



Heritage Enterprise

Grants from £100,000 to £5million

Application guidance

Contents

Part one: Introduction	3
Welcome	3
Help we offer	4
Who we fund	5
What we fund	6
The difference we want to make	7
Costs we can cover	8
Your contribution	9
Other information about your application	9
Part two: Application process	10
Making an application	10
First-round and second-round applications	11
Your development phase	13
How we assess applications	14
How decisions are made	14
Part three: Receiving a grant	15
Terms of grant	15
Acknowledgement	16
Images	16
Mentoring and monitoring	16
Permission to start	16
Grant payment	17
Buying goods, works and services	17
Insuring works and property	18
Evaluation	18
Part four: Application form help notes	19
Section one: Your organisation	19
Section two: The heritage	20
Section three: Your project	21
Section four: Project outcomes	23
Section five: Project management	26
Section six: After the project ends	29
Section seven: Project costs	30
Section eight: Additional information and declaration	35
Section nine: Supporting documents	36
Appendices	37
Appendix 1: Development appraisals	37
Appendix 2: Capital work during your development phase	43
Appendix 3: Activity statement	44
Appendix 4: Evaluation questionnaire	47
Appendix 5: Property ownership	48
Appendix 6: Digital outputs	49
Appendix 7: Buying land and buildings	50
Appendix 8: Reducing negative environmental impacts	52
Appendix 9: State Aid	53
Glossary	54

Part one: Introduction

Welcome

The Heritage Enterprise programme is for projects that seek to achieve economic growth by investing in heritage. It is primarily for enterprising 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 programme 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 £100,000 to £5million. The application process is in two rounds.

About this guidance

This guidance will help you decide whether this is the right programme for your project, as well as providing you with the information you need to develop an application at both the first and second rounds.

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.

[Part four: Application form help notes](#) provides information to help you answer each of the questions on the application form.

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

Project enquiry service

Please tell us about your idea by submitting a project enquiry form online. Staff in your local HLF office will get in touch within 10 working days to let you know whether your project fits this programme and to provide support with your application. Information submitted as part of a project enquiry is not used in the assessment of an application.

We recommend that you read this Heritage Enterprise application guidance before sending us your project enquiry.

We also provide a range of resources designed to help you plan your project, and examples of projects that have successfully achieved outcomes for heritage, people and communities. You can find these online on our website www.hlf.org.uk

Who we fund

Under this programme, we fund applications from:

- not-for-profit organisations; and
- partnerships led by not-for-profit organisations.

If you are applying as a partnership, you will need to nominate a lead applicant. The lead applicant will be 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 programme is the integration of commercial and community interests within heritage-led regeneration projects. Therefore, we will welcome applications from partnerships. Private sector for-profit organisations are encouraged to participate but are required to be minority partners in a partnership that is led by a not-for-profit group.

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 **Start-up grant** to help create the right constitutional framework (including the costs of obtaining professional advice on legal forms and governance structure) 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, but will enter into a lease arrangement with a not-for-profit organisation for at least the duration of our contract.

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:

- community or voluntary groups;
- Community Interest Companies;
- charities and trusts;
- social enterprises;
- community/parish councils;
- local authorities;
- other public sector organisations.

We expect the lead applicant's constitution to include the following (unless the lead applicant is a public 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 your chairperson (or other suitable person).

What we fund

We fund **projects** that make a **lasting difference** to **heritage, people** and **communities** in 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 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 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 programme 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 first-round application. The conservation deficit will then be calculated through the preparation of a development appraisal, after the award of a first-round pass (see [Appendix 1: Development appraisals](#)).

You can apply to us for a **Start-up 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.

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;
- work to bring vacant and derelict buildings and sites back into commercial use.

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;
- providing 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 with a focus on residential rather than commercial development;
- projects where the main focus is:
 - an urban park; or
 - an active place of worship.

In these cases one of our other 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 to heritage, people and communities through a set of outcomes. These outcomes reflect the full range of what we want to achieve and are drawn directly from our research.

Your project will need to contribute towards all seven outcomes listed here.

We will assess the quality of the outcomes that your project will achieve and anticipate that you will contribute to some more than others.

We describe the outcomes we value the most as 'weighted' outcomes.

We provide detailed descriptions of these outcomes in **Section four: Project outcomes** in **Part four: Application form help notes**. These tell you what changes we want to bring about with our funding, and include some suggestions of how you can measure them.

Outcomes for heritage:

W Weighted

With our investment, heritage will be:

- better managed
- in better condition **W**

Outcomes for people:

With our investment, people will have:

- developed skills **W**
- learnt about heritage

Outcomes for communities:

With our investment:

- negative environmental impacts will be reduced
- your local area/community will be a better place to live, work or visit
- your local economy will be boosted **W**

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, activity statements, conservation plans and project business plans (where applicable);
- payments/bursaries for trainees;
- activities to engage people with heritage;
- 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 the 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:

- the cost of existing staff time (unless you are transferring an existing member of staff into a new post to deliver the project); or
- existing organisational costs.

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

Full Cost Recovery

For voluntary organisations, we can also accept part of an organisation's overheads (sometimes called 'core costs') as a part of the costs of the project. We expect our contribution to be calculated using Full Cost Recovery. We cannot accept applications for Full Cost Recovery from public sector organisations, such as government-funded museums, local authorities or universities.

Your organisation's overheads might include overall management, administration and support, or premises costs that relate to the whole organisation. Under Full Cost Recovery, we can cover a proportion of the cost of an existing member of staff, as long as they are not working exclusively on the HLF-funded project.

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) (www.acevo.org.uk) and Big Lottery Fund (www.biglotteryfund.org.uk). 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. We describe this as 'partnership funding' and it can be made up of cash, volunteer time, non-cash contributions, or a combination of all of these. Some of your partnership funding must be from your own organisation's resources.

The value of increased future costs of management and maintenance for up to five years after practical completion can be included as partnership funding. This cannot be used as your only partnership funding contribution from your own resources.

You should include the increased value of the property following development as a cash contribution to the project. When you have calculated your conservation deficit:

- If you are applying for a grant of **less than £1million**, you must contribute at least **5%** of the conservation deficit. If you are applying for a development grant to help you develop your second-round application, you must also contribute **5%** of the costs of your grant 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 second-round application, you must also contribute **10%** of the costs of your grant development phase.

Other information about your application

Freedom of information and data protection

We are committed to being open about the way we will use any information you give us as part of your application. When you submit your declaration with your application form you are confirming that you understand our obligation to comply with our freedom of information responsibilities and the Data Protection Act 1998.

Complaints

If you want to make a complaint about HLF, we have a procedure for you to use. This is explained in *Making a complaint*, a document available on our website. Making a complaint will not affect, in any way, the level of service you receive from us. For example, if your complaint is about an application for funding, this will not affect your chances of getting a grant from us in the future.

Part two: Application process

Making an application

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 first and second round, 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 second-round proposals. You may take up to 24 months, depending on the complexity of your project.

First-round application

You submit your first-round 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 second-round application, using the development grant you may have requested.



Second-round application

You submit your second-round 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.

First-round and second-round applications

The table below shows the different levels of information required in a first-round and second-round application.

Information about	First-round application	Second-round application
Capital work	<p>Outline proposals:</p> <ul style="list-style-type: none"> Information from your viability appraisal, or equivalent document that provides an indication of the conservation deficit An initial breakdown of the capital work you plan to deliver 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) <p>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)</p>	<p>Detailed proposals:</p> <ul style="list-style-type: none"> A development appraisal that establishes the conservation deficit gap 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)
Activities	<p>Outline proposals:</p> <ul style="list-style-type: none"> Who is your project likely to involve The nature and range of activities that will engage people with heritage 	<p>Detailed proposals:</p> <ul style="list-style-type: none"> A detailed activity statement, showing all the activities in your project
Project outcomes	<ul style="list-style-type: none"> Outline information about the outcomes your project might achieve 	<ul style="list-style-type: none"> Detailed information about the outcomes your project will achieve
Project management	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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

Information about	First-round application	Second-round application
After the project ends	<ul style="list-style-type: none"> ● Outline information about how you will sustain the outcomes of your project after funding has ended, including funding additional running costs 	<ul style="list-style-type: none"> ● A conservation plan, if required (submitted early in your development phase) ● 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	<ul style="list-style-type: none"> ● Detailed costs for your development phase ● Outline costs for your delivery phase ● Possible sources of project funding for your delivery phase and/or a fundraising strategy for your development phase. 	<ul style="list-style-type: none"> ● Detailed costs for your delivery phase ● An indication that you will have secured project 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 second-round 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 C). 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;*
- *Guidance for HLF appraisers.*

If your application is for £2million or more, you should also read:

- *Project business plan guidance;*
- *Conservation plan guidance.*

All of these documents can be found on the Heritage Lottery Fund (HLF) website: www.hlf.org.uk

Key tasks to carry out during your development phase:

1. Consider in detail **why your heritage is important and to whom**. This will be one of the first things you do in your development phase, as it will help you make decisions about your project. If you are producing a conservation plan, this information will feed into this document, which you will need to send to HLF at a point agreed with your case officer. It will also inform the initial sections of your management and maintenance plan.
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, research or other investigations** necessary to develop your detailed plans and proposals, for example, an access audit or occupier market research.
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.
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 our grant**.
13. Undertake the work necessary to produce all relevant supporting documents (see **Section nine: Supporting documents** in **Part four: Application form help notes**).

How we assess applications

When we assess your first-round and second-round applications, we will consider the following:

- What is the heritage focus of the project?
- What is the need or opportunity that the project is responding to?
- Why does the project need to go ahead now and why is Lottery funding required?
- What outcomes will the project achieve?
- Does your project offer value for money?
- Is the project well planned?
- Is the project financially realistic?
- Will the project outcomes be sustained after the project has ended?

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 your delivery grant.

Your application will be in competition with other projects at the first and second round.

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 **less than £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.

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 HLF % 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

Acknowledgement

We want people to know that the National Lottery has supported your project through HLF. If you are awarded a grant, you must acknowledge our funding using a grantees' acknowledgement logo, both during the delivery of your project and after its completion. We will give you guidance on this and can provide some acknowledgement materials free of charge.

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.

Mentoring and monitoring

When you are awarded a grant, we will contact you about arranging a start-up meeting. At this meeting you may be introduced to a mentor who will support you in developing or delivering specific aspects of your project, or a monitor who will help review risks. We will review your project at suitable stages.

Permission to start

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

- proof of partnership funding;
- proof of ownership/leasehold requirements, if relevant (see [Appendix 5: Property ownership](#));
- 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 HLF grant exceeds 50% of the estimated cost of a contract, or the HLF 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 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 HLF 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 second-round application is unsuccessful). If you do not, we may ask you to re-recruit after the second-round decision has been made.

Insuring works and property

We need to protect 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. 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.
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.

Part four: Application form help notes

First-round applicants: In order to plan your development phase, you need to understand what information is required with your second-round application. You should therefore read the help notes for first- **and** second-round applications.

Second-round applicants: As part of your development phase, you will have produced a range of documents to support your second-round application. Where necessary, refer to these in your application form, specifying on which page we can find relevant information in each document.

There is a word limit for your application of 9,000 words in total. There are also word limits to some of the answers you may give; these are shown on the online form.

Section one: Your organisation

1a. Address of your organisation.

Include your full postcode. If the project is being delivered in partnership, please insert the address of the lead organisation.

1b. Is the address of your project the same as the address in 1a?

Fill in as appropriate.

If identifying the postcode is difficult, provide the address and postcode of the nearest building.

1c. Details of main contact person.

This person must have official permission from your organisation to be our main contact. We will send all correspondence about this application to this person, at the given email address.

1d. Describe your organisation's main purposes and regular activities.

Tell us about the day-to-day business of your organisation.

If you are a local authority or government agency, tell us about the part that is responsible for the heritage that this application focuses on, and the team that will be responsible for the project.

1e. The legal status of your organisation.

Fill in as appropriate.

- If you are not a local authority, but report to the government (such as a non-departmental public body), please tick 'other public sector organisation'.
- If your type of organisation is not listed, please tick 'other'. This might include a Building Preservation Trust, Community Interest Company or a social enterprise.
- If you are not a public sector organisation, you will also need to tell us about your organisation's capacity by providing information about your staff structure, your governing body and your financial situation.

1f. Will your project be delivered by a partnership?

Fill in as appropriate.

If you are applying as a partnership, there must be a lead applicant.

Tell us if you are a new organisation that has been established for the purposes of delivering your project, or any other set of circumstances about your partnership arrangements.

List the members of your partnership and briefly describe what their current interests and roles are.

Tell us if any private owners, developers or other for-profit organisations will be partners and how they will benefit from the project.

1g. Are you VAT-registered?

Fill in as appropriate.

Section two: the heritage

2a. What is the heritage your project focuses on?

First round

Provide a description of the historic building or site as it is today. The starting point for any project that involves a heritage asset is to ensure you have a good understanding of its significance.

Provide an explanation of what is important about the heritage. Tell us whether it is:

- of aesthetic, artistic, architectural, historic, natural or scientific interest;
- of social or community value.

Tell us who the heritage is important to. This could include experts and/or the local community.

Provide details of any statutory designation (e.g. whether it is a listed building or scheduled monument, or if it is in an area of outstanding natural beauty or a conservation area).

Refer us to the relevant information in your outline viability appraisal.

Second round

Add information in line with any further research you have carried out during your development phase and refer us to your management and maintenance plan, or your conservation plan if you have produced one.

2b. Is your heritage considered to be at risk? If so, please tell us in what way.

First round

Heritage does not have to be registered in order to be under threat or at risk. Unregistered heritage assets may be at risk, such as buildings or landscapes.

Include information from your viability appraisal about your assessment of the building and its condition.

Briefly explain why your heritage is under threat (for example, from neglect, inappropriate management or development, lack of understanding, or other issues), and what actions you have been able to take (if any) to minimise this risk.

- If your project involves a building or monument, tell us if it is on the buildings or monuments at risk register.

Second round

Add information in line with any further research you have carried out during your development phase, or, refer us to your conservation plan if you have produced one.

2c. Does your project involve work to physical heritage such as buildings, collections, landscapes or habitats?

Fill in as appropriate.

2d. Does your project involve the acquisition of a building, land or heritage items?

Fill in as appropriate. See [Appendix 5: Property ownership](#) for more information.

Section three: Your project

3a. Describe what your project will do.

First round

- Provide outline information about what you will do during your delivery phase based on your viability appraisal.
- Provide us with an initial breakdown of the types of capital work you plan to undertake in your delivery phase. These should be up to and including RIBA work stage 1 (or old RIBA work stage B), or the equivalent if appropriate.
- Provide us with a detailed breakdown of any capital work you plan to undertake in your development phase. Refer us to any plans or briefs. These should be at RIBA work stage 3 (or old RIBA work stage D), or the equivalent if appropriate. See [Appendix 2: Capital works during your development phase](#).
- Tell us about the nature and range of activities that your project will include to ensure people will have developed skills or learnt about heritage.
- Give us an indication of what your project outputs will be.

As part of your supporting documents, include a viability appraisal that demonstrates how you have arrived at this project proposal. See [Appendix 1: Development appraisals](#) for more information.

Second round

- Provide detailed information about what your project will do during your delivery phase. Refer us to your development appraisal.

- For any capital work, refer us to any plans and briefs. These should be up to and including RIBA work stage 3 (or old RIBA work stage D), or the equivalent.
- Refer us to your activity statement, which will detail all the activities included in your project.
- Tell us what your project outputs will be. Where possible, tell us how many outputs there will be.

3b. Explain what need and opportunity your project will address.

First round

- Provide a brief overview of the socio-economic characteristics of the local area, and explain how your project relates to them. Refer to evidence where necessary, such as the level and types of deprivation as outlined in the indices of multiple deprivation, or studies that have looked at shortages and gaps in the skills and employment market. Explain how your project will help fill these gaps.
- Refer to any key economic or regeneration strategies for the area, and identify the policies your project will align with.
- Tell us about any problems and opportunities there are relating to how people engage with the heritage now. This might include:
 - local people being unaware of the value of the heritage;
 - issues of access, facilities and public safety;
 - a shortage of people with heritage skills in the local workforce.

Second round

- Update in line with any consultation or survey work you have done during your development phase.
- If you have produced one, refer us to your conservation plan, which will identify the opportunities for improving the heritage and how it is looked after.

- Refer us to your activity statement, which will identify your plans to engage people with heritage.

3c. Why is it essential for the project to go ahead now?

When looking at projects in competition with each other, decision makers may ask how urgent a project is.

First round

- Tell us if the risk to your heritage is critical.
- Tell us if there is partnership funding available to you now that won't be in the future.
- Tell us if there are circumstances which mean that this is a particularly good opportunity for you to do your project (for example, you will be able to benefit from or complement another project or development which is going ahead now).
- Refer to your viability appraisal, where relevant.

Second round

Add information in line with any further research you have carried out during your development phase. Refer to your development appraisal, where relevant.

3d. Why do you need Lottery funding?

First round

- Refer to your viability appraisal, and briefly explain about the conservation deficit and why your project is not commercially viable without grant support.
- Tell us about any other sources of funding that you have considered for this project.
- Tell us what will happen if you do not get a grant from us.

Your application will not be considered for a grant if there is no identified conservation deficit. See [Appendix 1: Development appraisals](#) for more information.

Second round

Briefly summarise the information in your development appraisal. Provide evidence of market failure and demonstrate why your project requires Lottery funding to be commercially viable. Make sure you adequately explain what is preventing the private for-profit sector from finding a solution by itself.

Your development appraisal will be examined as part of our assessment process. Make sure the calculations in your development appraisal are accurate and robust.

3e. What work and/or consultation have you undertaken to prepare for this project and why?

First round

- Tell us about the options you have considered, and why this project is a suitable response to the problems and opportunities identified in 3b. Refer to your viability appraisal.
- If you have a separate condition survey, refer to it here.
- Tell us if your project is aligned with any wider regeneration strategies or activities for the wider area. If appropriate, send us copies of no more than two or three key documents that describe the vision

and strategy for the surrounding area, such as an area action plan, master plan, regeneration or economic strategies etc.

- Tell us about any consultation you have done and how this has shaped your project proposals, including those relating to training and learning.

Second round

- Add information in line with any consultation or survey work you have done during your development phase. Where necessary, refer us to the information in your development appraisal and your activity statement.

Section four: Project outcomes

Outcomes are changes, impacts, benefits, or any effects that happen as a result of your project. In the notes on the next pages, we have provided descriptions of outcomes for heritage, people and communities to help you understand the difference we want to make with our funding. We describe the outcomes we value the most as 'weighted' outcomes.

Your project should contribute towards all 7 of the Heritage Enterprise outcomes.

We want to see that your project will make a lasting difference to heritage, people and communities. It's likely that you will have achieved a number of outcomes before the end of your project, but some may be achieved in the future as well.

Questions 4a, 4b and 4c

Referring to the outcomes described on the next pages, tell us what changes will be brought about as a result of your project.

These outcomes are what you will evaluate the success of your project against, so it's important that they are clear and achievable. Tell us how you will know that your project has made a difference, showing how you will measure the outcomes you tell us about.

First round

Tell us how your project will achieve the programme outcomes.

Second round

Provide more detail in line with any work you have done during your development phase.

4a. What difference will your project make for heritage?

As a result of HLF investment:

W Weighted

Heritage will be better managed

There will be clear improvements in the way that heritage is managed. This is likely to include securing new uses for historic buildings or sites and the implementation of a new management and maintenance plan. As a result of these improvements, you will be able to show that heritage is in a stronger position for the long-term including, if appropriate, a stronger financial position.

Heritage will be in better condition **W**

There will be improvements to the physical state of heritage. The improvements will be the result of repair, renovation or work to prevent further deterioration, such as mending the roof of a historic building. They might also result from new work, for example the reinstatement of lost architectural features or the upgrading of services. The improvements will be recognised through standards used by professional and heritage specialists, and/or by people more generally, for example in surveys of visitors or local residents.

Include here your estimate of the value of the property following development.

4b. What difference will your project make for people?

As a result of HLF investment:

W Weighted

People will have developed skills **W**

Individuals will have gained skills relevant to ensuring heritage is better looked after, managed, understood or shared (including, among others, conservation, maintenance, digital and project management skills, or skills required to retrofit a historic building or site to improve its energy efficiency). As a result of taking part in training activity - for example, an informal mentoring programme, on-the-job training or external short courses - people involved in your project, including staff and volunteers, will be able to demonstrate competence in new, specific skills, and where appropriate, will have gained a formal qualification.

People will have learnt about heritage

Individuals will have developed their knowledge and understanding of heritage because you have given them opportunities to experience heritage in ways that meet their needs and interests. People who took part in the project, or who are visiting your site or engaging with your heritage in other ways e.g. through digital technology, will be able to tell you what they have learnt about heritage and what difference this makes to them and their lives. They will also be able to tell you what they are doing with that knowledge and understanding; for example, sharing it with other people, using it in their professional or social life, or undertaking further study.

4c. What difference will your project make for communities?

As a result of HLF investment:

Negative environmental impacts will be reduced

You will have minimised the negative environmental impacts associated with the historic buildings in your projects and, if possible, reduced them from a current or baseline position, in the key areas of: energy and water use and use of construction materials. You will have taken opportunities to enhance biodiversity through your project. At the end of your project you will be able to report on the resources that were used for any physical work you undertook.

Your local area/community will be a better place to live, work or visit

Local residents will have a better quality of life and overall the area will be more attractive. As a result of improving the appearance of heritage buildings and sites, or of the opportunities you have provided for local people to visit, use, get involved with, and enjoy heritage, residents will report that they feel greater pride in the local area and/or have a stronger sense of belonging. Visitors to your heritage will also tell you how the area has improved as a direct result of your project and what they value about it.

Your local economy will be boosted

There will be additional income for businesses based in the historic buildings or site included in your project. You will be able to show that businesses have benefited from your project. This will be because you spent your grant locally and because you provided new premises for businesses that moved into the area or expanded their operations within it. You will be able to show that these changes have come about as a direct result of your project using information about the local economy before and after your project.

4d. What are the main groups of people that will benefit from your project?

First round

Give us an indication of the main groups of people that will benefit from your project.

Second round

Provide specific information about the main groups of people that will benefit from your project. Where necessary, refer us to your activity statement rather than repeat the information twice.

4e. Does your project involve heritage that attracts visitors?

First round

Fill in as appropriate.

Second round

Update with current information.

4f. How many people will be trained as part of your project, if applicable?

First round

Provide an estimate for the number of project staff, volunteers, interns, apprentices and others you will train.

Second round

Update in line with planning work you have done during your development phase.

4g. How many volunteers do you expect will contribute personally to your project?

First round

Provide an estimate.

Second round

Update in line with planning work you have done during your development phase.

4h. How many full-time equivalent posts will you create to deliver your project?

First round

Provide an estimate; only include new posts that will be directly involved in delivering the project.

Second round

Update in line with planning work you have done during your development phase.

Section five: Project management

5a. What work will you do during the development phase of your project?

First round

Read about the key tasks you need to complete during **your development phase** in **Part Two: Application process**.

Tell us how you will produce all the supporting documents required with your second-round application. These are listed in **Section nine: Supporting documents**.

Second round

You do not need to answer this question

5b. Who are the main people responsible for the work during the development phase of your project?

First round

- Provide **detailed** information about the team that will work on your development phase, including the person who will take overall responsibility.
- Tell us if you will need extra support from consultants or new staff.
- Explain who is responsible for making decisions and approving changes to your project. Describe the reporting structure and how often meetings will take place.
- Describe how you will choose the staff, services and goods needed during your development phase.
- Tell us whether you will be making changes to the governance of your organisation, to enable you to deliver your project more effectively.
- If you are moving an existing member of staff into a post created by this project, or extending the hours of an existing member of staff, tell us how they are qualified for the role created by the project.
- If you are moving an existing member of staff into a post created by this project, tell us how you will manage the work they are currently doing, or if this is coming to an end.

You will also need to send us:

- job descriptions for all new posts for your development phase;
- a brief for your development appraisal;
- any other briefs for consultants for your development phase.

Second round

You do not need to answer this question.

5c. Complete a detailed timetable for the development phase of your project.

First round

Fill in the table with specific tasks during your development phase and tell us who will lead these activities.

- You may find that some of the tasks listed are not relevant to your project. If you already have a conservation plan for your heritage site, you should not need to prepare another.
- Include time for us to grant you permission to start (Please read about **permission to start** in **Part three: Receiving a grant**).
- Tell us when you are hoping to submit your second-round application.

Second round

You do not need to answer this question.

5d. Tell us about the risks to the development phase of your project and how they will be managed.

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 may face so that you are in a good position to manage them.

First round

Use the table to tell us what the risks are for your development phase. You may find it useful to refer to the help note for question 5g.

When you enter your development phase, it's likely that your project proposal will be quite outline. Information that you gather during your development phase through consultation and survey work may mean that you need longer for your development phase than you had planned for, or that you need to do more investigation than you thought. Thinking about these risks now will help you manage them should they arise.

Second round

You do not need to answer this question.

5e. Who are the main people responsible for the work during the delivery phase of your project?

First round

- Provide **outline** information about the team that will work on your delivery phase, including the person who will take overall responsibility.
- Tell us if you will need extra support from consultants or new staff. We will expect you to seek professional advice to complete your development appraisal.
- Explain who is responsible for making decisions and approving changes to your project. Describe the reporting structure and how often meetings will take place.

Second round

- Provide **detailed** information about the team that will work on your delivery phase, including the person who will take overall responsibility.
- Explain who is responsible for making decisions and approving changes to your project. Describe the reporting structure and how often meetings will take place.
- Describe how you will choose the staff, services and goods needed during your delivery phase.
- If you are moving an existing member of staff into a post created by this project, or extending the hours of an existing member of staff, tell us how they are qualified for the role created by the project.
- If you are moving an existing member of staff into a post created by this project, tell us how you will manage the work they are currently doing, or if this is coming to an end.
- You will also need to send us:
 - a project management structure;
 - job descriptions for all new posts;
 - briefs for any consultants.
- If you are sending us a project business plan, tell us where to find the information above in this

5f. Complete a summary timetable for the delivery phase of your project.

First round

Identify the main tasks in your delivery phase, including capital work and activities to engage people with heritage.

Second round

You will need to provide a detailed timetable for your delivery phase with your second-round application. It should contain all parts of your project, such as choosing consultants, any further research or consultation that's necessary, design stages, reviews, activities and evaluation. If you are sending us a project business plan, tell us where to find the information in this.

5g. Tell us about the risks to the delivery phase of your project and how they will be managed.

First round

Use the table to tell us what the risks are for your delivery phase.

We want you to be realistic about the risks your project may face so that you are in a good position to manage them. These risks could be:

- 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;
- 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, changes in law that make the project impractical or delays with obtaining State Aid approvals;
- environmental – for example, difficulties in finding sources of timber from well-managed forests.

- technical – for example, discovering unexpected dry-rot in a building;
- financial – for example, a reduced contribution from another funding source or a rise in interest rates;

The risks you identify will affect the amount you allocate to contingency in **Section seven: Project costs**.

Second round

Revise these risks in line with the development work you have done. If you are sending us a project business plan, tell us where to find the information in this.

5h. When do you expect the delivery phase of your project to start and finish?

Fill in the boxes.

You will not be able to start the delivery phase of your project until your second-round application has been successful.

Section six: After the project ends

6a. How will you maintain the outcomes of your project after the grant ends and meet any additional running costs?

First round

- Provide **outline** information about how you will maintain the outcomes of your project, which you identified in **Section four: Project outcomes**.
- Tell us how you will manage and maintain any work you have done.
- Tell us how your project will be financially sustainable. Refer to your viability appraisal.

Second round

- Provide **detailed** information about how you will maintain outcomes of your project, in line with any consultation or research that you did during your development phase. Refer to your development appraisal where necessary.
- Tell us if and how your organisation will change during the project, and how this will enable you to sustain the benefits of our investment.
- If you are sending us a project business plan, tell us where to find the information in this.
- Refer to your management and maintenance plan.
- If you have produced a conservation plan, refer to this, where relevant.

6b. Tell us about the main risks facing the project after it has been completed and how they will be managed.

First round

You may find it useful to refer to the help notes for question 5g.

Second round

- Update in line with any information that you have gained during your development phase.
- If you are sending us a project business plan, tell us where to find the information in this.

6c. How will you evaluate the success of your project from the beginning and share the learning?

First round

Please read about **evaluation** in **Part three: Receiving a grant**.

Tell us about how you will collect baseline data during your development phase so that you

can evaluate the change your project makes during your delivery phase.

Second round

Tell us your proposed approach, who will have overall responsibility, and how you will share the evaluation and lessons learnt with similar organisations. If you are sending us a project business plan, tell us where to find the information in this.

Section seven: Project costs

Here you should provide a summary of your project costs, using a single line per cost heading. As is shown in Section nine, you will also need to provide a separate spreadsheet showing how these summary costs are broken down.

Please note that your grant request will be rounded down to the nearest £100.

Your total project costs must match your project income.

First round

- We expect your development-phase costs to be detailed.
- Your delivery-phase costs should be based on your best estimates and the conservation deficit estimate from your viability appraisal. See [Appendix 1: Development appraisals](#) for more information.

Second round

- We expect you to provide detailed costs for your delivery phase.
- Your delivery-phase costs may have changed as a result of detailed planning and survey work completed during your development phase.
- Your second-round grant request is calculated using the conservation deficit calculation in your development appraisal plus any activity and other

costs. See [Appendix 1: Development appraisals](#) for more information.

- If you are sending in a project business plan at the second round, you will still need to summarise the costs and income under the headings in the application form.

Please read about **buying goods, works and services** in [Part three: Receiving a grant](#).

Columns

Cost heading

The costs in this column are summary headings that we ask you to follow.

Description

Please add a general description and include more detail in your separate spreadsheet. There is a word limit of 20 words per description.

Cost

Please insert the relevant costs – without VAT and contingency (money to be used only for unexpected extra costs).

VAT (Value Added Tax)

- Make sure that you only include VAT in this column and not in the costs presented in the third column.
- You may not pay VAT on certain types of work or may only pay it at a lower rate. You should approach HM Revenue & Customs (www.hmrc.gov.uk) to check how much VAT you will need to pay.
- We cannot authorise the transfer of any part of the project costs to or from VAT. This means that if you underestimate VAT, you will have to pay the extra costs, and if your VAT status changes so you can reclaim more than you expected, you will need to return this to us.
- You should make sure that all quotes you get clearly show whether VAT is included or not.

7a. Development-phase costs.

First round

Professional fees

Fees should be in line with professional guidelines – for example, those of RIBA – and should be based on a clear written specification.

You can include the fees of external consultations, for example in preparing your detailed development appraisal.

In your separate spreadsheet, you must use a separate line for each consultant.

New staff costs

Include costs of new fixed-term contracts, secondments (people who are temporarily transferred to your organisation) and the costs of freelance staff to help develop your project. Do not include the costs of paying trainees here. In your separate spreadsheet, you must use a separate line for each new member of staff.

All staff posts must be 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 HLF 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 their 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 moving an existing member of staff into a post created by the project, then we can either pay for the cost of this member of staff, or for the cost of backfilling their post.

All salaries should be based on sector guidelines or similar posts elsewhere.

Recruitment

This can include advertising and travel expenses. We expect your organisation to keep to good human-resource practice and follow all relevant laws.

Other

Include all other costs you know about at this stage, including full details of any capital works you wish to undertake during the development phase. See [Appendix 2: Capital works during your development phase](#) for more information.

In your separate spreadsheet you must use a separate line for each of the following categories of capital work:

- repair and conservation work;
- new building work;
- other capital work;
- equipment and materials;
- other.

You may find it useful to refer to the help notes for question 7d.

Full Cost Recovery

Please read about **Full Cost Recovery** in [Part one: Introduction](#).

Contingency

Make sure that you only include contingency here and not in the costs under each heading. Not all cost items will need a contingency.

We will only agree to you using the contingency if you can show an unexpected need within your project.

Non-cash contributions

Include 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.

Volunteer time

Include the time that volunteers will give to helping you develop your second-round application.

You should use the following rates for different types of work.

- Professional labour – £350 a day. For example – accountancy or legal advice.
- Skilled labour – £150 a day. For example, administrative work.
- Unskilled labour – £50 a day. For example, working as a steward at a consultation event.

Second round

You do not need to answer this question.

7b. Development-phase income.

First round

Please read about **your contribution** in [Part one: Introduction](#).

Cash

- We accept cash funding from any public, charitable or private source, including European programmes.
- You can use funding from another Lottery distributor to contribute towards your project as partnership funding. However, this can't count towards your minimum contribution of 5% or 10%, which must be made up of contributions from your own or other sources, not including the National Lottery.
- You do not have to have all the contributions in place when you apply to us. However, you must have them by the time you are ready to apply for permission to start.
- We will assess whether your partnership funding expectations are realistic.

Non-cash contributions and volunteer time

These should be the same figures that you provided in question 7a.

Second round

You do not need to answer this question.

7c. Development-phase financial summary.

The form will generate a summary of your total project development cost, development-grant request and your own contribution.

7d. Delivery-phase capital costs.

First and second round

This includes any capital work to heritage assets, as well as interpretation, and producing digital outputs. Please use the capital cost figures from your conservation deficit calculation. See [Appendix 1: Development appraisals](#) for a worked-through example of how to enter costs.

Purchase price of items or property

For all heritage items you buy.

Repair and conservation work

Includes the costs of work to repair, restore or conserve the heritage building or site.

New building work

Includes building costs (labour and materials) for any new building or extension to an existing building.

Other capital work

Includes the costs of refitting a building, new interpretation, creating digital outputs or making and installing new displays for exhibitions.

Equipment and materials

This includes all equipment and materials relating to repairs, conservation and building work. Do not include materials relating to training here.

Other

This may include a developer's return of up to 15% on project delivery costs.

In exceptional circumstances, we will fund the costs of raising additional finance for a maximum of five years (e.g. arrangement fees and interest for a loan over a five-year period). If you need to include these costs, please discuss this with staff at your local HLF office first.

Professional fees relating to any of the above

This includes any person appointed for a fixed fee to help with planning and delivering capital work in your project. This may include a project manager, architects or a quantity surveyor.

7e. Delivery-phase activity costs.

First and second round

This includes everything you plan to do in your project that you have not covered in capital costs.

New staff costs

For information on new staff posts, please see the help note for question 7a.

Training for staff

This includes the cost of all trainers and resources needed to deliver activities to help staff gain new or increased skills.

Paid training placements

This includes bursaries or payments to trainees, as well as all resources needed to deliver activities to help trainees gain new or increased skills. For example – accreditation costs, trainers' fees, equipment and any specialist clothing.

Training for volunteers

This includes the cost of all resources needed to deliver activities to help volunteers gain new or increased skills.

Travel for staff

This may include the cost of travelling to a site or venue. Travel costs by car should be based on 45p a mile.

Travel and expenses for volunteers

This may include food, travel and any other expenses to ensure volunteers are not out of pocket. Travel costs by car should be based on 45p a mile.

This also includes the purchase and hire of all vehicles, equipment and materials relating to the activities that your volunteers deliver during your project.

Equipment and materials

Examples may include historic costumes, hard hats to give site access, art materials or leaflets and publications. Do not include materials relating to training or volunteers here.

Other

Include any other costs such as food for events, learning activities or premises hire. Please give a clear description.

Professional fees relating to any of the above

This includes any person appointed for a fixed fee to help with planning and delivering the activities of your project. This may include consultants.

7f. Delivery phase – other costs.

First and second round

Recruitment

You must recruit any project manager using a brief and an appropriate selection process.

Publicity and promotion

We can fund promotional materials that relate directly to your project.

- If we give you a grant, you must publicise and acknowledge this so that as many people as possible know about the benefits of Lottery funding for heritage.
- Please read about **acknowledgement in Part three: Receiving a grant.**

Evaluation

You must evaluate your project and we recommend you allow sufficient budget for this process here. Staff in your organisation can do this, or, depending on the scale and how complicated your project is, you may want to employ somebody to help.

Evaluation costs should not equal more than 1% of your grant request if it is £2million or more, and not more than 3% of your grant request if it is less than £2million.

Other

Include any other costs. In your separate spreadsheet, please include a clear description.

Full Cost Recovery

Please read about **Full Cost Recovery** in [Part one: Introduction](#).

Contingency

Make sure that you only include contingency here and not in the costs under each heading. Not all cost items will need a contingency.

Your calculation for contingency should reflect:

- the degree of certainty with which you have arrived at your cost estimates;
- the stage of design work proposed;
- the project timetable; and
- the risk in relation to the type of project you are carrying out.

We would normally expect a larger contingency at the first round than at the second round because the project risks should reduce as you develop your project.

We will only agree to you using the contingency if you can show an unexpected need within your project.

Inflation

You should include an allowance for inflation for any items that may increase in cost over the period of your project.

The calculation must be as realistic as possible and relate to your project timetable.

Increased management and maintenance costs (maximum five years)

In your separate spreadsheet, add separate lines for:

- New staff costs per year (name and cost of each post) x number of years (maximum five);
- Other increased costs per year x number of years (maximum five).

Increased management and maintenance costs begin when the capital works are complete.

Non-cash contributions

For information about non-cash contributions, please see the help notes for question 7a.

Volunteer time

Include the time that volunteers will give to helping you deliver your project. Please refer to the rates listed in question 7a.

7g. Delivery-phase income.

First and second round

Please read about **your contribution** in [Part one: Introduction](#).

Cash

For information about cash partnership funding, please see the help note for question 7b.

You will need to separately identify here the estimated increased value of your property at project completion as a cash contribution. See [Appendix 1: Development appraisals](#) for more details.

Non-cash contributions, volunteer time and increased management and maintenance costs

These should be the same figures that you provided in question 7f.

7h. Delivery-phase financial summary.

First and second round

The form will generate a summary of your total project delivery cost, delivery-grant request and your contribution.

7i. If cash contributions from other sources are not yet secured, how do you expect to secure these and by when?

First round

If you need to raise funds during your development phase, tell us how you will do this.

Second round

You do not have to have all the contributions in place when you apply to us. However, you must have them by the time you are ready to apply for permission to start your delivery phase or a realistic plan for raising them.

7j. If you have included Full Cost Recovery, how have you worked out the share that relates to your project?

Please read about **Full Cost Recovery** in **Part one: Introduction**.

Section eight: Additional information and declaration

This part of the form aims to collect the information we need to report on the range of organisations we fund. We will not use this information to assess your application.

When you submit your online form, you are confirming that you have read, understood and agree with the statements set out in the declaration.

Section nine: 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 programme. 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 HLF office.

First round

1. Copy of your organisation's constitution, unless you are a public organisation. If you have sent a copy of your constitution with a previous grant application (since April 2008) and no changes have been made to it, you do not need to send it again. Tell us the reference number of the previous application.
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. 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**.

Second round

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 second round), 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:

16. A project business plan.
17. A conservation plan (submitted early in your development phase).

Appendices

Appendix 1: Development appraisals

1. Conservation deficit

The Heritage Enterprise programme is designed to help bridge the funding gap that prevents an 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. 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 7 as follows:

1. The conservation deficit and costs figures should be used to fill in your project costs table in section 7.
2. The increased value of the asset should be included as a second round cash contribution in section 7g.

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. 10 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 first-round 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 second-round application if we have any questions on the calculations in your development appraisal. We may ask you to adjust your second-round 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 first-round 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 **Start-up grant** to help cover the costs of this service. 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		£82,700	
Subtotal (capital costs)			£2,175,010
Developer's return at 10% (of capital costs, fees, contingency and inflation)		£217,501	
Total capital costs		£2,392,511	
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)	£2,392,511 -£600,000	£1,792,511	
HLF grant request (max 90% of conservation deficit)		£1,613,260	
Applicant contribution and fundraised income		£179,251	

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

7d 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	6,000	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)			217,501
Total Costs				2,119,601

7e 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

7f Delivery phase - other costs

Cost heading	Description	Cost £	Vat £	Total £
Contingency	Calculated at 10% on capital works, 10% other costs			82,700
Inflation	Calculated at 5% on capital works, activity costs and fees			191,460
Increased management and maintenance costs (maximum five years)	Additional costs for 5 years	50,000		50,000
Total Delivery Costs		0	0	2,469,261

7g Delivery-phase income

Source of funding	Description	Secured?	Total £
Cash (specify sources as listed in the application form)	Applicant contribution and fundraised income	Yes	£179,251
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
HLF Grant request (66%)	90% of conservation deficit + 100% of activity costs.		£1,640,010
Total Income			£2,469,261

7h Delivery-phase financial summary

Total delivery costs	£2,469,261
Total delivery income	£2,469,261
HLF delivery grant request (rounded down to nearest £100)	£1,640,000
HLF delivery grant percentage	66%

Appendix 2: Capital work during your development phase

Under the Heritage Enterprise programme, 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 second-round delivery-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 first-round application (see [Section nine: 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. You can include the costs of this advice in your application for a **Start-up grant** if you make one.

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 second-round 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 second-round 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.

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 HLF 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.

Land and buildings

We expect you to own or have a lease of sufficient length for you to fulfil our standard terms of grant. If you do not meet our ownership requirements, we will need you to improve your rights (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 people or organisations 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 first-round 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 second round. This will give us an opportunity to advise you if you need to increase your rights to meet our minimum requirements.

With your second-round 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, which are set out in our terms of grant, for 'digital outputs' produced as part of any HLF project. We are using the term 'digital output' to cover anything you create in your HLF 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.

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

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.

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.

If you are creating digital outputs:

- You must provide a management and maintenance plan with your second-round application.
- You may include the value of the increased future costs of management and maintenance for five years as partnership funding.

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.

Purchase costs (including the sale price and fees) for a heritage asset that is transferred from public ownership (except where it has been compulsory purchased or leased as part of a back-to-back agreement) will not be eligible for grant. However, the value of the property to be transferred can be included as an in-kind contribution. Contact your local HLF office if you are unsure about the status of the property you wish to purchase.

If your project includes buying heritage 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 second-round 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 from a qualified and suitably experienced valuer. 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: Reducing negative environmental impacts

Here we have listed which environmental issues we think are likely to be most important on projects, and what we think it should be possible to achieve on each. In question 3a of the application form, provide details on all of the issues you believe to be relevant to your project, and tell us about what your project will do to reduce environmental impacts. In question 4c, you will tell us what the difference will be in the environmental impact of your heritage/site, as a result of these actions.

Energy

- Design and construct a building which has no need of a heating system and which uses natural ventilation (new build only)
- Achievement of energy efficiency to at least that required by Building Regulations
- Install appropriate renewable energy technologies
- Install heat recovery from wastewater systems
- Install appropriate electrical circuits to enable the later addition of photovoltaic technology
- Installation of energy-efficient equipment and fittings
- Use of natural insulation materials

Water

- Install flow-reducing valves to pipe work that is not used for high volumes of water
- Install aerated taps and other water-saving fittings
- Install Sustainable Urban Drainage Systems (SUDS)
- Install greywater systems (new build only)

Building materials/construction waste

- Use of traditional products and building materials
- Use of local products
- Use of products with low embodied energy
- Paints, varnishes and other finishes to be natural-oil- or water-based, and not petrochemical- or solvent-based
- Incorporate reused materials from your existing building (refurbishments only)
- 10% of spend on construction materials to be on recycled materials
- Adopt a site waste management plan

Soil, timber and biodiversity

- No peat to be used
- All timber to come from proven legal and sustainable sources
- Biodiversity impact assessments to be carried out before work starts
- Enhance the overall biodiversity interest of the site

Visitor transport

Monitor and set targets for the percentage of visitors and other site users arriving by public transport (for all projects at sites that attract visitors for at least three months of the year)

Car park surfacing should be from natural or recycled materials, in keeping with the local environment and incorporating SUDS (for all projects where car parks are being built as part of the HLF-funded project)

Appendix 9: State Aid

Public funding for organisations carrying out commercial activities, including those with charitable status, is governed by the European Commission's 'State Aid' rules. Failure to comply with the rules means that the aid is unlawful, and may be subject to repayment with interest by the aid recipient. The National Lottery is regarded as a supplier of state resources alongside national, regional and local government bodies.

State Aid is defined by the treaty establishing the European Commission as "any aid granted by a Member State which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods".

In accordance with the National Heritage Memorial Fund's EU notification of exemption, the Heritage Enterprise programme is compliant with 'State Aid' rules in so far as grants awarded are limited to the additional heritage related costs of repairing heritage buildings and/or objects and bringing them back into use.

However, it is your responsibility to check whether State Aid clearance is required. When developing your application, it is important that you consider and, if necessary, take advice on State Aid regulations. If you think your project might require State Aid clearance, advice can be sought from:

In England, the Department for Business Innovation & Skills: www.gov.uk/state-aid

In Northern Ireland, the Department for Enterprise, Trade and Investment:
www.detini.gov.uk

In Scotland, the Scottish Government State Aid Unit: www.stateaidscotland.gov.uk

In Wales, the Welsh Government: www.wales.gov.uk/topics/businessandconomy/stateaid/

Advice on agricultural State Aid should be sought from the Department for the Environment, Food and Rural Affairs.

The information we need about State Aid

With your second-round application, you will need to provide State Aid clearance if State Aid rules are likely to apply.

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 second-round 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.

First-round application: Your first-round application is when you provide us with detailed information about your development phase and outline information about your delivery phase. This application will include a delivery-grant request and a development-grant request if necessary.

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).

Second-round application: Your second-round application is when you provide us with detailed information about your delivery phase. This application will include your delivery-grant request.

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.



Awarding funds from

The National Lottery[®]