Historic England response to Call for Evidence: National Lottery Good Causes – Fund What Matters to You

Introduction

Since 1994, National Lottery funding has been exceptionally important for heritage, helping communities across the country care for historic places, widen access to them and use them to deliver wider public benefits.

As the government reviews the arrangements for good cause funding, Historic England welcomes this call for evidence as an opportunity to consider how these can be reformed to better reflect public priorities, empower communities and improve the impact of investment.

Our response is based on a rapid review of the evidence and engagement with the heritage sector. It focuses on the key questions posed by the call for evidence and, in line with Historic England's remit, concentrates primarily on the heritage good cause and funding that benefits heritage-related activity. It is not intended to be an appraisal of the work of individual lottery distributors, but rather on how the system as a whole can work more effectively.

Historic England looks forward to working with government, lottery distributors and partners as the review progresses and is implemented, so that future arrangements continue to protect heritage while strengthening its contribution to communities, places and wider good cause outcomes.

Empowering communities to feel benefits

The government wants to ensure that all communities can access and benefit from National Lottery good cause funding.

1. *What are the positive impacts of National Lottery good cause funding on local communities?*
2. *How could the National Lottery better communicate how it's investing good cause funding in local communities?*

National Lottery funding makes a vital contribution to heritage, enabling local communities not only to safeguard and engage with heritage, but also to shape how it is understood, used and valued for future generations. As a result of this investment, communities are able to develop the skills and organisational capacity to manage it effectively and use heritage to unlock a much wider range of benefits connected to place, identity, wellbeing and local economic opportunity.

Communities gain huge value from this, since heritage is fundamentally important to how people relate to their local area and their sense of place. 71% of people say local historic buildings are important to their quality of life, whilst other polling has found historic buildings are the third most

important source for generating pride in people's local area, after local parks/green spaces and people and above other options such as high streets, pubs and sports clubs.

Lottery investment in heritage has also enabled improved wellbeing for individuals and their communities. Research undertaken by Historic England with Arts Council England and others has found that people residing close to dense cultural heritage areas report higher levels of life satisfaction and that cultural heritage adds, on average, £515 annually to each person's wellbeing across England. The national impact, when combined, translates to £29 billion per annum in enhanced societal wellbeing.

The economic benefits to communities are also significant. Beyond direct expenditure, lottery funding generates value by unlocking additional public, private and philanthropic investment, encouraging volunteer participation and increasing confidence among external funders. For example, the 10-year Townscape Heritage Initiative, which supported 175 towns and cities with more than £170 million of National Lottery Heritage Fund investment, leveraged at least a further £170 million from other sources and acted as a catalyst for wider regeneration – including housing development, reductions in antisocial behaviour, visitor activity and subsequent investment in other heritage assets.

These positive impacts have been primarily driven by the £9.2 billion invested through the National Lottery Heritage Fund since its inception in 1994. This has supported a hugely varied range of heritage-related activity, from multi-million-pound investment to conserve and improve access to some of the UK's most important heritage assets, such as the Royal Observatory Greenwich, Hadrian's Wall and York Minster, to small grants aimed at local community projects and buildings and funding to develop heritage skills and public engagement with heritage.

However, it is also important to note that heritage-related activity is not funded solely through the heritage good cause and that heritage contributes to wider outcomes prioritised by other distributors, including youth social action, wellbeing, skills, inclusion, culture, green space, civic pride and place-making.

Published data on National Lottery grants only associates each project with one good cause, which masks the contribution that lottery distributors other than the National Lottery Heritage Fund make to heritage and the scale of this. We know, however, that this contribution is significant and occurs in a range of ways.

Firstly, all distributors support organisations managing heritage assets, allowing these to be maintained, redeveloped and used by the public. For example, Arts Council England funding has been key to the success of cultural centres such as the BALTIC Centre for Contemporary Art, based in a restored flour mill in Gateshead and the People's History Museum in Manchester, England, based in a Grade II listed, former hydraulic pumping station – which have both helped support local regeneration and access to culture.

Secondly, funding from other distributors supports organisations using heritage to advance wider good causes, even if they may not consider themselves to be part of the heritage sector. For example, Hastings Commons, a group of local people revitalising places and historic buildings

in Hastings town centre, has received funding from the National Lottery Community Fund for its Alley Way Learning programme of community education designed to empower people with new skills, build a supportive community network, and grow confidence.

Thirdly, other distributors also help improve public understanding of heritage. This is most notable through Arts Council England's funding for museums, which is crucial to sustaining access to collections and enabling communities to engage in heritage-related cultural activity. But it also occurs through other investment – for example, Sport England's support for Sporting Heritage, which has enabled it to work with clubs and governing bodies on the heritage of disability and women's sports.

Lottery funding delivers its strongest local impact when it helps communities turn local ambition into visible change: restoring valued places, strengthening local identity, creating opportunities for participation and supporting long-term economic and social resilience. A stronger focus on additionality, the long-term benefits created beyond completed projects and the way different streams of funding combine to improve outcomes for communities across the good causes - rather than treating them separately - could help to make this clearer.

This also underlines the need for better shared evidence on the impact of lottery spending across lottery distributors and the good causes. At present, it is difficult to see the full value of investment where projects contribute to more than one good cause, combine funding from several distributors or create benefits that emerge over the longer term. Improving how these impacts are evaluated and the consistency with which this is done across distributors would help communities, distributors and government understand where lottery funding is creating the greatest additional value and how future investment can best support lasting outcomes for people and places.

Funding what's important to the public

The government wants to understand the public's views on the current good causes and whether they reflect today's national priorities.

3. *What areas should be prioritised for receiving National Lottery good cause funding?*
4. *How often should the proportion of funding given to each area be reviewed?*

Historic England strongly supports the continuation of a National Lottery good cause funding model which reflects a broad range of public priorities, including the distinctive contribution that heritage makes to wider national and local objectives.

Lottery funding allocated to the heritage good cause - and other good causes benefiting heritage - has been fundamentally important not just for the conservation of heritage but for the increasing ability of heritage to advance other outcomes.

As pressures on the sector rise - including higher inflationary pressures affecting buildings and the impacts of climate change - it is essential that the proportion of good cause funding being

invested in heritage is maintained at its current level, both to protect heritage in its own right and the contribution it makes to wider outcomes in the other good cause areas.

We also know that heritage matters deeply to people and communities as a good cause. 81% of people say that 'looking after historic buildings, monuments and archaeology to safeguard the places people love' was personally important to them.

The ability of funding from other lottery distributors to support heritage-related activity and for heritage to act as an enabler of their objectives is a strength of the system, which should be built upon in future reform. Rather than seeing the good causes as separate and shifting the allocation of funding between them, it would be more beneficial to focus on making the impact of lottery funding more mutually reinforcing, particularly through targeting cross-cutting outcomes and closer collaboration between distributors in places and on shared national objectives.

In reviewing the proportion of funding allocated to each good cause area, it is important to recognise that many place-based projects - particularly heritage projects - involve long development periods, multiple funders and sustained community engagement. The Kresen Kernow project in Cornwall, for example, has transformed a derelict brewery into an archive of Cornish history and acted as a catalyst for wider regeneration in Redruth – creating land for local housing development, reducing anti-social behaviour, engaging over 41,000 people in activities, training and events and leading to further lottery investment in the town centre. However, this required almost a decade of development work before opening. Similarly, the evaluation of the Townscape Heritage Initiative found that local benefits and local perceptions of them emerged gradually over the ten-year period of the project.

Stability and consistency of funding is crucial for empowering communities to have a greater say in decisions. Meaningful community engagement is the foundation of good-quality projects but this takes time, particularly where there is low trust, limited capacity or social infrastructure, or less experience of accessing public funding.

The greatest strength of lottery funding lies in its ability to provide this stability over the long term and deliver long-term benefits for communities through sustained investment in heritage and place. Any mechanism to review the allocation of good cause funding therefore needs to avoid undermining the long-term commitment to places and priorities which is required to create investor confidence, leverage additionality and secure community buy-in.

Rather than basing decisions on short-term output measures that are unlikely to capture the full public value of place-based investment, decisions about good cause funding need to be focused on the long-term planning horizons required for complex projects to succeed.

Empowering communities to take decisions

The government wants to ensure that communities across the country have the opportunity to access and benefit from good cause funding.

5. *To what extent should large-scale national projects or small-scale community-level projects be prioritised?*
6. *Should National Lottery good cause funding be focussed primarily on communities with the greatest need, all communities regardless of need, or primarily on higher profile or national projects?*
7. *How could the National Lottery and the 12 National Lottery Distributor Bodies, who distribute lottery funding to grant recipients, give communities more of a say over where good cause funding goes?*

Historic England supports the continued development of a balanced funding model for how this funding is targeted, in which strategic investment and community-led investment work together, connecting national priorities with local needs and opportunities.

Work across the lottery distributors, partner organisations and local leadership is key to this – helping to identify opportunities, co-ordinate stakeholders and connect projects to wider investment and activity in a place.

Lottery funding has greater impact when it supports clear local priorities as identified by Strategic Authorities, councils and communities themselves. Evaluation of the Townscape Heritage Initiative, for example, found that alignment with local regeneration strategies was a critical factor in the success of schemes.

There is also significant potential for greater partnership between lottery multiple distributors and related organisations to support this, as can be seen in the cultural programme which accompanied Historic England's High Streets Heritage Action Zones programme. Delivered with Arts Council England and the National Lottery Heritage Fund, this funded cultural activity across all 67 high streets in the programme, helping communities connect to heritage-led regeneration and longer-term change in their town centres. The Better Places Partnership – through which DCMS arms-length bodies joined forces to provide support and advice to councils and communities delivering culture-led regeneration projects as part of the previous government's Levelling Up Fund – provides another example of how this kind of alignment can be achieved.

Recognising that not all communities have benefited from lottery funding to the same extent and that some have much higher levels of need, we support investment being directed towards places facing the greatest barriers to participation, opportunity and investment, and support for those communities that may require additional capacity-building to access funding successfully.

To be effective, reform needs to respond to the structural issues which make access to lottery funding unequal. Unequal access is not only a technical or capacity issue; it is also about trust, confidence, cultural relevance, governance requirements, language, match funding, and whether communities see lottery funding as being for them. Addressing this requires creating more support for communities who have significant needs but lack technical expertise and capacity, including through the work of partnership organisations, such as specialist heritage bodies and heritage trusts, who can help provide this.

Stronger consistency and alignment across distributors would help to simplify processes for applicants, so that they have clearer routes into the right funder, less repetition between applications, and better advice when projects cut across the good cause outcomes, making it easier for private funders and other philanthropists to plan and align their own investment.

Distributors taking proactive and coordinated approaches in targeting funding to places would also make separate strands of good cause funding more likely to complement each other and enable partner organisations to work alongside them more effectively. For example, the National Lottery Heritage Fund's targeted investment in Dudley through its Heritage Places scheme is allowing funding to build on Historic England's previous support for the town through the High Street Heritage Action Zone programme and complementing our current work with the local council to create more housing above the high street.

However, in selecting areas for investment, it is important to maintain enough flexibility to allow lottery funding to easily reach the assets and organisations that can drive forward the individual good causes. This is especially important in heritage, where benefits often flow out from a fixed site to the people across the community who use and value it, rather than just those who live closest to it. For example, support for Wentworth Woodhouse has combined government, Historic England and philanthropic funding to improve access to the site for people from a wide area, as well as other benefits such as a heritage skills programme.

To give communities a greater say, community engagement needs to move beyond consultation and become an embedded part of decision-making, project design, delivery and governance. This can be seen in the Horizon Youth Zone in Grimsby, a National Lottery Heritage Fund-supported youth centre located in a former industrial building on the town's historic waterfront, which has involved young people extensively in its design, from naming and branding to the creation of new heritage activities. Through this kind of community engagement, projects are more likely to create feedback loops which allow local people to influence them at each stage and ensure investment is seen as relevant, visible and beneficial.

Simplifying access to funding

The government wants to improve efficiency and ensure that everyone can access the funding for which they are eligible.

1. *What changes should be made to the process of applying for National Lottery good cause funding to make it easier and encourage applications?*
2. *How should the National Lottery and the 12 National Lottery Distributor Bodies encourage more eligible applicants?*

The National Lottery Heritage Fund's research into equality, diversity and inclusion, alongside evidence from other distributors, has found that uneven access to lottery funding for smaller organisations, volunteer-led groups and communities experiencing deprivation can stem from a lack of awareness of opportunities, limited experience, and requirements around governance,

match funding and capacity. These can be significant barriers in heritage projects, which often involve long development periods, complex sites, technical requirements and multiple partners.

Building on existing work by lottery distributors to become more inclusive and equitable funders and organisations, the greatest opportunity for reform lies not only in simplifying access, but also in strengthening the support, evidence, expertise and partnerships that enable communities to develop successful projects.

This requires going beyond adapting funding and reforming application processes, since these cannot, on their own, create equal access when organisations start from very different levels of confidence, resource and experience. Dedicated capacity building is needed, since community ambition alone is rarely sufficient to deliver complex projects successfully.

Intermediary organisations can play a crucial role in supporting communities to build confidence, develop partnerships and translate local priorities into deliverable programmes. The Architectural Heritage Fund's model of Heritage Development Trusts, for example, created with the support of the National Lottery Heritage Fund, enables local people, councils, businesses, charities and funders to be brought together to support early community ideas through to delivery.

For heritage projects, development grants and technical assistance can be especially valuable because they reduce risk and enable organisations to progress projects that would otherwise remain unrealised – as shown in community-led heritage projects like Kresen Kernow. Historic England regularly provides initial project development grants and specialist engagement and technical advice to heritage projects which then go on to receive significant lottery investment, for example at the Saltdean Lido in East Sussex, Hastings Pier and Lion Salt Works in Cheshire.

Greater alignment between the National Lottery Heritage Fund, Historic England and organisations such as the Architectural Heritage Fund and Heritage Trust Network would help make the support each body can offer clearer and the system overall more coherent – in line with the tailored reviews for both Historic England and the National Lottery Heritage Fund, which recommended both bodies strengthen partnerships within and beyond the heritage sector. This would give communities a clearer pathway from initial idea to investment-ready proposal, connect projects to local planning considerations at an early stage, especially through Historic England's statutory function in the planning system, and allow a wider range of community development organisations to support projects through the relationships these bodies hold.

However, it is also important to consider the many projects involving heritage which cross good cause boundaries. A community organisation seeking to use a historic building for wellbeing, skills, cultural or sporting activity may face uncertainty about which distributor is the most appropriate funder, whether complementary applications are possible and whether information supplied to one distributor can be reused elsewhere. Historic England is sometimes approached by organisations seeking grant support even where they are not eligible for our programmes, also suggesting that applicants may find the wider funding landscape confusing or difficult to navigate.

Conclusion and key recommendations

Historic England strongly supports a National Lottery good cause funding system that continues to invest in heritage as a public priority in its own right, while recognising its growing contribution to wider outcomes across culture, wellbeing, skills, inclusion, regeneration, place and community resilience.

The system works best when long-term investment, local ambition and specialist expertise come together to help communities protect, use and benefit from the places that matter to them.

Historic England's central recommendation is therefore that government should maintain the current proportion of good cause funding allocated to heritage - recognising that heritage projects often require extended development periods, multiple funders and sustained community engagement before their full benefits are realised - while strengthening the ways in which distributors work together to deliver shared outcomes.

Our other key recommendations are that the government should:

- **Strengthen alignment between lottery distributors** - particularly in targeting communities that have a particular need for greater lottery investment and support to access this, and where projects can span more than one good cause.
- **Simplify and align application processes –** helping less experienced applicants understand which distributor is most appropriate and where complementary applications may be possible, using more consistent signposting arrangements, application requirements and eligibility criteria that are appropriate to the funding being requested.
- **Better connect lottery funding to existing local priorities** – ensuring lottery funding creates additionality that supports plans developed by Strategic Authorities, councils and communities for regeneration, economic development and community wellbeing.
- **Strengthen links between lottery distributors and partner organisations that support communities** – creating a stronger role for intermediary organisations to support smaller, volunteer-led and community organisations with less experience via development funding, technical advice and capacity-building support.
- **Embed community engagement in project design and governance** – ensuring that funding processes encourage engagement that goes beyond consultation to a genuine role for local people in shaping priorities, delivery and long-term stewardship.
- **Improve how the combined impact of lottery funding is understood and communicated** - capturing and sharing better data on how lottery grants support a range of good causes and the additionality created when good cause funding unlocks wider public, private, philanthropic and community investment.

Reform is an opportunity to make lottery investment more coherent, more accessible and more mutually reinforcing across the places and communities receiving it. A more joined-up system would give communities a clearer pathway from idea to investment-ready proposal, reduce duplication for applicants, make better use of specialist expertise and help ensure lottery funding reaches the places and organisations with both the greatest need and the greatest potential to deliver lasting public benefit.