



National Audit Office

Heritage Lottery Fund

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SUMMARY

Since it was set up in 1994, the Heritage Lottery Fund (the Fund) has awarded £3.8 billion of lottery funding to some 24,000^a heritage projects. This report looks at how the money has been spent, what has been achieved and the responsiveness and effectiveness of the Fund's grant-making processes. We carried out a detailed review of 30 funded projects by interviewing applicants, visiting the project and examining the Fund's case files. We also surveyed 8,000 applicants of whom 2,372 responded, interviewed staff in three of the Fund's 12 regions and conducted a focus group of external consultants used by the Fund. Our methods are described in more detail in Appendix 1.

Our main findings are:

- The Fund has three primary aims: to conserve the UK's diverse heritage, to encourage people to be involved in their heritage and to widen access and learning. Although the overall impact of the Fund

is difficult to measure, there are good indications that the projects it has funded are delivering against these aims and that the benefits achieved are being sustained.

- The Fund aims to achieve a spread of grants across the United Kingdom by allocating around 60 per cent of the available funding to regions on a per capita basis and targeting local authority areas which have received little of the Fund's grant. There are, however, wide differences between regions in the total amount of grant awarded, reflecting the volume and type of applications received. London has received the most funding on both an absolute and per capita basis. Northern Ireland has received the least funding on an absolute basis, whilst the South East of England has received the least on a per capita basis. The Fund has been successful in boosting applications in targeted local authority areas.

^a Including 15,000 grants, totalling £125 million, made through programmes funded by the Heritage Lottery Fund but administered by other bodies (see Endnote 4).

- The availability of lottery funding has been a critical factor in the achievement of project benefits; 55 per cent of applicants surveyed said their project would not have gone ahead without the Fund's grant whilst a further 42 per cent would have tried to find alternative funding or reduced their project scope. If offered less grant, 25 per cent of applicants surveyed said their projects would not have gone ahead whilst a further 70 per cent would have tried to find alternative funding or reduced their project scope.
- Most projects have been delivered to cost; some 17 per cent of completed projects have gone over budget and 6 per cent of all projects have received additional grant, averaging £176,000, to help meet cost increases.
- Most projects have been delivered on time; 26 per cent have been delivered late, half of these taking an additional six months or longer. The average time from application to completion is two and a half years for projects awarded less than £50,000 and over four years for larger projects.
- Overruns were mainly due to unanticipated events during construction and poor planning. Inflation was a significant cause of cost overruns. Some applicants lack project management skills and many applicants would welcome more support from the Fund and more opportunities to learn from one another.
- The Fund's grant-making processes are robust and practical and its staff knowledgeable and helpful. Since the 1990s, it has greatly improved the swiftness with which it assesses applications and gets projects started, however, the majority of applicants continue to find the process of getting grant burdensome. The Fund is developing plans to simplify its grant-making processes which it intends to implement during 2008.

Conclusion on value for money

Our overall conclusion is that the Fund has been successful in supporting projects which are helping to preserve the heritage of the United Kingdom and make it more accessible. Its robust processes and thorough approach to assessing applications have led to better, more sustainable projects. It should do more, however, to reduce the burden on applicants, promote swifter delivery of projects and provide better support to those who need it.



Recommendations

The recommendations below focus on the key areas for improvement identified in this report, taking into account work already under way within the Fund to improve its procedures and to manage the effects of the expected reduction in income as a consequence of National Lottery funding of the Olympic and Paralympic Games.

- a **In redesigning and simplifying its application procedures the Fund should:**
 - **keep its approach to risk under review so as to ensure that it does not impose unnecessary burdens on applicants.** In particular, in moving to a new two stage process, it must adopt with confidence the principle of taking decisions at the early hurdle stage based on limited information.
 - **make it a priority to clearly identify and communicate to applicants the information the Fund needs to make a decision.** The Fund recognises that it could be more specific in its application forms and guidance about the information it needs and that some applicants find the Fund's requirements confusing. Reducing the need to seek clarification and supplementary information from applicants would reduce the burden on them and help speed the process up.
- b **The Fund should ensure that the assessment of applications starts promptly.** The Fund has succeeded in reducing average assessment times, but there is scope to assess some applications more quickly. Delays in assessment are associated with failing to get the process under way when an application is received.

- c Whilst responsibility for project delivery rests primarily with applicants, the Fund has a vested interest in seeing that project benefits are delivered within budget and as quickly as possible. **To reduce time and cost overruns, the Fund should:**
- monitor delays in project delivery at an aggregate level so that it can identify the extent of delays within each grant programme and region and have a basis for assessing its progress in reducing time overruns;
 - develop and extend the support and training it offers applicants in aspects of grant and project management, for example the Fund could alert projects to delivery risks and encourage them to assess their own competence and address weaknesses;
 - set in place a system to promote the sharing of the knowledge and experience between applicants so that all applicants have the opportunity to learn from the experience of other projects; and
 - review, within two years, the way in which recent changes to its project monitoring system are impacting on applicants and project delivery.
- d **The Fund should review its approach to partnership funding to ensure that it is getting the most from the lottery funding available.** The ease with which applicants can raise partnership funding varies from project to project depending upon a number of factors including the applicant's own resources, their fundraising expertise, the external funding climate and the appeal of the project to potential funders. As part of its plans to manage the anticipated downturn in funding leading up to the Olympic and Paralympic Games, the Fund should consider whether the funding ceiling for individual projects is set at the right level.
- e **The Fund should continue to develop its framework for capturing the benefits arising out of its funding so that it can measure and report on the impact it is having, and seek to complete this work by March 2008.**



Lower Duke Street and Henry Street Townscape Heritage Initiative, Liverpool.

Castell Deudraeth,
Portmeirion, Restoration.



Llanerchaeron Conservation and Regeneration.