Heritage Enterprise

Grants from £250,000 to £5million

Application guidance

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Part one: Introduction

Welcome

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 is 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 (i.e. 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 it 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 as a whole.

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 this is the right process for your project, as well as providing you with the information you need to develop an application at both the development and delivery phase.

Read **Part one: Introduction** and **Part two: Application process** to find out about what we fund and how to apply. **Part three: Receiving a grant** tells you about how we will work with you if you receive a grant.

The **appendices** expand on our requirements, and we have defined some of the terms we use in a **glossary** at the back.

Help we offer

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 keep competition at manageable levels at the development phase, and give you the best chance possible, we ask all applicants for a grant from £250,000 to complete a short Expression of Interest (EOI) form.

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 in the future but does indicate that we see potential in your initial proposals.

We aim to respond to your EOI within 20 working days of receipt. If we decide to invite you to apply, we will contact you to discuss next steps. If we are not inviting you to apply we will explain our reason.

We also provide a range of resources designed to help you plan your heritage project, and examples of projects that have successfully achieved. You can find these on our website.

Who we fund

Under this process, we fund applications from:

- not-for-profit organisations; and
- 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 groups.

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 occupation of 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 might 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 outcomes we are looking for.

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

- charities, trusts and charitable incorporate 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 name and aims of your organisation;
- a statement which prevents your organisation from distributing income or property to its 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; and
- the signature of an authorised officer.

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 local economy.

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

- articles of association;
- statement of solvency;
- and where the grant aided asset is owned by the commercial organisation, a statement confirming that, at 5 years and 9 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 **national**, **regional** and **local heritage** of the **UK.**

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 in most instances that this will involve the repair and adaptation of a historic building or a coherent group of historic buildings for an end-use that generates a sustainable commercial income.

Under Heritage Enterprise you are not required to provide any open public access to the heritage once your capital project is completed, but we do ask you to look for opportunities for people to develop skills and learn about the heritage during the lifetime of the project (see Appendix 3: Activity statement for more details).

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' (e.g. identified on an 'at risk register');
- formally designated (e.g. 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 your development phase application. The conservation deficit will then be calculated through the preparation of a development appraisal, after the award of a development phase pass (see Appendix 1: Development appraisals).

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 the outcomes we describe.

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 development is completed.

We will consider projects that focus on residential/ 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 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 the 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:

- urgent repairs to prevent further deterioration of the asset whilst 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 (see Appendix 2: Capital work **during your development phase).**

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; or
  - 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 one of our grant programmes may be more appropriate.

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

The difference we want to make

We describe the difference we want to make through a set of nine outcomes. Outcomes are any changes, impact or benefits that happen as a direct result of your project.

The number of outcomes you achieve through your project will vary depending on the type of your Heritage Enterprise project and should be proportionate to the size of the grant you are requesting. We expect projects to meet some outcomes more strongly than others. Although your project may achieve some outcomes indirectly, please focus on the outcomes that are strongest as we will monitor your progress against these and you will use them to evaluate the changes your project has made.

You can find more information about our outcomes and how you can measure your progress against them in the Application form and help notes for this process.

The Outcomes

- **A wider range of people will be involved in heritage (mandatory outcome)**
- Heritage will be in better condition
- Heritage will be identified and better explained
- People will have developed skills
- People will have learnt about heritage, leading to change in ideas and actions
- People will have greater wellbeing
- The funded organisation will be more resilient
- The local area will be a better place to live, work or visit
- The local economy will be boosted

All projects must achieve the 'wider range of people will be involved in heritage outcome' as a minimum.

Costs we can cover

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;
- the preparation of management and maintenance plans, activities statements, conservation plans and project business plans (where applicable);
- payments/bursaries for trainees;
- new staff posts: extra hours for existing staff, and the cost of filling a post left empty by moving an existing member of staff into a post created for a project;
- professional fees;
- evaluation;
- promotion; and
- extra costs for your organisation, such as a new phone, extra photocopying, new computers or extra rent.

Direct project 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.

Please read about our requirements for **buying goods, works and services** in **Part three: Receiving a grant**.

Full Cost Recovery

If you are an organisation in the voluntary sector, we can cover a proportion of your organisation's overheads, which must be appropriate to the time or resources used for your project. We can also cover a proportion of the cost of an existing member of staff, as long as they are not working exclusively on the funded project. We expect this contribution to be calculated using Full Cost Recovery.

By voluntary sector we mean organisations that are independent of government and whose governance, finance and resources have a voluntary focus. For example, a voluntary sector organisation might have a board of trustees, be funded by grants and donations, and rely upon volunteers to carry out their aims. We cannot accept applications that include Full Cost Recovery from public sector organisations (for example, government-funded museums, local authorities or universities).

Recognised guidance on calculating the Full Cost Recovery amount that applies to your project is available from organisations such as the Association of Chief Executives of Voluntary Organisations (ACEVO) and Big Lottery Fund . You will need to show us how you have calculated your costs, based on recent published accounts. You will then need to tell us on what basis you have allocated a share of the costs to the project you are asking us to fund, and we will assess whether this is fair and reasonable.

Your contribution

We ask you to make a contribution towards your project.

Having calculated your conservation deficit:

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

- If you are 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 **£1million** 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 your project that you do not have to pay for (for example, room hire or equipment). We can 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 working 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 to calculate the value of your volunteer time:

- Professional volunteer (for example, accountancy or teaching) £50 per hour.

- Skilled volunteer (for example, leading a guided walk) £20 per hour.

- Volunteer (for example, clearing a site or acting as a steward at an event) £10 per hour.

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.

Part two: Application process

Making an application

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 you have a good chance of getting a grant before you send us your proposals in greater detail.

- At the development and the delivery phase, we assess your application in three months, and then it goes to the next decision meeting. Read about how decisions are made for more details.

- 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 forms to us.

Urgent decisions

In exceptional circumstances, we may consider a fast-track application process, if there is a compelling need for a faster decision. If you think this applies to your project, you should submit an Expression of Interest form and we will discuss this with you.

Development phase application

You submit your development phase application with your delivery-grant request (for doing the project) and, if needed, a development-grant request (for getting ready to do the project).

Development phase

If you are successful, you enter your development phase and develop your more detailed delivery phase application, using the development grant you may have requested.

Delivery phase application

You submit your delivery phase application with your delivery-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 table below shows the different levels of information required in a development phase and delivery phase application.

Information about	Development phase application	Delivery phase application
Activities	**Outline** proposals: ● Who is your project likely to involve ● The nature and range of activities that will engage people with heritage	**Detailed** proposals: ● A detailed **activity statement**, showing all the activities in your project
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)* ● 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)	**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	● **Outline** information about the outcomes your project might achieve	● **Detailed** information about the outcomes your project will achieve
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	● 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

* For more information about RIBA work stages, see www.ribaplanofwork.com/PlanOfWork.aspx

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	• **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 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	• **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 (or old RIBA work stage A). 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;*
- *Guidance for appraisers.*

All of these documents can be found on our website.

Key tasks to carry out during your development phase:

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 – i.e. 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 in order to develop a detailed programme of activities to engage people with heritage. This will feed into your **activity statement.**

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 project outcomes** 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.

Undertake the work necessary to produce all relevant supporting documents for your delivery phase application. (see Appendix 10: Supporting documents).

How we assess applications

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;
- How strongly your project will achieve our outcomes;
- Overall value for money;
- Potential risks to the project's success;
- How project outcomes will be sustained;
- Your approach to increasing the positive and reducing the negative environmental impacts of your project.

You should answer all questions in the application form and make sure you summarise your project in the first question (question 1b). This is the only section of the application form that is directly presented to decision makers. It is your opportunity to explain your project in your own words.

How decisions are made

Your grant request determines which decision meeting your application will go to. This is the combined total of your development grant (if applicable) and delivery grant.

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.

Our decision makers use their judgement to choose which applications to support, taking account of quality and value for money. They may also consider issues such as achieving a geographical spread of our funding.

Applications with a combined development and delivery request of **up to £2million** are decided on by Committees in Northern Ireland, Scotland, Wales and England. These applications will compete against other applications from their local area.

- Our Committees make decisions every three months.

Applications with a combined development and delivery request of **£2million or more** are decided on by our Board of Trustees. These applications will compete against other applications from across the UK.

- Our Board of Trustees makes decisions every two months.

We require **12 weeks** to assess your application. Once assessed your application will go to the next quarterly meeting of the relevant Committee or our Board of Trustees where a decision on funding will be taken. You might get your decision a few weeks after we assess it, depending on the next meeting date. Make sure you allow for this, when planning your project timeline. For information about when decision meetings will take place, please see our website.

Part three: Receiving a grant

Terms of grant

If you are awarded a grant, you will need to comply with our terms of grant, which you can see on our website.

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:

a) 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.

b) If the value of sale exceeds our grant, we will expect repayment equivalent to the proportion of total project costs that we contributed.

c) 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.

Promoting your National Lottery grant

We want people to know that the National Lottery has supported your project.

You must commit to acknowledging your grant and promoting the National Lottery, both during the delivery of your project and after its completion. You can find ideas on acknowledgment and promotion, and the branding we expect to be featured on our website.

Images

If you are awarded a grant, you will also need to send us images of your project. These can be hard-copy photographs, transparencies or high-resolution digital images.

You give us the right to use any images you provide us with. You must get all the permissions required before you use them or send them to us.

Project Consultants

If you are awarded a grant, we will contact you about arranging a start-up meeting. At this meeting you may be introduced to a consultant who will support you in developing and delivering your project. We will review your project at suitable stages.

Permission to start

If you are awarded a grant at development phase or delivery phase, you will need to have our written permission before you start any work. In order to grant you permission to start, you will need to provide us with:

- proof of partnership funding;
- proof of ownership/leasehold requirements and evidence of completed legal charge, if relevant (see **Appendix 5: Property ownership**);
- confirmation of partnership funding;
- details of statutory permissions required and obtained;
- detailed timetable or work programme;
- cost breakdown and cashflow;
- detailed Project Management structure;
- method of buying goods, works and services;
- your bank account details.

Grant payment

When you are awarded a grant, we will calculate the percentage of cash that we are contributing towards the project. We describe this as the 'payment percentage'.

For development grants of less than £100,000 we pay your grant in three instalments. We will give you 50% of the grant up-front, then 40%, and then 10% once you have finished your development phase.

For development and delivery grants of £100,000 or more, we pay instalments of our grant after the work that you are asking us to pay for has been done. We will pay the payment percentage of claims submitted to us.

At your start-up meeting we will decide with you how frequently you will make payment requests.

We will retain the last 10% of your delivery grant until we are satisfied that the project is complete and necessary evidence has been provided.

Buying goods, works and services

Procedures to recruit consultants and contractors must be fair and open and keep to the relevant equality legislation. In all applications regardless of level of funding we will ask you to give us details of the procurement (buying), tendering and selection process for all parts of your project.

If you are unsure about your obligations, we advise you to take professional or legal advice. If you have already procured goods, works or services, you will need to tell us how you did it. We cannot pay your grant if you have not followed the correct procedure.

You must get at least three competitive tenders or quotes for all goods, work and services worth £10,000 or more (excluding VAT) that we have agreed to fund.

For all goods, works and services worth more than £50,000 (excluding VAT), you must provide proof of competitive tendering procedures. Your proof should be a report on the tenders you have received, together with your decision on which to accept. You must give full reasons if you do not select the lowest tender.

Your project may be covered by European Union (EU) procurement rules if it exceeds the thresholds noted below. This will require that all services for both fees and construction will need to be tendered through Tenders Direct, previously known as Official Journal of the European Union (OJEU).

If you are a non-public body, and your grant exceeds 50% of the estimated cost of a contract, or the grant together with other public funding exceeds 50% (e.g. ERDF, local authority, or other lottery distributors), and exceeds the thresholds noted below, you must adhere to EU Procurement Regulations.

The applicable thresholds can be found on the Cabinet Office website. Thresholds are reviewed annually in January. If you are a public body, different thresholds apply, and you will have to comply with those that are already relevant to you.

The thresholds apply to all individual consultant appointments (or to the aggregate fee as a single appointment) and to construction works.

All staff posts must be openly advertised, with the following exceptions:

- If you have a suitably qualified member of staff on your payroll that you are moving into the post created by your project. You will need to provide a job description for this post.

- If you have a suitably qualified member of staff on your payroll whose hours you are extending so that they can work on the project. In this case we will fund the cost of the additional hours spent on the project and you will need to tell us about the role they will undertake.

- If you are a voluntary organisation and are including a proportion of a staff member's time in your Full Cost Recovery calculation.

If you are looking to recruit a consultant or member of staff for your development phase and your delivery phase, you should make sure their contract clearly states that this is the case, and allow for break clauses (in case your delivery phase application is unsuccessful). If you do not, we may ask you to re-recruit after the delivery phase decision has been made.

Insuring works and property

We need to protect National Lottery investment and so we ask you, with your contractors, to take out insurance for any property, works, materials and goods involved. All of these must be covered for their full reinstatement value against loss or damage, including inflation and professional fees. If your project is affected by fire, lightning, storm or flood to the extent that you cannot achieve the outcomes set out in your application, we may have to consider claiming back our grant payments.

Evaluation

We recommend you build in evaluation from the beginning of your project. You can include the cost of this in your budget.

Our evidence shows that the more carefully projects budget for their evaluation, the higher the quality of the final report will be. Therefore we recommend budgeting for evaluation in the following ways:

- Projects applying for a grant between £250,000 and £1,000,000 should allow a budget of between 2% and 7% of their total project costs and consider using independent external evaluators. Evaluation budgets for project within this scale should not be less than the minimum permitted. For example, if a project applies for funding of £255,000 we would expect a minimum of £5,100 (2%) to be allocated to evaluation. Unless there is evidence provided in the description section of the evaluation cost heading that this level of resource is not needed or appropriate.

- Projects applying for a grant over £1,000,000 should allow for a budget of up to 7% of the total project costs and always consider using independent external evaluators. Evaluation budgets for projects applying for a grant of over £1,000,000 should not be less than £20,000. Unless there is evidence provided in the description section of the evaluation cost heading that this level of resource is not needed or appropriate.

At the end of your project we will expect some evaluation feedback, in two parts:

1. You must send us an **evaluation report** before we pay the last 10% of your grant. We aim to fund projects that make a difference for heritage, people and their communities. Asking our projects to submit evaluation reports enables us to demonstrate that difference and to know whether a project has spent its money appropriately and desired outcomes have been achieved. We report on these achievements through continuous programme evaluation, which relies on information from project level self-evaluations.

2. We will send you an **evaluation questionnaire** within one year of the completion of your project. It will ask for information on the economic impact of your project, the amount of training and any extra staff you have taken on. For all of these 'outputs' of your project, we will be interested in the types of people that have benefited as well as the overall numbers. We will ask for some of this information again, five years after project completion and 10 years after project completion.

Please see Appendix 4: Evaluation questionnaire for an outline of the quantitative information you will need to collect during your project. These numbers will not, on their own, tell the whole story of what your project is about, and your evaluation report will need to go 'beyond the numbers.'

We also carry out our own programme evaluation research and may ask you for additional information on your project outcomes as part of that work.

Appendices

Appendix 1: Development appraisals

1. 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. The conservation deficit figures should be used to fill in your project costs table in section 6 as follows:

1. The conservation deficit and costs figures should be used to fill in your project costs table in **section 6**.

2. The amount of the increase in the value of the asset should be included as a cash contribution in the delivery phase income **section 6g**. This should be a separate entry.

2. 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;
- the funding gap where no profitability exists;
- the degree of risk;
- the 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 (see point 3 below), 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 (i.e. sufficient to bring the residual value up to zero) plus the costs of managing and maintaining the building or site over a reasonable period (e.g. 5 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.

3. 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.

4. 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:

a) the level of grant sought is appropriate (as determined by the conservation deficit calculation);

b) 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.

5. 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.

6. Conservation deficit calculation example

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

Capital	Values £	Totals £	Sub-total checks £
Starting value of property	50,000		
Conservation		1,400,000	
New Build		120,000	
Other capital work		18,000	
Equipment		36,000	
Finance		80,000	
Subtotal			1,654,000
Fees @ 15%		248,100	
Contingency @ 10%		190,210	
Inflation @ 5% of capital		91,105	
Subtotal (capital costs)			2,183,415
Developer's return at 10% (of capital costs, fees, contingency and inflation)		218,341.50	
Total capital costs		2,401,757	
Final value of property (after completion of works)	650,000		
Increase in value (final value – starting value)	600,000		
Conservation deficit (total capital costs – increase in value)	2,401,757 -600,000	1,801,757	
Grant request (max 90% of conservation deficit)		1,621,581	
Applicant contribution and fundraised income		180,176	

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

6a Delivery-phase capital costs

Cost heading	Description	Cost £	Vat £	Total £
Repair and conservation work	Repair roof Masonry repairs Lime plastering	1,166,666	233,334	1,400,000
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
Equipment & materials		30,000	6,000	36,000
Other (include finance costs here if agreed with your Grants officer)	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 cost of works (10% of capital costs, fees, inflation and contingency)			218,342
Total Costs				**2,120,442**

6b Delivery–phase activity costs

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

6c Delivery phase – other costs

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

6d Delivery-phase income

Source of funding	Description	Secured?	Total £
Cash (specify sources as listed in the application form)	Applicant contribution and fundraised income	Yes	180,176
Cash 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 (66%)	90% of conservation deficit + 100% of activity costs		**1,650,906**
Total Income			**2,481,082**

6e Delivery-phase financial summary

Total delivery costs	£2,481,082
Total delivery income	£2,481,082
Delivery grant request (rounded down to nearest £100)	£1,650,900
Delivery grant percentage	67%

Appendix 2: 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:

a) urgent repairs; or

b) meanwhile uses.

You will need to provide a full breakdown of capital work in the detailed cost spreadsheet submitted with your development phase application (see **Section eight: Supporting documents**).

1. 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 (i.e. up to a maximum of 2 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.

2. 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) whilst 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.

Appendix 3:
Activity statement

As part of your delivery phase application, we will ask you to describe in detail the activity or activities you will do to ensure that 'people have developed skills' and 'people have learnt about heritage' as part of your project. We will ask you to follow our template to describe the activities you will do, when you will do them, the resources you will need and the difference they will make. We have provided some worked examples, based on the types of activity that have taken place in other projects that have focused on the conservation and adaptation of historic buildings and sites, but you should not let these examples confine you. The level of activity you are planning should be commensurate with the size of grant you are requesting: the greater the investment from us, the higher the level of activity and the greater the impact we will expect to see from your project.

You will need to tell us how specific groups of people will be given opportunities to develop their knowledge and understanding of the historic building or site in ways that meet their needs and interests. You might want to provide opportunities for people to learn about the heritage of the site whilst conservation works are taking place – for example, by providing stable viewing platforms and temporary interpretation so people can learn more about why the works are needed, or by running "hard hat tours" to give people a more detailed "behind the scenes" insight into the conservation. If your historic building or site has played a central role in the history of your community (e.g. a school, hospital or factory) you might want to capture the memories of people who engaged with your heritage in the past and add them to an online record of the building and its significance. You might usefully create an exhibition on the history of the site within any spaces you create for "meanwhile uses" whilst you develop your project and subsequently show it in other local venues.

If your historic building or site will not be publicly accessible after the project is completed, you will want to think of ways in which people can continue to engage with it in other ways, e.g. through digital technology.

You will also need to tell us about the activity you will do to help people gain new skills as a result of your project. You could provide long-term placements for trainees to learn new skills and/or qualifications in conservation, heritage-specific digital and/or project management, or new design and green technologies for historic buildings. It might be appropriate to use works contracts that oblige contractors to take on trainees and offer qualifications in traditional building skills or retrofitting historic buildings and sites. You may want to train staff and volunteers in skills relating to the delivery of your project, for example, in planning and guiding tours, writing accessible interpretation, health and safety training, IT skills or, building maintenance.

Be realistic about what you can achieve and make sure you ask us for the money you need to deliver high-quality activities that are valued by the public. You can find case studies of the activities that others have done online.

Please ensure the costs you give here are the same as those you give in your delivery phase application.

Example 1

Activity: Detailed description	Who is the activity for?	What difference will it make for them?	Resources	Costs in project budget (total £ for each item)	Timetable	Targets & measures of success	Method of evaluation
1. Development of a website and smartphone tour app which outlines the history, architecture and uses of a building. This will include downloadable learning resources.	New and existing audiences with an interest in local heritage. Teachers and school children.	People will learn about the building, its significance and the role it has played in the community through time. Teachers will have access to a range of materials developed in partnership with them to meet curriculum needs; they will feel prepared to lead students on a study visit.	Project manager 20 days. Consultation with focus user group. Development of website and app. Development of downloadable resources.	£15,000 for creation of website and app.	Create – months 1–6 of project plan. User-testing – months 7–9. Launch and marketing – months 10–12.	New and existing audiences are aware of the website and app and use them. Website is viewed by 1000 unique users and App is downloaded by 250 people in first 6 months. Six local schools visit the site and use the resources.	Data on downloads. 90% positive user feedback on website. Interviews with teachers.
2. Run series of "hard hat tours". The tours will aim to give people a "behind the scenes" insight into the highly skilled conservation work and/or the "greening" of the heritage.	Local people, specialist interest groups, all those who have asked for them as part of the general consultation.	People will learn about traditional building skills and conservation in action. People will have an opportunity to engage with the construction team in debate over difficult project planning, conservation, and new development issues.	Project Manager 1 day per quarter. Contractors once a month.	Costs (e.g. hard hats and public liability insurance) are contained within contractors preliminaries within the main contract.	One per month whilst works are ongoing.	20 tours undertaken with at least 10 people on each. All tour participants develop understanding of processes involved and challenges faced in repairing and renovating a historic building.	Record kept of numbers and groups taking part. Feedback questionnaires.

Example 1							
Activity: Detailed description	**Who is the activity for?**	**What difference will it make for them?**	**Resources**	**Costs in project budget (total £ for each item)**	**Timetable**	**Targets & measures of success**	**Method of evaluation**
3. Provide four 3-month placements for trainees (for example, who are on a Prince's Trust programme) in areas such as project management, conservation, and building construction.	Unemployed young people aged 16–25.	Young people will have gained heritage and employability skills and had an opportunity to build their confidence and CVs.	On site mentor supplied by partner organisation.	Total £5,000. Materials. Top-up bursaries and expenses for young people. Train the trainer course.	Duration of project construction.	Two trainees per year fully complete the training programme.	Records kept of all young people to complete training. Ongoing liaison with young people or partners to establish numbers who have gone on to employment.
4. Contractors will be required to offer accredited training to increase the number of people qualified to work on historic buildings.	Site staff. Young people or anyone wishing to re-train.	Site staff will gain 'train the trainer' skills. People will have gained specific heritage building skills and a qualification.	Additional time in contract to allow for training and assessment.	Zero. Costs will be included in main contract sum.	Duration of project construction.	At least 3 long-term trainees complete a 12-month placement over the contract period.	Starter and exit interviews with trainees. Trainees blog positively about their experience on the project website.

Appendix 4: Evaluation questionnaire

The quantitative information that we expect you to collect for your evaluation questionnaire is outlined below. For volunteers, trainees and staff, we also ask for demographic details by gender, ethnicity, social class and disability. We will provide you with a template for your evaluation questionnaire which you must fill-in and send to us at one, five and ten years after you have completed your project.

You should carefully consider how you will continue to collect data and information that could help measure the economic and social impact of activities that take place in the building for up to 10 years after the building comes into active use. This is especially relevant if you will not be wholly responsible for these activities after your project has been completed.

1. Economic impact

We will ask you to provide details about your project that will help us to estimate its economic impact. The information we ask for will include:

- business use of the site before the project started, including the number of businesses operating and the number of employees at each;
- business use of the site after project completion, including the number of businesses operating and the number of employees at each;
- vacant/derelict floorspace/land brought back into use;
- additional floorspace created (if your project included new building work).

2. Training

The number of people trained through the project, under a set of skills headings covering conservation, audience engagement and management. Training includes any structured programme of on-the-job training, skill-sharing, work-based learning and work experience. We ask you to distinguish between training for your staff and training for volunteers.

3. Volunteers

The number of volunteers involved with the funded project and the number of volunteer hours they contributed.

4. Activities

We will want you to tell us how many activities were carried out using your grant. The activities we list are:

Open days: Days when you open a heritage site, collection or feature to the public, which cannot normally be visited. It can also include days when you don't charge for admission at attractions that normally charge an entrance fee.

Festivals: Programmes of events or activities for the public, lasting one day or more, with a clearly defined theme or focus.

Temporary exhibitions and displays: Exhibitions or displays that are not a permanent feature of your site and last for less than 12 months.

Guided tours or walks: These may be guided by either your staff or people outside your organisation, but must be based on your heritage site or feature.

Visits from schools and colleges: These can include visits by primary, secondary and higher levels of education.

Outreach sessions in schools and colleges: Visits made by your staff or the volunteers working with you on the project.

Other on-site activities: Activities that take place at your site that you feel are not included under the other headings.

Other outreach or off-site activities: Activities that have taken place away from your site that you feel you have not been able to tell us about.

5. New staff

The number of new staff posts created to carry out your project, and the number of these still being maintained after the end of the project.

Appendix 5:
Property ownership

If you are successful with your Heritage Enterprise application, we expect you to own any property (land, buildings, heritage items or intellectual property) on which you spend the grant. If we award you a grant, we may require a charge on the land or building. It is our policy to take a charge over the grant-funded property when you are a non-public body, your project involves capital works and your grant is over £250,000.

Land and buildings

We expect you to own or have a lease of sufficient length for you to fulfil our standard terms of grant for Heritage Enterprise projects. If you do not meet our ownership requirements, we will need you to improve your rights in your development phase (for example, by changing or extending a lease) or include the owner as a partner in your application.

1. You will need a lease with at least 10 years left to run after the expected date of your project's completion.

2. If your project involves buying land or buildings, you must buy them outright or with a lease with at least 10 years left to run after the expected date of your project's completion.

3. We do not accept leases with break clauses (these give one or more of the parties involved the right to end the lease in certain circumstances).

4. We do not accept leases with forfeiture on insolvency clauses (these give the landlord the right to end the lease if the tenant becomes insolvent).

5. You must be able to sell on, sublet and mortgage your lease but if we award you a grant, you must first have our permission to do any of these.

Digital outputs

If you create digital outputs we expect you either to own the copyright on all the digital material or to have a formal agreement with the copyright owner to use the material and to meet our requirements – see **Appendix 6: Digital outputs.**

The information we need about ownership

With your development phase application

You will need to provide the information requested in the application form.

At permission to start your development phase

If you already own the property, send us proof of ownership as referred to in the list of supporting documents for the delivery phase. This will give us an opportunity to advise you if you need to increase your rights to meet our minimum requirements.

With your delivery phase application

You will need to provide proof of your ownership or your right to use the property, as referred to in the list of supporting documents. If you do not own the property, you must tell us who does. They may need to be bound into the terms of grant.

Appendix 6: Digital outputs

We have specific requirements that are set out in our terms of grant, for any 'digital outputs'. We are using the term 'digital output' to cover anything you create in your project in a digital format that is designed to give access to heritage and/or to help people engage with and learn about heritage. For example, a collection of digital images or sound files, an online heritage resource or exhibition, or a smartphone app.

If you create digital outputs we expect you either to own the copyright on all the digital material or to have a formal agreement with the copyright owner to use the material and to meet our requirements.

All digital outputs must be:

- **'usable'** for five years from project completion;

- **'available'** for as long as your terms of grant last;

- **free of charge for non-commercial uses** for as long as your terms of grant last; and

- **licensed for use by others** under the Creative Commons licence 'Attribution Non-commercial' (CC BY-NC) for as long as your terms of grant last, unless we have agreed otherwise.

If you are creating digital outputs:

- You must provide a management and maintenance plan with your delivery phase application.

- You may include the value of the increased future costs of management and maintenance for five years as partnership funding.

We expect:

- websites to meet at least W3C Single A accessibility standard;

- you to use open technologies where possible; and

- you to contribute digital outputs to appropriate heritage collections.

The requirements do not apply to digital material that has no heritage content or does not engage people with heritage, for example a website that contains only information about your organisation/project, visitor information or events listings.

Appendix 7: Buying land and buildings

Overview

We can fund projects that involve the purchase of land and/or buildings which are important to our heritage, and are at or below market value. The principal reasons for purchase must be a benefit for long-term management of heritage.

If you already manage the land and/or buildings that you want to buy, you will need to show us what extra benefits the purchase will bring. You will need to show that all options for entering into an appropriate management agreement with the owner have been explored before seeking a grant for purchase.

The land or building must be proportional to the size of the existing designated asset.

We can help you to buy land and/or buildings if you demonstrate in your application form that:

- any risks to their preservation will be reduced by your purchase;
- the price accurately reflects the condition and value;
- you have adequate plans for management and maintenance over a period of at least 10 years after project completion;
- you can demonstrate their significance to the heritage in a local, regional or national sense.

We will not support purchases which we think are above market value. If we award you a grant, we may require a charge on the land and/or buildings. We can fund all associated purchase costs such as agent's fees, saleroom fees and taxes. Please ensure these are reflected in your cost table.

If your project includes buying heritage land and/or property, the terms of the grant will last 10 years from project completion. If you wish to dispose of what you have bought in future, you must ask for our permission. We may claim back all or some of our grant.

The information we need about the purchase

With your delivery phase application, you will need to provide:

- a location plan to scale, clearly identifying the extent of the land or building to be purchased and any relevant access to the land and building;
- one independent valuation. This should include a detailed explanation of how the assessment of the market value was reached. We welcome valuations by the District Valuer. We may also arrange for our own valuation. We will normally be prepared to support a purchase at a figure up to 10% above the top of any range in an accepted valuation;
- evidence that the current owners are the owners (have legal title) and have the right to both sell the land and/or building and transfer the title to the new owner; and
- evidence of any legal covenants, or rights (such as fishing, shooting, mineral, drainage), or long- or short-term tenancies, or rights of way or access, or any other interests which are attached to the land or building.

Appendix 8:
Environmental impact

We expect all applicants to consider how to make projects more sustainable by increasing positive environmental impacts and reducing negative impacts. You will therefore need to think about sustainability and how you can embed this into your project from the beginning. You should also think about how you will evaluate the sustainability measures that you chose to implement and ensure that this is part of your project's evaluation strategy.

We will ask you to identify and report on the steps that you are taking to increase positive environmental impacts and reduce negative impacts. To help you we have provided some broad advice in our environmental impact guidance. You can also access practical support from the Fit for the Future network (LINK).

Appendix 9:
State Aid

State Aid is a European Community term which describes forms of assistance (usually financial) from a public body given to undertakings on a discretionary basis with the potential to distort competition and affect trade between member states of the European Union.

State Aid rules prevent undue competition arising when organisations have a significant economic advantage by having all or some funding provided from state resources to the detriment of other organisations who can only use their own private funding.

We are a public funder and our grants are subject to State Aid rules. If we awarded a grant that was subsequently found to be in breach of State Aid rules, we would be required to reclaim those funds from the grantee.

In most cases, projects supported by us are not State Aid because they:

- Are not considered to be economic activity; and/or
- Are considered non-selective in that the main beneficiary is the general public; and/or
- Would not have a measurable effect on intra EU trade.

These projects are considered "no aid" as they fall under the Notice on the Notion of State Aid (NoSA).

In some instances where projects are of a significantly large scale, economic in nature and therefore could attract commercial challenge, Article 53 of the 2014 General Block Exemption Regulation (EC) No. 651/2014 (GBER) allows for aid towards the capital costs of a cultural or heritage project for up to €100m and operating costs of up to €50m subject to the demonstration of suitable funding gaps in each case. These projects can be supported under a block exemption.

Heritage Enterprise grants are intended to support heritage related costs of repairing heritage buildings and/or objects and bring them back into use. On this bases Heritage Enterprise projects could fall within the block exemption stated above.

It is an applicant's responsibility to check whether State Aid clearance is required. Applicants should seek independent legal advice if they are unsure whether a project will require clearance.

For more information about State Aid please visit: www.gov.uk/guidance/state-aid.

The information we need about State Aid

With your delivery phase application, you will need to provide State Aid clearance if State Aid rules are likely to apply.

Appendix 10: Supporting Documents

Please provide all of the documents listed here. When you fill in the online form, please note the following:

- There may be some documents listed on the online form which are not relevant to this grants process. Mark these as 'not applicable'.

- There may be some documents which are listed here, but are not listed on the online form. Please submit these as 'additional documents'.

- If you attach more than 10 documents, or if the total size of the attachments exceeds 20 megabytes, you will not be able to save or submit your form. If you have more documents or very large documents, please email them to your local office.

Development phase

1. Copy of your organisation's constitution, unless you are a public organisation.

2. Copies of your agreements with project partners, signed by everyone involved, setting out how the project will be managed.

3. Copy of your organisation's accounts for the last financial year. This does not apply to public organisations.

4. A viability appraisal that provides a reasonable indication of the conservation deficit (see Appendix 1: Development appraisals).

5. Design specification for any capital works to be undertaken during the development phase.

6. Spreadsheet detailing the cost breakdown in Section seven: Project costs.

7. Calculation of Full Cost Recovery included in your development-phase costs (if applicable).

8. Briefs for development work for internally and externally commissioned work.

9. Copies of valuations for the purchase of any heritage property.

10. Two or three of the most recent and relevant documents that describe the vision and strategy for the area (if applicable), for example documents from the local development framework, area action plan, master plan, regeneration strategy, tourism strategy, etc.

11. Job descriptions for new posts to be filled during the development phase.

12. Consider how you will **acknowledge and promote** our grant.

Delivery phase

For all projects:

1. A development appraisal (see **Appendix 1: Development appraisals**).

2. An updated copy of your partnership agreement (which may be different at the delivery phase), signed by everyone involved, setting out how the project will be managed.

3. An activity statement.

4. A project timetable (unless included in your project business plan).

5. Cash flow for the project (unless included in your project business plan).

6. Income and spending forecasts for five years following project completion (unless included in your project business plan).

7. The project management structure (unless included in your project business plan).

8. Spreadsheet detailing the cost breakdown in **Section seven: project costs**.

9. Calculation of Full Cost Recovery included in your delivery-phase costs (if applicable).

10. Briefs for internally and externally commissioned work.

11. Job descriptions for new posts to be filled.

12. Copies of deeds, leases, mortgages or other proof of ownership.

13. A small selection of images that help illustrate your project. Please provide a selection of photographs, a location map and, if applicable, a simple site map or plan. It would be helpful if these are in digital format (either as an attachment or on disk). We will use these images to present your project to decision makers. Please read about images in **Part three: Receiving a grant**.

14. Design specification.

15. A management and maintenance plan.

For projects with a grant request of £2million or more:

1. A project business plan.

2. A conservation plan (submitted early in your development phase).

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.

Activity statement: This document sets out everything you want to do in your project that is not capital work.

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; for example 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.

Full Cost Recovery: Full Cost Recovery enables voluntary sector organisations to recover their organisational overheads, which are shared among their different projects.

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.

Non-cash contributions: Non-cash contributions can be included in your partnership funding. These are items or services that you receive without charge, for example a donation of materials from a local firm or the use of a room. We only accept non-cash contributions if they are costs we could pay for with cash.

Outcome: An outcome is what your project will achieve and the change – for heritage, people or communities – that will be brought about by our investment. For more information on outcomes, read about **the difference we want to make** in **Part one: Introduction**.

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 soft-wood 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.

Project enquiry form: This form allows you to tell us about your project idea before you apply. It was previously known as a 'pre-application form'.

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.

Volunteer time: Volunteer time can be included in your partnership funding. This is the time that volunteers give to leading, managing and delivering your project. You should not include costs for the time of people who will take part in your activities. For example, in an archaeology project, the time of a volunteer who has organised a public dig can be included, but not the time of people learning to dig.

Weighted outcomes: These are the outcomes that we value the most, and we will give them extra weight during assessment.