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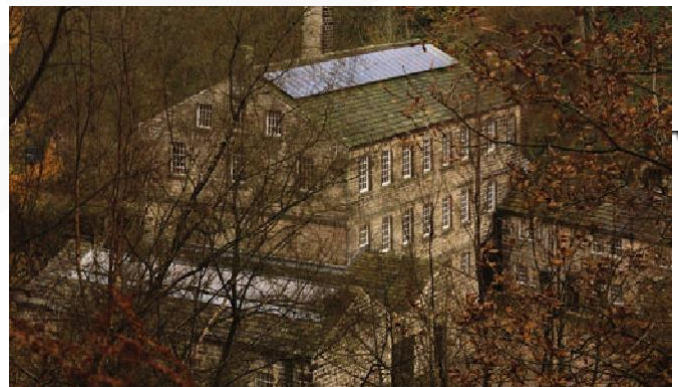
LESSONS IN DRIVING BUSINESS SUSTAINABILITY

NATIONAL TRUST

The National Trust is a charity that looks after places of natural beauty and historic interest on behalf of the nation. It holds over 500 places in England, Wales and Northern Ireland, ranging from miles of coastline to historic houses, farmland and countryside sites. The project was to review and develop a new financial operating model. Over decades, interventions and adjustments had made the system unwieldy and over-complex. Management at the hundreds of properties were faced with no less than six different operating models, each of them with various specific rules around income designations and access to reserves. It was clear that the underlying model needed a significant overhaul. There also needed to be a greater emphasis on sustainability, the reason why the National Trust exists.

The catalyst was the arrival of a new director-general who was very keen on making sure the charity improved how it operated. A finance project team was set up and the first thing it did was hold a workshop with key stakeholders from right across the organisation. This focused on the question of: 'If we were starting the charity today, what financial model would we want to create?' 'It was an ideal opportunity to go back to the drawing board,' said David Darby, Senior Business Partner for the East of England, who led the project. 'The workshops identified that we needed to reduce complexity and ensure that a consistent financial framework was applied to all properties. It was important to distribute centrally generated income, like subscriptions, out to properties in a way that reflected the underlying conservation and maintenance needs of that property.'

Better long-term planning needed to be encouraged as well as greater visibility and certainty of funding available. This needed to be linked to individual properties so they would have the incentive of being rewarded for improving financial performance with increased funds to support project work at their properties. There was a recognition that 'little and often' repairs avoid bigger repair projects further down the line. It also aimed to smooth out one mild paradox: the value is created at the properties but the income is received centrally. 'Sustainability is absolutely key for us in the National Trust,' said Darby. 'It is the heart of our organisation. We have our places to look after forever, for everyone. It was absolutely critical that our finance model was set up in a way that would support our sustainability objectives.'



Gibson Mill, an eighteenth century former cotton mill showing solar panels on the roof at Hardcastle Crags, West Yorkshire

There were many implementation challenges along the way. The sheer number and variety of stakeholders was at the top of them. Operational management, for example, had to agree changes to classification of expenditure and the calculation and availability of reserves. Conservation specialists had to buy in to an objective calculation of maintenance need. The commercial and visitor experience teams had to be involved in agreeing the internal credit mechanisms, what income streams to incentivise, and how the credit would be calculated and distributed. 'The key thing was bringing together a multi-disciplinary group from across the board,' said Karen Thorne, Finance Business Partner, 'Some of them very engaged with finance, some of them with different aims and objectives. The group touched every area of the organisation.' Darby added, 'That enabled us to expose the issues in more detail, allowing us to understand more of what the problems were and then to develop solutions for them.' The contribution of the finance side was seen as critical because culturally it had always been seen as a potential block to getting things done. 'This project gave us the ideal opportunity to simplify it and remove that blockage,' said Darby, 'And what's so pleasing is that we have seen the results come through so quickly from changing our model.'

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'There have already been a number of brilliant outcomes that we can see as a result of the new model,' said Thorne. In the year since launch, funds have been freed up resulting in a 31% increase in funds available for core conservation activities. Furthermore, the ability of individual properties to have access to their own funding and reserves has provided the incentive to take a longer, more sustainable view, and instead of planning year on year they can take a view across 3, 5, or even 10 years ahead. 'That's a really big thing for us,' said Darby. 'It helps us to deliver more sustainable projects across the whole organisation so we now have 25% of our energy coming from renewable sources and we are halfway to our target of 50% by 2020. That is a real demonstration that we are already seeing benefits.'



Hydro installation at Hafod Y Llan, one of the 8 hydros to date that generate 2,879,744 kWh of electricity

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One of the key lessons learnt is that the finance team should not be afraid to put themselves forward. 'Finance sometimes feel that they are behind the scenes,' said Thorne. 'But we are key enablers in this to deliver strategy and be at the heart of sustainability.' 'My key advice,' said Darby, 'is to be bold. If you are part of the finance function you have a key part to play in this in terms of sustainability. And the other big role is to lead from the front in terms of making sure that the solutions you come up with work from a financial perspective and more widely across the organisation. And make sure you involve as many people as you can in the organisation. Work collaboratively, make sure you communicate all the time. You can never communicate enough about what you are doing and the progress you are making. Take people with you.'

What the judges said

National Trust's finance department was passionate about achieving the end goal of the project, a new operating model, and spoke honestly about the challenges they had faced along the way. The new operating model has had a transformational impact upon the organisation and will ultimately enable the Trust to better preserve its assets for the benefit of the public for many years to come. The impact of the project has been, and continues to be, measured by the Trust's Conservation Performance Index.