Invitation to Tender

Measuring the grants portfolio carbon footprint and a pathway to Decarbonisation

Ref: NHMF 312

Schedule 2: Specification.

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1. Overview

1.1 The National Lottery Heritage Fund, formerly the Heritage Lottery Fund (HLF), is an operating name for the Trustees of the National Heritage Memorial Fund (NHMF). In 1994 the NHMF was given authority under the National Lottery Act to distribute money raised by the National Lottery to support projects involving the national, regional and local heritage of the United Kingdom. In January 2019 we launched our current Strategic Framework: 'Inspiring, leading and resourcing the UK's heritage'. See The Fund's website for more details.

1.2 The Fund invests in the full breadth of the UK's heritage and, through our funding, we aim to make a lasting difference for heritage and people. This is reflected in the outcomes for heritage, people and communities which underpin our grant-making.

1.3 Through our corporate strategy we have identified "playing our part in tackling climate change" as one of our five key outcomes. We have committed to become net-zero by 2030 for our operations (Office operation, purchases and business travel)

1.4 The Fund wants to improve its environmental sustainability with the aim to reach net-zero greenhouse gas emissions at a pace aligned to the Inter-governmental Panel on Climate Change (IPCC) recommendations for limiting warming to 1.5˚C above pre-industrial levels. This applies to all areas of The Fund's work in all four countries including:

- Business Delivery
- Business Services
- Business Innovation and Insight
- Our lottery Investments
- The National Heritage Memorial Fund

1.5 The Fund's reporting to date aligns to the Greening Government Commitments and can be found in our Annual Report and Accounts.

1.6 Information on the number and value of The Fund's investments since 2013 are available on the open data section of the website and is also available on 360 giving. See Appendix 3 for data on grant giving over the last three financial years.

1.7 To find out more about how the organisations works see the appendices

1.8 Background

The Fund is committed to achieving net zero for our own operations by 2030. We are also signatories to the Joint Heritage Sector Statement on Climate Change, which aims for net zero emissions for operations and investments by 2050. In terms of our operations, we have a draft plan to achieve net zero and the first phase of our environmental sustainability research has validated that approach. We do not currently have a similar mechanism or approach for our investment portfolio. Annually, we invest around £250 million in the Heritage Sector and we have a huge potential to help the sector to decarbonise.

To further develop our approach to sustainability, the Fund commissioned research during the first half of 2022 that proposed a new conceptual approach to understanding the carbon footprint of our investments (downstream scope 3).

This work confirmed the importance of including investment impacts in our approach to sustainability. Our investment dwarfs that of our direct operations. Reducing our impact on the environment will require us to rebalance our portfolio and support every project to be as sustainable as possible. Reporting on this investment impact allows us to meet our commitments to the sector in the Joint Heritage Sector Statement on Climate Change. Internally it will also help us to make the decisions that facilitate a path to net zero.

The first phase of our research included the following:

- A desk-based review of how other funders approach their investment footprint.
- A review of our existing grant and cost data, including the capital project database.
- Development of a proposed model for the emissions impacts of our funding and,
- Lists of data sources that would be needed in order to estimate against the model.

We have concluded that our pre-existing data alone is unlikely to support a detailed, 'best in class' estimate of our footprint. The project recommended we return to grantees to collect fresh data about the impacts and use this to establish a baseline estimate for 2019/20.

1.9 Aims and Outcomes

Aim

1.10 Calculate a baseline carbon footprint for the financial year 19/20, establish a decarbonisation pathway in line with the Science Based Target Initiative (SBTI) and provide recommendations for measurement in the future.

Outcomes

1.11 Following internal consideration of the recommendations made, the Heritage Fund is conducting this study to achieve the following outcomes:

1. The Heritage Fund can estimate the annual carbon footprint arising from the projects we fund.

2. The Heritage Fund understands the options for calculating the long-term environmental impact of our investment.

3. The Fund understands the pros and cons of different methodologies for estimating our carbon impacts and can decide on an approach for future years.

4. Grantees have provided us with insight into the feasibility of collecting new data with them on an ongoing basis. Feasibility considerations include:

    - Heritage organisations' readiness to report on carbon impacts;

    - The level of support organisations may need to collect and report data;

5. We have set a baseline for our emissions and a science-based net zero target for our grants portfolio.

6. We have an evidence-led approach to reduce the footprint of our portfolio.

2 Method

2.1 The full approach and methodology will be defined through the tender response, although we require that all suppliers align their proposals with the Science Based Target Initiative methodology.

2.2 In line with technical guidance for calculating scope three emissions, we expect the successful supplier to work with the Fund to agree how industry best practice for a scope 3 inventory could be applied to our portfolio of investments in heritage projects. Knowledge and experience of working with organisations with regional, federated or membership structures would be important here. See appendices for more detail on how our organisation works.

2.3 In considering our portfolio of investments suppliers should consider two dimensions.

1. Funded projects – GHGs arising from activities undertaken with NLHF funding
2. Sites – GHGs arising from day-to-day operations of heritage assets.

More information on this can be found in the appendices.

2.4 We envision the work having the following stages:

We envision the work having the following stages:

- **Analyse Heritage Fund grants cost data and assess the range of emission factors which could be used against the spend categories that we collect about each project.**

  - Advise the Fund on which cost categories have good proxy emissions factors and which do not. Details of cost categories can be found in the appendices.

  - Create order of magnitude estimates from the cost data, which can be tested and triangulated in later stages of the work.

- **Consult Fund staff and appropriate external organisations to understand the feasibility of collecting the data needed and the likely support that may need to be provided.**

  This will involve initial research, talking to Fund staff and grantees to identify the current capabilities of grantees to collect, record and report on the data required. It is vital we understand how much effort it will be for organisations to collect and report the data required to us. Not least because their 2019 grant is likely to have ended. Making use of internal knowledge and consulting externally will be important to gain insight into whether the data the project would like to collect is feasible, what support mechanisms need to be put in place to assist organisations and how to frame communications to them.

- **Work with Fund staff to develop a representative sample of grantees from the baseline year, design data collection tools and guidance for collecting and reporting data required.**

  The insights gained from the consultation process will be important to determining the level of support that will be put in place to assist organisations with providing the data needed.

  Analysis of data in order to trial different methods to generating estimates for the scope 3 downstream 2019/20 emissions.

  - Using cost data only

  - Using survey sample data only

  - Using a combination of the two, whereby survey data adjusts raw cost data

  Comparing the results and showing how and why the methods are different.

- **Establish a Net-Zero target date and run a series of workshops with internal stakeholders to establish decarbonisation pathways**

  - Net-zero target date should align to ambitions and requirements of central government and devolved nations.

  - These workshops will be an opportunity to ensure the pathways recommendations consider The Fund's specific context

- **Recommendations regarding the most appropriate method for the Fund to use in future and approaches to improving the analysis on an ongoing basis.**

  How could the process and data collected be improved so that the robustness of results is improved, and the process used more efficient.

- **Reporting and communicating the results to Fund staff and external audiences.**

  There are two main audiences for the reporting outlined below. It is therefore important reporting is designed with these audiences in mind as well adhering to the Fund’s document accessibility requirements (detailed in the appendices).

  - Internal – Project steering group, senior leadership team and Board of Trustees and all staff.

  - External – organisations surveyed, current grantholders, the wider heritage sector

    This work is sector leading, therefore other organisations may be keen to know the results and learn from the process undertaken.

  Aside from the steering group, some of whom will have some technical knowledge, it should be assumed audiences do not have knowledge of the technical aspects of carbon footprint assessments . Therefore, it is important all reporting should be easy to comprehend and written in plain English, in addition to containing all the necessary detail required to report on data and analysis of this type.

3 Outputs

3.1 The following outputs will be required:

- Project Initiation Document – due within 2 week of contract inception

- A report. It is our intention to externally publish the report. This means it is important the report adheres to The Fund’s accessibility and formatting guidance (appended). We also expect reports to follow a layout agreed with The Fund in advance of submission of any reports.

  The report should include:

  - Analysis of results providing estimates of downstream 3 emissions for 19/20. Including confidence intervals for the results.

  - The key drivers of emissions within the portfolio.

  - Recommendations for improving measurement and analysis going forward.

  - Net-zero target date with a series of decarbonisation pathways informed by a series of workshops and consultations with the organisation.

- Accompanying slidedeck for communicating findings to internal audiences
- Excel files of all raw data and analysis
- Presenting findings at appropriate times, to internal audiences, possibly including the Project Steering Group, the Board, our Senior Management Team and Grantees.

The above represents our minimum requirements.

* The Heritage Fund reserves the right to amend this timetable where required.

3.2 All reports must adhere to The Fund's accessibility and formatting guidance (appended). We also expect reports to follow a layout agreed with The Fund in advance of submission of any reports.

3.3 We expect all our evaluations and research projects to generate evidence about the inclusivity of our funding and our performance in addressing inequality. Bidders must be committed to this principle and ensure evidence gathering addresses this requirement.

3.4 The initial findings will be confidential to The Fund. The Fund may prepare or commission summary reports and other materials for subsequent wider distribution, based on the results.

3.5 All reports to include appendices as agreed between The Fund and the contractor. The contents and structure of the report to be agreed in advance of writing. All reports to be supplied in electronic format and hard copy if requested.

3.6 The successful bidder must comply with all of the requirements of UK and European Data Protection Laws and shall ensure appropriate research consents from interviews or any data collection.

3.7 The successful bidder will be expected to discuss and present findings at appropriate times, to internal and external audiences, including our Board, our Senior Management Team, Grantees, policy makers and other external stakeholders. The purpose of these presentations is to enable lessons to be learned and key policy and practice issues to be highlighted as the evaluation progresses.

3.8 We expect all projects we fund to adhere to the Social Research Association (SRA) ethical guidelines. If your proposal raises particular ethical issues, you must indicate what they are and what your strategy for addressing them is.

4 Contract management & Payment Schedule

4.1 We expect the research/evaluation to begin October 2022 and be completed by end of March 2023. The final report should be submitted to The Fund by 31 March 2023.

4.2 The maximum budget is £60,000 to include all expenses and VAT. The contract will be let by the trustees of The National Heritage Memorial Fund.

4.3 The payment schedule will be 70% on signing of contract and 30% on submission of final report.

4.4 The contract will be based on The Fund's standard terms and conditions.

4.5 The research will be managed on a day to day basis for The Fund by Faruk Barabhuiya Insight Manager.

5 Documents needed as part of your bid

Please submit all the following as part of your bid

A. Proposal for undertaking the work should be a maximum of 8 pages (excluding appendices) and include:

   - a detailed method for undertaking the work;
   - consideration of risks and their mitigation;
   - details of staff allocated to the project, together with experience of the contractor and staff members in carrying out similar projects. The project manager / lead contact should be identified; CVs, along with any other relevant information can be provided in appendices
   - the allocation of days between members of the team;
   - the daily charging rate of individual staff involved;
   - a timescale for carrying out the project;
   - an overall cost for the work.

B. One example of a report produced for a client.

C. One example of a data collection tool and guidance provided to a client.

Appendix I

The current Strategic Funding Framework objectives and outcomes are detail in the table below.

In February 2021 we agreed to introduce priority outcomes for 2021/22 (indicated in bold above) to support the contribution heritage makes to the UK's social and economic recovery from Covid-19. The Board agreed to continue these priority outcomes into 2022/23.

We have also strengthened our focus on environmental sustainability since we launched the SFF in 2019, in line with the urgency of the climate crisis.

Strategic objective	**Outcome**
Continue to bring heritage into better condition	Heritage will be in better condition
Inspire people to value heritage more	Heritage will be identified and better explained
Ensure that heritage is inclusive	A wider range of people will be involved in heritage
Support the organisations we fund to be more robust, enterprising, and forward looking	The funded organisation will be more resilient
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
Grow the contribution that heritage makes to the UK economy.	The local economy will be boosted

Appendix II: How the Fund works

We are a non-departmental public body (or Arm's Length Body) accountable to Parliament via the Department for Digital, Culture, Media and Sport (DCMS). Our decisions about individual applications and policies are entirely independent of the government.

We are governed by a Board of Trustees, chaired by Simon Thurley CBE. Day-to-day activites are delegated to our executive team, chaired by Chief Executive Eilish McGuiness.

We operate under the name The National Lottery Heritage Fund. However, 'Trustees of The National Heritage Memorial Fund' is our legal body for the administration and supervision of all funds.

Funds are distributed under three different names:

- National Heritage Memorial Fund distributes government 'grant in aid' funding to UK heritage at risk of loss. This is a fund of last resort.
- The National Lottery Heritage Fund distributes the heritage share of The National Lottery's funds for Good Causes.
- Heritage Fund distributes non-Lottery funding, including 'grant in aid' and loans, to heritage organisations.

There are three central Directorates

Business Services

- Supports the delivery of our work by partnering with and providing expertise to other departments in our offices across the UK. The directorate comprises legal and governance, HR and people, IT, estates, finance and procurement departments. Harnish Hadani is the interim Executive Director of Business Services.

Business Delivery

- Supports our vision and mission by developing strategic partnerships, and engaging with and investing in heritage organisations across the UK at local level. The directorate oversees the distribution – on average – of at least £300m into the sector each year. Anne Jenkins is the interim Executive Director of Business Delivery.

Business Innovation & Insight

- Supports and champions the UK's heritage, and through work with colleagues and stakeholders, develops strategy, research and policy, and engaging marketing and communication campaigns, to showcase the transformative impact of National

Lottery funding. Isabel Hunt is the Executive Director of Business Innovation & Insight.

There are also national and regional offices

- Our work covers all UK nations. There are three offices in England and one each in all other nations. Six directors lead our nations and areas across the UK.

Committees make funding decisions

- There are six committees. Three regional committees in England (London & South, Midlands & East, North) and three national committees in Scotland, Wales and Northern Ireland. They are made up of local people passionate and knowledgeable about the heritage in their area and recruited through open advertisement.

What do committees do?

- Our committees make decisions on grant requests between £250,000 and £5million. They also recommend the funding priorities and provide a crucial local perspective to the Board. Our committees meet every three months to take decisions on grants in their local areas
- Requests for grants of up to £250,000 are discussed at monthly advisory meetings and a decision made by the local Head of Investment.

National Lottery Grants for Heritage under £5million

Decisions are made locally, dependent on the grant amount.

Up to £250,000

These decisions are made on a monthly basis at Area/Nation delegated decision meetings. These meetings are managed and chaired by Heads of Investment

.**Between £250,000 and £5million**

These decisions are made by committees in Northern Ireland, Scotland, Wales and across England. The committees meet every three months

All other awards

These decisions are made by our Board of Trustees or by panels delegated by the Board. These include:

National Lottery Grants for Heritage over £5million award decisions made at Board meetings.

National Heritage Memorial Fund award decisions made at Board meetings.

Special awards and initiatives decisions made by panels delegated by the Board.

What we fund

We intentionally do not provide a definition of heritage. Heritage can be anything from the past that you value and want to pass on to future generations. From local parks and landscapes, to castles or community projects. We use six heritage sectors to categorise what we fund.

Areas, buildings and monuments: Looking after historic buildings, monuments and archaeology ensures that we can safeguard the places people love for future generations.

Community Heritage: Celebrating our community heritage can help bring people together, feel pride in where they live and save stories and traditions.

Cultures and memories: We fund projects which help to explore, save and celebrate the traditions, customs, skills and knowledge of different communities.

Industrial, maritime and transport: Our funding celebrates the innovative buildings, transport and technology that helped to shape the modern world.

Landscapes, parks and nature: The need to aid nature's recovery is urgent. That is why funding landscapes and nature is one of our key strategic funding priorities until 2024.

Museums, libraries and archives: Museums, libraries and archives tell the stories of our cultural heritage. Through their collections they help to give us a sense of place and identity.

Appendix III: Accessibility and formatting guidance

The National Lottery Heritage Fund is committed to providing a website that is accessible to the widest possible audience. Our site is annually tested by accessibility auditors and we must meet a AA compliance level. Our accessibility testing encompasses not just site functionality and design but all of our content, including downloadable documents.

Reports and other documents created for The Fund (**including the tender submissions**) need to be clear, straightforward to use and ready to circulate internally, externally and online, as well as suitable for use by screen reading software. Best practice in accessibility is summarised below:

Readability

In **reports**, and all other documents that may be published online including the **tender submission** consultants should ensure that:

- The size of the font is at least 12pt;
- There is a strong contrast between the background colour and the colour of the text. Black text on a white background provides the best contrast. This also applies to any shading used in tables and/or diagrams;
- Italics are only used when quoting book titles for citations and items on the reference list should be arranged alphabetically by author
- Colour formatting and use of photos should be of a resolution size that is easily printable and does not compromise the printability of the document.

For further guidance on ensuring readability of printed materials, please refer to the RNIB Clear Print guidelines. These can be found on the RNIB website.

Accessibility

Reports should adhere to the following guidelines:

Formatting

Headings and content in your document should be clearly identified and consistently formatted to allow easy navigation for users. Heading Styles should be used to convey both the structure of the document and the relationship between sections and sub-sections of the content. Heading styles should follow on from each other i.e. Heading 1 then Heading 2.

Spacing

Screen readers audibly represent spaces, tabs and paragraph breaks within copy, so it is best practice to avoid the repetitive use of manually inserted spaces. Instead, indenting and formatting should be used to create whitespace (e.g., use a page break to start a new page, as opposed to multiple paragraph breaks).

Alternative text

Alt text is additional information for images and tables. This extra information is essential for both document accessibility (screen reading software reads the Alt text aloud) and for the web. Alt text should be concise and descriptive, and should not begin with ‘Image of’ or ‘Picture of’.

Images

These should be formatted in-line with text, to support screen readers. Crediting pictures may be necessary, usually in response to a direct request from a third party.

Tables
These should be for used for presenting data and not for layout or design. They should be simple and include a descriptive title. The header row should be identified and there shouldn't be more than one title row in a table. There should be no merged or blank cells.

Additional documents
Any additional information, separate to the report, for example proformas and transcripts which may be used as standalone documents must be fully referenced to the piece of work being submitting and therefore dated, formatted and numbered appropriately.

Acknowledgement
All reports should acknowledge The Fund. Our logo can be found on The Fund's website.

Further resources
Please refer to the WCAG 2.0 article on PDF techniques for further information.

Submitting your report to The Fund
Please check the accessibility of your document using the Word accessibility checker before submitting: File – Info – Check for Issues – Check Accessibility.
Please submit your document as a Word file.
The Fund retains the right to amend documents in order to create accessible versions for publishing.

Appendix IV: Scoping research by the Fund into our investment impact – extract from externally commission research report

Two Interpretations of Downstream GHG Emissions

The broad intention of this research is to quantify GHGs associated with the activities of the Heritage Fund grant recipients. Having reflected on this intention, and the information which various audiences may wish to see from the Heritage Fund as a result, Eunomia proposes there are two potential interpretations of what this means for the Heritage Fund:

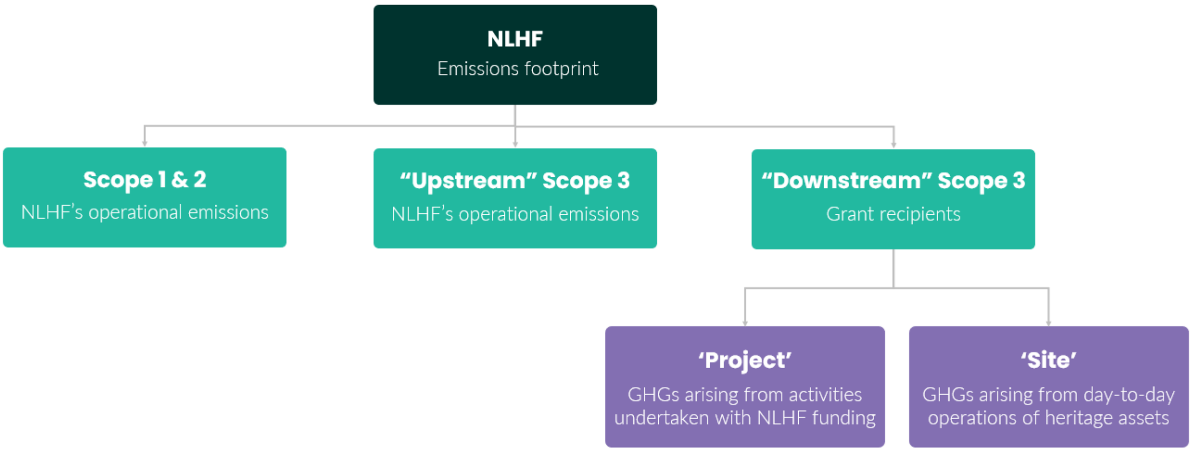
- Calculating the GHGs arising from the day-to-day operation of heritage assets which have received grant finance. For example, if a museum had at some point during the specified time period received grant finance from the Heritage Fund, the GHGs associated with heating the building, and the travel of employees, could be included in the GHG assessment. This would enable the question of 'what is the GHG footprint of heritage organisations supported by the Heritage Fund' to be answered. In the forthcoming recommendations, we refer to this category as 'sites'.

- Calculating the GHGs arising from activities specifically undertaken with funding provided by the Heritage Fund. For example, in the forementioned museum, if the grant received from the Heritage Fund had been used to curate a new exhibition, only the GHGs arising from goods and services purchased for the exhibition would be included. GHGs arising from the general operation of the site would be excluded. This would enable the question of 'what is the GHG footprint of the specific activities funded by the

Heritage Fund' to be answered. In the forthcoming recommendations, we refer to this category as 'projects'.

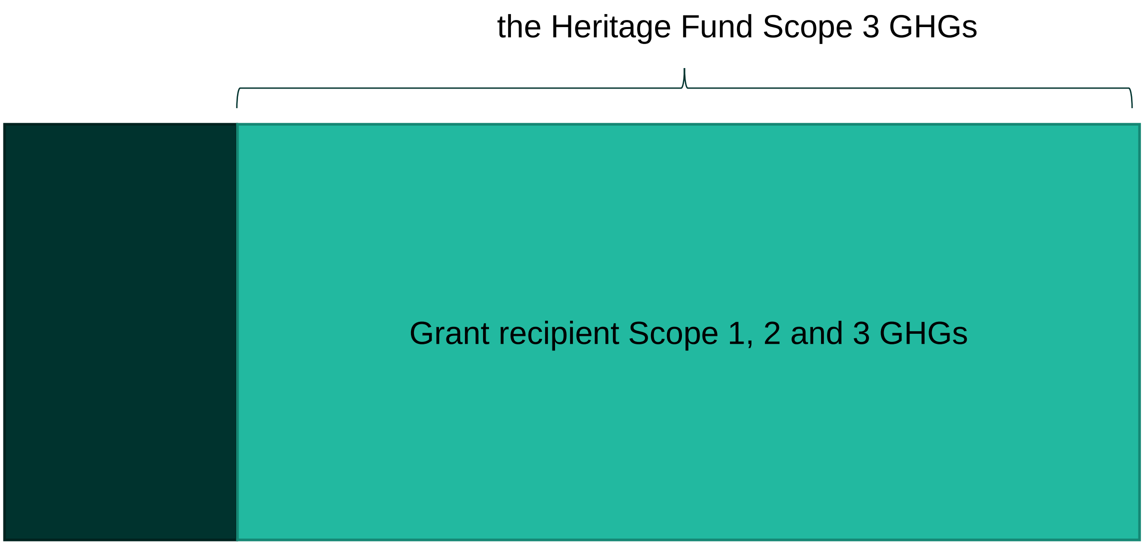
These two different interpretations of Downstream Scope 3 GHG emissions lead to varying data needs, resources requirements, levels of cooperation from grant recipients, and communication possibilities.

Figure 1 Scopes within the Heritage Fund's emissions footprint



Within 'site' emissions, as a starting point the grant recipients' Scopes 1 (direct fuel combustion), 2 (purchased electricity), and 3 (indirect) emissions should be considered (our recommendations for what should be included in the assessment are set out below). To be clear, there is overlap between the downstream 'Scope 3' GHGs of the Heritage Fund, and the Scope 1/2/3 emissions of grant recipients. When combined together, the Scope 1/2/3 emissions of grant recipients become the downstream Scope 3 emissions of the Heritage Fund. This is illustrated in Figure 3. The sizes of the rectangles are not to scale, but the larger size of the grant recipient rectangle indicates this will make up the vast majority of the Heritage Fund’s Scope 1-3 GHG emissions.

Figure 2: Illustration of Interaction Between the Heritage Fund and Grant Recipient GHG Scopes



Appendix IIV: Cost Categories

These are cost categories used by grantees in financial reporting to The Fund.

Community grants
Contingency
Digital outputs
Equipment and Materials - all
Evaluation
Event costs
Expenses - all categories
Full Cost Recovery
Increased management and maintenance Costs (maximum five years)
Inflation
New build - all
New staff - all categories
Non-cash contributions
Other capital work
Other costs (activity)
Other costs (capital)
Other costs - not specified
Paid training placements
Preliminary works (e.g scaffolding, preliminaries, pre-construction archaeology)
Professional fees all categories
Publicity and promotion
Purchase price of heritage items
Purchase price of items or property
Recruitment
Repair and conservation work
Training - all categories
VAT
Volunteer time