

# Challenge and Change: HLF and Cultural Value

A report to the Heritage Lottery Fund

Heritage Lottery Fund



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## Challenge and Change: HLF and Cultural Value

This research report has been prepared by Robert Hewison and John Holden of Demos, for the Heritage Lottery Fund (HLF).

We know that 10 years of HLF activity has had a significant impact on heritage in this country. The most obvious is the sheer scale of our investment: 15,000 awards have gone to projects of different sizes, ranging from tiny community groups who want to preserve a small patch of green space to huge capital projects, such as the British Museum. But although it is easy to count up the parks, endangered species, buildings, museums and places that money has helped to conserve, it is more difficult to calculate the wider benefit of that investment to society.

We asked Demos to take an overview of the effects of that funding. They have come back to us with a document that challenges our preconceptions about what heritage funding achieves.

The ideas in this report are helping us to think more clearly about how we capture the benefits of funding through our research programme. It also comes at a time when we are beginning to think about our next strategic plan.

The Secretary of State for Culture, Media and Sport Tessa Jowell has called on the cultural sectors to find new ways of evaluating the benefits of what we do. We hope that this report will be a contribution to that wider debate.

We would welcome your feedback on the framework as a way of demonstrating more widely how heritage can play a role in public and community life.

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## Executive Summary

The more than £3 billion that HLF has committed from the National Lottery over the last decade to 15,000 awards has transformed the landscape of heritage in the United Kingdom, both in terms of material conservation and the way in which the national heritage is conceived.

HLF has shifted the idea of the value and importance of heritage away from being something that is exclusively determined by experts on behalf of society, to one that recognises the importance of widespread participation in identifying and caring for what is valued collectively. The work of HLF has broadened the social base for the enjoyment of heritage so that there is now an acknowledged diversity of contributions to the national story.

This report offers a detailed history of the organisation to support this argument. In addition, the report responds to the Secretary of State's request, in her personal essay entitled *Government and the Value of Culture*, to find new ways of measuring the benefits of culture. It does so by addressing the issue of how public and cultural value are generated by and through the heritage and the work of HLF. Public and cultural value together encompass a set of ideas about how public organisations behave as well as what they accomplish.

The report argues that the public and cultural value of HLF's processes, practices and outputs can be captured in terms of:

- stewardship
- enhanced trust in public institutions
- equity and fairness
- resilience in the organisation and systems they are funding
- value for money
- well being
- prosperity
- learning
- strengthened local communities.

HLF needs to do more to communicate its unique contribution. It should engage positively in the current heritage review, stress its role as an enabling organisation, emphasise its UK overview, retain the range of heritage funded and emphasise the creative, forward-looking aspects of heritage. The principles of cultural value provide a language and approach that is more suited to heritage than externally imposed targets and indicators.

The document:

- demonstrates, through a brief account of its history, how HLF has redefined heritage through its policies and practices
- identifies policy questions that will concern HLF in the immediate future
- proposes that the achievements of HLF can be convincingly expressed through the new language of Public and Cultural Value
- shows how the operations of HLF create Public and Cultural Value
- suggests specific areas where HLF needs to argue its case most strongly in the current policy debate
- offers an independent view of the challenge of change faced by HLF.

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## Challenge and Change: HLF and Cultural Value

### Foreword

*“To encourage people to take an active interest in heritage and develop projects we will stimulate debate about why heritage matters and demonstrate the wider benefits of supporting it with Lottery funding...” Heritage Lottery Fund, Strategic Plan 2002-2007 p.24*

In November 2004 HLF celebrated its first decade of operations, but as well as looking back, it is also looking forward to the preparation of a new Strategic Plan in 2006, and to 2009 when the present National Lottery licence held by Camelot and the guarantees of funding to the existing good causes are due to expire. As part of its established policy of promoting debate about the heritage and its value, HLF has commissioned Demos to review its contribution to the stewardship of the public realm.

HLF has committed more than £3 billion from the National Lottery over the last decade to 15,000 awards, which have transformed the landscape of heritage in the UK, both in terms of material conservation and the way in which the national heritage is conceived. Significantly, HLF has shifted the idea of the value and importance of heritage away from being something that is exclusively determined by experts on behalf of society, to one that recognises the importance of widespread participation in identifying and caring for what is valued collectively. The work of HLF has broadened the social base for the enjoyment of heritage so that there is now an acknowledged diversity of contributions to the national story.

Yet, as its first decade comes to a close, HLF cannot be totally confident about its future. The organisation faces certain challenges and recognises the need for change.

In our analysis we:

- identify policy questions that will concern HLF in the immediate future
- demonstrate, through a brief account of its history, how HLF has redefined heritage through its policies and practices
- propose that the achievements of HLF can be convincingly expressed through the new language of Public and Cultural Value
- show how the operations of HLF create Public and Cultural Value
- suggest specific areas where HLF needs to argue its case most strongly in the current policy debate.

This document offers an independent view of the challenge of change faced by HLF.

**John Holden and Robert Hewison**  
**October 2004**

## I. Challenge: The policy environment for HLF in 2004

As HLF begins to prepare its next Strategic Plan, it finds itself in a volatile policy environment. There are three interlocking issues it needs to address:

- forthcoming Lottery Legislation
- the Government's 'heritage review'
- the Government's approach to heritage policy and the 'Public Value' debate.

### I.1 Lottery Legislation

The Government's *National Lottery Decision Document* (July 2003) heralds changes to the Lottery that will call both for adjustments in the operations of distributors, and significant realignments requiring primary legislation. HLF must be ready for change in the environment in which it works.

In her introduction to the *Lottery Decision Document*, Secretary of State Tessa Jowell warns: "Distributors will be more transparent about the decisions they make and will have to be more accountable. In addition, they will have to take much more notice of how the public wants Lottery money to be spent. And they will no longer be allowed to build up huge reserves of cash in the bank which could easily be spent elsewhere" (DCMS 2003a.3). Legislation is already in preparation to include powers to transfer excessive balances and it is also proposed that the bank interest earned on balances will be returned to the central fund for redistribution *pro rata*.

More important will be the question of where HLF will be after 2009. Following legislation, the New Opportunities Fund and the Community Fund, together with the residue of the Millennium Commission (to be wound up by 2006), will be merged into a new distributor, to be known as the Big Lottery Fund. This new entity will have 50 per cent of all Lottery funds at its disposal. The Big Lottery Fund will not only be specifically guided by the Government's social and economic agenda, it is clear that it is intended to play a leadership role among the other distributors by managing cross-cutting projects. Further: "it will also have an essential role to play as a centre of excellence, advice and shared expertise in managing major capital projects" (DCMS 2003a.23). This will impinge on HLF's contributions in this area.

Although the Government has said that it does not at present wish to merge the other Lottery distributors, covering art, sport and heritage, it does intend them to work more closely together, with their chief executives becoming members of a new Lottery Forum. The decision to create a single 'Lottery identity' will impact on HLF in its 'branding' of Lottery-funded projects. The public is expected to be more closely involved in decision taking, and HLF will need to respond to the proposal to have better

"customer consultation techniques, including citizen's juries, to bridge the existing consultation deficit" (DCMS 2003a.27). It will need to show how its regional structure, devolved decision taking and commitment to public consultation are already addressing this perceived 'deficit'.

The other legislative issue is the possible creation of a separate Olympic Fund, should London's bid for 2012 be successful. This has potential revenue implications for all Lottery distributors, while the Olympics may generate calls to HLF to support Olympic-related projects.

The Government's *Lottery Decision Document* states that: "at the heart of Lottery funding is a desire to be different, to innovate, to take risks" (DCMS 2003a.33). The challenge to HLF is to demonstrate how different and innovative it has already become. In particular it needs to defend its position as a UK-wide Lottery distributor, with an identity and a specific set of skills that should not be diluted – an issue of particular importance in the present 'heritage review'.

### I.2 The Heritage Review

The decision to conduct a wide-ranging review of the heritage sector is driven by the Department for Culture Media and Sport's (DCMS) desire to clarify arrangements in an area where there are overlapping, and sometimes conflicting, responsibilities between Non-Departmental Public Bodies (NDPBS), and where issues of planning, environmental protection, employment and training also involve the Office of the Deputy Prime Minister (ODPM), the Department for the Environment, Food and Rural Affairs (DEFRA) and the Department for Education and Skills (DfES). In addition, there is the question of relations with the devolved administrations in Scotland, Wales and Northern Ireland (of special significance for HLF as a UK-wide body). The review also meets the Treasury's demand for efficiency savings in all areas of government, including NDPBS. Having addressed the fields of the arts, sport and museums, the DCMS wishes to reform the heritage sector and Tessa Jowell has confirmed that this will be addressed during the Government's third term.

To a certain extent, the map is being reconfigured already since the heritage is much broader than the DCMS's responsibilities, which are only for England. Following the review by Lord Haskins in 2004, DEFRA has announced that two new environmental bodies will be formed by April 2005 (for which legislation will be required), comprising a new Countryside Agency, refocusing the present one, and an 'integrated agency' bringing together English Nature, parts of the Countryside Agency and most of the Rural Development Service. These changes will inevitably impinge on HLF's support for the landscape heritage. Institutional reform is also already under way. English Heritage has been restructured and has shed jobs. On 28 June 2004 the Heritage Minister Lord MacIntosh announced changes to the system for heritage protection, including transfer

of responsibility for making designation decisions at national level to English Heritage, for which primary legislation will be required.

Introducing the Government's policy review in 2001, *The Historic Environment: A Force for Our Future*, Tessa Jowell described the heritage sector as a "sleeping giant in cultural and economic terms" (DCMS 2001.4). According to the DCMS's own calculation, there are 24 different bodies with responsibilities for the heritage across the four countries of the UK and Tessa Jowell has stated that she regards this as too many. A realignment of responsibilities and a reduction in numbers seems an inevitable outcome of the present review. Independently, ODPM's Housing, Planning, Local Government and the Regions Committee suggested in July 2004 that responsibility for the historic environment (chiefly historic buildings) should be transferred from the DCMS to the ODPM, which would take over parts of English Heritage and the Commission for Architecture and the Built Environment, where planning responsibilities sometimes conflict.

The possibility of a merger between HLF and English Heritage has already been discussed in a report by consultants Pannell Kerr Foster, released in July 2004, which examined the potential for cost savings over a range of options, from sharing some functions to a full merger leading to the creation of a new organisation (PKF 2004). In effect, the report concluded that savings would increase as more functions were shared, however the political risk of resistance within the sector and the devolved administrations to a full merger made this an unsuitable option.

A complete merger between HLF and the National Heritage Memorial Fund (NHMF), winding up NHMF altogether and relying entirely on HLF to protect heritage at risk, was discussed in the DCMS's Quinquennial Review of the NHMF, whose *Stage One Report* was published in July 2003. Although the option was not recommended, the report commented on the NHMF's ability to react to emergencies quickly and effectively: "it seems to us that, in principle, the same could be achieved through HLF" (DCMS 2003b.25). The Government appears to remain committed to the continuation of NHMF however, for in the latest public expenditure review it has agreed to double the annual funding of the NHMF in 2007/08 compared to 2004/05.

The *Stage One Report* is an important document for HLF, as it states that NHMF/HLF "contributes strongly to the objectives of Government" (DCMS 2003b.21). Even more significantly for HLF, the review concludes: "Parcelling out the heritage Lottery stream to sub-sector bodies such as English Heritage, Historic Scotland, Cadw or Resource [now the Museums, Libraries and Archives Council] would have significant disadvantages. None of the 23 agencies operating alongside NHMF covers a large enough portion of the heritage field. And a disaggregated fund would make it more difficult to support 'beacon' projects; create gaps in funding; and create inefficient overlaps. The heritage Lottery stream should continue as a UK-wide unitary fund" (DCMS 2003b.6).

Yet in spite of this key conclusion, and confirmation in the report that HLF was the most appropriate Lottery distributor for the heritage, the report also states that the NHMF/HLF "should not assume the kind of leadership role which is exercised by Sport England and the Arts Council" (DCMS 2003b 7.24). The lead role in the historic environment is currently given to English Heritage in England, not to HLF.

### 1.3 Heritage policy and the 'Public Value' debate

Because of the complex institutional relationships and conceptual ambiguities associated with heritage, it is evident that the Government is not happy with arrangements in the heritage sector. Philosophically, the overarching term 'heritage' is a problem and indeed it is not a word that Ministers like to utter. One reason for this is that 'heritage' still carries cultural and political associations from the 1980s. The present DCMS, when it was created under the Conservatives in 1992, was called the Department of National Heritage, and 'heritage' had a high priority in its early years. The change in 1997 to Department for Culture, Media and Sport has, and continues to have, ideological resonance. As a senior museum director recently remarked in conversation: "since 1997, the word 'heritage' has been dead." The truth is, as we argue below, thanks to HLF, the word 'heritage' has undergone a substantial and positive redefinition.

As evidence of ministerial reluctance to use the word 'heritage', we cite the Secretary of State's recent 'personal essay', *Government and the Value of Culture* (Jowell 2004), which mentions museums and galleries but does not refer to heritage as a concept or use the word at all. Although a personal document, *Government and the Value of Culture* marks a turning point in the current policy debate that has such significance for HLF. It is evidence that at the highest levels in Government there is a growing realisation that the instrumentally driven, narrowly targeted cultural policies developed through the 1980s and 1990s (of which we give some account in the following section) have not been successful in conveying support for the unmaterialistic and transcendental values of culture.

Tessa Jowell writes: "Too often politicians have been forced to debate culture in terms only of its instrumental benefits to other agendas – education, the reduction of crime, improvements in wellbeing – explaining, or in some instances almost apologising for, our investment in culture only in terms of something else. In political and public discourse in this country we have avoided the more difficult approach of investigating, questioning and celebrating what culture actually does in and of itself. There is another story to tell on culture and it's up to politicians in my position to give a lead in changing the atmosphere and changing the terms of the debate" (Jowell 2004).

Throughout this paragraph, and throughout the essay, it is possible to substitute the word 'heritage' for 'culture' without changing the argument in any way. The new term that the Secretary of State is reaching for is 'Public Value'. Or, as we prefer to call it

in this report, seeking greater precision, 'Cultural Value'. She asks in her conclusion: "How, in going beyond targets, can we best capture the value of culture?" (Jowell 2004) The challenge to HLF is to show that it has not merely been responsive to the Government's policy requirements, but that it has generated a changed definition of heritage more in touch with the 21st Century and that it has the means to capture the value of heritage, taking the lead in the debate.

## 2. Change: How 'heritage' has been redefined by HLF

This section gives a historical overview of the development of HLF in relation to Government priorities, and shows how it has changed in its first decade from a responsive to a strategic organisation.

### 2.1 The creation of the Heritage Lottery Fund

HLF was established as a result of the National Lottery Act, 1993, which identified NHMF as the body to distribute funds raised by the National Lottery to the heritage sector throughout the UK. NHMF was itself established as a funding body for the heritage by the National Heritage Act, 1980.

HLF is the trading name under which NHMF operates its Lottery account. NHMF currently reports to the Department for Culture, Media and Sport (DCMS). Except for generic Lottery matters NHMF reports to the Access branch of the Architecture and the Historic Environment Division of the Arts and Culture Directorate. The Memorial Fund and the Lottery Fund have different legislative relationships to Government, reflecting the different sources of income. As with all NDPBs, NHMF has a Funding Agreement with the DCMS, whereas HLF is controlled by its Policy Directions (see below).

HLF reports to the DCMS in formal quarterly meetings, but there is daily contact between officers, as well as infrequent conversations at ministerial level. HLF is thus well aware of government priorities as they develop, but the relationship is still defined as being at 'arm's length'. The distance between Government and NDPBs has however progressively shortened since the 1980s.

Under the 1980 Act, the Trustees were empowered to give grants or loans to eligible recipients for the purpose of assisting them to acquire, maintain or preserve:

- (a) Any land, building or structure which in the opinion of the Trustees is of outstanding scenic, historic, aesthetic, architectural or scientific interest.
- (b) Any object which in their opinion is of outstanding historic, artistic or scientific interest.
- (c) Any collection or group of objects, being a collection or group which taken as a whole is in their opinion of outstanding historic, artistic or scientific interest.
- (d) Any land or object not falling within paragraph (a), (b) or (c) above, the acquisition, maintenance or preservation of which is in their opinion desirable by reason of its connection with land or a building or structure falling within paragraph (a) above.

- (e) Any rights in or over land the acquisition of which is in their opinion desirable for the benefit of land or a building or structure falling within paragraph (a) or (d) above. (Pt 1 Section 3.1)

Trustees were required to have regard to public access and display, and could make that a condition of making grants or loans; eligible bodies were identified as museums, art galleries, public land amenity bodies and those concerned with nature conservation. Any property, land, building or structure must be "of importance to the national heritage."

Except by inference, the 1980 Act contained no definition of the word 'heritage'. The first Trustees discussed the question of how the national heritage could be defined, as they explained in their first annual report. "We decided that [the question] was unanswerable; we could no more define the national heritage than we could define, say, beauty or art... So we let the national heritage define itself. We awaited requests for assistance from those who believed they had a part of the national heritage worth saving" (NHMF AR 1980-81.2).

This view became a founding principle. The passage was cited in reports published under the later chairmanships of Lord Rothschild (HLF AR 1993-94.1) and Dr Anderson (HLF AR 1997-98.6). HLF's *Strategic Plan 2002-2007*, introduced by the present chair Liz Forgan who took over in 2001, continues this tradition: "Over the years we have resisted offering a definition of heritage, and will continue to challenge others to tell us what is important to them" (HLF SP2.19). The practical consequence of this position is that the public is able to contribute to the definition of heritage by identifying what it values.

In the light of this, the reluctance of successive Trustees to define the ruling term in the title of their organisation is understandable, and arguably politically astute, making it easier to alter course in response to prevailing conditions and the public will. As Trustees and personnel have changed, and cultural and political priorities have shifted, so have the decisions that define the national heritage.

In 1980, the operational definition of the heritage was essentially a culturally conservative approach focussed on material evidence of past hegemonies, such as great houses and works of art. Since the advent of HLF, it has broadened this definition to a more socially inclusive one that, in addition to material objects, involves less tangible matters such as language and customs. This broadening of the horizons of heritage has been a guiding principle during the period of HLF's current strategic plan, and has led to a significant redefinition of the concept of heritage. But the fact remains that what the heritage is, is defined by what HLF does alongside other heritage bodies. The heritage will always be a mobile, and often contested, concept, and HLF shows that it understands this through its policies and practices.

In policy terms, the most important change in the lifetime of HLF and its parent body NHMF has been that they began as responsive funders, and initially were not expected to take a strategic view of their overall operations. Nor were they expected to have over-arching policy aims, beyond a common-sense commitment to efficiently performing their obligations under their respective Acts of Parliament. At first HLF, like other Lottery distributors, was not allowed to solicit applications and its funds could only be used for capital projects. This position was reinforced by the funding structure of the original NHMF, which in addition to an annual grant-in-aid, was given the residue of the National Land Fund established in 1946 with which NHMF decided to establish an endowment. It thus had a source of income independent of the annual government public expenditure round which it could spend as the need arose – and these needs were not predictable. With the resources at its disposal, NHMF could only act as an emergency fund, 'saving' buildings, land, archives or works of art that were endangered for reasons beyond its control. It then vested responsibility for them in other organisations such as museums or the National Trust, thus contributing to a collective sense of ownership of the heritage.

When the requirements of the principles of New Public Management began increasingly to impinge on NHMF during the 1980s, it pointed out: "Along with many government-funded bodies, NHMF must now consider its future plans in a more formal manner... It is not, however, possible for NHMF to forecast with any accuracy what applications will appear in the future. Ours is a reactive organisation" (NHMF AR 1990-91.3). NHMF could not be policy-driven in terms of pre-allocation of resources, and this remains a fact of life for HLF.

Before 1994, NHMF received around 250 applications a year of which about 40 per cent were successful (HLF's success rate is 70 per cent). It presented its work in terms of the type of heritage that it funded: buildings, including historic houses, land of scenic or scientific interest, paintings and other works of art, manuscripts and archives, transport and maritime history, industrial history. Historic houses formed the largest category by expenditure during the 1980s; inflation in the art market also put increasing pressure on this sector. Through a combination of revenues from its endowment, annual grant-in-aid and additional emergency funding, NHMF was able to distribute £175 million to the heritage in its first 15 years, including the preservation of 15 great houses. In its first report it pointed out that: "Grants which we have made have in almost every case contributed to the maintenance of tourism and, more directly, have frequently provided jobs in areas of high unemployment" (NHMF AR 1980-81.5). But apart from the occasional reference to benefits to tourism, it did not present its work in terms of its economic or social contribution.

The introduction of the National Lottery in 1994 led to a step change in NHMF. Its staff immediately quadrupled and now exceeds 250. In its first full financial year the

newly established Heritage Lottery Fund: “Committed more money to protect and enhance the nation’s heritage than NHMF has done since it was established by Parliament in 1980” (HLF AR 1995-96.15). The £175 million from NHMF in its first 15 years is eclipsed by HLF’s £3 billion in its first 10.

Under the 1993 National Lottery Act, NHMF became one of five distributors of money from the National Lottery Distribution Fund, controlled and managed by the Secretary of State, with an equal portion of 20 per cent. NHMF continued to administer its endowment fund under the previous terms, and with a much-reduced grant-in-aid, adopted the role of “a fund of last resort” (HLF AR 1994-95.1). Apart from an increase in the number of Trustees, and being given the additional power to fund the construction of new buildings, NHMF was to administer the new Heritage Lottery Fund under the terms of the 1980 National Heritage Act. But the Lottery Act also introduced an important element of government direction into the operation of the independent ‘arm’s-length’ distributors to good causes: the requirement to produce strategic plans, in concert with the DCMS. As a result of this legislation, successive policy directions have transformed the activities and responsibilities of HLF.

In 1997 a new National Heritage Act extended the powers of NHMF and introduced a redefinition of the 1980 Act’s Section 3. There was a greater emphasis on environmental concerns in terms of landscape and bio-diversity. HLF not only had specifically to secure and improve access to the heritage, but to encourage both its study and enjoyment, together with the necessary skills to preserve and enhance it. Although requiring the Trustees to be satisfied that the projects it supported were “of importance to the national heritage”, no closer definition was forthcoming, but some guidance can be drawn from a clause inserted that empowered Trustees to assist projects such as exhibitions, archives and works of reference that appeared:

- (a) To relate to an important aspect of the history, natural history or landscape of the UK.
- (b) To be of public benefit.

In the context of today’s recognition of the concept of Public Value, this final phrase is significant.

The following year, under the National Lottery Act 1998, the new Labour government introduced significant changes to the governance of the National Lottery. The creation of a new good cause, the New Opportunities Fund, meant that former distributors now received 16.66 per cent, rather than 20 per cent of available Lottery funds. Powers were given for the first time for distributors to solicit applications, to delegate distribution and set up joint schemes with other distributors.

The 1998 Act also contained an important clarification in Section 8:

‘education’ includes training and the provision of activities for children; ‘the environment’ includes the living and social environment.

In 1998 devolved administrations were established in Scotland and Wales. HLF had already begun to operate on a regional basis in 1997 and established country committees for Scotland, Wales and Northern Ireland. The Trustees have since delegated a substantial amount of decision-taking to the home country committees and those for the English regions, with offices opened in each of the home countries and one each in the Government Office regions in England. But HLF continues to act as a UK-wide body, giving it an important overview of heritage issues and the ability to invest in individual projects amounts of money that would be impossible if funding was divided between the four countries of the UK.

## 2.2 The impact of Policy Directions

The first Policy Directions from the then Conservative government issued to the Trustees of NHMF with regard to HLF, continued to treat NHMF as a reactive organisation, for along with other lottery distributors the Trustees were forbidden to solicit applications. Their ability to take a strategic view of the distribution of Lottery funds was therefore limited, although they were required to cover the whole range of the national heritage and achieve, “an overall balance of funds for projects related to the relative populations of each country in the United Kingdom” (HLF AR 1995-96.53). Annual reports have regularly pointed out that the various parts of the national heritage are not geographically evenly distributed.

HLF’s prime focus was to be on capital expenditure, though endowments and revenue funding were possible in certain circumstances. Projects had to be ‘viable’ and supported by partnership funding. Significantly, the first directions introduced the concept of public good linked with a term that was to acquire ideological weight under Labour. Trustees should be minded of, “the need to distribute money for projects which promote the public good (including the widening of public access)” (HLF AR 1995-96.53).

The new governance under the 1998 National Lottery Act imposed a tighter regime on HLF: the requirement to produce a strategic plan called for the articulation of principles of resource allocation, the setting of performance indicators and the calculation of a statement of need. At the same time the policy directions reflected the cultural, social and economic agenda of the new Labour government. The White Paper, *Public Services for the Future: Modernisation, Reform, Accountability* (HMT 1998) and its supplement of March 1990 published for the first time measurable targets for the full range of the Government’s objectives.

The policy directions issued on 3 August 1998 are governed both HLF’s *Strategic Plan 1999-2002* and the current *Strategic Plan 2002-2007* and are reproduced in an appendix

to this report. These directions indicate what is currently required by the Government of HLF, and demonstrate the way in which the responsibilities of the institution have been broadened beyond the task of addressing issues “of importance to the national heritage”. In particular, we note the following additions made in the policy directions of 1998:

- B the scope for reducing economic and social deprivation at the same time as creating heritage benefits.
- C The need to promote access, for people from all sections of society, to heritage objects and collections...
- D The need to promote knowledge of and interest in the heritage by children and young people.
- E The need to further the objectives of sustainable development.

Regardless of its status as an ‘arm’s-length’ body, HLF is legally required to act on these directives.

It is possible to summarise the main policy ‘themes’ to which HLF must be responsive as:

- environmental
- social (including education)
- economic.

All three themes are mutually interactive and must be seen in the context of sustainable development, which emphasises the long-term element that has always been inherent in assessing heritage projects.

From the beginning, as a body concerned with landscape, HLF has had a responsibility to contribute to the good of the natural environment, but with its first strategic plan it committed itself to ensuring its projects contribute to Habitat Action Plans within the UK’s Biodiversity Action Plan, launched in 1994. It should also be noted, as pointed out above, that under the 1988 Act “the environment” includes the “living and social environment”.

The social and educational contribution made by heritage projects is again a given, but the term ‘access’ in the language of the present Government has imposed a special requirement to demonstrate both effort and success in achieving a much greater social and ethnic diversity among the direct and indirect beneficiaries of heritage projects. It is also true to say that explicitly educational activities associated with heritage projects have acquired a greater priority.

The economic contribution of heritage projects has always been a given in assessing the value of heritage, but it has only been a policy requirement to “reduce economic and social deprivation” since August 1998.

The theme of sustainable development presents a particular problem for HLF, because its principal expenditure is in the form of grants or loans to other bodies, which then take on the long-term responsibility for the project or object. Revenue funding is currently limited to five years. HLF’s association is therefore short-lived, although the actual effects and benefits of most heritage projects can only be judged long-term.

## 2.3 The evolution of Strategic Plans

The process of creating HLF’s first Strategic Plan was informed by the review of its performance by the House of Commons Select Committee on Culture, Media and Sport in its report for 1998-99. The Committee and HLF jointly concluded that HLF should do more to ensure an even distribution of funds across the country, and take into account the social and economic objectives of projects when deciding an award.

### The First Strategic Plan

HLF’s first *Strategic Plan 1999-2002* was laid before Parliament in May 1999, defining its four main priorities as:

- heritage conservation
- national heritage
- local heritage
- heritage education and access.

Heritage conservation would produce “the double dividend of preserving heritage assets and of making a wider contribution to the quality of life through regeneration, access and education” (HLF SPI.6). National heritage would be “of a quality which consistently attracts visitors from across the nation and from abroad” and would “improve the quality of life for all” (HLF SPI.7). Local heritage projects showed that the “HLF defines heritage inclusively in order to make its work relevant to all sections of the community” (HLF SPI.7). Heritage education and access addressed both physical and intellectual access to stimulate engagement and responsibility.

New revenue programmes were introduced to support access and education, and the Joint Places of Worship Scheme, the Urban Parks Programme and the Townscape Heritage Initiative were refocused, “to give priority to applications from areas of economic and social deprivation” (HLF SPI.9). These were targeted on areas of deprivation identified by the then Department of Environment Transport and the Regions (DETLR). HLF also committed itself to developing “guidance to applicants to identify the key demonstrable social and economic benefits which may be a significant factor in a decision to award a grant” (HLF SPI.9).

## The Second Strategic Plan

As the millennium approached, the Government conducted a major review of policies covering one part of HLF's remit; the historic environment. The first stage was the publication of the report *Power of Place* in December 2000 by English Heritage, which had been identified as 'lead' organisation in England for the sector in 1998. This was followed in December 2001 with the publication by the DCMS and what had become the Department for Transport, Local Government and the Regions (DTLR) of *The Historic Environment: A Force For Our Future*. This took the view that the report was only the beginning of "a major drive to unlock the full potential of our historic assets" (DCMS 2001.5).

*A Force For Our Future* presented the Government's vision for the historic environment (excluding museums, galleries, collections, industrial and transport heritage, and natural heritage) under five headings:

- c) Providing Leadership: to respond to public interest in the historic environment with firm leadership, effective partnerships and a sound knowledge base from which to develop policies.
- d) Realising Educational Potential: to realise the full potential of the historic environment as a learning resource.
- e) Including and Involving People: to make the historic environment accessible to everyone and ensure that it is seen as something with which the whole of society can identify and engage.
- f) Protecting and Sustaining: to protect and sustain the historic environment for the benefit of our own and future generations.
- g) Optimising Economic Potential: to ensure that the historic environment's importance as an economic asset is skilfully harnessed.

These five areas remain the Government's policy objectives for the historic environment, although a further policy consultation document, *People and Places: Social Inclusion Policy for the Built and Historic Environment* was published by the DCMS in June 2002, reinforcing the Government's commitment to social inclusion, warning that "engaging with a social inclusion agenda may require substantial cultural change from heritage organisations" (DCMS 2002.12).

It is indicative of the Government's attitude to the heritage sector that, under the heading 'Access', the report stated: "Too often heritage events and visits can be perceived by many people as boring, exclusive and too costly. In order to tackle this, changes to presentation of the history of the place needs to be considered. The hidden histories that tell the diverse social, economic and cultural stories of a place can engage more people than representation of exclusive and wealthy lifestyles. Opportunities to invite groups that have not traditionally made visits need to be sought through active

consultation at local level" (DCMS 2002.12). In fact, HLF had already begun to conduct such consultations.

To prepare its *Strategic Plan 2002-2007*, HLF conducted a thorough consultation exercise, which is described in Annex 3 of the *Strategic Plan*, and whose conclusions further encouraged HLF to continue to modify the meaning of 'heritage' as defined by its practices. HLF explained: "although we are charged with deploying our funds in a strategic manner, we must remain a responsive organisation" (HLF SP2.23). While heritage conservation remained the core purpose, the consultation encouraged a change to policies and practices: broadening the definition of heritage; understanding that the process of identifying and conserving heritage was as important as the heritage objects themselves; that projects should have a wide appeal and involve as wide a range of partners as possible. HLF would improve its service to applicants by opening up offices in the English regions and adopt a number of measures that would, in short, make it easier to get a grant. As will be described further later, these processes, involving consultation, partnership, local decision-taking and popular engagement are in harmony with the concept of Public Value.

*Broadening the Horizons of Heritage*, HLF's *Strategic Plan 2002-2007*, was laid before the UK and Scottish Parliaments and the Welsh and Northern Ireland Assemblies in May 2002. The new plan expressed its priorities in different terms to the first Strategic Plan. These are now:

- achieving greater involvement
- supporting conservation
- enhancing access and learning.

In addition, in its role as a Lottery funding body rather than a heritage organisation, HLF committed itself to bringing about a more equitable spread of grants across the UK.

In order to achieve greater involvement, HLF generates "a better understanding and commitment to heritage conservation by policy-makers and members of the public alike, including young people" (HLF SP2.19). It ensures that responsibility for the care of the heritage is shared by a broader section of society. To achieve this, the plan emphasises the importance of local heritage, volunteering and local decision-making. In order to "promote a greater appreciation of the value and importance of heritage for our future well-being and sense of identity", the HLF demonstrates "the value in environmental, cultural, social and economic terms of investing in heritage" (HLF SP2.20).

For HLF, "supporting conservation" means more than the conservation of objects, land or buildings. It has a history of funding parks and nature conservation and helps to meet UK Biodiversity Action Plan targets. "In addition, we want to ensure the survival of valued cultural traditions and other non-physical heritage such as language heritage" (HLF SP2.20). Heritage conservation is explicitly "an integral part of urban and rural

regeneration” and so is intended to “make a contribution to economic prosperity and social well-being” (HLF SP2.21).

“Enhancing access and learning” includes a specific commitment to developing “new audiences from under-represented and socially excluded groups, bearing in mind in particular the needs of children and young people” (HLF SP2.21).

In order to achieve a more equitable spread of grants, HLF has regionalised its operations, devolved decision-taking for smaller grants, increased support for applicants and become more proactive in stimulating applications from perceived ‘priority areas’ where applications have been few.

In order to turn policy into practice, HLF merged its capital and revenue grant streams and set out three generic grant programmes:

- Heritage Grants: grants of £50,000 or more “to look after and enhance the UK’s heritage, to increase participation in heritage activities, and to improve access to and enjoyment of heritage” (HLF SP2.29)
- Your Heritage: grants of between £5,000 and £50,000, which act “as the principal vehicle through which we will increase our support for a broader range of heritage” (HLF SP2.30)
- Awards for All: Continuation of a programme set up in partnership with other lottery distributors designed for “modest projects undertaken by small organisations and community groups” (HLF SP2.30). Grants range between £500 and £5,000.

In addition, HLF runs a number of targeted initiatives, some of which had been launched before the current strategic plan. These are:

- Townscape Heritage Initiative
- Public Parks Initiative
- Repair Grants for Places of Worship
- Landscape Partnerships
- Local Heritage Initiative
- Young Roots.

HLF has also recently launched an initiative for heritage skills.

In order to ensure that HLF funds are distributed strategically and that there is an equitable distribution of grants both between the four home countries and regionally, the Fund has established certain principles for the allocation of resources.

- 50 per cent of funds to be distributed through grants of less than £1 million by regional and country teams and committees
- not more than 25 per cent of funds to applications requesting more than £5 million.

This reconfiguration represents a major redistribution of funding in favour of greater public equity.

This pattern of funding, which means that in recent years there have been more smaller grants (and consequently an increase in staff and administration costs by around 30 per cent) is matched by a hierarchy of decision-taking that reflects HLF’s policy of inclusivity. Decision taking is significantly delegated to the committees for Scotland, Wales and Northern Ireland, the committees of the nine English regions and to the relevant staff. Staff in country and regional teams decide on grants below £50,000; country and regional committees decide on grants between £50,000 and £1 million; the Board decides on grants above £1 million and for Landscape Partnerships and the Townscape Heritage Initiative.

## 2.5 The Heritage Lottery Fund today

Under the current *Strategic Plan 2002-2007*, HLF is a very different organisation to the responsive one it was when it was launched. Whereas it began as subordinate to NHMF’s values, HLF has become dominant financially, numerically and in the eyes of the public at large. It remains steadfast in the refusal to give a potentially limiting definition to the word ‘heritage’, allowing the word to be defined by the practices it chooses to support in response to the applications it receives. The philosophical approach to heritage in HLF is therefore different to that of some other heritage organisations who use their expert knowledge to identify, manage and advise on what is important on behalf of society. There is no lack of expert judgement in HLF; it is instead directed towards encouraging more people to be involved in a broader range of heritage, who will then be assisted by capital and time-limited revenue grants to manage the heritage on the nation’s behalf. This attitude has allowed for a substantial redefinition in practice of what the heritage is, moving away from what appeared to its critics in the 1980s to be a patrician, backward-looking and object-based set of values towards something much more dynamic and democratic, with a firm commitment to addressing social and economic deprivation and celebrating the changing patterns of expression of national identity. It is possible, however, that because of an inhibition about the amount of advocacy it could undertake as a body without the leadership role and in the light of financial directions (and its commitment to putting the funds for which it is responsible into the hands of others) HLF has not been entirely successful in communicating the significance of the redefinition of heritage it has set in train.

Although the purpose of this section has been to describe a process of policy change over a decade, the material achievements of HLF must be properly acknowledged, if only briefly. To July 2004 HLF has:

- committed a total of £3.026 billion of Lottery funds to 15,000 awards, an average of £300 million a year
- awarded approximately £1 billion to approaching 4,000 awards whose main purpose relates to historic buildings and monuments

- awarded £147.5 million to 468 projects relating to historic townscapes
- supported improvements to 245 historic parks amounting to £380 million
- given £604 million to 1,746 projects whose main purpose is the conservation of land and biodiversity
- in partnership with English Nature, delivered nearly 80 per cent of the targets for heathland conservation and restoration
- contributed £73.6 million towards the cost of purchasing 66,137 hectares of land across the UK
- awarded nearly £500 million for all kinds of construction projects including extensions, new buildings and refurbishment of museums
- given £1.17 billion to museums, libraries archives and collections of which £150 million has been awarded to acquire objects and fine art
- given £244 million to places of worship of all faiths throughout the UK including cathedrals (57 awards) and churches (1,916 awards)
- supported 567 projects relating to industrial, maritime and transport heritage, to the value of £222 million, including £40 million in 77 awards to historic ships
- archives have benefited from investment of around £160 million since 1995, including awards for new facilities, IT projects and the wide – ranging Access to Archives (A2A) led by the National Archives
- funded more than 1,230 oral history projects, the majority of which have deposited their recording in archives, libraries or museums where they are accessible to everyone.

These figures are impressive, yet as we argue below, there is a need to turn such numbers into a narrative that will convey the true value of HLF's work.

It is evident that HLF takes strength from its responsibility to react to the demands placed upon it, but it does so in a strategic way and in harmony with the environmental, social and economic objectives of the Government. That harmony is enforced by the legal obligation to follow the Government's policy directions, so that although HLF remains an 'arms'-length' body, it has to be mindful of the DCMS's own Strategic Plan and its Public Service Agreement with the Treasury. It also has to be responsive to the high level policy thinking in its sponsor ministry, to which we have already alluded in Section 1. It needs to prepare fresh arguments to demonstrate not only the value of an organisation that has substantially reinvented itself since 1994, but the value of the heritage that it seeks to protect. It is not a question of redefining the word 'heritage', but of redefining the means by which the value of that heritage is captured and expressed. It is our case that, in the new calculus of cultural value, HLF is already delivering many of the public goods that the Government wishes to see generated.

### 3. The new language of Public and Cultural Value

As the Secretary of State Tessa Jowell has acknowledged in her essay, *Government and the Value of Culture*, there is growing disenchantment with a purely instrumental approach to cultural policy. Culture is acknowledged to contribute to a wide range of policy goals, from learning, the economy and tourism to health and community building, but there are doubts about the efficacy of the methods used for measuring outcomes (Selwood 2004). There are also misgivings about the effect the preoccupation with data collection has had on cultural organisations. Most importantly, accounting for culture solely on the basis of its impacts and outcomes fails to capture the full story of why culture is publicly funded. As Tessa Jowell says: "Too often politicians have been forced to debate culture in terms only of its instrumental benefits to other agendas... In political and public discourse in this country we have avoided the more difficult approach of investigating, questioning and celebrating what culture actually does *in and of itself*" (Jowell 2004, our italics).

A debate has been ongoing for the past 18 months about ways in which both instrumental and intrinsic values might combine to provide a richer understanding of why culture, including heritage, deserves public funding. What has emerged is the idea of discussing the significance of culture in terms of the Public and Cultural value that it generates.

This is important for HLF for two reasons. First, the organisation needs to be familiar with the language and terms of the Cultural Value argument in order to locate itself and its activities at the heart of current policy concerns. Secondly, casting HLF's activities in terms of Cultural Value produces a clear and convincing picture of the Fund's record and worth.

In the following sections the Cultural Value argument is briefly set out, and the record of HLF is assessed in Cultural Value terms.

#### 3.1 Unpicking the issue from First Principles

HLF is a public sector agency. In common with other public bodies it seeks to maximise its own operational efficiency in economic terms, and aspires to get value for money from the investments it makes. But in taking those decisions it is not motivated by profit. As a trustee of the public interest, HLF responds to what it understands to be the public's interest in the heritage. At the same time, it is directed by Government to achieve a shifting series of explicit and implicit public policy goals. HLF thus looks for a range of outcomes from its investments beyond economic return, and may reasonably decide to invest in a less economically fruitful project that nevertheless has substantial social benefits.

HLF embodies a collective, effectively state-funded process that demands fairness, justice, transparency and equity. This affects the way that it encourages and administers grant applications, the way that it provides information to the public and the methods it employs to evaluate the results of its actions.

HLF invests in assets that have significance beyond their economic value. The assets are often unique and almost always incapable of being replaced or exchanged. They have a worth beyond cost or realisable value and that worth is difficult to articulate, let alone calculate. Competing investment claims do not rest on straightforward comparisons; different considerations come into play in deciding whether to invest in saving a country house or developing an archive or enhancing a landscape.

Finally, the time period of investment for HLF is radically different to that of other investors. The preservation of heritage assumes that the asset will last in perpetuity.

HLF is thus in a very different situation to a private sector investor concerned with maximising financial return. It is also substantially different to other public sector investors in areas such as health and transport who are generally able to rely on cost/benefit analyses in a much more straightforward way when taking decisions. These larger public sector investors also have the benefit of larger sample sizes and greater resources for research.

### 3.2 What are the Values in which HLF invests?

Here we distinguish between the different types of value that are important to HLF and some languages of intellectual enquiry that have been used to discuss them.

A number of frameworks can be used to articulate values. The first is that of economic value; the second the discourse of cultural value found principally in anthropology; the third the language of environmentalism; fourth is the approach to the financial valuation of intangible assets; fifth is the concept of Public Value and the language of heritage practice itself.

#### *The language of economics*

Economic value is determined by the extent to which something enhances or detracts from our well-being. Something has economic value if its benefits to the well-being of society (including future generations) are greater than or outweigh its costs. Though it encompasses commercial value – as expressed through monetary exchange within markets – economic value is not restricted to values that are revealed through markets. The full schema of economic value incorporates commercial (or market) value; use values not captured within markets; and non-use values.

#### i) Commercial values

Commercial values that can be monetised are use-values in the form of tangible financial returns, delivered through the operation of markets. In some cases this is relatively certain and easy to measure, in other cases it is less predictable. In most cases future use-values (such as the number of jobs that will be generated directly and indirectly by a landscape park or the ticket income that will accrue to a gallery) are based on the expectations, experience and beliefs of experts. Commercial or monetised value contains both certain and uncertain financial flows, but is relatively unproblematic. The concept is easily grasped, and while there may be argument about a particular predicted flow – how many visitors will pay an entry fee, for example – there is no dispute about the fundamentals of the methodology.

#### ii) Use values not captured within markets

Not all use values are captured in markets. For instance access to beaches or the countryside, free entrance to museums, heritage streetscapes and public art all have economic value that is not captured by exchange.

#### iii) Non-use values

In cultural and heritage investment there is a further category of economic value, namely non-use value. Non-use values are understood to be:

- existence value: people value the existence of a cultural facility or heritage item regardless of whether they wish to take part in it or use it themselves
- option value: people want to keep open the possibility of using or enjoying something in the future, even though they don't use it today
- bequest value: people value leaving something to future generations.

Some of these values can be observed in the form of market transactions. For example it is not unknown for residents to support a village church even when they do not go to church themselves. Their motivation may be that they want to be buried in the graveyard, or that they don't want to see the church bulldozed to make way for houses, or that they simply see 'the church' as part of what makes a village. They are willing to contribute to its upkeep, and therefore must value the building, but may never set foot inside. However non-use values are more often "not observable in market transactions, since no market exists on which the rights to them can be exchanged" (Throsby 2002.103). Attempts to quantify non-use values therefore have to rely on normative questions – what do people say they would pay – rather than objective observation of what people actually pay. Inevitably, this introduces a further level of uncertainty.

#### *The language of anthropology*

Anthropologists have characterised cultural values in different ways, but generally agree they include:

- historical value: a special relationship with the past. A concept resting on particular viewpoints of history
- social value: places or things that tend to make connections between people and to reinforce a sense of unity and identity
- symbolic value: repositories of meaning
- aesthetic value: a highly problematic area of enquiry involving dispute not only about what is beautiful but also about who has the power and authority to take decisions about what is beautiful
- spiritual value: addressing aspects of the religious, the numinous and the sublime.

Heritage assets also have value as a reservoir of evidence about the past embodied in the archaeology of their creation alteration and use, which is distinct from the documentary record. That evidence has contemporary interpretations, but may be interpreted differently by future generations, provided that it is preserved.

These generic cultural values have been given specificity by HLF in its application forms, which invite applicants who want to conserve heritage items to explain the different ways in which it is important and how that importance will be recognised and protected. In 1998 HLF introduced conservation management planning, an approach that puts the articulation of these cultural values at the heart of the process of planning for and thinking about heritage. Applicants were asked to identify the cultural reasons why they value the site or object for which they are seeking support and to “identify **all** the different ways in which people value the asset” for themselves. For instance it asks:

- How does the local community value the asset? Are there other social values?
- Has the asset been used in films or paintings, or is it associated with writers?
- What makes it pleasant or enjoyable to users?
- Are there other things that make this a special place?
- Is the asset spiritually important?

Cultural value exists and is generated in a context: the space in which objects or performances appear, their critical reception and the climate of public and political opinion all affect cultural value. For example, the cultural value of a painting would change if it were found in a stately home that charged an entry fee rather than in a free national collection.

### *The language of environmentalism*

Heritage issues share a number of features with environmental concerns, overlapping in some cases, such as the preservation of a ‘natural’ landscape. Both our stock of non-renewable natural resources and our physical cultural assets can be seen as finite resources – once destroyed they cannot be remade. This fundamental fact has

implications for the way we treat both. Equally, the concept of ‘historic environment’ reflects the way in which thinking about the preservation of buildings and landscapes has moved from a focus on individual assets to a recognition that heritage is all around us. Consequently, a number of key concepts in debates about the environment are useful.

A special duty of care attached to finite resources, often expressed through the language of sustainability. The notions of preservation, conservation, care and maintenance apply, as does the idea of equity between generations. Debates about intergenerational equity cannot be adequately conducted in terms of economic utility. By definition, within an economic model valuing future utility, calculations and assumptions have to be made and those must rest on moral and critical judgements. There can be no value-free, objective answer to the question of how we should calculate a monetary figure of the worth of finite assets to future generations. Moral judgements are unavoidable, however much economists may find them problematic.

Finite resources imply not just intergenerational equity but also fairness of present access, and perhaps more importantly fairness of distribution of benefit. In other words, if there is public investment in heritage assets, then there should be a high degree of equality of benefit across social classes, geographical areas and income groups for example. As a distributor of funds generated through a National Lottery, HLF is committed to addressing this issue.

An additional concept used in environmentalism is the precautionary principle, which demands that a great deal of caution should be exercised when contemplating irreversible change. This is useful in the context of heritage when considering loss or radical alteration of assets such as buildings or landscapes, and in deciding between the relative importance of competing claims.

Biodiversity is recognised in environmental thought as being significant for a number of reasons. It stems partly from the precautionary principle (species should be maintained because they cannot be recreated) and from considerations of intergenerational equity (the current generation should not deprive future generations). However, diversity is recognised as being useful for another reason. The resilience of whole systems depends on there being a rich diversity of individual elements, so that if part of the system disappears the systemic gap can be filled by the adaptation of other parts of the system. In a homeostatic system, individuals will compete and co-operate but maintain an overall systemic balance through processes of complex adaptation.

In the field of heritage, analogous arguments can be made about the need for diversity in cultural assets. A vibrant culture needs a colourful tapestry of historic buildings, archives, landscapes and artefacts to sit alongside libraries, theatres, galleries, concert halls, buskers, fashion colleges and so on. Similarly, decisions about what is to be kept

or protected should reflect the diversity of ideas and cultures in society rather than only those of the dominant majority. As Stuart Hall has noted: “Heritage is a powerful mirror. Those who do not see themselves reflected in it are therefore excluded”. The broader and deeper the overall cultural ‘system’ the more resilient it will be in adapting to the changing needs of the society which it both forms and reflects.

These considerations and principles concerning equity, caution and diversity will be considered further below in the context of Public Value.

### *The language of ‘intangibles’ valuation*

Economists, financial analysts and investors recognise a class of assets that are both large and important but which present them with enormous difficulties. These are known as intangible assets, and include things that are vital to the commercial value of an organisation such as its brand name and identity, the knowledge of its staff and contracts for financial assets of variable worth over time (such as swaps and options), to name some of the most important. These clearly have monetary worth, but it is a worth that is fragile and difficult to assess. Brands can be destroyed by rumour, knowledge can walk out of the door and fashions change. In the heritage sector, the ‘intangibles’ may be thought to include (*inter alia*) the sort of things that Tessa Jowell describes in her essay such as education and improvements in wellbeing.

### *The language of Public Value*

In 2002 the Strategy Unit of the Cabinet Office published a significant consultation document, *Creating Public Value: An analytical framework for public service reform*. Its authors argue:

“The concept of public value provides a useful way of thinking about the goals and performance of public policy. It provides a yardstick for assessing activities produced or supported by government (including services funded by government but provided by other bodies such as private firms and non-profits). Public Value provides a broader measure than is conventionally used within the New Public Management literature, covering outcomes, the means used to deliver them as well as trust and legitimacy. It addresses issues such as equity, ethos and accountability. Current public management practice sometimes fails to consider, understand or manage this full range of factors” (CSU 2002).

Public Value is the value added by government and the public sector in its widest sense. It is the difference between what citizens give to and what they receive from public bodies. Citizens recognise value when they give up something in return for it, rather than merely saying that they are prepared to give something up. In the case of heritage, on the input side of this equation are such things as direct financial contributions, including buying tickets and making donations, as well as a willingness to see tax

revenues spent on supporting the sector. A significant factor in the context of heritage is the acceptance of planning controls that inhibit the rights of individuals to treat their property as they wish.

On top of that, and of particular importance in relation to heritage, is the commitment of time and energy by the public. Hours spent visiting, using, enjoying and travelling to and from cultural activities demonstrate that the public values them. A higher degree of commitment is shown in volunteering, a significant feature of the cultural sector. Volunteering does not have Public Value as an outcome or benefit in itself, it creates and embodies Public Value through the development of social relationships and affective attachments to culture.

The concept of Public Value also addresses the processes of value-creation by public bodies.

In *Creating Public Value: Strategic Management in Government*, Mark Moore argues that non-profit managers can, by “moving towards a new, more ‘self-conscious’ approach to public administration...utilise their ‘operational competence’ (i.e. detailed knowledge of organisational tasks acquired from on the job experience) to build a more effective public agency” (Moore 1995).

Moore argues that public administrators should acknowledge that they use their expertise. Rather than adopting a stance of professional neutrality, people running publicly funded cultural organisations, funders and the civil servants who oversee the whole system should explicitly articulate the values they promote.

Moore identifies three steps in this process of value adoption. The first is the establishment of what he calls the strategic triangle:

- declaring the overall mission and purpose of the organisation in terms of public values. These are high-order concepts such as promoting equity, fairness and trust
- articulating the sources of support and legitimacy that sustain society’s commitment to the enterprise (such as taxes and opinion polls)
- explaining how the organisation will need to conduct itself and be organised in order to achieve its declared objectives. Organisational capacity, corporate mores and leadership strength are crucial in creating value.

The second step is to map the organisational processes that take place in the production of Public Value.

The third is to develop a ‘performance grid’ – an accountability framework that links organisational activity from goals to outcomes.

Moore is describing a series of steps in the creation of Public Value: mission, legitimacy, strategy, organisation and processes, and accountability. These steps are also key elements in the shaping of an organisation's strategic plan.

Clearly, as conceived here, the creation of Public Value focuses on organisational processes as much as outcomes. Legitimation comes from public acceptance, not from delegated decision-making authority. Professional judgement is placed at the heart of public administration, raising questions about how confident and competent professional judgement can be nurtured and recognised. Most importantly, rather than attempting to define universal public goods, the idea of Public Value requires individual organisations and managers to explain *their own* ideas of public good within the context of their own purposes and organisational norms and operations.

Thus the self-perceived mission and identity of practitioner or 'delivery' organisations is as integral to the creation of Public Value as the categories, criteria or public legitimacy of the policy processes through which funding is awarded. The importance of this shift in thinking about funding culture cannot be overstated. The argument is that an essential part of the process of creating Public Value flows directly from the actions and existence of the provider organisation itself, as well as from the experience and satisfaction of the citizen. In the case of HLF, as will be described below, organisational processes are key to the generation of Public Value, involving:

- transparency about decision-making processes
- more public consultation
- overt recognition of the public's role in determining investment.

### *The language of heritage practice*

As developed over the past century, heritage practice has much in common with thinking about Public Value. At its most basic, it involves identifying, protecting and sometimes subsidising assets that are of value to society. Individuals forego their right to develop a property, accepting planning and heritage controls, with the justification that there is a public value that overrides the rights of the individual. The system of subsidy – HLF funding, grants from bodies such as the Museums, Libraries and Archives Council, English Heritage or the Countryside Agency, and the current system for reclaiming VAT from works to churches – is a form of compensation for the fact that in heritage, the benefit accrues to the public but the cost may fall on the individual.

All heritage decisions are based on understanding the cultural value of heritage assets. As noted, those values may be complex – they may be historical, social, aesthetic or spiritual – and operate at a range from the personal through to the international. In 1878 William Morris wrote: "If it be asked us to specify what kind of amount of art, style, or other interest in a building makes it worth protection, we answer anything which can be looked on as artistic, picturesque, historical, antique or substantial."

Over the past two decades, heritage practice has moved from seeing the definition of value as something driven by experts on behalf of society, to one that recognises the importance of wider public participation in identifying and caring for what is important. Sectors such as park and green space management, nature conservation, museum practice and countryside conservation have all begun to make greater use of consultative and participatory approaches to conservation. This reflects recognition that there are wider social and community values for heritage, and also that long-term, sustainable outcomes ultimately depend upon public involvement in, and acceptance of, heritage.

## 4. HLF as creator of Cultural Value

In this section we move from theory to practice by showing how HLF *already* demonstrates the creation of Cultural Value by drawing on the results of existing research and evaluations done by HLF.

*The Values of Heritage:* The public goods that underlie HLF's strategic objectives, as expressed in its strategic plan, emerge as:

- stewardship
- enhanced trust in public institutions
- equity and fairness
- resilience in the organisations and systems they are funding
- value for money
- well being
- prosperity
- learning
- strengthened local communities.

These are the positive outcomes that HLF is looking for, some from its own operations and some from the grants that it awards.

### 4.1 Stewardship

Of all the forms of Cultural Value identified above, stewardship is the one most clearly identifiable with the purposes of HLF. Stewardship is a form of trusteeship, not ownership, where the goods (public goods in this case) are managed on behalf of present and future generations. The conservation philosophy that underpins heritage practice is based on the wider idea of stewardship.

For heritage, ideas of sustainability are rooted in the thinking of John Ruskin and William Morris, the pioneers of modern conservation. Writing during the nineteenth century in a climate in which historic buildings were either lost or radically over-restored, Ruskin, writing in the *Seven Lamps of Architecture*, speaks of the duty “to preserve, as the most precious of inheritances, that of past ages.” William Morris, addressing the Society for the Protection of Ancient Buildings in 1889, urged caution in restoring buildings, and noted that “we are only trustees for those who come after us”.

HLF contributes to the stewardship of the present national estate in order to bring the past into the future, but it does not seek to own those physical embodiments of collective memory that it helps to conserve. Instead, it ensures that they can remain

in their current ownership, or places them in the care of responsible organisations. In both cases, however, it exercises a duty of care by ensuring that the owners have a long-term and sustainable plan for the continued conservation of the item in question, thus ensuring its future existence.

In spite of the work of HLF and other heritage bodies, the needs of the heritage in terms of capital investment continue to be daunting, running into several billion pounds. It would be impossible to fulfil other aspects of HLF's remit, in terms of access, education and regeneration, without a primary commitment to the physical objects that constitute the historical record, and in the past 10 years HLF has played a key and transformative role. A third of its expenditure over this period (approximately £1 billion) has gone into nearly 4,000 awards whose main purpose relates to historic buildings and monuments. £222 million has been dispensed through 567 awards devoted to industrial, maritime and transport heritage; £1.17 billion to museums, libraries and archives of which £150 million has been awarded to help museums acquire objects, fine art and archive material; libraries have been able to extend their holdings with significant acquisitions, for example grants totalling over £1 million have enabled the British Library to acquire the archives of Laurence Olivier, significant papers from India and the major musical archive of the Royal Philharmonic Society.

HLF's contribution to the survival of these objects, monuments and buildings (often within their historical context in the landscape) has not only ensured their continued enjoyment in the present when they might have been dispersed abroad, degraded or destroyed, but it is also a gift to posterity, literally an expression of bequest value and intergenerational equity. In economic terms it contributes to tourism, in cultural terms it becomes an educational tool and a touchstone of identity, in moral terms it is today's commitment to the future.

The need for conservation is a continuing and continuous one. HLF funding has contributed to about 10 per cent of the needs of historic parks and only a small fraction of the needs of wildlife and biodiversity as outlined in the UK Biodiversity Action Plans. There are many more buildings at risk and collections in need of conservation than HLF has been able to contribute to and many church buildings face an uncertain future.

### 4.2 Enhanced trust in public institutions

The value of trust in public institutions is fundamental. Without it collective life and a coherent culture would be impossible. HLF has adopted a Code of Best Practice for Trustees committing them to the highest standards of propriety. The Trustees comply both with the Code of Practice on access to government information and the Nine Principles of Public Service Delivery and the Seven Principles of Public Life.

Trust is produced by a relationship between individuals or groups on the one hand, and public institutions where there is effective interaction and where the representatives of

the institution are perceived to be straightforward and honest. Trust in an institution is enhanced where the institution is perceived to be independent, and trust increases the more 'local' the institution is perceived to be. Both the 'arms-length' relationship of HLF in relation to national government, and the regional and devolved nature of its organisation are important factors in HLF's generation of trust.

Trust in HLF will be highest when a group has received funding for a project, but evidence suggests that even when grants are refused, applicants still report reasonable rates of satisfaction with HLF. The quarterly Customer Care Monitor surveys conducted with all applicants, successful or otherwise, shows that the perceived 'usefulness' of the HLF Case Officer is good and increasing over time. Successful applicants rate the Fund's overall handling of their application at 7.9 (out of 10), whereas unsuccessful applicants rate the fund at 5.4. The available evidence supports the view that HLF creates Cultural Value through enhanced trust between the public and the heritage sector. One useful comparison is provided by the Awards for All programme, a partnership between a number of Lottery distributors. Within the scheme, HLF has the lowest project application rate of only 8 per cent, yet the highest success rate in terms of converting applicants into awards and HLF awardees rate their projects the highest in terms of perceived success.

There are many examples of how HLF has engaged people in heritage and helped to increase trust through more democratic and participative processes. Part of fulfilling this commitment involves making sure that a significant proportion of grants, in both numerical and financial terms, are allocated to smaller projects. In 2002-3, 40 per cent of HLF grants were for amounts of less than £100,000 (NHMFAR 2002-3.5), but over 10 years nearly two-thirds of all awards by number have been given to grants up to and including £500,000. This makes it easier for community groups to apply, and therefore shape their own heritage. HLF's ambition is to award 50 per cent of the total value of awards in the form of grants of less than £1 million.

The Young Roots programme helps young people become involved in heritage projects that they can shape themselves. This is significant not just because it broadens access, but because it has the potential to enhance trust and understanding by creating a feedback loop between young people and heritage providers about what heritage means and why it is valuable. A 2003 evaluation found that 95 per cent of projects have been shaped and developed by the young participants themselves (HA 2003).

### 4.3 Equity and fairness

For some time, HLF has sought to achieve greater equity in the distribution of grants. In 2003 it identified Local Authority areas that need to be raised to the regional or the "national per capita spend" by April 2007. This review addressed both the different understandings of 'equity' by establishing grant distribution principles, both on the basis of lack of grant-cover and indices of deprivation.

One of the success stories emerging from HLF over the last decade has been about access and disability. HLF has actively promoted better physical and intellectual access to heritage for disabled groups. The RNIB Talking Books project transferred 3,500 diverse and rare recordings of books to CD-rom, making them available once more, and a grant of £185,000 to Scope is enabling the charity to collect oral histories of people with cerebral palsy.

Activities that aim to improve access have been a requirement of all HLF-funded projects since the introduction of the second Strategic Plan in 2002. The results of the Standard Evaluation Form survey published in the annual report in 2002-2003 showed that 95 per cent of projects reported better physical and intellectual access. Some projects are designed specifically to improve access, particularly for audiences that are under-represented in the heritage such as disabled people and members of ethnic minority communities. Others have helped to make improved access a central part of a wider project, through materials provided by HLF, such as guidance on audience development plans and through conversations with the Case Officer.

In many cases, the barriers to access are not rooted in physical mobility, but linked to issues of low awareness and low civic engagement. To address this, HLF has taken action by targeting funds towards areas of economic and social deprivation. In the mid-1990s, targeting poorer areas was tasked to specific programmes such as the Joint Places of Worship Scheme, the Urban Parks Programme and the Townscape Heritage Initiative. The HLF has nonetheless also accumulated data on specific thematically-defined regions in need of investment, such as seaside towns and other areas that have suffered from decline of traditional industries. To this end, the *Coalfields Review* (HLF 2003a) documents the amount of grants that have been distributed to areas that have been affected by the decline of the coal industry. The HLF has established priority areas in each region and developed specific marketing activity for them. Now, all development resources (in terms of outreach officers etc) are prioritised in favour of areas that have been under-represented over the last 10 years, and of communities in areas of high economic or social deprivation.

HLF's evaluation of the Urban Parks Programme shows that "Over 70 per cent of funding in the North West and North East went to parks located in the 20 per cent most deprived districts, and in the West Midlands over 60 per cent of the total value of awards was received by parks located in the 10 per cent most deprived districts" (SQW 2002.13). The publication *New Life* suggests that 42 per cent of the £2.1 billion of HLF programmes that contribute to regeneration have been allocated to regions of deprivation (HLF 2003b.4). If all grants allocated in the last 10 years are included, 40 per cent of the most deprived local authorities in the UK were in receipt of approximately £1.

Engaging communities often for the first time in talking about their aspirations for heritage is the principal goal for funding streams such as the Local Heritage Initiative

(LHI est. 2000), Young Roots (est. 2000) and Awards for All (est. 1999). An evaluation of LHI found that in 40 per cent of the projects, all members of the project group were new to heritage work, more than half of the projects were first time recipients of any type of heritage grant, and almost 90 per cent of the LHI projects are first time recipients of an HLF grant. A survey of recipients of the Awards for All funding found that 83 per cent of organisations had never had a grant before and more than half the interviewees said that they were already planning to reapply for Awards for All funding. Programmes like Awards for All, LHI and Young Roots are sowing important seeds of change.

#### 4.4 Resilience in Organisations

Cultural Value emphasises the way in which an organisation works, as well as the benefits it creates. Organisational practices include how staff or volunteers are encouraged to work, how the experience of applying for a grant is managed, and how different aspects of heritage are talked about in the media by HLF representatives.

The grant application process is itself an important tool in communicating organisational values and can stimulate organisational development across a wide range of groups. HLF has paid increasing attention to providing best-practice guidelines and in-depth advice on audience development, access and training. HLF booklets are available outlining useful tools for research and planning as well as signposting for additional sources of advice. All applicants have access to specialist regional teams and case officers. Over nine out of ten (95 per cent) of applicants had been given a named Case Officer at the outset of their application process, and eight out of ten (79 per cent) contacted their Case Officers during the process of their application (HLF CCM April 2002 – March 2003). The customer care survey for 2002-03 showed an overall satisfaction rating of 68 per cent, taking both successful and unsuccessful applications into account.

The support for applicants continues into the project itself, where liaison officers are available to give ongoing advice and support. Evaluators of the Major Museum, Library and Archive Projects Assessment Programme found that fund recipients reported “fresh thinking” and “new partnerships” as major outcomes of their involvement with HLF (McC,M&M 2003.2). The propensity of all applicants to reapply or recommend the fund to another organisation is high at 93 per cent (HLF CCM April 2002 – March 2003).

Nurturing and supporting heritage enthusiasts through volunteering is another way in which HLF creates value. The Fund encourages applicants to stimulate numbers of volunteers by accepting volunteer labour as an in-kind payment that can qualify as the required partnership funding. The 1999 report *Opportunities for Volunteers* estimated that in 1999 HLF indirectly supported volunteering with around £2.7 million (HLF 1999.11). The evidence suggests that volunteering on an HLF-funded project is a better-managed and more rewarding experience than with other organisations. According to *Opportunities for Volunteers*, HLF programmes, such as Awards for All and LHI were “shifting the focus of volunteer input from acting on behalf of an organisation

to instigating and delivering the entire project”. This can “considerably boost the confidence and self-esteem of local volunteer groups” (HLF 1999.12).

HLF creates Cultural Value by acting as an enabling organisation, lending its expertise to applicants and strengthening their organisational capabilities and generating self-confidence. HLF does not expect to work alone, but through other organisations that it changes in the process.

#### 4.5 Value for Money

Value for money can be approached in a number of ways. At its broadest it can encompass all the values referred to in this paper and their relationship to money. However there is a narrower sense in which the term is used that relates to the ratio of administrative expense to turnover.

As a public body, HLF has a responsibility to spend its money wisely and efficiently, keeping a due proportion between its internal administrative costs and the funding that it delivers. This does not imply that the costs of its processes should be kept to a minimum. If, as argued above, much of the public value of its activities is generated through the processes of application, then investment in those processes is vital if they are to be effective.

Bearing in mind the differing scales and complexities of operation, it is noteworthy that HLF scores highly in a review of its peer organisations.

2002-03	Cost of Lottery administration £m	Lottery income £m	Lottery grants made £m	Administration costs as a % of income	Administration costs as a % of awards
<b>HLF</b>	<b>£21.5</b>	<b>£296.2</b>	<b>£356.3</b>	<b>7.3%</b>	<b>6.0%</b>
<b>Arts in total</b>	<b>£28.9</b>	<b>£247.1</b>	<b>£143.1</b>	<b>11.7%</b>	<b>20.2%</b>
ACE	£24.9	£178.3	£117.3	14.0%	21.2%
ACW*	£1.5	£15.6	£15.6	9.5%	9.4%
ACS*	£2.5	£24.3	£10.2	10.2%	24.4%
ACNI*	£0.7	£9.3	£5.5	7.4%	12.4%
<b>Sports in total</b>	<b>£29.5</b>	<b>£229.9</b>	<b>£327.7</b>	<b>12.8%</b>	<b>9.0%</b>
SE	£25.8	£193.7	£274.9	13.3%	9.4%
SW	£1.3	£12.6	£18.0	10.3%	7.2%
SS	£2.4	£23.6	£34.8	10.1%	6.9%
SNI					

Source: Annual Reports and Accounts  
\* 2001-02

## 4.6 Wellbeing

Few people would dispute that heritage contributes to quality of life and wellbeing, although establishing a robust causal chain between heritage and wellbeing in terms of measurable impact is difficult. The most advanced area in terms of measuring the wellbeing impacts of heritage is to be found in studies of the health benefits of natural spaces. This is of particular relevance because HLF's progressive redefinition of heritage has increased funding towards parks, green spaces and natural landscapes (Byrgen 1996; Dalgard 1998; Hummer 1999; Takano 2002; Bird 2003; Ulrich 2002).

The social energy created through heritage can vary enormously, from the comfort of sharing the experience of a particular object or image with another person to the intensity of groups coming together to campaign to save an aspect of heritage. HLF helps to generate these social benefits by promoting heritage not as an isolated technical exercise, but as a process of engaging communities in decision-making and learning. The advice and information on participation and consultation contained within the Audience Development Plan document that project applicants receive is another important way in which HLF stimulates social interaction and so wellbeing.

Evaluations of HLF-funded programmes are rich with examples of increased social activities and social benefits. The Urban Parks Programme evaluation found that out of the sample of 13 parks, only two had hosted a 'friends group' before the restorations, compared with nine afterwards (SQW 2002). The evaluation of LHI found that social mixing was a consistent theme of success in the projects surveyed, particularly in projects where long-term residents and newcomers were brought together: 86 per cent of respondents noted participation from people "who do not normally join in". One way Cultural Value differs in its focus is by adding more weight to methodologies that are collaboratively designed with communities and seek to capture real benefits as they occur rather than benefits that are being anticipated by experts. This is why the final Cultural Value indicator described here as "Strengthened Communities" is an important twin of the wellbeing indicator and they need to be considered together.

## 4.7 Prosperity and Employment

The role of heritage in boosting prosperity in terms of jobs, consumer spend and regional regeneration is well established. It is undoubtedly the case that heritage is a significant source of economic activity, as well as acting as a stimulus to other sectors within the economy. According to VisitBritain data, tourism to the UK from overseas visitors generated approximately £11.7 billion in 2002. UK residents made 167.3 million trips within the UK, spending more than £26.5 billion (EH 2003. 49). Using survey data about income generated within the heritage sector, the authors of *Heritage Counts* conclude that the heritage sector generated direct income revenue of between £320 million and £340 million in 2002. This sum excludes income generated through retail and catering, employment and multiplier effects to regional economies.

One area where HLF's direct impact is measurable is in job creation. Sustaining heritage through jobs and training has been a key area of work for the fund. In 2000 the publication *Sustaining Our Living Heritage* highlighted the problem of skills shortages, with one in three employers reporting difficulty in recruiting and retaining staff and almost half referring to the lack of appropriate vocational education and training (HLF 2000.4). Without the staff to care for heritage assets, none of the economic benefits flowing from heritage will be sustainable in the long term. A number of policy changes have arisen from concerns about skill shortages.

Through these new policy changes, and through the general increase in heritage funding, the available evidence suggests that HLF has played a significant role in increasing jobs within the sector. Between 1998 and 2002 full-time equivalent employee numbers within the heritage sector have risen from 67,854 to 85,445, an increase of 25.9 per cent:

- 32,723 to 42,859 in library and archives activities
- 28,358 to 34,650 in museum activities
- 6,774 to 7,937 in botanical and zoological activities.

The increase has been marginally more significant in England and amongst men (26.9 per cent and 28 per cent respectively). In terms of number of workplaces, the sector boasts 6,681, an increase of 253 since 1998. Other data sets support this trend. *Heritage Counts* cites the total figure employed at visitor attractions (in a paid or unpaid capacity) as 37,000 (EH 2003.54).

Counting heritage jobs only gives a partial idea of the scale of economic activity produced through heritage activities. Many economic studies take a multiplier to calculate the total number of jobs that are supported through one heritage job. The National Trust study entitled *Valuing our Environment* showed a multiplier effect of between five and nine for each National Trust Full Time Equivalent job. The National Trust multiplier can be tentatively applied to the heritage sector as a whole. According to NOMIS, in 2002 there were 48,159 full-time jobs in the heritage sector. This is a conservative estimate because, unlike that used in the National Trust study, it is not a full-time equivalent calculation as it excludes part time workers, as well as volunteers. Taking the lowest estimated job creation multiplier of five in the National Trust example, it can tentatively be concluded that the heritage sector supports an impressive total of 240,795 jobs.

There has been a recent surge of interest in the role of heritage within regeneration strategies. New funding programmes such as HLF's Townscape Heritage Initiative and English Heritage's Heritage Economic Regeneration Schemes (HERS) aim to benefit local economies through heritage funding. These programmes have been shown to be effective in raising confidence, attracting new investment and giving a much-needed boost to local shops and businesses.

Using 21 case studies from across England, English Heritage's evaluation of the HERS programme found that every £10,000 of heritage investment levers £46,000 of match funding from private sector and public sources. Together, this delivers on average 41 square metres of improved commercial floor-space, plus 103 square metres of environmental improvements, plus one new job, plus one safeguarded job, plus one improved home (EH 2002.3).

Understanding the value of heritage needs to take into account its economic value and the economic benefits that flow from it. However, taken too far, this aim can mean the heritage sector feels pressured to justify heritage on the basis of economic productivity alone. A more balanced view is provided through the Cultural Value analysis that takes into account long-term sustainability of heritage, especially through skills and jobs, and the role of regeneration in 'pump-priming' economic benefits to deprived communities. Economic value should not be used as the only reason for justifying heritage, but it is an additional means by which we can understand why people value heritage in the first place.

#### 4.8 Learning

Measuring learning or personal development is complex. The MLA study *What did you learn at the museum today?* introduces an approach that helps to give a broader view as to what learning means to different groups on a museum visit. Teachers rated enjoyment, inspiration and creativity highest in terms of being the most important outcome of a museum visit (81 per cent). Increase in knowledge and understanding (72 per cent) was the next highest, with increase in skills (44 per cent) being the least important learning outcome from visiting museums from the teachers' perspective. Children similarly rated enjoyment very highly. Of the younger pupils (6 to 11) 94 per cent said that they had enjoyed the visit, 90 per cent said that they had learnt some new things, and 87 per cent said that a visit was useful for school-work. Older pupils (11-18) were less positive though 58 per cent agreed that a museum visit makes school-work more inspiring (MLA 2004).

A similar study is described in the interim report by the Centre for Education and Industry at the University of Warwick on the evaluation of the Museums and Galleries Education Programme (Warwick 2004). This report contains data on 118 projects in museums and galleries involving children and young people. Enjoyment consistently emerges as a high learning outcome. Exit surveys found that younger pupils were more positive about museum and gallery visits than older pupils. 87 per cent of Key Stage 1 respondents reported that they enjoyed their work with the museum and gallery very much. Of Key Stages 2, 3 and 4 pupils, 57 per cent reported that they enjoyed their activity with a museum or gallery very much, while another 36 per cent enjoyed it. 58 per cent of this age group felt more confident as a result of their involvement, while 67 per cent believed that they had been able to make their own choices during their involvement with the Museums and Galleries Education Project.

HLF's focus on education has been intense. All grant applicants are encouraged to think about how their grant will contribute to learning about heritage. To increase opportunities for learning about heritage is a core strategic aim. The Standard Evaluation survey found that in 2002, 68.8 per cent of completed projects are achieving educational benefits, through enhancing school visits, educational publications or work with special interest groups (HLF AR 2002-2003.58).

It is beyond doubt that HLF has had a significant and positive impact on learning. Since 1994 more than £400m has been spent on 1,200 educational projects, and the amounts devoted to educational aspects of projects has been steadily rising. This funding has supported the creation of 223 spaces for learning and 530 education posts, but the heritage as a whole can be considered as an educational asset.

#### 4.9 Strengthened Communities

The Cultural Value generated through heritage activities and the existence of heritage in a local community contributes to strengthened communities by creating a sense of connection to place. A place can:

- provide a spiritual connection or traditional connection between past and present
- tie the past and the present
- help to give a disempowered group back its history
- provide an essential reference point in a community's identity
- loom large in the daily comings and goings of life
- provide an essential community function that develops into an attachment
- shape some aspect of community behaviour or attitudes.

Such social value can be ascertained by surveys, interviews and case studies. One example of this is the evaluation of LHI. The study found significant value added or unanticipated benefits, as defined by the project participants in terms of "unexpected recovery of elements of local heritage, broadening community outreach in projects beyond initial plans, development of new skills and confidence, enhanced team building, and motivation to take on another project" (GHK 2003).

Similarly, the DTLR research described in *Improving Urban Parks* used a range of open ended qualitative methods, including telephone interviews and case studies to discover that communities valued parks because they were seen as neutral ground for diverse sets of people, and that they contributed to child development through providing opportunities for outdoor play. Another study commissioned by English Nature used qualitative methods, such as focus groups and questionnaires to explore the relationship that people have with nature. The study found that reducing stress and improving relaxation were amongst the most highly valued benefits from nature. Community cohesion was also a benefit, for even where green space was owned by someone else people felt a sense of ownership (EN 2003).

#### 4.10 The Calculus of Cultural Value: *The Madonna of the Pinks*

The previous analyses in this section have used HLF and other evaluations post hoc, applying the Cultural Value paradigm to investigations that had quite other objectives, but which nonetheless demonstrate the production of Cultural Value through HLF policies. We conclude this section with the application of the principles of Cultural Value to a case where the most conservative and traditional ‘heritage’ values might appear to be dominant: Raphael’s *Madonna of the Pinks*, where an HLF grant of £11.5 million formed a key part of the fiscal package that enabled the National Gallery to acquire the painting, rather than it going abroad. An instrumental analysis by the Institute for Public Policy Research calculated that £11.5 million would have funded: 695 newly-qualified staff nurses for one year; 635 newly-qualified teachers for one year; 687 newly-qualified prison officers for one year; keeping 319 prisoners in gaol for one year, comparisons that spectacularly miss the point (IPPR 2004.15).

In terms of Cultural Value, the £11.5 million appears to have been a bargain. The acquisition of the painting by the National Gallery has generated or conserved no fewer than eight kinds of economic and cultural value:

1. Use value: the painting will attract visitors whose expenditure supports jobs and production in the economy.
2. Existence value: even though they may never visit the National Gallery, Lottery money has been spent on something that people have the opportunity at any time to enjoy.
3. Bequest value: the existence and availability of the painting has been guaranteed for future generations.
4. Historical value: the painting represents a link between the past and the present that helps people understand their relationship to time.
5. Social value: the National Gallery is a freely accessible space, the painting can be enjoyed individually and collectively, and is now “owned” by the nation as a whole.
6. Symbolic value: the painting is an expression of ideas about motherhood.
7. Spiritual value: the painting was conceived as, and continues to be, a religious icon.
8. Aesthetic value: however subjective their judgement, many people find the painting to be beautiful; a harmony of colour, proportion and poise.

For us, the most persuasive justification for HLF’s decision to contribute to the acquisition of the *Madonna of the Pinks* by the National Gallery is that this purchase on behalf of the nation removes the painting from the nexus of mere market values altogether. On the one hand, the picture becomes *valueless*; on the other, it becomes a priceless expression of the values of the nation. In addition, it becomes an object not only for the audiences and interpreters of today, but in perpetuity.

## 5. Preserving the Future

As the present chair of HLF Liz Forgan remarked in a speech at a conference in Liverpool in January 2004, “heritage is about the future”. In the 10 years of its existence, HLF has undoubtedly given the past a future by helping to conserve the material heritage of objects and landscape and buildings that shape the national historical narrative, while widening the scope of that narrative to include both humbler objects of local significance and less tangible evidence of past experience such as language and customs. The social base for the enjoyment of heritage, now in a noticeably more inclusive form, has broadened through HLF’s work. Vivaly, it has acknowledged the diversity of contributions to the national story. But if HLF is itself to have a future, there are certain areas where it needs to make its case more strongly.

HLF needs to demonstrate to the Government that it is ready to meet the challenge of change by engaging positively in the current heritage review. One way of doing so is by demonstrating its adoption of new ways of assessing and communicating the values of heritage in the manner described in this document.

It needs to stress its role as an *enabling* organisation and not that of being the ‘heritage police’. Its technical expertise, advice and judgement are at the service of those who apply for support, be they a local heritage initiative group, a major museum or the National Trust.

It needs to emphasise the importance of its function as a UK-wide organisation. It is essential that it retains its overview in order to ensure as fair a distribution of funds as possible. Not only would further devolution create more, rather than fewer, heritage organisations, it is noticeable that where devolution has occurred in the arts, the Scottish and Welsh Arts Councils do not appear to have prospered. The current HLF structure with a national office guiding a home-country and English regional structure, combines the advantages of a UK overview with local decision-taking.

It needs to retain the range of the material objects it supports, from the works of individual artists to the work of man in nature – indeed, to the work of nature alone. Enjoyment of the natural environment is as important to our sense of wellbeing as a sense of connection to the historic environment, landscape and townscape are equally subject to environmental dereliction.

It needs to emphasise the creative, forward-looking aspects of heritage, as opposed to the nostalgic, indeed entropic, image of a golden past. Heritage is created out of conflict and complexity, as much as consensus, and it is important that all sides of the national argument as well as the national story can be heard. The heritage exists not just to be saved, but to be added to.

It needs to demonstrate more effectively the way it has generated a more creative and forward-looking definition of heritage through its policies and practices.

The way to articulate this is to adopt the principles of Cultural Value outlined here. This is not merely a question of adopting an externally imposed new language, but of conceptual change within the organisation, so that it generates for itself the specific values that it wishes to promote and emphasise and which the organisation as whole, having generated them, will own. The alternative is to accept the external imposition of targets and indicators that do not reflect the values of the organisation. The language of Cultural Value will allow HLF to move our public discourse on from the narrow instrumentality of targets and tables to the less tangible and more inspiring themes of the numinous and the sublime that are so important to the idea of both individual and national identity. It is here that the true value of culture, and the heritage that frames it, lies. The language of Cultural Value will capture it.

HLF needs to open a process of debate and renewal. This process should begin with the preparation of the next Strategic Plan.

## Appendix

### **DIRECTIONS ISSUED TO THE TRUSTEES OF THE NATIONAL HERITAGE MEMORIAL FUND UNDER SECTION 26 (1) AND (2) OF THE NATIONAL LOTTERY ACT 1993**

The Secretary of State for Culture, Media and Sport, in exercise of the powers conferred on him by Section 26(1) and (2) of the National Lottery etc Act 1993, hereby gives the following Directions to the Trustees of the National Heritage Memorial Fund:

1. In these Directions any reference to a section is a reference to a section of the National Lottery etc. Act 1993 [as amended by the National Lottery Act 1998].
2. The Trustees of the National Heritage Memorial Fund shall take into account the following matters in determining the persons to whom, the purposes for which and the conditions subject to which they distribute money under section 25(1) or the purposes for which and the conditions subject to which they apply money under section 25(4):

**A.** The need to ensure that money is distributed under section 25(1) or applied under section 25(4) for projects which promote the public good or charitable purposes and which are not intended primarily for private gain.

**B.** The need to ensure that they consider applications which relate to the complete range of activities falling within section 22(3)(c) as defined in section 44(1) and in respect of which they have the power to distribute or apply money, taking into account:

- their assessment of the needs of the national heritage and their priorities for the time being for addressing them
- the need to ensure that all parts of the United Kingdom have access to funding
- the scope for reducing economic and social deprivation at the same time as creating heritage benefits.

**C.** The need to promote access, for people from all sections of society, to heritage objects and collections, to the built and natural heritage and to projects which relate to the history, natural history, and landscape of the United Kingdom.

**D.** The need to promote knowledge of and interest in the heritage by children and young people.

**E.** The need to further the objectives of sustainable development.

**F.** The need for money distributed under section 25(1) or applied under section 25(4) to be distributed or applied to projects only where they are for a specific, time-limited, purpose.

**G.** The need:

- i. In all cases, for applicants to demonstrate the financial viability of the project for the period of the grant
- ii. Where capital funding or setting up costs are sought, for a clear business plan beyond the period of the grant incorporating provision for associated running and maintenance costs
- iii. In other cases, for consideration to be given to the likely availability of other funding to meet any continuing costs for a reasonable period after completion of the period of the Lottery award, taking into account the size and nature of the project, and for Lottery funding to be used to assist progress towards viability beyond the period of the grant wherever possible.

**H.** The need to require an element of partnership funding and/or contributions in kind from other sources, commensurate with the reasonable ability of different kinds of applicants, or applicants in particular areas to obtain such support.

**I.** The desirability of working with other organisations, including other distributors, where this is an effective means of delivering elements of their strategy.

**J.** The need to ensure that its powers to solicit applications under section 25(2A) are used in connection with the pursuit of strategic objectives.

**K.** Such information as it considers necessary to make decisions on each application, including independent expert advice when required.

3 August 1998

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