

National Lottery Heritage Fund

Strategic Funding Framework 2019-24

I attended a meeting with the National Lottery Heritage Fund in Carlisle on 15th February 2019 at which they made a presentation about their Strategic Funding Framework for 2019-24.

The presentation was made by Nathan Lee who is the Head of the Northwest Team at the National Lottery Heritage Fund.

The new Strategic Funding Framework marks a significant new direction. The new name is designed to increase public awareness. This year is the 25th anniversary of the national lottery. Lottery distributors are joining with the lottery to emphasise where the money comes from. Lottery players value the fact the money goes to good causes.

The new framework was devised following a consultation. 13,000 people were involved in the consultation. The framework builds on the consultation and the National Lottery Heritage Fund's experience. There is £1.2billion in funding for 2019-24. A stronger leadership and advocacy role is envisaged. A simpler and more streamlined funding process simply called heritage grants is planned. Local decision making by local and area committees will replace much decision making by the board. Local decision makers will manage 80% of funding in future rather than 45% as in the past.

Funding will include loans and partnerships. The priorities will be landscapes and nature. Organisational resilience, digital, well-being and support for collections will be promoted. It is important to be able to give grants of over £5million as not many organisations can give this much.

The Vision and Ambition is:

"Inspiring, leading and resourcing the United Kingdom's heritage to create positive and lasting change for people and communities, now and in the future"

In the consultation, 84% of people agreed that this is the right role and approach. The aim is to be a thought leader and change maker; and an advocate with national and local government and other agencies. They will encourage heritage organisations to link in with wider strategies and other agendas. Heritage is to be more widely recognised as contributing to the economy and social cohesion. There will be time limited strategic partnerships and campaigns.

The financial environment is challenging. The intention is to move beyond grant funding. They will convene opportunities for networking and collaboration, covering the full breadth of heritage.

Priorities are to protect, preserve and pass on heritage at risk including intangible heritage. The impact on people and communities will be key. Landscapes and nature and community heritage are the two areas of focus identified in the consultation. The National Lottery Heritage Fund is one of the largest investors in landscape and nature. The scale of nature loss is stark and people understand this. They wish to reduce the loss of biodiversity; and retain the beauty and quality of the landscape. They want to help people to connect with nature. They intend to create positive benefits including bat roosts and ponds. They will encourage landscape conservation. They will support organisations to establish new sources of income.

It is intended to champion community heritage. They will simplify the application process for grants up to £10,000. Most grants will continue to be for amounts between £3,000 and £10,000. There will be local heritage campaigns to focus on community heritage. These will celebrate local anniversaries, places or people. There will be a community grants scheme offering small conservation and activity grants.

Inclusive heritage is an important theme. In the consultation, 89% agreed that heritage should be enjoyed by as many people as possible. Those who are involved in heritage don't fully reflect society. It will therefore be a mandatory outcome for every project that a wider range of people are involved in heritage to the extent that is realistic and proportionate for the organisation concerned. There is a wish to reach under-represented groups including the disabled, LGBT groups, BME groups and lower income groups. Mainstream organisations will be expected to create more opportunities for these groups. It is intended to support under-represented geographical areas, especially those with high levels of deprivation. Thirteen areas have been identified – including two in the North: Knowsley and Northeast Lincolnshire. However, there is no target for the funding to go into those areas. Usually most funding goes to areas with a lot of built heritage so the amount of funding not to be used as an indicator of success.

The Portfolio will be made up of national lottery grants for heritage, covering all types of heritage. There will be campaigns focused on cross-cutting themes. There will be research, advocacy and partnership working. Some of these will be United Kingdom wide, and some local. Partnerships will include 'Rethinking Parks'. There will be social investment such as impact funds and loans. National Lottery Heritage Fund grants for heritage are open now. The first awards are to be made in April 2019.

National Lottery Heritage Fund grants will be managed as follows:

- Small £3,000-£10,000 - a single round application. Head of team will take the decision. There will be no deadlines. It will take eight weeks to take a decision. Projects to take a maximum of one year.
- Medium (a) £10,000-£100,000 – Head of team will take the decision. There will be no deadlines. It will take eight weeks to take a decision. Projects to take a maximum of five years.
- Medium (b) £100,000-£250,000 – Committee will take the decision in year one. There will be quarterly deadlines. It will take twelve weeks to take a decision. Projects to take a maximum of five years.
- Large £250,000-£5million – There will be a development phase application and a delivery phase application. There will be quarterly deadlines. It will take twelve weeks to take a decision. Projects to take a maximum of seven years (2 years development and 5 years delivery). Applicants can't go straight to a delivery phase application. Applicants will be expected to keep to their development phase budget, but it is acknowledged that things may change although major 'uplifts' would not be expected.

There will still be an outcome-based approach, but these outcomes have been simplified to nine. The only mandatory one is that a wider group of people need to be involved in heritage. The new one is that people will have greater well-being. There is no need to achieve all the objectives. The outcomes are shown below:

Strategic Objective

Outcome

We will continue to bring heritage into better condition.

Heritage will be in better condition.

We will inspire people to value heritage more	Heritage will be identified and better explained.
We will ensure that heritage is inclusive	A wider range of people will be involved In heritage
We will support the organisations we fund to be more robust, enterprising and forward looking	The funded organisation will be more resilient
We will demonstrate how heritage helps people and places to thrive	People will have developed skills. People will have learnt about heritage leading to change in ideas and actions. People will have greater wellbeing. The local area will be a better place to live, work or visit.
We will grow the contribution that heritage makes to the United Kingdom economy	The local economy will be boosted

There will be a shorter and simpler application process for smaller grants. There will be an early expression of interest stage for larger grants. Expression of interest will be very different to a project enquiry. The National Lottery Heritage Fund will decide on whether an applicant should proceed at the expression of interest stage. A Project enquiry is an informal dialogue about a potential scheme. The aim is to avoid unproductive time and expense on applications that are ultimately unsuccessful.

Key messages are that: there will be a straightforward process, a simplified portfolio and a clearer application form. It is intended to make 80% of grants through the Heritage Lottery programme. The focus of the application will be on the project rather than the details of the organisation.

In Northwest England between 1994 and 2017, £792million of grants were awarded. 4,257 projects were funded. £119 per capita was spent across the United Kingdom compared with £111 per capita for Northwest England.

More applicants will be offered a quicker decision following a brief project proposal.

The National Lottery Heritage Fund will encourage innovation and partnerships. This will focus on strategic needs and funding gaps, encouraging leadership innovation and new sources of partnerships. They will start with capacity building, organisational resilience and digital capabilities in 2019; followed by well-being and dynamic collections in 2020.

Budgets for these campaigns aren't going to be huge. They will focus on issues and approaches. If organisations have a project they don't need to wait for the campaigns, they could put in an application straight away.

The National Lottery Heritage Fund will work with partners. For example, they already have a partnership with the National Trust and local authorities on parks. The first awards are to be made in the spring. There is a £2.5million new heritage impact fund in partnership with Historic England and other bodies, offering loans at competitive interest rates.

Inspiring and leading – there are cross-cutting themes. They will support the sector to engage internationally and to develop digital capabilities.

Capacity building – also relates to digital and international work. This is seen as the most important role beyond grant making. There will be small funding to test new ideas and larger projects on strategic organisational change. Business support programmes will include support on business plans and social investment. This will build on crowd funding work with Nesta. They will encourage the diversification of income, strengthen business models and reduce dependence on grants.

There will be support to embed digital thinking in organisations; and to enhance sustainability and customer focus. There is a partnership with the Arts Council for England with £1million over two years across the whole United Kingdom so it is spread thinly.

Engaging internationally opens opportunities for knowledge exchange and inbound tourism. The National Lottery Heritage Fund doesn't want to support schemes that look like holidays abroad but will support travel where this is important to the project. They want organisations to make international connections and benefit from doing so. Schemes need to benefit people and communities in the United Kingdom. They will include projects to attract audiences from abroad to United Kingdom heritage projects.

There is a new outcome covering wellbeing, enterprise, housing and place. This is especially designed to make those with the poorest well-being more active and be engaged more in life. It includes socialising and volunteering. The National Lottery Heritage Fund want a positive impact. There are five ways to well-being. The funding programme from 2020 includes resources to build the capacity of heritage organisations. Some organisations have difficulty seeing how they can contribute to well-being. There is a need for organisations to understand exactly what is meant by well-being. However, it is not an essential outcome. It is about the well-being of individuals not of organisations. It can include programmes for apprentices or volunteers.

Previously funding programmes have been defined at the start. Now there are aspects where the definitions are being worked out in consultation with heritage organisations as the programme is rolled out.

Enterprise: The National Lottery Heritage Fund will support projects for new uses for unused or under-used historic buildings including applications from for-profit organisations in partnership with not for profit organisations. In these cases, the public gain must outweigh the private gain. There is a need to demonstrate a 'conservation deficit'.

Housing: The National Lottery Heritage Fund is committed to long-term regeneration, community housing and social housing. They are interested to see how historic buildings can address housing need. For example, large mills can be suitable for conversion into housing. They say that:

"We are committed to addressing the long-term economic regeneration of local areas. Stakeholders support the inclusion of small-scale community-led housing schemes and social housing within mixed use schemes, and while we have always been able to fund these, we will welcome these projects more explicitly in future."

"We are keen to work strategically with partners, including the private sector, to demonstrate how the redevelopment and re-use of disused and derelict buildings could play a role in addressing areas of housing need, particularly where this also improves the condition of historic sites and buildings at risk."

Place – This is about local community and pride as well as economic development. They want to work with social investors and the private sector and will welcome projects with a place-based approach.

Environment – All projects must demonstrate that they are good for the environment. There must be a proportionate and pragmatic approach, but organisations must mitigate the environmental impacts.

Museums and collecting – There will be a new campaign focused on dynamic collecting. Collections are to be used to benefit individuals and communities. They want public involvement. The consultation showed huge enthusiasm for this as audiences, volunteers, supporters and decision makers. They want young people to take decisions and champion heritage.

Resourcing – The National Lottery Heritage Fund get 20% of national lottery income. They plan to award £1.2billion between 2019 and 2024. Changes are being made to the organisation. Restructuring is taking place. Arrangements are not being changed in Northern Ireland, Scotland or Wales. However, England's nine regions are being merged into three: North, Midlands and East and South. There will be a network of local offices and staff. They will keep offices in Leeds, Manchester and Newcastle. There may even be new offices. They want to increase responsiveness and flexibility. Grant drawdown and reporting is to continue in the same way. The reorganisation is about improving delivery rather than reducing costs. Organisations should not see major changes. Most staff will continue.

Heritage grants of between £100,000 and £5million will be the responsibility of the area committees. The northern area committee has a budget of about £40million a year. After the first year they will be responsible for grants between £250,000 and £5million. This means that the board can focus on large national schemes and on strategy, inspiring and leading.

The National Lottery Heritage Fund will continue per capita allocation budgets for all their grants. The North area budget is based on population – 24% of national budget. 25% is allocated to the Midlands, 35% to London and the south.

The National Lottery Heritage Fund want positive and lasting change.

The following matters were raised during a question and answer session:

Match funding requirements will stay the same. They are not required for small grants but are required for larger grants.

Consortium bids will be accepted but one member of the consortium must be the named lead organisation unless the partnership is constituted as an organisation in its own right.

Most of the schemes need a strong infrastructure. They want schemes that are all about local communities. There is a 'micro-grant' scheme for small organisations with considerable assistance provided by the National Lottery Heritage Fund.

In the case of grants over £100,000, there doesn't seem to be the 50:40:10 split any more with payments being made in arrears. It was asked whether organisations must submit claims based on invoices. Significant change is not expected. Over £100,000 grants have always been paid in arrears. Invoices can be submitted for grant claims before they are settled.

Mandatory inclusiveness outcome. It could be a lengthy process to get to the final outcome. All evidence will be considered to assess the achievement of the outcome. Guidance needs to be broad.

The overall budget is £1.2billion. The 23% for the north is about £300million. Projects over £5million are not part of this as they will be managed at board level. The budget is not broken down between different categories. 'Heritage' is not pre-defined and understanding of it may shift over the five years.

Many people were there from the church sector. There has been a specific budget for supporting churches but this is no longer the case. Churches have been an important part of the programme and this is expected to continue.

Wider benefits of a project – for example a reduction in flood defence spend or reduction in carbon emissions – will be accounted for as part of achieving the outcomes rather than as part of the match funding. The National Lottery Heritage Fund will want to explore thinking about what can be counted as match funding.

This is seen as an ambitious framework and not a rigid plan. The National Lottery Heritage Fund want to test and pilot new approaches. The 'Peat land code' could be trialled regarding offsetting carbon.

The National Lottery Heritage Fund will continue to struggle generally with projected income as being matched funding. The Arts Council includes future ticket sales as match funding, but National Lottery Heritage Fund wants committed funding.

Tullie House has been a terrific partner with many small projects put forward by smaller organisations. The National Lottery Heritage Fund will continue to encourage these sorts of applications. A positive track record helps. Tullie House provides support to these organisations.

Organisations can have more than one project running at a time if they have the capacity to deliver them.

The National Lottery Heritage Fund have a new website at: www.heritagefund.org.uk

Adrian Waite
February 2019