Heritage Enterprise Grants £250,000 to £5million

30/01/2024

See all updates

Funding for Heritage Enterprise projects in the UK.

Page last updated: 8 December 2025. See all updates.

Overview

As the largest funder for the UK's heritage, our vision is for heritage to be valued, cared for and sustained for everyone, now and in the future.

Our investment principles

Four investment principles guide all our grant decision making under our 10-year strategy, Heritage 2033:

- saving heritage
- protecting the environment
- inclusion, access and participation
- organisational sustainability

You must take all four principles into account in your application. The strength of focus, and emphasis on each principle, is for you to decide and demonstrate.

The investment principles and strategic initiatives will help us achieve our ambitions for Heritage 2033.

Heritage Enterprise

The Heritage Enterprise process is for projects that seek to achieve economic growth by investing in heritage. It is aimed at enterprising community organisations and commercial organisations working in partnership with community organisations to help them rescue neglected historic buildings and sites and return them to a viable productive use.

Our research has shown that historic buildings can attract businesses that are more productive and can generate more wealth than the average across the whole economy. Yet, many historic buildings and sites lie vacant and derelict, unable to fulfil their economic potential.

Heritage Enterprise is designed to bridge the funding gap that prevents a historic asset in need of repair from being returned to a beneficial and commercial use. The case for grant funding will depend on there being a conservation deficit. This is where the existing value of a heritage asset plus the cost of bringing it back into use is greater than the value of the asset after development has been completed.

By closing the gap (ie meeting the conservation deficit) we hope to encourage greater private sector involvement with many Heritage Enterprise projects, working in partnership with community organisations to deliver commercially viable projects. The involvement of the private sector is not mandatory but is encouraged.

We want the projects we fund through the Heritage Enterprise process to clearly demonstrate why investing in heritage is good for business and good for the economy.

You can apply for a grant from £250,000 to £5million. The application process is in two phases.

About this guidance

This guidance will help you decide whether Heritage Enterprise is the right approach for your project. It will also provide you with the information you need to develop an application at both the development and delivery phase.

This guidance should be read in conjunction with our application guidance for National Lottery Heritage Grants and Receiving a grant guidance.

Expression of Interest

Our application process is competitive and we cannot fund every good quality application that we receive.

We recognise the work that goes into preparing an application and so to help us to filter any projects which are unlikely to receive funding, and to save you time working on a full application unnecessarily, you must first submit an Expression of Interest.

We will use the information you provide to decide whether or not to invite you to submit a development phase application. An invitation to apply does not guarantee a grant from us but does indicate that we see potential in your initial proposals.

We aim to respond to your Expression of Interest within 20 working days of receipt. If we decide to invite you to apply, we will contact you to discuss next steps. You will have 12 months in which to submit an application.

If we are not inviting you to apply we will explain our reason. You must wait three months before you submit a new Expression of Interest.

We also provide a range of resources designed to help you plan your heritage project, and examples of projects that have been successfully completed.

Who we fund

Under this process, we fund applications from:

- not-for-profit organisations
- partnerships between commercial and not-for-profit organisations

If you are applying as a partnership, you will need to nominate a lead applicant. The lead applicant can be a commercial organisation or a not-for-profit organisation. The lead applicant should provide a signed partnership agreement showing the involvement of each partner and how the project will be managed.

A key aim of the Heritage Enterprise process is the integration of commercial and community interests within heritage-led regeneration projects. Therefore, we welcome applications from partnerships. Private sector for-profit organisations

are encouraged to participate and are permitted to be the majority partner in a partnership with one or more not-for-profit organisations.

You may wish to create a special purpose vehicle or joint venture to deliver your Heritage Enterprise project. You can apply to us for a grant to help create the right constitutional framework (including the costs of obtaining professional advice on legal and governance structures) before you apply for a Heritage Enterprise grant.

The private for-profit sector may engage with Heritage Enterprise projects in several ways, such as:

- By forming a development partnership with a not-for-profit group. In this way the commercial company will invest in some of the capital costs and take back a return from the rental income generated by the business occupied within the conserved heritage. The amount taken back will be a reasonable return on their investment.
- By occupying and setting up their businesses in refurbished historic buildings, paying market rents to the not-for-profit organisation or partnership that manages the heritage. This will generate revenue for the not-for-profit sector to maintain the heritage in the future as well as providing a reasonable return to reinvest in their core activities.
- By providing some of the capital alongside our grant for the conservation and adaptation of the heritage. In such cases, the investing company is likely to own or have a long leasehold of the heritage, and could enter into a lease arrangement with a not-for-profit organisation.

All of these approaches are welcome, and others will emerge.

We expect to support a number of projects undertaken solely by not-for-profit organisations, but larger projects are likely to require the involvement of the private for-profit sector in order to generate the kind of economic impact we are looking for.

Here are some examples of the types of not-for-profit organisations we fund:

- charities, trusts and charitable incorporated organisations (CIOs)
- community or voluntary groups
- Community Interest Companies
- faith based and church organisations
- community/parish councils
- local authorities
- other public sector organisations, such as nationally funded museums

We expect the lead applicant’s constitution to include the following (unless the lead applicant is a public organisation or a commercial organisation):

- the legal name and aims of your organisation
- a statement which prevents your organisation from distributing income or property to members during its lifetime
- a statement which confirms that, if your organisation is wound up or dissolves, the organisation’s assets will be distributed to another charitable or not-for-profit organisation and not to the organisation’s members
- the date when the constitution was adopted
- the signature of your chairperson or other authorised person

We are unable to fund your organisation if your constitution does not include the above. The Charity Commission provides guidance on creating a governing document.

We do not need to see your governing document if you are:

- a public organisation; for example, a local authority or university
- a charity registered with the Charity Commissions for England, Wales or Northern Ireland, or the Scottish Charity Regulator

We expect any private gain in Heritage Enterprise projects to be reasonable, appropriate and proportionate and that it should not outweigh benefits for the heritage, for the local community and for the economy.

Subsidy control

If your application is successful, it is important to remember our grant comes from public funds and may be subject to the Subsidy Control Act 2022.

A subsidy is where a public authority provides financial support from public money that gives an economic advantage to the recipient, where equivalent support could not have been obtained on market terms. The majority of our grants will either not be a subsidy or will be a lawful subsidy which meets the requirements of the Subsidy Control Act 2022.

It is our responsibility to assess whether a grant is a subsidy and our subsidy control assessment is an important part of your application. We ask that you familiarise yourself with the key requirements and provide us with any assistance we may reasonably require in completing a subsidy control assessment.

If the lead applicant is a commercial organisation the following must be provided:

- articles of association
- statement of solvency
- where the grant aided asset is owned by a commercial organisation, a statement confirming that, at five years and nine years after completion of the project, net earnings in excess of the projected future income and expenditure used to establish the conservation deficit will be shared with us in line with our grant percentage

What we fund

We fund projects that connect people and communities to the UK's heritage.

A Heritage Enterprise project will have the potential to unlock a heritage asset in need of investment and utilise it as a stimulus for economic growth. We anticipate that this will involve the repair and adaptation of a historic building or asset or a coherent group of historic buildings or assets for an end-use that generates a sustainable commercial income.

Priority will be given to projects that are located within areas of the UK experiencing economic disadvantage. Projects do not need to be located within designated areas of deprivation but we will ask you to define the economic need of the area and the difference your project will make.

We will also give priority to projects that focus on heritage assets which are both:

- considered to be 'at risk'; for example identified on an 'at risk register'

- formally designated; for example listed or locally listed building, scheduled monument or in a conservation area

We will consider applications for undesignated assets if you can make the case that they are either of sufficient heritage importance to merit designation or that they are of particular heritage value to the local community.

Applications for grants through the Heritage Enterprise process will be considered solely on the basis of the conservation deficit and not on the applicant's inability to fund a commercially viable scheme. You will need to provide an indication of the conservation deficit by submitting information from a viability appraisal in the development phase application. The conservation deficit will then be calculated through the preparation of a development appraisal, after the award of a development phase grant. More information can be found in the Development Appraisals section.

When we say **project**, we mean work or activity that:

- is defined at the outset
- has not yet started
- will take no more than five years to complete
- will contribute to achieving our investment principles

You can apply to us for a grant to help prepare the viability appraisal before you apply for a Heritage Enterprise grant.

Individual projects will require tailored solutions, but we will expect those we fund to support an economic use that creates sufficient revenue to provide a reasonable return for the owner/developer and provide enough income to pay for ongoing maintenance and repair of the heritage asset once the project is completed.

We will consider projects that focus on residential or social housing where it is demonstrated that this is the most appropriate economically viable use for a building or group of buildings and where local need for housing is clearly evidenced.

Through Heritage Enterprise we can fund:

- the purchase of a heritage asset in need of investment
- essential conservation work, such as structural repairs to a historic building
- repairs and adaptations to bring vacant and derelict buildings and sites to bring back into commercially viable use
- fit-out of a building to a basic level (sometimes called 'Category A')

We can fund activities to help people engage with heritage, including:

- training in conservation, mentoring, learning, management or digital skills for people delivering the project
- activities or information that allow people to learn about the heritage of the buildings or sites in your Heritage Enterprise project

We also support work to help you develop and manage your project, such as:

- valuations, professional fees or the costs associated with obtaining the necessary statutory consents
- specialist research to ensure the conservation and development works are properly informed by a thorough understanding of the significance of the heritage asset and its repair needs
- preparing a development appraisal
- employing project staff

You can apply for a limited amount of funding for capital expenditure during project development to support, such as:

- urgent repairs to prevent further deterioration of the asset while you complete detailed planning work
- new temporary structures designed to allow ‘meanwhile uses’ during project development

The total expenditure for capital works during the development phase should not normally amount to more than 10% of your delivery grant request. More information can be found in the Capital work during your development phase section.

The assessment process is competitive and we cannot fund all of the good quality applications that we receive.

As a guide, the following are unlikely to win support:

- projects led by a private individual
- projects where the main focus is
    - an urban park
    - an active place of worship
- projects including residential uses that cannot demonstrate that residential use is the most appropriate solution for the building(s) and cannot show that the project responds to a local need or that it has demonstrable social and community benefits

In these cases our National Lottery Heritage Grants may be more appropriate.

If your project is designed to benefit people in **Wales**, you must make appropriate use of the Welsh language when you deliver your project.

Direct project costs

Your application should include all costs that are directly incurred as a result of the project.

Direct project costs include:

- property acquisition and related costs
- capital work, including repairs, conversion and new build costs
- development management costs
- planning and building control fees
- finance costs
- research, such as specialist surveys or historic research
- the preparation of development appraisals
- where applicable, the preparation of management and maintenance plans, activities statements, conservation plans and business plans
- payments/bursaries for trainees
- new staff posts, extra hours for existing staff or extending the hours of an existing staff member
- professional fees
- evaluation
- promotion
- extra costs for your organisation, such as equipment or extra rent

Direct costs do not include:

- existing staff or organisational costs, unless calculated through Full Cost Recovery
- activities that take place outside the UK
- statutory and/or legal responsibilities
- promoting the cause or beliefs of political or faith organisations
- recoverable VAT
- costs for money that has already been spent

Full Cost Recovery

If you are an organisation in the voluntary sector (for example, you might have a board of trustees and be funded by grants and donations), we can cover a proportion of your organisation's overheads through full cost recovery.

Full cost recovery means securing funding for all the costs involved in running a project. This means that you can request funding for direct project costs as well as a proportionate share of your organisation's fixed costs.

This may include costs that partly support the project, but also support other projects or activities that your organisation provides, such as salaries of staff working across projects in administration, management, HR, or fundraising; office costs such as rent or utilities; and legal or audit fees.

Funding that covers some of your running costs can be important for your sustainability, so we encourage you to consider including this in your budget in the 'Full cost recovery' costs category if you are eligible.

Recognised guidance on calculating the full cost recovery amount that applies to your project is available from organisations such as The National Lottery Community Fund.

Your contribution

We ask you to make a contribution towards your project. This contribution will depend on your conservation deficit.

If you are applying for a grant of up to **£1 million** you must contribute at least **5%** of the conservation deficit.

If you applying for a development grant to help you develop your delivery phase application, you must also contribute **5%** of the costs of your development phase.

If you are applying for a grant of **£1 million** or more, you must contribute at least **10%** of the conservation deficit.

If you are applying for a development grant to help you develop your delivery phase application, you must also contribute **10%** of the costs of your development phase.

You should consider whether other funders, organisations or people might be able to support your project. This will help show us that other people and organisations value your project and the benefits you are seeking to achieve.

We describe this contribution as 'partnership funding' and it can be made up of cash, loan financing, volunteer time, non-cash contributions, or a combination of all of these.

Cash contributions: this might be from your organisation's own reserves, a donation from a benefactor, a grant from another funder or other fundraised support such as crowd funding.

Non-cash contributions: this is anything you need for the project that you do not have to pay for; for example room hire or equipment. We only accept non-cash contributions if they are direct project costs that could have been part of your project budget.

Volunteer time: this is the time that volunteers give to support the delivery of your project. This could include administrative work, clearing a site or acting as a steward at an event.

You should not include costs for the time of people who will take part in your activities (for example, people who attend a workshop or go on a guided tour). We use a standard rate of £20 per hour to calculate volunteer time.

The value of increased future costs of management and maintenance for up to five years after practical completion can be included as partnership funding.

You should consider including an amount equal to the increase in the value of the heritage asset as project income, either from loan financing or as cash from your own organisation.

Application process

Making an application

Please refer to our application guidance and help notes for National Lottery Heritage Grants from £250,000 to £10million for full information. Please note that the maximum grant available for Heritage Enterprise projects is currently £5million.

You must submit an Expression of Interest form and we will let you know if you are invited to make an application for a Heritage Enterprise grant. Heritage Enterprise applications go through a two-round process. This is so that you can apply at an early stage of planning your project and get an idea of whether your project might be appropriate for our funding.

Deadlines for development and delivery applications are quarterly. Once we have received your application, we will assess your application within 12 weeks, and following assessment, it will be assigned to the next scheduled decision meeting.

You decide how long you need to develop your delivery phase proposals. You may take up to 24 months, depending on the complexity of your project.

Once you have submitted your application form it is not possible for us to return this to you for further work, or to release a new copy. It is therefore important to make sure that you are happy with your answers before you submit either your development or delivery phase application to us.

Development phase application

Your application for a development grant is to help you cover the costs of getting ready to do the project. When you submit this application, you will also set out your likely delivery grant request.

Development phase

If your application is approved, you begin your development phase project. This is when you will be developing all of the information, surveys, plans and other requirements to enable you to submit a fully worked-up delivery phase application.

Delivery phase application

Your delivery phase application sets out the fuller details of your project including project costs and finalised grant request.

Delivery phase

If you are awarded a grant, you enter your delivery phase and start your project using your delivery grant.

Development phase and delivery phase applications

The different levels of information required in a development phase and delivery phase application are outlined below.

Development phase application

Activities (as appropriate)

Outline proposals:

- Who is your project likely to involve
- The nature and range of activities that will engage people with heritage

Capital work

Outline proposals:

- Information from your **viability appraisal**, or equivalent document that provides an indication of the conservation deficit
- Draft conservation plan
- An initial breakdown of the capital work you plan to deliver
- Details of Heritage Property ownership or plans to achieve this at delivery phase
- Plans for architectural elements up to and including RIBA work stage 1 (or old RIBA work stage B). See more information about RIBA work stages.
- Plans for non-architectural elements, such as interpretation or digital outputs, at the equivalent of RIBA work stage 1 (or old RIBA work stage B)
- Detailed plans for capital works you wish to undertake during your development phase, at the equivalent of RIBA work stage 3 (or old RIBA work stage D)

Investment principles

Outline information on how you have taken all four investment principles into account in your project application. You may focus more on some investment principles than others. The strength of focus and emphasis on each principle is for

you to decide and demonstrate. Your development funding request can include support towards working up your approach to any of the investment principles in detail.

Project management

- Partnership agreement (if applicable)
- **Detailed** information about the work you will do during your **development** phase
- **Detailed** information about how you will manage your **development** phase, including briefs for work to be undertaken by consultants and new job descriptions
- **Detailed** timetable for your **development** phase
- **Outline** information about how you will manage your **delivery** phase
- **Outline** timetable for **delivery** phase

After the project ends

- **Outline** information about how you will sustain the outcomes of your project after funding has ended, including funding additional running costs

Project costs

- **Detailed** costs for your **development** phase
- **Outline** costs for your **delivery** phase
- Possible sources of partnership funding for your delivery phase and/or a fundraising strategy for your development phase

Delivery phase application

Activities (as appropriate)

Detailed proposals:

- A detailed activity statement, showing all the activities in your project

Capital work

Detailed proposals:

- A **development appraisal** that establishes the conservation deficit gap
- Conservation plan
- Detailed plans and proposals for capital work you plan to deliver
- Detailed plans for architectural elements up to and including RIBA work stage 3 (or old RIBA work stage D)
- Plans for non-architectural elements, such as interpretation or digital outputs at the equivalent of RIBA work stage 3 (or old RIBA work stage D)
- Details of property ownership confirmed as meeting our requirements
- Independent valuation to support the acquisition of heritage property

Project outcomes

Detailed information on how your project has taken each investment principle into account, setting out how the project will demonstrate impact against those you may have chosen to focus on.

Project management

- Updated partnership agreement (if applicable)
- **Detailed** information about how you will manage your delivery phase, including briefs for work to be undertaken by consultants and new job descriptions
- **Detailed** timetable for your delivery phase
- A **project business plan**, if required

After the project ends

- **Detailed** information about how you will sustain the outcomes of your project after funding has ended, including funding additional running costs
- **Detailed** information about how you will evaluate your project
- A **management and maintenance** plan

Project costs

- **Detailed** costs for your **delivery** phase
- An indication that you will have secured partnership funding in place before you start your **delivery** phase

Your development phase

We understand that your project proposal may change in line with the consultation, detailed design and planning, and survey work that you do during your development phase.

Development review

We will review your project during your development phase to see how you are progressing with your delivery phase application and additional documents. We will look at your plans when they are in line with RIBA work stage 2. It is at this point that we will also review your draft development appraisal.

Guidance

Whilst planning your development phase, you are advised to read:

- Management and maintenance plan guidance
- Viability and development appraisal guidance
- Environmental sustainability guidance
- Evaluation guidance
- How to acknowledge your grant

- Conservation planning guidance

Development phase key tasks

1. You should continue to work through the conservation planning process, refining your understanding of your heritage and the opportunities to share your heritage with others so that your project will fully capitalise upon its potential while addressing any risks and threats that you have identified. You should share your draft conservation plan with your us during your development phase.
2. Carry out any **capital works** you have indicated you wish to implement during the development phase – ie to facilitate temporary urgent repairs or meanwhile uses.
3. Prepare a **development appraisal**.
4. Prepare a **project business plan**, if required.
5. Undertake any **surveys, consultations or investigations** necessary to develop your detailed plans and proposals; for example, an access audit, an assessment of the current environmental performance of your building or occupier market research. Consider whether there are any legal issues relating to ownership that you need to improve to ensure you meet our requirements for the delivery phase.
6. Consult new and existing audiences as appropriate according to the proposed use of the building. If appropriate, you can develop an **activity plan** setting out how you will develop these audiences and engage people with heritage.
7. Develop **detailed timetable, costs and cash flow** for your delivery phase.
8. Consider in detail how your project will **impact on your organisation/partnership** and how you will manage this change. You may need to carry out a governance review.
9. Consider how you will **sustain the heritage asset and its new use** after funding has ended, and how you will meet any additional running costs. This information will feed into your management and maintenance plan, and your project business plan, if required.
10. Consider how you will evaluate your project, and collect baseline data so that you can measure the difference your project makes.
11. Consider how you will buy goods, works and services during your delivery phase.
12. Consider how you will acknowledge and promote our grant.
13. Undertake the work necessary to produce all relevant supporting documents for your delivery phase application. More information can be found in the Supporting documents section.

How we assess your application

When we assess your development phase and delivery phase applications, we will consider the following:

- whether your project is relevant to the heritage of the UK
- the needs and opportunities your project will address
- the project risks and mitigations proposed by the project team
- how strongly your project will take into account all four investment principles
- how your project’s impact will be sustained

We may also consider issues such as achieving a geographical spread of our funding.

If your application does not clearly relate to UK heritage or does not take into account all four investment principles, then it may be rejected earlier during the assessment process and we will let you know.

You should answer all questions in the application and make sure you tell us about your vision for the project. This is the only section of the application form that is directly presented to decision makers. It is your opportunity to explain what you hope to achieve and what the legacy of your project will be.

Considering risk

When assessing your application, we will make a measured judgement on the potential risks to your project and current organisational risks – and we will look to see if you have identified these and told us how you will mitigate against them.

All projects will face threats and opportunities that you need to identify and manage. We want you to be realistic about the risks your project and organisation may face so that you are in a good position to manage and deliver the project successfully.

You should also carefully consider inflation and contingency costs within your application.

The types of risks and problems you should consider are:

- financial: for example, a reduced contribution from another funding source
- organisational: for example, a shortage of people with the skills you need or staff needed to work on other projects
- economic: for example, an unexpected rise in the cost of materials
- technical: for example, discovering unexpected and wide-ranging damp
- social: for example, negative responses to consultation or a lack of interest from your target audience
- management: for example, a significant change in the project team
- legal: for example, subsidy control, or changes in law that make the project impractical
- environmental: for example, difficulties in finding sources of timber from well managed forests

How decisions are made

Your application will be in competition with other projects at the development and delivery phase. It is important to note that a development phase grant award does not guarantee that you will receive a delivery phase grant award.

Applications with a combined development and delivery request of between £250,000 and £5million are decided on by committees in Northern Ireland, Scotland, Wales and England.

We require 12 weeks to assess your application. Once assessed your application will go to the next scheduled meeting of the relevant committee.

Our decision makers use their judgement to choose which applications to support, taking account of our investment principles and the strength of the project proposed.

Receiving a grant

Please refer to our application guidance for National Lottery Heritage Grants from £250,000 to £10million for full information.

Varied terms of grant for Heritage Enterprise projects

Contract term

The terms of the grant will last from the start of the project until **10 years after project completion**, including if your project involves buying land or a building.

If, after the completion of the project, you wish to dispose of any building that was part of the project, you must ask for our permission. If the grant-aided asset is sold we will expect to share in the proceeds of the sale. The exact amount we will expect to be reimbursed will depend on three factors:

1. Whether or not the value of the sale exceeds the value of our original grant. The basis for the repayment will be the higher figure of either the value of the sale, or the value of grant.
2. If the value of sale exceeds our grant, we will expect repayment equivalent to the proportion of total project costs that we contributed.
3. The length of time that has elapsed since project completion.

We will operate a fixed sliding scale for repayments, which declines over time:

Year of contract	Repayment
0–6	Up to 100%
6–7	Up to 80%
7–8	Up to 60%
8–9	Up to 40%
9–10	Up to 20%

In summary:

- If value of sale > value of grant, repayment = value of sale x our % of project costs x sliding scale based on years since project completion.
- If value of grant > value of sale. repayment = value of grant x sliding scale based on years since project completion.

Maximum grant

The maximum grant you can apply for is 90% of the conservation deficit, plus a contribution towards activity costs. An example of how to estimate the conservation deficit is set out in the Conservation deficit calculation section.

Developer’s return

We allow developers, whether within the not-for-profit or private sectors, to make a reasonable return on their investment. The maximum allowed is 15% of the capital costs, including fees, contingency and inflation. More

information can be found in the Developer's return section.

Emergency capital works and meanwhile uses during development phase

As noted above within the 'Capital work during your development phase' section below, you can apply for a limited amount of grant to support capital expenditure during the development phase of your project. The amount you apply for should normally add up to no more than 10% of your anticipated delivery phase grant request.

Interest payments on capital loans

If your organisation has had to take out a loan as a partnership funding contribution to this project, the loan interest can be included as an eligible cost within your project costs table.

Development appraisals

Conservation deficit

The Heritage Enterprise process is designed to help bridge the funding gap that prevents a historic asset in need of repair from being returned to a beneficial and economically viable use. The case for grant funding will depend on there being a conservation deficit. This is where the existing value of a heritage asset plus the cost of bringing it back into use is greater than the value of the asset after development has been completed. The conservation deficit is calculated by the preparation of a development appraisal.

An example of a conservation deficit calculation is given below.

1. The conservation deficit and costs figures should be used to fill in your project costs table.
2. The amount of the increase in the value of the asset should be included as a

cash contribution in the delivery phase income table. This should be a separate entry.

Development appraisal

A development appraisal is a financial cash flow calculation that considers all of the expenditure and income in the development process. It is essentially an accounting procedure that is widely used throughout the property and construction industry to assess the:

- viability (profitability) of development schemes
- funding gap where no profitability exists
- degree of risk
- residual value of the building or land prior to development

The purchase price of the building or site should be the open market value, if such a transaction is required as part of the development process.

The process for assessing the viability of a development scheme is as follows: all of the costs of undertaking the development, as well as a reasonable return for the developer, are deducted from the market value of the completed development (based on the likely capital sales value or rental income and investment yield). The remaining sum is the

residual value of the building or land.

If this sum has a positive value, then the scheme is potentially viable and no grant funding is required. On the other hand, if this sum is negative – if a funding gap is identified - then a grant may be justified, but only to cover the conservation deficit (ie sufficient to bring the residual value up to zero) plus the costs of managing and maintaining the building or site over a reasonable period (eg five years).

However, the calculation of the market value of the completed development and the estimation of all of the development costs can be very complicated. A number of variables can affect the calculations, including amongst other things:

- the rate of inflation
- price fluctuations in the property sales and rental markets
- the cost and availability of finance
- other development activity in the area, including the provision of infrastructure

Therefore, despite there being a number of proprietary tools to help with the preparation of development appraisals, you are strongly advised to seek professional help from a RICS (Royal Institution of Chartered Surveyors) registered valuer or your developer partner. You can include the costs of this work in your development phase application.

Developer’s return

In order to encourage commercial investment in the repair and development of historic buildings and sites, developers are allowed a reasonable return on their investment. This ‘profit’ should be included as a project cost when calculating the development appraisal and filling in your project costs table. The degree of profit, and the way in which it is calculated, will be judged according to a number of factors, including:

- the degree of risk taken
- the nature of the development (duration, complexity, location)
- the stability of the target market

In order to ensure the potential for private gain is outweighed by public benefit, we will not accept a profit which exceeds 15% return on project delivery cost even where the risk to the developer is high. We do not distinguish between the different organisations that make up the project partnership. A reasonable rate of return will be allowed for each project partner, whether they are a not-for-profit organisation or a private for-profit organisation.

Due diligence assessment

You will need to provide us with a development appraisal in time for your RIBA work stage 2 review. As part of our assessment process, your development appraisal will be subject to professional scrutiny in order to work out whether:

- the level of grant sought is appropriate (as determined by the conservation deficit calculation)
- the degree of developer’s return is fair and reasonable

We will contact you to discuss your delivery phase application if we have any questions on the calculations in your development appraisal. We may ask you to adjust your delivery phase grant request, or we may reject your application if we do not accept your development appraisal, so you are strongly encouraged to get appropriate professional help to prepare it.

Viability appraisal

You are required to submit a viability appraisal with your development phase application. This is a relatively short statement that includes a brief assessment of your heritage building or site, its condition and the options for potential new uses. It should also consider in outline the costs of repair and adaptation, as well as providing a reasonable estimate of the market value of the heritage asset when the work is completed. The viability appraisal should contain enough information to make a convincing case for a conservation deficit and the need for a grant. Detailed cost calculations are not required at this stage.

You may decide you need professional advice to assist with the preparation of your viability appraisal. You can apply to us for a grant to help cover the costs of preparing your viability appraisal. Other organisations also offer grants for this kind of work, for example the Architectural Heritage Fund.

Conservation deficit calculation example

An example of how to estimate the conservation deficit is set out in the following table:

*percentages used are for illustrative purposes only. Please seek professional advice on appropriate percentages to include.

Capital	Values £	Totals £	Subtotal checks
Starting property value	50,000	N/A	N/A
Conservation	N/A	1,400,000	N/A
New build	N/A	120,000	N/A
Other capital work	N/A	18,000	N/A
Equipment	N/A	36,000	N/A
Finance	N/A	80,000	N/A
Subtotal	N/A	N/A	1,654,000
Fees @ 15%	N/A	248,100	N/A
Contingency @ 10%	N/A	190,210	N/A
Inflation @ 5% of capital	N/A	91,105	N/A
Subtotal (capital costs)	N/A	N/A	2,183,415
Developer’s return at 10% (of capital costs, fees, contingency and inflation)	N/A	218,341	N/A
Total capital costs	2,401,757	N/A	N/A
Final value of property (after completion of works)	650,000	N/A	N/A
Increase in value (final value – starting value)	600,000	N/A	N/A
Conservation deficit (total capital costs – increase in value)	2,401,757 – 600,000	1,801,757	N/A
Grant request (max 90% of conservation deficit)	N/A	**1,621,581**	N/A

Project cost tables

Using the figures from the conservation deficit calculation example, you will need to complete our costs tables as follows:

Delivery phase capital costs

Cost heading	Description	Cost £	VAT £	Total £
	Repair work			
Repair and conservation work	Masonry repairs	1,166,666	233,334	1,400,000
	Lime plastering			
New building work	Fit-out as flexible workspace	60,000	0	60,000
New building work	Extension to provide access	60,000	0	60,000
Other capital work	Digital interpretation	15,000	3,000	18,000
Other (include finance costs here if agreed with your Investment Manager)	Maximum of 5 years' financing costs for loan of £600,000	80,000	0	80,000
Professional fees relating to any of the above	Fees 15%	206,750	41,350	248,100
Professional fees relating to any of the above	Developers' profit at 10% of capital costs, fees, inflation and contingency)	N/A	N/A	218,342
Total costs	N/A	N/A	N/A	**2,120,442**

Delivery phase activity costs

Cost heading	Description	Cost £	VAT £	Total £
New staff costs	N/A	N/A	0	0
Training for staff	N/A	10,000	0	10,000
Paid training placements	N/A	N/A	0	0
Training for volunteers	Training for 1 year	5,000	0	5,000
Travel for staff	N/A	N/A	0	0
Travel and expenses for volunteers	N/A	N/A	0	0
Equipment and materials	Educational resources	5,000	0	5,000
Other	Safety equipment, public liability	5,000	500	5,500
Professional fees relating to the above	N/A	N/A	0	0
Total costs	N/A	25,000	500	**25,500**

Delivery phase – other costs

Cost heading	Description	Cost £	VAT £	Total £
Contingency*	Calculated at 10% on capital works. 0% other costs	N/A	N/A	192,760
Inflation*	Calculated at 5% on capital works, activity costs and fees	N/A	N/A	92,380
Increased management and maintenance costs (maximum 5 years)	Additional costs for 5 years	50,000	N/A	50,000
Total delivery costs	N/A	N/A	0	**2,481,082**

***Percentages for contingency and inflation are given are for calculation purposes only and need to be assessed at the point of application.

Delivery phase income

Source of funding	Description	Secured?	Total
Cash fundraising/reserves (specify sources as listed in the application form)	Applicant contribution and fundraised income	Yes	184,501
Cash – increased property value. You will need to separately identify the estimated increased value of your property at project completion as a cash contribution, whether you have secured a loan or not	5 year loan against increase in value of property (Final valuation – starting valuation)	No	600,000
Increased management and maintenance	Additional management and maintenance costs for 5 years	Yes	50,000
Grant request (67%)	90% of conservation deficit + 100% of activity costs	N/A	**1,646,581**
Total income	N/A	N/A	**2,481,082**

Delivery phase financial summary

Cost category	Amount
Total delivery costs	£2,481,082
Total delivery income	£2,481,082
Delivery grant request (rounded down to the nearest £100)	£1,646,581
Delivery grant percentage	67%

Capital work during your development phase

Under the Heritage Enterprise process, you can apply for a limited amount of grant to support capital expenditure during the development phase of your project. The amount you apply for should normally add up to no more than 10% of your anticipated delivery phase grant request.

We will only consider funding capital work during the development phase if you already own the building or site and where works are classed as either:

- urgent repairs, or
- meanwhile uses

You will need to provide a full breakdown of capital work in the detailed cost spreadsheet submitted with your development phase application.

Urgent repairs

When we say urgent repairs we mean works that are necessary to prevent the further deterioration of the heritage asset during the development phase of the project (ie up to a maximum of two years). These can include:

- urgent stabilisation works, such as the propping of collapsing masonry or the temporary fixing of a roof
- other works to ensure a building is weathertight, such as the fixing of blocked/broken guttering and downpipes, and the temporary boarding of windows and other openings
- measures to improve the security of the site, such as fencing and the installation of proprietary security grilles
- the clearance of rubbish and debris where it poses a significant threat to the stability of the site. You may need the help of an appropriate professional to ensure the works are reasonably specified and are the minimum necessary.

Meanwhile uses

Meanwhile uses are defined as the temporary use of vacant buildings or land for a beneficial purpose whilst planning and development work is underway to bring them back into commercial use. Our research has demonstrated that it is particularly important for community-led regeneration initiatives to maintain momentum and support during project development.

Our support for capital works during your development phase will allow you to introduce meanwhile uses in, on or adjacent to your heritage site (such as a café, shop, exhibition space or cultural venue) while you develop your main project. Through these uses, momentum can be created and maintained in a variety of imaginative ways, like, for example, the use of ‘pop-up architecture’ to provide low cost temporary structures or spaces which provide homes for new businesses for an interim period. Such initiatives also increase the visibility of your project, encouraging more people from your local community to get involved. This kind of innovative approach can help you increase your chances of securing a viable and sustainable future for your conserved heritage.

Glossary

Activities: We describe anything in your project that isn’t capital work as ‘activities’. Often these will be activities to engage people with heritage.

Back-to-back agreement: The terms of back-to-back agreements can vary, but generally they involve a local authority using its compulsory purchase powers to acquire property and dispose of it to a developer (e.g. a Building Preservation Trust) in return for the developer undertaking to carry out the development (at the developer's expense) and indemnify the local authority's costs.

Capital work: Capital work includes any physical work such as conservation, new building work, creating interpretation or digital outputs, or buying items or property.

Conservation deficit: This is where the existing value of a heritage asset plus the development cost is greater than the value of the asset after development has been completed. For Heritage Enterprise applications, the conservation deficit is used to calculate the amount of grant requested.

Conservation plan: This document helps you to understand why your heritage is important and to whom. It helps you take an overall view, and it sets out a framework of policies that will help you make decisions about how to look after your heritage whilst ensuring it continues to be used, enjoyed and made accessible.

Delivery-grant request: The amount of money you request from us towards your delivery phase.

Delivery phase: This is when you carry out your project.

Development appraisal: This document is essentially a financial cash flow calculation that considers all of the expenditure and income in the development process.

Development-grant request: The amount of money you request from us towards your development phase.

Development phase: This is when you develop your delivery phase application.

Digital output: We use the term 'digital output' to cover anything you create in your project in a digital format which is designed to give access to heritage and/or to help people engage with and learn about heritage. Examples include a collection of digital images or sound files, an online heritage resource or exhibition, or a smartphone app.

Direct project costs: All the costs that are directly incurred as a result of your project.

Investment principles: The four principles that guide all of our decision making under Heritage 2033, our 10-year strategy. You must take all four investment principles into account in your project application. The strength of focus and emphasis on each principle is for you to decide and demonstrate.

Lead applicant: If you are applying as a partnership, you will need to nominate a lead applicant who will submit the application on behalf of other organisations in the partnership. If the application is successful, the lead applicant will be bound into the terms of grant and receive grant payments.

Management and maintenance plan: This document sets out what maintenance and management you need to do, when you will do it, and who will do it. It also tells us how much it will cost and how you will monitor the work.

Meanwhile uses: Meanwhile uses are defined as the temporary use of vacant buildings or land for a socially beneficial purpose whilst planning and development work is underway to bring them back into commercial use

Output: Outputs are the things that your project will produce, such as a book, a new exhibition, a workshop, or conservation work to a building.

Partnership funding: This is how we describe your contribution to your project. It can include cash, non-cash contributions and volunteer time.

Pop-up architecture: This term refers to temporary new buildings and spaces within existing buildings that are relatively quick and simple to construct, affordable, adaptable and designed for short term usage only. They generally involve the use of cheap materials, such as plywood and softwood timber, to create useable spaces.

Project business plan: This document sets out the financial and organisational aspects of your project. It is not the same as your organisation's business plan.

Project completion: This is the date that we make our final payment and are satisfied that the approved purposes of the grant have been met. The standard terms of grant will last for 10 years from this date.

RIBA work stage: A numerical outline plan from 1 to 7 which organises the process of managing and designing building projects and administering building contracts into a number of work stages, as defined by RIBA (Royal Institute of British Architects). An alphabetical plan was previously used (from A to L).

Special purpose vehicle (SPV): An SPV is a legal entity set up for a temporary period for a specific purpose. For example, a Building Preservation Trust might wish to set up a new organisation in partnership with a private sector company, solely for the purpose of delivering a project that brings an historic building back into productive use. The new organisation could be an SPV.

Viability appraisal: A relatively short statement that includes a brief assessment of your heritage building or site, its condition and the options for potential new uses. It should also consider in outline the costs of repair and adaptation, as well as providing a reasonable estimate of the market value of the completed development.

Contacting us

If you have a question about our funding, please get in touch.

If you require further help with your application, find out more about the types of assistance and support we can provide.

If you want to find out about our complaints process, please visit our Customer Service page.

Guidance updates

We will regularly review this guidance and respond to user feedback. We reserve the right to make changes as required. We will communicate any changes as quickly as possible via this webpage.