of 2008-09 we had committed to heritage projects around £485m more than we had available in the National Lottery Distribution Fund. The balance in the NLDF will be reduced in 2009-10 by the transfer of £43.4m to the Olympic Lottery Distribution Fund.

3.5 The Department for Culture, Media and Sport forecast that our share of Lottery ticket sales and investment income over the next five years will be:

£m	2009-10	2010-11	2011-12	2012-13	2013-14
Income	£230.5	£229.5	£228.0	£235.2	£243.2

3.6 In 2009-10 we will be ready to commit up to £180m on new heritage projects. By 31 March 2010 we expect to have committed to heritage projects £480m more than we have available in the National Lottery Distribution Fund (NLDF). By that date our balance in the NLDF should have fallen below £360m. These projections are the targets for HLF's NLDF balance reduction.

3.7 We will review regularly the amount available for new commitments in the light of actual income and spending patterns, making any necessary changes in Business Plans for future years.

## National and regional budgets

### Grants over £1,000,000

3.8 Of the total commitment of £180m in 2009-10, £88m will go to grants over £1,000,000.

### Grants under £1,000,000

3.9 Of the total commitment of £180m in 2009-10, £92m will go to grants under £1m. The allocations to the nine English Regions, Northern Ireland, Scotland and Wales are set out below. The allocations exclude the allocation for the Townscape Heritage Initiative (£10m) which is a UK-wide strategic programme. In England the allocations exclude our contribution to the Joint scheme for the Repair Grants for Places of Worship (£15m).

Northern Ireland	£2.4m	North East	£2.7m
Scotland	£7.1m	North West	£7.3m
Wales	£4.1m	South East	£8.7m
East Midlands	£4.5m	South West	£5.4m
East of England	£5.9m	West Midlands	£5.7m
London	£7.8m	Yorkshire & Humber	£5.4m

## Programme Allocations

3.10 The grant programmes listed below form HLF's portfolio for 2009-10. We offer a combination of open generic grant programmes, through which we expect to make the majority of our awards, and initiatives targeted at particular areas of heritage or themes.

### Generic Programmes

#### Heritage Grants

3.11 The Heritage Grants Programme offers grants of more than £50,000 to organisations seeking to look after and enhance the UK's heritage, to increase participation in heritage activities, and to enable people to learn about heritage. It caters for a wide range of projects, including the very largest and most complex. We expect to receive applications relating to:

- people's memories and experiences (often recorded as 'oral history');
- histories of people, communities, places and events;
- languages and dialects;
- cultural traditions;
- historic buildings and townscapes;
- archaeological sites;
- collections of items, archives or other materials;
- natural and designed landscapes;
- habitats and species; and
- sites and collections linked to our industrial, maritime and transport history.

3.12 To receive a grant a project must:

- Help people to learn about their own and other people's heritage.

A project must also do either or both of:

- Conserve the UK's diverse heritage for present and future generations to experience and enjoy.
- Help more people, and a wider range of people, to take an active part in and make decisions about heritage.

3.13 In 2009-10 we expect to make Heritage Grants totalling around £103m, including up to £20m on grants of over £5m.

#### Your Heritage

3.14 The Your Heritage programme offers grants between £3,000 and £50,000 and welcomes applications for original and exciting projects that help people to learn about, look after and celebrate heritage. Projects can also open up heritage for more people to enjoy. The programme is the principal vehicle through which we will increase our support for a broader range of heritage, and the application form is significantly simpler than that for the Heritage Grants Programme. To receive a grant a project must meet the same priorities outlined above.

3.15 In 2009-10 we expect to make Your Heritage grants totalling around £16m.

### **Targeted initiatives**

#### Townscape Heritage Initiative

3.16 The Townscape Heritage Initiative offers grants between £500,000 and £2,000,000 for projects aimed at the regeneration of the historic environment in towns and cities led by partnerships of local, regional and national interests. It seeks to repair the buildings that make up the special architectural character of historic urban areas, with a view to bringing derelict and under-used historic buildings back into viable use. Projects should involve and benefit the wider community as well as those directly concerned with grant-aided properties. We will continue to prioritise applications for townscapes in areas of social and economic deprivation. The initiative primarily helps us to promote heritage conservation as an integral part of urban and rural regeneration.

3.17 In 2009-10 we expect to make THI grants totalling around £10m.

#### Parks for People

3.18 Parks for People offers grants between £250,000 and £5,000,000 and supports the regeneration of existing public parks, garden squares, walks and promenades across the UK. The scheme focuses on increasing the range of audiences, conserving and improving heritage value, increasing the range of volunteers involved, improving skills and knowledge through training and improving management and maintenance.

3.19 In 2009-10 we expect to make Parks for People grants totalling around £20m.

#### Repair Grants for Places of Worship Scheme

3.20 The Repair Grants for Places of Worship Scheme offers grants for urgent repairs of £10,000 to £250,000 in England and Scotland and £10,000 to £100,000 in Northern Ireland and Wales. We deliver the scheme with the help of English Heritage, Historic Scotland, Cadw and the Environment and Heritage Service in Northern Ireland. The initiative primarily helps us to help conserve and sustain heritage at risk.

3.21 We expect to make repair grants totalling around £18m in 2009-10.

#### Landscape Partnerships

3.22 This initiative offers grants between £250,000 and £2,000,000 and enables partnerships representing a range of heritage and community interests to address the needs of landscapes whose elements may be in different ownership. It caters for applications based around a portfolio of projects that combine to provide a varied package of benefits to an area, its communities and its visitors. Areas must have a strong landscape identity recognised by the communities that live, work and visit there. The initiative primarily helps us to promote heritage conservation as an integral part of urban and rural regeneration.



3.23 We expect to make LPS grants totalling around £10m in 2009-10.

#### Young Roots

3.24 The Young Roots grant programme is for young people aged 13–25 years old who want to explore their heritage and develop skills. Grants of between £3,000 and £25,000 are available for organisations working with young people, for example youth and community groups, to develop projects which are led by young people and enable them to become actively involved in the heritage. All projects must either offer new opportunities for young people from a range of backgrounds to volunteer in heritage, or new opportunities for young people to gain skills in identifying, recording, interpreting or caring for heritage. They must be delivered in partnership between youth and heritage organisations.

3.25 In 2009-10 we expect to make Young Roots grants totalling around £3m.

## **SERVICE DELIVERY**

4 This section sets out the resources we expect to use in delivering our objectives and programmes in the period of the plan.

### **Assessment workload**

4.1 In 2008-09 we received an average of 140 applications each month. It is too early to tell if the decline in the amount that we can award in new grants in 2009-10 will lead to a reduction in the number of applications, but to encourage applications at a time when the chances of obtaining our funding are less we have made the process of applying easier and less costly. And our Development Teams continue to help organisations in those parts of the UK and in those communities that have received little funding from us to make applications and to give those who apply to the Fund assistance where they need it. So far, demand for our funding remains very high.

### **Monitoring projects in progress**

4.2 In addition to assessing new applications our staff monitor around 3,700 projects that are underway but have not yet been completed. We ensure that public funds are being spent in the way we expected and ensure that projects deliver the benefits from our funding which grantees have set out to achieve. This essential activity consumes a large proportion of staff time and will not immediately be affected by the reduction in the amount we have available to award in new grants.

### **Contract compliance and evaluation**

4.3 We also monitor what is happening after a project has been completed to ensure that the contractual terms of our grant are being met and the benefits continue. And we continue to systematically evaluate the impact of our support and the outcomes that projects have achieved. Samples of projects funded through the programmes we directly manage are evaluated against our strategic aims. Key findings are fed back to inform future decision making and best practice. We commission evaluation of targeted programmes and individual major projects both in order to assess the impact and benefits of our funding and to inform policy and improve the decision making processes. This is a task which is growing in significance as the number of projects has steadily increased.

### **Training and Development**

4.4 As an accredited Investor in People we recognise that effective training and the continuous development of our staff are integral to achieving the goals of NHMF. We build into our annual planning cycle a corporate requirement that training needs are identified and pursued. This leads to the central planning and provision of a range of development activities, whilst each department/team also identifies and generates development activity as part of its own annual operating plan. Managers are required to review and evaluate the benefits of development activity at team and department level, and provide feedback on costs and effectiveness to senior management.

4.5 For 2009-10, our development strategies will address the corporate goals set out in section 2.6 above, by supporting staff in the following critical areas of performance:

- enhancing our communications with applicants, grantees and other stakeholders;
- maintaining/improving customer service and satisfaction;

- building up and applying relevant skills, knowledge and expertise of staff in all teams/departments;
- implementing new improved systems and processes; and
- operating to high standards of public administration and accountability.

4.6 All training and development activity will be assessable against at least one of the above critical measures.

### **Risk Management**

4.7 The Fund's well established risk management strategy is designed to make more explicit the need for management to consider risk (including the risk of failing to make the most of opportunities) as part of their daily managerial responsibilities. We will continue to build upon our experience in order to better understand and manage the risks the organisation faces. The 2009 Risk Register can be found as annex 1.

### **Staffing**

4.8 The allocation of permanent staff (full time equivalent) by department is set out below. This represents a reduction of 14 posts compared to last year and 25 posts compared to 2006-07.

Operations	Policy & Strategic Development	Communications	Finance & Administration
152.5	27.3	18	37.4

### **Administrative expenditure**

4.9 NHMF keeps its running costs under constant downward pressure and has implemented a successful efficiency programme which has reduced running costs six years in a row. Since 2003-04 NHMF has made a real terms reduction in its running costs of 24.7 per cent.

4.10 The financial resources required by NHMF to meet its priorities in 2009-10 are set out below.

	2008-09 £000	2009-10 £000
Employment	10,178	10,241
Accommodation	2,425	2,427
Travel & subsistence	500	485
General expenses	3,134	2,803
Depreciation	296	546
Office equipment	250	301
Professional fees	4,984	3,973
<b>Total</b>	<b>21,767</b>	<b>20,776</b>

## **SERVICE DELIVERY STANDARDS**

We will publish in our Annual Report a wide range of measures of our performance. We have also set ourselves targets to deliver timely and satisfactory services to our customers, as follows.

### **Heritage Lottery Fund**

The decision on an application will normally be taken:

Heritage Grants first round	next available meeting 3 months after application
Heritage Grants second round	next available meeting 3 months after application
Parks for People stage 1	within 3.5 calendar months
Parks for People stage 2	within 3.5 calendar months
LPS first round	within 4.5 calendar months
LPS second round	next available meeting 3 months after application
RPOW first round	within 5.5 calendar months (6.5 months for Scotland)
RPOW second round (excluding England which is managed by English Heritage)	next available meeting 3 months after application
THI first round	within 4.5 calendar months
THI second round	next available meeting 3 months after application
Your Heritage & Young Roots	within 10 weeks

Successful applicants will be issued with a bespoke contract, where appropriate, within 20 working days of the grant notification letter.

Grant payments will be made to the grantee within 10 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 75%.

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 80%.

### **National Heritage Memorial Fund**

The decision on an application will normally be taken:

Acquisitions	next available meeting 3 months after application
Other projects	within 6 calendar months

Successful applicants will be issued with a contract within 35 working days of the decision.

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

Risk	What are we already doing to mitigate the risk? (Risk control strategy)	Likelihood of risk*	What more do we need to do?	Ownership
<p><b>Income decline:</b> That our income declines beyond expectations</p>	<ol style="list-style-type: none"> <li>1. Contact with politicians and opinion formers to emphasise impact of potential decline</li> <li>2. Engagement with broader public and grantees.</li> <li>3. Scenario planning</li> <li>4. Regular reviews of income figures</li> <li>5. Examining scope for distributing non-Lottery funding.</li> </ol>	Medium/High	<ol style="list-style-type: none"> <li>1. Build on media strategy to continue to demonstrate breadth of funding/activity. Continue to build supporter base in case of need.</li> <li>2. Strong argument to be put to ministers and politicians about impact of any decline.</li> <li>3. Monitor the impact of the economic crisis on Lottery income.</li> </ol>	Carole Souter
<p><b>Governance:</b> Changes to membership and delegations of Board and Committees leads to confusion and inconsistency in decision making</p>	<ol style="list-style-type: none"> <li>1. Induction underway for new trustees, committee and expert panel members.</li> <li>2. All committees briefed on SP3.</li> <li>3. Internal audit review of corporate governance reported</li> <li>4. Additional communications between Chair and Regional Chairs introduced.</li> </ol>	Low	<ol style="list-style-type: none"> <li>1. Further discussion of audit report at Regional Chairs' meeting in February and Board in March.</li> <li>2. Produce a diversity strategy for consideration by the Board by May 2009.</li> <li>3. Initiate stock-take by Audit and Finance &amp; Resources Committees of Trustees' role in corporate governance.</li> </ol>	Carole Souter
<p><b>Grant delivery:</b> Grants awarded fail to meet our strategic objectives</p>	<ol style="list-style-type: none"> <li>1. Targeting development areas for all award programmes.</li> <li>2. Ensure all grant applications are fully assessed against our objectives and criteria.</li> <li>3. Enforce contractual deadlines, speed up payments</li> <li>4. Deploy mentoring and monitoring resources in proportion to the level of risk and to maximise their effectiveness.</li> <li>5. Encourage good applications to keep coming forward through pre-application advice.</li> <li>6. Ensure Heritage Grant applications maintain the broadest scope of heritage interests</li> </ol>	Medium	<ol style="list-style-type: none"> <li>1. Ensure new delivery method for Heritage Grants in SP3 is supported through training and continuous development of infrastructure.</li> <li>2. Remind decision-makers of criteria and HLF priorities at each meeting.</li> <li>3. Maintain quality standards for our input and advice including "moderation" of assessments within and across teams.</li> <li>4. Monitor the impact of the economic crisis on new applications, existing applications, the successful delivery of projects already underway and those recently completed.</li> </ol>	Bob Bewley

Risk	What are we already doing to mitigate the risk? (Risk control strategy)	Likelihood of risk*	What more do we need to do?	Ownership
<p><b>Evidence:</b> That our strategy fails to keep pace with the needs of the heritage and changes in the external environment and therefore is not supported by our stakeholders.</p>	<p>Publish, implement and review the strategic plan for 2008-13.</p>	<p>Low/Medium</p>	<p>We will monitor and evaluate the delivery of the strategy over the life of the plan, using the business plan cycle to make such adjustments and developments that may be necessary in the light of the impact of declining income and other changes in the external environment. In the current year we will produce a framework and timetable for the review process, and create opportunities to report to the Board on a regular basis. We will set out proposals to work with stakeholders to seek views on changes and developments.</p>	<p>Judy Cligman</p>
<p><b>Procedural:</b> Failure to set and follow efficient procedures thereby giving rise to the risk of inefficiency, fraud or of making decisions open to challenge.</p>	<ol style="list-style-type: none"> <li>1. Ensuring that each Department/Branch has a manual of procedures.</li> <li>2. Checking that procedure manuals are followed (e.g. through internal audit; memoranda of representation).</li> <li>3. Regularly reviewing and updating procedure to ensure efficiency of process.</li> <li>4. Sharing best practice and coordinating approaches.</li> <li>5. Ensuring that Internal Audit reviews changes in procedure as appropriate.</li> <li>6. Ensuring close cooperation between Finance &amp; Corporate Services, Operations and Policy &amp; Strategic Development in delivering the changes in procedure introduced with SP3.</li> </ol>	<p>Low/Medium</p>	<p>Review and evaluate the changes in procedure introduced with SP3 and fine tune as required.</p>	<p>Steve Willis</p>

Risk	What are we already doing to mitigate the risk? (Risk control strategy)	Likelihood of risk*	What more do we need to do?	Ownership
<p><b>Staffing:</b> Failure to recruit, retain and develop staff.</p>	<ol style="list-style-type: none"> <li>1. Maintaining a recruitment and retention policy that meets NHMF's needs.</li> <li>2. Maintaining a development programme that enables staff to meet NHMF's objectives and to improve NHMF's performance.</li> <li>3. Continue to provide training to embed the changes introduced with SP3.</li> <li>4. Managing carefully a modest reduction in staff as HLF's ability to commit to new grants is reduced</li> </ol>	Low	Address any issues emerging from the renewal of IIP accreditation.	Steve Willis
<p><b>Communications:</b> Risk that HLF/NHMF contribution is not widely acknowledged by grantees and understood by stakeholders and the Lottery playing public.</p> <p>Risk that support and influence lessens as a result of low awareness and understanding.</p>	<ol style="list-style-type: none"> <li>1. Developing effective media and communications strategies to promote the value of heritage in modern life as well as the impact of our grants.</li> <li>2. Developing external partnerships to promote our work to the wider public, including working effectively with NLPU</li> <li>3. Continuing our opinion-former and political information work, to build stakeholder support.</li> <li>4. Delivering a new look and more demanding guidelines to increase the impact of our branding at funded sites and projects</li> <li>5. Review branding of projects over £1m, as part of joint project with other LDBs, reporting to Lottery Forum.</li> </ol>	Medium	<ol style="list-style-type: none"> <li>1. Promote the new house style for SP3</li> <li>2. Track opinion-former awareness of our work.</li> <li>3. Develop our advocacy work across the organisation.</li> <li>4. Continue to develop links with Ministers.</li> <li>5. Keep branding take-up under review, subject to data being available</li> </ol>	Louise Lane

\* Likelihood of risk: there is a "high", "medium" or "low" likelihood that the risk will occur following the imposition of the risk control strategy. A "high" likelihood means that in the short term (which is at least one year) the risk, as designated in the first column of the register, is expected to occur. Conversely, "low" likelihood means that the risk is not expected to occur in the short term.