

**NATIONAL  
HERITAGE  
MEMORIAL  
FUND**



**2010 Business Plan**

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## **1 INTRODUCTION**

1.1 This Plan focuses on our use of resources in 2010-11 to achieve the aims set out in the Heritage Lottery Fund's Strategic Plan 2008-13. This Plan covers the third 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 Strategy and Business 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 2010-11. 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.

- To provide clear leadership throughout the organisation, to help maintain staff morale in difficult times for the public sector.
- The global recession, and in particular whether reductions in other sources of funding
  - reduce the number, variety and diversity of applications for Lottery funding
  - threaten the delivery of projects underway but not yet completed
  - put projects completed in earlier years at risk of closure
- To respond to the priorities of the incoming government, including any implications for devolved government in the home countries.
- To make sure that HLF and projects respond to the impact of climate change.
- To use the wealth of information that we have gathered to demonstrate the value of heritage to modern life.

### **Corporate Goals**

2.9 The way in which we meet these challenges will become clearer with time as we understand better the impact of the global recession. Subject to refinement in the light of experience our corporate goals, in no order of priority, are to

1. Promote access to Lottery funding, which will be more important than ever as other sources of funding are reduced, and deliver agreed outreach and development work.
2. Deliver our grant programmes in accordance with the aims set out in our Strategic Plan, whilst retaining the flexibility to cope with the uncertain impact of the global recession on heritage projects, monitoring its impact on:
  - new applications, responding quickly and effectively to changing demands;
  - the successful delivery of projects underway, being ready to rapidly advise and help those projects facing difficulty.
3. Build greater support for the value of heritage to modern life, and understanding of the role of heritage Lottery funding.
4. Measure and evaluate the benefits heritage Lottery funding has secured and make available the evidence that demonstrates the case for the value of heritage to modern life.
5. Investigate and develop policy and initiatives in response to external challenges and opportunities.
6. Develop proposals for our fourth Strategic Plan.
7. Develop more effective internal communications.
8. Make progress on increasing diversity in grant giving, governance and the workforce.
9. Provide the organisation with efficient and reliable IT and knowledge management systems, appropriate accommodation, high quality relevant training and a fair rewards package.

10. Continue to improve HLF's efficiency, effectiveness and economy so as to maximise funding going to heritage projects.

### 3 RESOURCE ALLOCATION

3.1 This section describes the resources likely to be available to us in 2010-11 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 be £10m per annum for three years. The allocation in 2010-11 has since been reduced to £5m, but DCMS increased the grant in aid in 2009-10 by £5m fully offsetting the reduction in 2010-11. We are pleased that the Government found a way to protect the grant to the Memorial Fund: we will want to argue strongly for a guaranteed £10m per annum.

3.3 The demand for our help to defend the most outstanding parts of our national heritage at risk remains high. We are already committed to a stage payment for the acquisition of Titian's *Diana and Actaeon* in April 2010 but we will be ready to commit around £6.2m to new awards in 2010-11.

#### 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 2009-10 we expect to have committed to heritage projects around £414m more than we had available in the National Lottery Distribution Fund.

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

£m	2010-11	2011-12	2012-13	2013-14	2013-14
Income	£231.0	£231.8	£232.0	£242.2	£248.0

3.6 In 2010-11 we will be ready to commit up to £205m on new heritage projects. That is less than we expect to receive in income because we are paying for over commitments that we have made in previous years.

3.7 By 31 March 2011 we expect to have committed to heritage projects £450m more than we have available in the National Lottery Distribution Fund (NLDF). By that date our balance in the NLDF should have fallen to £280m. These projections are the targets for HLF's NLDF balance reduction.

3.8 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

3.9 Of the total commitment of £198m in 2010-11, £79m will go to grants of £1m and over.

### Grants under £1,000,000

3.10 Of the total commitment of £198m in 2010-11, £119m 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 Skills for the Future (£17m) and the Townscape Heritage Initiative (£14m) which are UK-wide strategic programmes. In England the allocations exclude our contribution to the Joint scheme for Repair Grants for Places of Worship (£16m).

Northern Ireland	£2.502m	North East	£2.952m
Scotland	£7.515m	North West	£7.899m
Wales	£4.310m	South East	£9.390m
East Midlands	£4.897m	South West	£5.784m
East of England	£6.324m	West Midlands	£6.182m
London	£8.418m	Yorkshire & Humber	£5.827m

## Programme Allocations

3.11 The grant programmes listed below form HLF's portfolio for 2010-11. 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

3.12 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.

3.13 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.



3.14 In 2010-11 we will establish a new Heritage Grants programme, Skills for the Future; it will offer grants between £100,000 and £1million for projects which provide paid training placements to meet a skills gap in the heritage sector. It will fund traditional conservation training and also the skills needed to engage people with heritage, including the skills to deliver education, community participation or volunteering programmes, or to use new media and technology to open up heritage. In 2010-11 we expect to make Skills for the Future grants totalling £17m.

3.15 In 2010-11 we expect to make Heritage Grants totalling around £109m.

#### Your Heritage

3.16 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.

3.17 In 2010-11 we expect to make Your Heritage grants totalling £16-17m.

### **Targeted initiatives**

#### Townscape Heritage Initiative

3.18 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.

3.19 In 2010-11 we expect to make THI grants totalling £14m.

#### Parks for People

3.20 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.

3.21 In 2010-11 we expect to make Parks for People grants totalling around £20m.

#### Repair Grants for Places of Worship Scheme

3.22 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.

3.23 We expect to make repair grants totalling around £19m in 2010-11.

### Landscape Partnerships

3.24 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.

3.25 We expect to make LPS grants totalling £17m in 2010-11.

### Young Roots

3.26 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.

3.27 In 2010-11 we expect to make Young Roots grants totalling £2-3m.

## **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 focussing on operational delivery of grant programmes.

### **Assessment workload**

4.1 In 2009-10 we received an average of 128 applications each month. To encourage applications at a time when the chances of obtaining our funding are less than they have been in the past we have made the process of applying easier and less costly for our applicants. 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 high.

### **Monitoring projects in progress**

4.2 In addition to assessing new applications we monitor around 3,100 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 changes 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 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 steadily increases.

### **Learning 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 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 2010-11, our learning and development strategies will address the corporate goals set out in section 2.9 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; and

- operating to high standards of public administration and accountability.

4.6 All learning 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 2010 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.

Operations	Finance & Corporate Services	Strategy & Business Development	Communications
154.4	35.4	25.8	18

### **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 seven years in a row. Since 2003-04 NHMF has made a real terms reduction in its running costs of 30.5 per cent.

4.10 The financial resources required by NHMF to meet its priorities in 2010-11 are set out below.

	Budget 2009-10 £000	Budget 2010-11 £000
Employment	10,268	10,083
Accommodation	2,403	2,279
Travel & subsistence	487	454
General expenses	2,710	2,413
Depreciation	550	692
Office equipment	378	515
Professional fees	3,873	2,740
<b>Total</b>	<b>20,669</b>	<b>19,176</b>

**SERVICE DELIVERY STANDARDS 2010-11**

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 first round	within 4 calendar months
Parks for People second round	within 4 calendar months
LPS first round	within 5 calendar months
LPS second round	next available meeting 4 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 5 calendar months
THI second round	next available meeting 3 months after application
Skills for the Future	within 3 months
Your Heritage & Young Roots	within 10 weeks

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 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%.

We will evaluate the user experience of our new website.

**National Heritage Memorial Fund**

The decision on an application will normally be taken:

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

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

## Risk Register 2010-11

This register contains those risks that would have a high impact if they occurred.

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 unexpectedly.</p>	<ol style="list-style-type: none"> <li>1. Contact with politicians and opinion formers to emphasise impact of potential decline</li> <li>2. Communication with broader public and grantees.</li> <li>3. Scenario planning</li> <li>4. Regular reviews of income figures</li> </ol>	Medium	<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>Administration:</b> Imposition of an arbitrary cap on running costs.</p>	<ol style="list-style-type: none"> <li>1. Contact with politicians and opinion formers to emphasise impact of any cap.</li> <li>2. Scenario planning, including the implications on governance.</li> </ol>	High	<ol style="list-style-type: none"> <li>1. Continue to engage with Government and Opposition to ensure good understanding of what HLF does and why, and what it costs.</li> <li>2. Address any misleading statements or publications about our administration costs robustly and, if necessary, publicly.</li> </ol>	Carole Souter
<p><b>Legislation:</b> Legislative change impacting on aims and operations of the organisation.</p>	<ol style="list-style-type: none"> <li>1. Contact with politicians and civil servants to emphasise impact of any legislation.</li> <li>2. Clarify legislative basis of any proposed change.</li> </ol>	High	<ol style="list-style-type: none"> <li>1. Ensure clear advice available on need for and impact of any legislative proposals</li> <li>2. Pursue advice from DCMS re legislative issues;</li> </ol>	Carole Souter

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>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> <li>7. Monitoring the impact of the economic crisis on new applications, existing applications, the successful delivery of projects already underway and those recently completed.</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</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. Respond to recommendations arising from Rapid Response Group</li> </ol>	Bob Bewley
<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>	Monitoring operation of SP3 and gathering evidence to develop proposals for the structure of our next Strategic Plan.	Low/ Medium	Monitor and evaluate the delivery of the strategy over the life of the plan, using the business planning cycle to make such adjustments and developments that may be necessary. A project plan for the development of our next Strategic Plan is being produced and will set out the stages and activity for this year.	Judy Cligman

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>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> </ol>	<p>Low/ Medium</p>		<p>Steve Willis</p>
<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 learning and development programme that enables staff to meet NHMF's objectives and to improve NHMF's performance.</li> <li>3. Managing carefully any changes in staffing levels and roles required by increased pressure to reduce operating costs.</li> </ol>	<p>Low/ Medium</p>	<ol style="list-style-type: none"> <li>1. Implement IIP action plan.</li> <li>2. Implement internal communications strategy.</li> </ol>	<p>Steve Willis</p>
<p><b>Communications:</b> Risk that HLF/NHMF is not well known and understood by stakeholders and acknowledged by grantees.</p>	<ol style="list-style-type: none"> <li>1. Developing external partnerships to promote our work to stakeholders and the wider public - including working effectively with NLPU.</li> <li>2. Delivering targeted information and promotion work to communicate the value of heritage and track stakeholder views.</li> <li>3. Improving our understanding of acknowledgement take-up and use at point of delivery</li> </ol>	<p>Medium</p>	<ol style="list-style-type: none"> <li>1. Prepare information for elected representatives, post 2010 election.</li> <li>2. Support key Policy initiatives and themes with targeted communications (eg International year of biodiversity)</li> </ol>	<p>Louise Lane</p>