



Response of the Scottish Museums Council

Review of Lottery Funding: A consultation paper on Lottery distribution policy

Department for Culture, Media and Sport National Lottery Distribution and Communities Division

1. Introduction

- 1.1 The Scottish Museums Council (SMC) is the membership organisation and representative body for Scotland's non-national museums. Our aim is to improve museum and gallery provision in Scotland for both local people and visitors. We have over 200 members who in turn manage over 360 museums. The members include all 32 Scottish local authorities, universities, regimental and independent museums, ranging in size from small voluntary trusts to large metropolitan services, attracting in excess of 1 million visitors each year.
- 1.2 SMC warmly welcomes the current consultation, which demonstrates continuing commitment to enhance and develop the Lottery for the future, and to plan for improvements in the way in which Lottery funds are distributed.
- 1.3 SMC's response to the current consultation should be seen within the context of its role as a strategic development agency and advisory body for Scotland's non-national museums. In addition, SMC provides expert advice to the Heritage Lottery Fund on applications from Scottish museums, and has developed a close working relationship with the Scottish team.
- 1.4 The Heritage Lottery Fund has proved the primary distribution channel for Lottery funds to museums in Scotland, although smaller museums have benefited from Awards for All. To our knowledge, only two museum services in Scotland have received funding through the New Opportunities Fund¹.
- 1.5 The Heritage Lottery Fund has awarded £82,289,717 to museums and galleries in Scotland to date, which represents a substantial investment in the nation's

¹ Renfrewshire

cultural heritage. However, both the HLF UK Museums Needs Assessment² and the National Audit of Scotland's Museums³ have identified significant outstanding capital and revenue funding needs within the museum sector. In SMC's view there remains an urgent and continuing need for a Lottery funding stream focused on the heritage sector. The aim of this funding should be to enable museums to care for Scotland's invaluable heritage more effectively and to provide high quality services and programmes to as wide an audience as possible.

- 1.6 This funding stream is particularly critical to non-national museums in Scotland which have not had access to the levels of investment experienced by their counterparts in England, for example through central Government funding for education, ICT initiatives in museums and for 'designated' collections (see attached funding comparisons).
- 1.7 HLF have a key role to play in the development of the museum sector in Scotland, and it is essential that HLF strategy dovetails with the National Action Plan for Museums in Scotland being developed at present by the Scottish Executive. To this end, perhaps HLF might consider greater devolution of policy-making functions to Scottish level. For example, policy officers on learning and access are presently based in HLF London, with a UK remit. Yet the Scottish and English education systems are markedly different, and Scottish museums have not benefited from the same investment in education as their English counterparts. Indeed, where culture and education are both devolved matters, HLF policy needs to be closely aligned to the Scottish agenda. The principle of additionality could and should be upheld, as has been possible with devolution of Lottery distribution for the arts and sport in Scotland.
- 1.8 SMC would be reluctant to see deprivation indices as a basis for ring-fenced funding allocations for the heritage good cause, not least because Scotland's heritage is not evenly distributed according to post-code areas. This does not preclude HLF from continuing to target areas of low-uptake and hard-to-reach groups through its development work. HLF in Scotland needs to work with the smaller museums and with SMC to achieve a greater number of successful awards, redressing the current funding imbalance. To date, 53% of HLF funding has been awarded to the National Museums of Scotland and the National Galleries of Scotland, and a further 17% to Glasgow City Museums. HLF and SMC have both identified the need to 'build capacity' within the museum sector, in part by equipping museums with the skills to develop good projects. Recent 'project planning' grants for some HLF projects are a positive step forward, and could be extended if proved successful.

² UK Museums Needs Assessment, Heritage Lottery Fund, June 2002

³ The Collective Insight, the National Audit of Scotland's Museums and Galleries, Scottish Museums Council, July 2002.

2. Making the Lottery more responsive to the needs and priorities of communities

2.1 Public awareness

DCMS needs to make a distinction between the action required to increase the level of applications from community groups and smaller organisations and the potential need to raise public awareness of Lottery benefit to good causes.

Effective development and outreach work is the most appropriate route to increasing the number of awards at community level. SMC believes that more effective targeting of community and voluntary groups by the newly established Development team at HLF Scotland will result in a greater number of successful applications from small organisations. This element of HLF's work should be supported and expanded to enable Scotland's large number of independent museums (160), many of which are community-based and run, to access Lottery funds more readily.

SMC and HLF Scotland have jointly organised 'funding road shows' to promote opportunities and offer advice to small museums. In our view this approach, along with better dissemination of case study examples and best practice to target groups, will be far more effective than generic promotional campaigns aimed at a wide public audience. Funds should be directed at supporting applicants from small, community organisations through the application process rather than increasing the number of applications *per se*, which may or may not be successful.

On the second point, it may be too simplistic to assume that public awareness of Lottery investment in good causes is synonymous with approval. Is there any evidence from market research that promotion of Lottery investment in good causes would lead to an increase in lottery sales?

2.2 Joint Approach

SMC is not generally in favour of joint promotional campaigns, which may weaken or lose the identity of each individual distributor. We are also unconvinced of the need for a separate promotional agency. HLF Scotland, in partnership with agencies such as SMC and Historic Scotland, are probably best placed to promote the value of heritage and deepen public understanding of the role of heritage in Scottish life, by using specialist knowledge of their constituencies. For example, one suggestion arising from the recent National Audit of Scotland's Museums has been that national agencies concerned with Scotland's heritage might work together to produce a '*Good Heritage Guide to Scotland*,' which would be informed by visitor reviews to museums and other sites and focused on public services.

2.3 National Lottery Day

The promotion of a National Lottery Day could be a useful mechanism to raise the profile of Lottery-funded programmes. It could act as a celebration of Lottery investment in good causes, encouraging wide public access and participation. This approach perhaps lends itself more easily to promotion of the capital projects rather than activities. A useful model might be the 'Doors Open' Day initiative, which seeks to expand access to the built and architectural heritage. SMC's experience with Museums and Galleries month, another UK-wide marketing campaign- is that smaller museums, in particular, require additional funding

to programme special activities or to suspend admission charges. The distributors should implement any such scheme jointly on a regional level reflecting local needs.

2.4 Consultation

SMC would endorse the need to consult more widely with communities on broad issues and funding priorities. Distributors could make greater use of Citizens' Panels and special focus groups. Equally, they should continue to emphasise the importance of consultation with local community groups to applicants.

2.5 Public involvement in national and regional awards committees

SMC has welcomed the establishment of a Scottish office and committee within HLF, and the increased levels of devolution in terms of decision-making on grants. SMC would like the process of appointment to committees to be as 'democratic' as possible, but recognises that a balance needs to be struck between democratic selection and ensuring relevant expertise is available. The distributors need to develop and retain good committee members, once appointed.

It would be helpful to clarify the current process of appointment to the Scottish committee, outlining what steps are taken to ensure open and accountable decision-making, in accordance with the Nolan recommendations. There should be consistency of appointment procedure across the distributing bodies and this should conform to best practice in terms of modern governance.

2.7 Local decision-making

The size and number of heritage organisations in Scotland presents particular challenges in relation to local needs analysis and decision-making. The HLF Scotland team is effectively operating at a national rather than local level, and is not directly comparable to the English regional committees. Rather HLF needs to work in partnership with local authorities and others to improve its assessment of local needs- the National Audit also provides an excellent source of information at local as well as national level. On balance we would not favour further devolution of decision-making to local level, which might result in strategic fragmentation and a lack of clarity surrounding criteria and roles, as well as higher overheads.

2.8 Micro grants

SMC recognises the benefits of schemes such as Awards for All and the Welsh Sports Council's Community Chest. They provide quick and easy access at grassroots level to small grants. However, the benefits may well be outweighed by higher management costs if these are administered at local level. In addition, there is a risk that overall the visibility and impact of the Lottery is reduced by large numbers of micro-grants, unfocused on particular themes.

If micro-grants were to be introduced, SMC would like to see identification of specific crosscutting themes. One example might be a 'Transport Fund,' which would provide small grants to allow museums to organise group visits, where transport costs currently present an insurmountable obstacle. Such a scheme was identified in the Scottish National Debate on Education consultation as a key way in which physical and financial barriers to heritage might be addressed, particularly in rural areas and with low-income groups, children, the elderly, or those with special needs.

If funds were delegated, it would have to be to organisations with a track record in grants management and clear methods of accountability.

3. Ensuring that funding is more fairly distributed to all areas and communities across the UK

3.1 Capacity building

SMC agrees that the Lottery distributors have a responsibility to develop the capacity of applicants to develop and manage successful projects. SMC's experience with the Strategic Change Fund⁴ shows that supported projects are better projects, but there is a fine line between strengthening capacity and fostering a culture of dependency. The role of the HLF planning grants will prove critical, and these should be evaluated both in terms of the number of awards made as a result, and increases in capacity of applicant organisations. Advice and support can be more effective if Lottery distributors work with and through partner advisory organisations. Half's development team with SMC should

- Continue to raise awareness of funding criteria and eligibility
- Provide support throughout the application process and advice on project management
- Help to identify match funding opportunities, broker partnerships
- Advise on evaluation methods
- Develop and disseminate models of good practice and case studies
- Target hard- to reach areas and groups egg, Sip areas, which have difficulty accessing funds

3.2 Targeting particular areas and groups

SMC is not in favour of ring-fencing funding for particular areas or groups for the reasons outlined in section 1 above. This does not preclude the excellent work currently under-way to increase uptake of awards amongst particular groups or in certain areas. Targeting should be only one of a portfolio of strategies to build capacity.

3.3 Single application form for distributors

Despite the success of the single application form for Awards for All, it is difficult to see how one application could meet the complex requirements of different distributors for larger projects. The effect might be to produce something even larger and more complex, parts of which would be largely irrelevant to the many applicants who only wish to apply to a single distributor. Perhaps, an alternative approach would be for distributors to agree which elements of the application process might be standardised so that it is easier for applicants to 'cut and paste' applications to different agencies.

⁴ The Strategic Change Fund encourages active involvement by SMC staff in the development of high quality funding applications

3.4 Electronic application forms

Distributors should make greater use of electronic application forms. Interactive application forms would be helpful, although given the points made under capacity building, it is unlikely that electronic advice will be a substitute for support to applicants throughout the stages of the application process.

3.5 Lottery distributors as investors

Support is essential for successful project outcomes, particularly in the non-national museum sector in Scotland, which is seriously under capacity as outlined above. The HLF project planning grants support this principle. A named case manager for each application streamlines the level of contact and the consistency of advice. HLF currently give feedback at the pre-application stage and this has led to significantly improved projects.

3.5 One stop shops

SMC considers that there might be a role for 'one-stop shops', with a remit to provide information rather than advice on Lottery funding sources. It would be a vast undertaking to establish a one-stop shop for all funding bodies, but with excellent benefits. DCMS should consider the feasibility of such a scheme through a pilot, and exploration of other models such as the Business and European information centres. To be effective, there would need to be appropriate access at local level but this might be virtual and through help-lines.

3.6 Working partnerships

There is greater scope for partnership at local and regional level in Scotland, for example between HLF, the local authorities and the Enterprise networks. The Three Way agreements between the Community Fund in Scotland, COSLA and SCVO perhaps provide a useful model for the museum sector, where SMC might act as intermediary.

4: Managing the distinctive challenges of Lottery funding

4.1 Additionality

SMC remains convinced that Lottery funding should be seen as additional and not a substitute for the legitimate responsibility of others. This is a critical principle in Scotland at the present time where national priorities and strategies are being developed and where areas of responsibility are still being clarified.

4.2 Sustainability

Lottery distributors clearly need to give thought to the long-term sustainability of the projects they support. They need to:

- Clarify definition of sustainability and what they consider to contribute to it
- Enhance support for project implementation to improve long-term sustainability
- Consider revenue funding for longer periods, or mechanisms to support future revenue costs.

- Recognise that other bodies are also responsible for long-term sustainability. In the past funding decisions on major capital projects have been driven by economic and regeneration objectives, with inadequate thought given to how they will be sustained.

4.3 Extended revenue funding

HLF currently supports revenue funding for up to 5 years, which should arguably be enough time to establish the project and achieve support for future sustainability. The distributors could use this period of funding to monitor future sustainability and help applicants identify further sources of funds. Moves away from short-term project funding towards long-term support would be particularly welcome in areas of low uptake and activity.

There should be a move away from innovation for innovation's sake and towards consolidating good practice. SMC would favour dedicated funding streams, underpinned by strategic action plans, eg learning, ICT in museums. However, where a project is innovative, it may be appropriate for HLF to take more risks to enable it to succeed.

4.4 Endowments

There may be a case for using financial endowments in certain cases to enhance sustainability. The difficulty will always be agreeing the criteria for endowments, and ensuring that endowment schemes do not consume the bulk of the funds available. Further consultation would be needed with stakeholder groups to determine under what circumstances endowments would be acceptable.

4.5 Reducing red tape and low-risk projects

SMC sees no reason why proper accounting procedures should be inconsistent with Lottery distributors having a degree of greater discretion in managing risk, particularly for smaller grants.

4.6 Supporting major capital projects

Distributors have an important role to play in agreeing exit strategies for major projects, but they do not have the only role. They could help by requiring that exit strategies be incorporated into planning.

There remains a need for major capital funding in the heritage sector in Scotland, for example for restoration of listed buildings, sites and conservation. This was eloquently identified in HLF's UK Museum Needs Assessment, which along with the analysis in the National Audit, could provide the base for future policy on distribution.

Further funding should be available to enable previously lottery-funded attractions, to respond to changing demand and visitor expectations.

4.7 Funding social enterprise

We agree that involvement in heritage can be a catalyst for regeneration in some communities. SMC's experience is that there is no shortage of good ideas at local level, but that the time, skills and experience to develop or implement them may be lacking. HLF should use its planning grants to ensure that projects have been well thought through at the earliest stage.

Section 5: Making the delivery of Lottery funding more efficient and effective

5.1 Increasing joint working/ Reducing the number of distributors

We can see no advantage in distributors being allowed to distribute funds on behalf of other funding bodies. Not only would the expertise of individual distributors be lost, but also there would be potential confusion amongst applicants. The one-stop-shop for information outlined above would enable greater efficiency and ease of access for the applicant, but without the problems of a single distributing body.

There is a case for greater communication between the distributors and merging premises and functions might promote this. However, we can see no advantage in a single distributing body.

5.2 Reducing the number of programmes

HLF appear to have a well-planned programme of funding, with suitable priorities reflecting community needs. The current schemes reflect ongoing consultation in recent years.

5.3 Outcome funding

Outcomes should be prescribed at the outset as a means of evaluating a projects sustainability and success. There are significant benefits in devoting more time and resources to evaluating projects and sharing experience. The Lottery could take a lead by requiring that outcomes be prescribed and evaluation conducted as part of programmes.

5.4 National Lottery Distribution Fund Balances

The Government could work with distributors to take the following steps to reduce the level of undistributed but committed funds.

- Provide increased support throughout all stages of the application process
- Increase caseworkers, development workers and available funds for consultancy fees and project planning for smaller grants
- Consider small grants along thematic lines as outlined in Section 2 above for immediate impact.