

OPTIONS APPRAISAL GRANTS

Guide and Application Form

April 2011



THE ARCHITECTURAL
HERITAGE FUND

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1. Introduction

- 1.1 The Architectural Heritage Fund's (AHF) Options Appraisal Grants (OAG) scheme is intended to assist registered charities with the first of the four key stages of any project involving the acquisition, repair, conservation and beneficial re-use of an historic building at risk. The guidance below draws upon the Architectural Heritage Fund's (AHF) expertise and experience gained from many successful projects assisted by this grant scheme.
- 1.2 The four key stages of any project are:
1. **Initial options appraisal:** identification of the most beneficial use for the building; clear demonstration of potential financial viability or reasons why there is no viable use; statement of the building's importance in conservation terms; assessment of the social and public benefits of the proposed scheme.
 2. **Development:** detailed investigation of the preferred option, e.g. measured drawings, costed schedules, conservation plans, financial and business plans, preparation of funding applications, planning and listed building consents.
 3. **Implementation:** acquisition; repair/conversion/rehabilitation; disposal or future management.
 4. **Evaluation:** assessment of the project; lessons learned.
- 1.3 The primary purpose of an options appraisal is to investigate options for re-use of an historic building(s) at risk in both physical and financial terms. It should provide sufficient information to enable the charity's trustees to decide whether to commit to the further cost, risk and effort in developing a project to the point that capital grant applications can be submitted. It should also indicate the principal areas of further work required, and be a useful tool to help enlist support from key partners (e.g. funding bodies, the local authority and the media).
- 1.4 Other organisations have different interpretations of the term "options appraisal" and sometimes expect the study to be broader in scope or to go much further than the exercise described below. ***The AHF's Options Appraisal grant is for the initial broad appraisal of a project and not for the more detailed design and development work required to develop and rigorously test the preferred option.***
- 1.5 The AHF offers grants of up to 75% of the cost of an initial options appraisal of an eligible project. The maximum grant is normally £7,500, but in exceptional circumstances the AHF can offer up to £10,000. Grants of up to £3,000 may be offered for appraisals that only examine the feasibility of a single option or the repair of monuments and structures that are not capable of beneficial re-use (see 5.7).
- 1.6 In 2010-11 a scheme is being piloted which offers grants of up to £3,000 to allow applicants to examine the financial elements of a project first to determine its eligibility. Please contact the AHF's Projects Team for details.
- 1.7 Extensive further advice on all aspects of undertaking a project can be found in the UK Association of Preservation Trusts' (APT) Guidance Notes, available from APT - free to members, price on application for non members (see Section 7).

- 1.8 This Guide is available can be downloaded from our website: www.ahfund.org.uk or sent as a PDF by e-mail from the AHF. We strongly recommend that applicants should append a copy of the 'Outline Headings' document and provide copies of this Guide in the brief to the professional team.
- 1.9 The AHF welcomes contact from potential applicants at an early stage and is willing to offer detailed advice on all aspects of commissioning an options appraisal and on project development in general.

2. Eligibility

Organisations

- 2.1 Only registered charities are eligible. Joint applications from more than one organisation will not be accepted. **If your group is not yet a registered charity, please contact the AHF for advice.**
- 2.2 First-time applicants must forward copies of their governing document (Memorandum and Articles of Association or Declaration of Trust) and evidence of charitable status in the form of a letter or other document from the Charity Commission (in England and Wales), the Office of the Scottish Charity Regulator (OSCR) (in Scotland) or the Inland Revenue (in Northern Ireland). If the charity is not a building preservation trust (BPT) it will be required to have the powers to carry out the project, i.e. it must be able to buy and sell property, borrow money and offer the charity's assets as security for borrowing.
- 2.3 The AHF will accept applications from charities in the process of formation. These must be accompanied by a copy of the organisation's governing document and written acknowledgement from the relevant body (see 2.2) that an application for charity registration has been received.
- 2.4 If the charity is not a BPT, its objects may restrict the range of options that the appraisal can consider. Such limited studies are ineligible for a full grant, but the AHF may, in exceptional circumstances, offer a grant of up to £3,000 towards the cost of a study where only a single use is considered.

Projects

- 2.5 The options appraisal must be for a project that the charity intends to undertake itself and that would, in principle, qualify for an AHF loan. It must therefore involve a building which:
- ♦ is listed or scheduled, or in a conservation area *and* of acknowledged architectural or historic merit
 - ♦ is at risk (on account of functional, structural, financial and/or other problems)
 - ♦ is potentially capable of beneficial re-use (for grants over £3,000. Other structures, e.g. monuments, etc. may be eligible for a limited grant – see 1.5)
 - ♦ the charity intends to acquire and repair, should a potentially viable solution be identified (i.e. the AHF will not fund appraisals being undertaken on behalf of third parties or where there is no intention of progressing to an actual restoration project)
 - ♦ the charity has a realistic expectation of being able to acquire and is able to provide written proof at the time of application.

3. What is the aim of an options appraisal?

- 3.1 The main aim of an AHF-funded options appraisal is to establish the best end-use for the building and to assess financial viability. It should identify risks and reduce uncertainties to acceptable levels. The grant will allow the charity to 'buy in' professional expertise thereby informing its decision making. An objective and professional assessment carried out with the assistance of independent consultants is therefore essential to identify the most 'beneficial' option, i.e. *one that is appropriate to the building and is likely to be financially viable, if necessary with the aid of grants and other funds*. The best options appraisals consider all potentially viable options for re-use. An appraisal that considers only one option will be of limited benefit in finding other viable uses for the building if the applicant does not go ahead with the project. Potential funders will need to know that all alternatives have been adequately explored and, where options have been considered and rejected, receive an explanation of why they have been rejected.
- 3.2 An options appraisal may conclude that no re-use for the building is likely to prove viable and the charity may have to accept that the project cannot go ahead. ***The goal of the appraisal is not to confirm the hopes or wishes of the charity, but to arrive at an appropriate and realistic conclusion for the building.*** The AHF will only disburse its grant if a report can be shown to have reached such a conclusion after thorough investigation.
- 3.3 ***A report which does not adequately follow the AHF's guidance, or which fails to include adequate investigation of costs and funding with appropriate and reasoned conclusions, will not be sufficient to enable the applicant charity's trustees to make an informed decision on whether to take the project forward. Having failed to fulfil the AHF's stated requirements, the grant may be withheld until the report has been revised in accordance with them.***
- 3.4 Subsequent applications for the AHF's Project Development Grant scheme will only be accepted for projects that have demonstrated viability and where an options appraisal has been undertaken (whether or not funded by the AHF). However, if after undertaking an options appraisal the viability of the project is still in question, the AHF may be able to help with a small grant towards additional professional input to bring the study to conclusion (see *Project Development Grants - Guide and Application Form*).

4. Before the Appraisal Can Begin

The Charity's role

- 4.1 Although it will be necessary to commission professionals for specific aspects of the work, ***it is vital that the charity itself takes overall responsibility for managing the options appraisal and remains engaged with the professionals throughout the process.*** The trustees should therefore assign one of their number, or someone appointed specifically for this purpose and accountable to the charity, to the role of 'options appraisal organiser'. The organiser's role will be to co-ordinate the contributions of the professionals involved and the material produced by the charity itself, and to finalise the report, ensuring that it complies fully with the AHF's requirements. The charity may wish to contribute some element of the study, or even to produce the report itself.

Preparatory information

- 4.2 Much time, money and effort will be saved if the charity has assembled and collated any existing information into a workable form before approaching any professionals. This will assist in the production of the brief for the options appraisal (see 4.3 - 4.12).
- 4.3 Information to be assembled at this stage might include:
- ♦ history of the building (early and recent)
 - ♦ list description/conservation area status
 - ♦ the main reasons why the building is important (e.g. special character and appearance; associations with famous people, historic and/or cultural events; unique structural features; setting)
 - ♦ whatever is known about its current condition
 - ♦ photographs, illustrations, maps and plans (old and new)
 - ♦ reasons why the building is at risk
 - ♦ information about current ownership and details of how the charity intends to acquire the building and, if applicable, how long the property has been on the market
 - ♦ planning history and the likely position of the local planning authority:- permitted uses, outstanding enforcement notices etc, local strategies, access and parking, willingness to use statutory powers
 - ♦ the charity's conservation philosophy - the principles which will guide decisions such as retention of particular architectural features when repairing and adapting the building for re-use (see APT's publication *Guidance Notes* for more information on formulating your conservation philosophy).

Producing the Brief

- 4.4 Inadequate options appraisals are often the result of an unclear brief from the client (i.e. your charity). In order to achieve the right answers, the right questions must be asked. It is therefore essential for the charity to produce a brief that states the requirements and scope of the appraisal and provides clear guidance to the professional team, including detailed reporting procedures, to ensure that the appraisal progresses on time and in an appropriate manner.
- 4.5 Because every project is different, it is impossible to produce a definitive options appraisal brief. However, the points in paragraph 6.4 indicate the key areas to be covered, and this is also reflected in the sample brief for the lead professional (see Appendix A). If help is required at this stage, the AHF is willing to look over a draft of the brief and suggest amendments if appropriate. If the charity is a member of APT, it may also be able to seek assistance through APT's Practice Advisers Scheme (see Section 7).
- 4.6 ***It is strongly recommended that the brief to the professional team should clearly state that the report should follow the AHF's 'Outline Headings' document as closely as possible and that a copy should be attached (see 6.4). The 'Outline Headings' document is available as a word document from the AHF by email on request.***

The professional team

- 4.7** The professional team for an options appraisal will normally comprise some or all of the following disciplines:
- ♦ architect/chartered building surveyor
 - ♦ quantity surveyor
 - ♦ structural engineer
 - ♦ chartered valuation surveyor or valuer (see 4.11- 4.12)
 - ♦ business/economic adviser, particularly if the use is likely to be anything other than disposal on the open market
 - ♦ other specialist consultants (e.g. archaeologist, tourism, sustainability)
- 4.8** The lead professional is usually an architect with conservation experience, working in close consultation with the other disciplines. *Although the AHF does not require applicants to use architects with conservation accreditation, other funding bodies may do so. Applicants are advised to enquire with the relevant organisations before making their professional appointments.* Further information on accreditation is available from English Heritage, Historic Scotland, Cadw (in Wales) or the Northern Ireland Environment Agency (see Section 7).
- 4.9** It is usual for the lead professional to nominate most of the other disciplines they consider necessary to involve in the appraisal and for the quotation to include their fees, indicating daily or hourly rates. On the assumption that the lead professional is likely to be appointed to the project if it proceeds, it is essential when inviting options appraisal quotations also to request information on their fee structure for the actual project, should it proceed. Higher percentage fee scales for the project itself could easily outweigh a low cost options appraisal. The valuer and business adviser (if required) would normally be separately tendered and appointed directly by the charity (see 4.11-4.12). Every member of the team should, if possible, have historic building conservation experience.
- 4.10** It is important to ascertain that the lead professional has indemnity insurance sufficient to cover all the other consultants (see Appendix A).

The role of the Chartered Valuation Surveyor

- 4.11 Projects likely to involve disposal upon completion:** if it is likely that the building will be disposed of through sale or rental, a key contributor to the options appraisal is the chartered valuation surveyor (valuer), able to advise on current value, potential marketable end uses and resale or rental values once repaired for re-use. The valuer should be an appropriately qualified and experienced member of the Royal Institution of Chartered Surveyors (RICS). The valuer's brief will be to work closely, **from the outset**, with the lead professional and the charity to identify the most beneficial end use for the building (i.e. the most appropriate use compatible with its historic character and which is likely to prove financially viable). It is important to choose a firm or individual with sound knowledge both of the local market generally and of the market relevant to the end use(s) envisaged. A sample letter inviting quotations for this advice is included for guidance (see Appendix B).
- 4.12 Projects where the building is likely to be retained upon completion:** if it is clear that the end use(s) of the building is **unlikely** to involve a disposal on the open market, i.e. a community, educational or arts use, or another specific use in line with the objects of the charity, it will be essential for the professional team to include an adviser qualified to provide initial business

planning, financial viability and sustainability advice. ***NB. Valuation advice will still be needed to establish the current value and the value upon completion as this is often a requirement of project funders.***

Selecting professional advisers

Inviting quotations

- 4.13** The AHF requires applicants to invite quotations from **at least two lead professionals**. This is good business practice and, only by comparing the proposed approach, ideas, experience and fees of different professionals can a charity get a feel for what is involved, meet a range of qualified individuals and be confident that it has made the right appointment. The charity is accountable for its decisions and should therefore check in advance that it is following any guidelines and appointment processes set down by all of its funders. The appointment process should be transparent, equitable and fair. Charities should never invite a quotation from any professional who they would not be prepared to use on the project. The use of appropriately qualified and experienced local consultants, although not essential, is encouraged.
- 4.14** *The AHF will not necessarily expect the charity to appoint the lead professional who submitted the lowest quotation. Appointments should be based upon who will deliver best value in balancing quality and cost.*
- 4.15** Charities which follow the AHF's advice will not normally need to re-tender for the further development stages of the project, as most funders will accept fee quotes that have been openly tendered at options appraisal. It is always advisable to check with funders before confirming appointments for the later stages.

And from who?

- 4.16** Advice can be sought from a number of sources when considering who to invite to quote for the options appraisal. Some suggestions are listed below:
- ♦ Building Preservation Trusts (BPTs) in the area
 - ♦ the Association of Preservation Trusts (local area representative or head office)
 - ♦ the local authority planning department (probably the conservation officer)
 - ♦ English Heritage/Cadw/Historic Scotland or the Northern Ireland Environment Agency (normally historic buildings advisers)
 - ♦ professional bodies
 - ♦ national or local amenity societies
 - ♦ The Architectural Heritage Fund.
- 4.17** The AHF will not accept applications from charities that propose to appoint one of their own trustees or employees to undertake professional work on a remunerated basis.

Interviewing the professionals

- 4.18** When the submissions and quotations have been returned the charity should invite the most suitable candidates to make presentations and discuss their proposals.
- 4.19** The interview with each professional team provides an opportunity to comment on aspects of the submission and to gauge the experience of the individual or team and their sensitivity and philosophy towards historic buildings. The charity should also seek to establish who within the practice will actually carry out which pieces of work (this should be reflected in the

quotation by breakdown of time and hourly/daily rates), and to ascertain how busy the individual is and their ability to meet deadlines. The importance of the charity's role as the client, and therefore its need to be closely involved throughout, should be reinforced at interview. You should also consider the capacity of the lead professionals: for example, could a sole practitioner cope with a large, complex project?

Making the appointments

Lead professional

- 4.20 When deciding who to appoint, the charity will need to consider the nature and quality of the written submission, performance at interview, experience of relevant conservation projects, fees and, if necessary, accreditation. It is important that the lead professional is the most appropriate for the task and someone with whom the charity feels confident it can enjoy a good working relationship over what could be a period of many years. Although the decision should not be based solely or even principally on fee levels, the charity must be able to justify the appointment of any professional whose quotation was significantly higher than others and must minute the reasons for its choice.

Valuation surveyor

- 4.21 If it is likely that the project will result in the building being disposed of through sale, a valuer may be willing to offer preliminary or informal advice at options appraisal stage for a nominal fee, on the understanding that the charity will consider appointing the firm as agent for the disposal of the property for at least a limited period if the project proceeds.
- 4.22 For projects where the building is likely to be retained for community use etc, and for single-use studies, the charity should expect to pay a fee for valuation advice at options appraisal stage. This is money well spent: even if the preferred use will not involve disposal of the restored building, it is essential to seek independent valuation advice on current and end values, as this will be a minimum requirement of most funders.
- 4.23 Charities commissioning options appraisals for projects likely to require significant public funding may wish to appoint the District Valuer (DV) to undertake the work (see Section 7). This is because many funders will themselves commission the DV when considering grant applications (*it may not be possible to instruct the DV directly in all cases, but it is always worth enquiring through the local planning authority*). The AHF may be able to offer informal advice on this matter.

5. Applying for an AHF Options Appraisal Grant

Procedure and timing

- 5.1 When submitting an application, please refer to this Guide and complete the check list at the end of the application form to ensure that all the information required has been provided. The charity should also include any other information relevant to the application. ***The form must be completed and signed by a trustee or other authorised signatory of the applicant charity. The AHF will not accept applications signed by a professional appointed to contribute to the study.***
- 5.2 Applications can be submitted at any time, but decisions are normally taken at the quarterly meetings of the AHF's Council of Management. The outcome of each application is notified in writing. The AHF will not fund work retrospectively or work already underway.

- 5.3** The AHF's Council of Management considers each application on merit and its decision as to whether or not the AHF will offer an options appraisal grant is final.
- 5.4** Once the AHF's Council of Management has made a decision, an offer letter will be sent to successful applicants. An options appraisal grant offer will remain open for six months, although acceptance in writing will be required within four weeks.
- 5.5** If, having made an offer, the AHF discovers that information provided is inaccurate or misleading, the offer may be withdrawn. If the AHF has already released funds to the charity, it may require some or all of this to be repaid.
- 5.6** The AHF **must** be notified in writing if there is a change of circumstances affecting the makeup of the charity or the project outcome after the offer has been made. The grant offer may be withdrawn or suspended if either has changed substantially.

Condition of the Building (Application Form Question 2.13):

- 5.7** The following definitions of 'Condition' apply when the charity is considering which category of risk its building falls into:

Very Bad: Roofless, or roof severely damaged. Structurally unstable: foundations shifting, walls bulging, joists rotten etc. Severe wet/dry rot; major fire damage; uninhabitable.

Poor: Roof in poor repair. Fabric generally deteriorating; leaking roof, poor masonry, gutters badly defective, window frames decayed. Fire damage; rot outbreaks; severely damp.

Fair: Structurally sound but in need of repair: some window frames decayed, gutters blocked, pointing partly eroded); needing rehabilitation to meet current standards.

Good: Structurally sound, weathertight, and no significant repairs needed (but at risk for other reasons, e.g. redundancy).

How much will the AHF offer?

- 5.8** The AHF will contribute up to but not more than **75% of the total cost of an options appraisal**. The maximum grant is normally **£7,500**. The majority of AHF-funded options appraisals should fall within this range. Where a project is particularly large or complex, the AHF may be prepared to offer a grant of up to **£10,000**. Exceptionally, the AHF may also contribute to studies which test only one use for a building, or for a monument or similar structure that is incapable of beneficial reuse. In 2010-11 a scheme is being piloted for financial appraisals (see Section 1). In both cases these are not full options appraisals, and the grant will be limited to a maximum of **£3,000**. Pro bono work by members of the professional team **is** acceptable as match funding, but invoices showing the value of such work must be submitted.
- 5.9** A charity must provide copies of its latest Audited Accounts and an up-to-date Financial Statement. If the AHF considers that the applicant possesses sufficient uncommitted cash reserves, this may be taken into account when assessing the application.
- 5.10** Payment will be made against a satisfactory Report together with accompanying invoices from professionals and a claim for the charity's time and expenses if applicable. Charities that are able to recover VAT will need to ensure that the amount requested excludes this element.

6. The Options Appraisal Report

- 6.1 Every project is different, but there are a number of essential elements that every report should address. The Outline Headings document below (see 6.4) is a useful guide and checklist. Some of the items on the list can and should be dealt with by the charity itself, some by its professionals, and some by a combination of both. It is suggested that any division of responsibilities is agreed at an early stage.
- 6.2 The findings of the options appraisal should be brought together in a well presented, self-contained report. ***This should be no more than about twenty pages in length (excluding appendices). All Options Appraisal Reports should be produced in A4 format.***
- 6.3 Professionals should be asked to submit their contributions in draft so that any gaps can be identified. The charity and its professionals should then agree the findings and conclusions of the appraisal and distil these into the final report. The AHF is willing to comment on a draft report if required.

Outline Headings Document for an Options Appraisal Report

- 6.4 ***Please note: an options appraisal should provide only the information needed for the trustees of the charity to reach a decision on whether or not a potentially viable project exists and how it should proceed. The AHF strongly recommends that a copy of the 'Outline Headings' document as described below should be attached to and form part of the brief to the professional team. It is available as a stand alone Word document from the AHF by email on request.***

1. Introduction

- ♦ the charity, its objects and its members
- ♦ the property - full name, address, postcode and/or map reference
- ♦ the reason for undertaking an options appraisal
- ♦ the people involved (individuals and firms, with the role of each)
- ♦ sources of funding for the study, including the AHF's grant; acknowledgements.

2. Executive Summary of conclusions and recommendations

- ♦ a clear and concise description of the 'vision' for the project to enable the reader immediately to understand what the project will entail and what benefits will be derived from it, e.g. use, public benefit, number of jobs created, educational benefits etc.
- ♦ a brief summary of the cost, income, and any deficit and how it will be bridged, both for the capital works and the long-term use of the building (if applicable)
- ♦ a brief summary of what will happen next.

3. Location, history, description and current ownership of the building

- ♦ this should be brief - **no more than 1-3 pages** - but more detailed information can be included as an appendix if appropriate
- ♦ ownership: recent ownership history; is the building on the market; prospects for acquisition; is it the subject of any local authority enforcement notices; is the owner co-operative?

4. The "importance" of the building

- ♦ **briefly** describe the heritage merit and historical importance of the building, not just its statutory listing
- ♦ describe the building's importance in relation to its location within the city/town/village
- ♦ describe the building's importance to the local community, with evidence if at all possible.

5. Conservation philosophy

- ♦ describe the charity's own conservation philosophy, which can be included in full as an appendix
- ♦ describe the charity's approach to the project and how the building's importance will be protected and enhanced
- ♦ a brief statement of what is important about the building will suffice at this stage. A detailed conservation plan may be required at stage two should the project prove to be viable.

6. The problems, and why the building is at risk

- ♦ e.g. redundancy, physical vulnerability, planning restrictions, access, owner's attitude, local property market.

7. The planning context

- ♦ consultation with the local authority (copies of any relevant correspondence and notes of meetings should be included as an appendix)
- ♦ describe how the project as proposed fits in with local, regional and national planning objectives and development plans.

8. Condition and principal repairs required

- ♦ a summary only - fuller information should be included as an appendix, but a detailed specification is not required at this stage
- ♦ any emergency repairs should be separately identified, prioritised and costed.

9. Options for use and principal alterations required

- ♦ brief description of each option and the principal alterations to the building each would require, including rudimentary cost estimates, valuations, financial analysis, planning considerations etc. for each option.

10. Market analysis

- ♦ an outline of the market demand for the potential uses backed up by evidence of need: for example, the potential market for sale or rental if disposal of part or all of the building is intended
- ♦ if the charity intends to retain the building for use as a community venue or similar, then an analysis of who will use the building and how often, whether there is other provision locally which may suffer as a result, etc. If an arts use is proposed, then an initial audience analysis with estimates, description of other local facilities etc should be included. Income from such uses should be estimated.

11. The preferred scheme and the benefits that will derive from this

- ♦ sketch drawings and description - *full measured drawings and detailed costings and specifications are not required at this stage*

- ♦ describe the benefits of the scheme: public access; educational and interpretation; conservation; economic factors such as the number of jobs to be created
- ♦ for projects with a likely need for substantial funding from public sources, the study should clearly describe how the project meets the requirements of the potential funders.

12. Project costs

- ♦ the cost of repairs and alterations, fees, finance costs (e.g. interest on an AHF working capital loan), insurance, VAT etc and the charity's own project management costs, making allowance for inflation and contingencies.

13. Valuations

- ♦ estimate of current value in unrepaired state
- ♦ estimate of end value upon completion
- ♦ estimated values/potential rental income for each option.

NB: a valuation is required even if the preferred end use does not involve disposal on the open market. Independent valuations are a key requirement of many funding bodies.

14. Financial analysis and viability

- ♦ capital costs
- ♦ resale and/or other income from the building once repaired for re-use
- ♦ deficit to be bridged
- ♦ working capital requirement, including cost (setting up any loans and their interest), the nature of security required, timing and repayment terms
- ♦ outline cash flow projection (the AHF can supply a model Excel cashflow spreadsheet)
- ♦ sources of funds, with conditions and timescales; including grants, donations etc. and loans (AHF and commercial).

The Report must do more than provide a list of potential funders: each funding source must be fully described showing how the project meets its criteria, and most importantly, the likelihood of success of any application, including evidence of the results of preliminary discussions held with the funding bodies, identification of potential donors and sponsors.

15. Long term management and financial implications (if relevant)

- ♦ if the preferred scheme is one involving anything other than a sale on the open market, an analysis of how the project is likely to be financially viable in the longer term will be a key component of the appraisal
- ♦ the report must discuss the future management of the building once the capital works have been completed. Which organisation(s) will own and/or manage the building and the activities taking place? Has another charity or other organisation been identified as a potential end user or will a new organisation be established for this purpose?
- ♦ if the building is to be retained, how will the fabric of the building be maintained in perpetuity, and how will the costs of doing so be covered?
- ♦ if the building is to be sold on the open market, what obligations should be imposed on future occupants?

The most important sections of the report will be the last to be written: the executive summary (see 2) and the conclusions, recommendations and implementation strategy (see 16-17), from which both the trustees and third parties should be able to determine whether or not it is worth proceeding to the next stage of the project. They should clearly state why the project is thought to be viable (or not). Both the deficit (before grants) and the likely working capital requirement must be clearly identified in the summary, as well as the future financial viability of the project where the building is not to be sold.

16. Conclusion and recommendations

This and the following section should be written jointly by the charity and its professional team, having had the opportunity to go through the appraisal's findings in draft form. It should cover the following:

- ♦ the preferred use
- ♦ the cost
- ♦ the principal sources of funds and the likelihood of their funding the project
- ♦ the likely final deficit
- ♦ how this will be met
- ♦ if the building is to be retained, how it will be sustainable in the long term.

17. Implementation strategy

- ♦ describe the next steps, how long each step will take and who is responsible for which actions (probably a combination of the charity and its professionals)
- ♦ the cost of the work involved
- ♦ how it will be funded.

18. Appendices

- ♦ full copies of each professional's report on their headed paper
- ♦ supporting information (e.g. statutory list description, location plan, photographs)
- ♦ relevant correspondence and notes of meetings
- ♦ evidence of community consultation
- ♦ letters of support.

7. Useful Advice and Contacts

- 7.1** Charities undertaking an options appraisal for the first time should contact the AHF if they require assistance with any aspect of the process. A member of the AHF's development team will be happy to help or may be able to offer the services of a Mentor for a limited period.
- 7.2** Through its Practice Advisers Scheme, the UK Association of Preservation Trusts (APT) may be able, at no charge, to arrange for an experienced practitioner to help an inexperienced BPT that is a member with its options appraisal or any other stage of the project. Enquiries and applications for membership should be directed to APT's office (see below, and note that this scheme applies to members of APT only).
- 7.3** The Heritage Lottery Fund states that it will take into consideration any expenditure incurred up to a year before a grant application is submitted, (known as 'sunk costs'). If you envisage applying for a Heritage Lottery Fund grant you should bear this in mind when planning the timetable of a project.
- 7.4** Some funding organisations attach a notional value to volunteer contributions and allow these to be counted as contributory partnership funding when assessing grant applications. The charity should therefore keep a note of all its own expenditure and of the time and expenses of any volunteers before, during and after the options appraisal. Volunteer time must be logged by name of individual and dates as well as hours worked.

7.5 Organisations and addresses

The Architectural Heritage Fund

Alhambra House
27-31 Charing Cross Road
London WC2H 0AU
Tel: 020 7925 0199
Fax: 020 7930 0295
E: ahf@ahfund.org.uk

UK Association of Preservation Trusts

Alhambra House
27-31 Charing Cross Road
London WC2H 0AU
Tel: 020 7930 1629
E: apt@ahfund.org.uk

English Heritage

1 Waterhouse Square
138-142 Holborn
London EC1N 2ST
Tel: 020 7973 3000
E: grants@english-heritage.org.uk

Cadw: Welsh Historic Monuments

Plas Carew
Unit 5/7 Cefn Coed
Parc Nantgarw, Cardiff CF15 7QQ
Tel: 01443 33 6000
E: cadw@wales.gsi.gov.uk

Historic Scotland

Longmore House
Salisbury Place
Edinburgh EH9 1SH
Tel: 0131 668 8600
E: hs.grants@historic-scotland.gov.uk

Northern Ireland Environment Agency (NIEA)

5-33 Hill Street
Belfast BT1 2LA
Tel: 028 9054 3145
E: hb@doeni.gov.uk

7.6 Websites

The Architectural Heritage Fund:
www.ahfund.org.uk

Cadw: Welsh Historic Monuments
www.cadw.wales.gov.uk

The Charity Commission:
www.charity-commission.gov.uk

English Heritage
www.english-heritage.org.uk

The Heritage Lottery Fund:
www.hlf.org.uk

Historic Scotland:
www.historic-scotland.gov.uk

Northern Ireland Environment Agency:
www.ni-environment.gov.uk

Royal Institute of British Architects:
www.architecture.com

Royal Institution of Chartered Surveyors:
www.rics.org.uk

UK Association of Preservation Trusts:
www.ukapt.org.uk

The Valuation Office
www.voa.gov.uk/dv_services

7.7 Further reading

How to Rescue a Ruin - by setting up a local buildings preservation trust by Hilary Weir
Available from The Architectural Heritage Fund (price on application).

Funds for Historic Buildings

This publication is free as a searchable database at: www.ffhb.org.uk

UK Association of Preservation Trusts - Guidance Notes

Available free to members of APT (price on application for non-members).

The Green Book - Appraisal and Evaluation in Central Government (April 2003)

Available from HM Treasury: www.hm-treasury.gov.uk

Appendix A

Sample brief for the lead professional:

(NB: This document and the sample brief for the valuer (Appendix B) are available from the AHF by e-mail as a Word document on request)

(on the charity's headed paper)

[date]

Dear [name]

Options Appraisal on [address of property]

The [name of charity] is a [type of charity, e.g. revolving fund building preservation trust] which operates [area of benefit]. The purpose of the [name of charity] is [e.g. the acquisition, repair and eventual disposal of historic buildings of architectural merit that are neglected or at risk].

The property shown [edged red and blue] on the attached plan is in the ownership of [name] [and has been on the market for [number] months/years]. It comprises [e.g. former shops with living accommodation over and ancillary buildings] and is listed [Grade/Category xx] on the statutory list of buildings of architectural or historic merit. It is also within the [name] designated [outstanding] Conservation Area. [There is a shared right of way over the land shown coloured brown].

The [name of charity] wishes to commission an options appraisal to investigate the feasibility of undertaking the repair, conversion and upgrading of these buildings and requires professional advice to assist in deciding whether it should proceed with the acquisition of the property in order to take the project forward.

[Add general comments here re the charity's preferred approach. E.g. an element of community use within the proposed uses is considered highly desirable and some 'new build' could be permitted if this was necessary to the financial viability of the scheme or for architectural merit in terms of townscape improvement].

The [name of charity] is naturally anxious to keep its financial input to a minimum at this stage. Appointment as the lead professional for the options appraisal would place you in a strong position when the trustees come to appoint the professional team for the project itself, should it proceed.

Input required from the lead professional:

1. A preliminary survey of the buildings.
2. An assessment of the repair and remedial work required including, if necessary, structural repairs.
3. An estimate of the likely cost of this remedial work. Emergency works should be separately identified if thought necessary - these must be the minimum required and be reasonable.
4. An assessment of possible end uses, including discussions with the local planning authority and [English Heritage/Cadw/Historic Scotland/Northern Ireland Environment Agency].
5. A summary of the principal alterations necessary to adapt the buildings for these uses with an assessment of the likely cost.
6. The preparation of outline proposals for consideration by the Trust to enable agreement in principle to be reached with the local planning authority and [English Heritage/Cadw/Historic Scotland/Northern Ireland Environment Agency], as necessary.

8. Identification of the likely sources of funds for the project, including proceeds from disposal if relevant, and preliminary discussions with principal funders to ascertain their conditions and timescales and the likelihood of assistance.
9. The long-term financial viability of the building and its proposed end use if it is not to be sold.
10. A financial assessment of the proposed project including a rudimentary cash flow statement for the capital phase, showing an approximate working capital requirement, its cost and security.
11. An implementation strategy, setting out the next steps, who is responsible for which actions, the cost of the work involved and how it will be funded.

The [*name of the charity*] is seeking submissions for the lead professional work involved, and would like to invite you to quote a fee for contributing to the appraisal as outlined above. A valuation surveyor will be appointed separately to work closely throughout the process with the lead professional. If it seems clear from the outset that the project will involve an end use **other** than sale on the open market, we may seek separately to appoint a business/financial adviser (or similar as appropriate) to advise on the long term viability and sustainability of the preferred use. You will be expected to work alongside this consultant in producing the final report.

Access: arrangements should be made with [*name, address and telephone number*].

Programme: It is anticipated that the options appraisal will be completed within [*x months*] of appointment. A draft report will be required within [*x weeks*] when conclusions and recommendations will be agreed between [*name of charity*] and the lead professional for distillation into the final report.

Presentation of information: all rights, including copyright to the detail of the designs, including recommendations and costs, whether in writing or electronic form, must be assigned to the charity at the final report stage. Intellectual copyright will remain with the original author.

[*x*] copies of the final report and appendices should be provided in both electronic and bound hard copy A4 format with reduction drawings bound into the document.

Insurance: The successful lead professional will be required to have as a minimum, and maintain until [e.g. 6] years after completion of the commission, the following minimum insurance cover for any one occurrence or series of occurrences arising from one event:

- ♦ Professional indemnity: [*e.g. £0.5m*]
- ♦ Public Liability: [*e.g. £5.0m*]

The lead professional will be asked to exhibit their PI document schedule prior to the commencement of the commission.

Reporting: the lead professional appointed will be required to liaise with and report regularly to [*name of charity's options appraisal co-ordinator*]. When the appraisal report is available in draft, the professional team will be required to present the findings to the trustees and [*identify any other pertinent partner orgaisaion*]

If you are interested in this proposal, please let me have the following information as soon as possible:

1. Your nomination for a Quantity Surveyor for the study (and for the project if it proceeds).
2. Your nomination for a Structural Engineer, if necessary, for the study (and for the project if it proceeds).
3. Your nominations for any other professionals that you deem necessary for the appraisal.
4. Details of previous experience and CVs of each member of the professional team.
5. The fee to be charged for the appraisal, to include the services of the Quantity Surveyor and the Structural Engineer (including an approximate breakdown of hourly/daily rates and the likely time to be spent on the appraisal by each professional, including yourself).
6. The fee scale to be adopted for the actual project should it proceed, with individual quotations for each professional appointment. These appointments would be made direct to *[name of charity]* in each case but we anticipate that the *[lead professional's discipline]* would be the lead professional.
7. The fee scale should state whether or not it includes expenses and should define these expenses.
8. The additional cost, if any, of preparing scale drawings of floor plans, elevations and cross sections. **NB: These are not required for the options appraisal.**

My role is to represent *[name of charity]*'s interests at all times and act as "professional client", to establish and work with the project team on the options assessment, and to ensure that the final report meets our needs.

Please note: we will be applying to The Architectural Heritage Fund for a grant towards the costs of this options appraisal, and as we have to meet its criteria, you will be expected to follow its guidelines as closely as possible. The AHF's 'Outline Headings Document for an Options Appraisal Report' is enclosed for your information. (The AHF's publication, *Options Appraisal Grants - A Guide for Applicants*, can be downloaded as a PDF from its website: www.ahfund.org.uk).

I look forward to hearing from you, if possible by *[date]*. On receipt of a satisfactory submission, you will be invited to make a presentation and discuss your proposals with me and members of the Trust's Board. Interviews will take place on *[provide more than one possible date]*.

Yours sincerely,

[SIGNATURE]

[position held in charity]

Enclosures: *[attach any existing information that may be helpful - see examples below]*

1. *the AHF's 'Outline Headings' document*
2. *copy of statutory list description*

Appendix B

Sample brief for the valuer

(on the charity's headed paper)

[date]

Dear [name],

Options Appraisal on [Address of Property]

The [name of charity] is assembling a team to undertake an options appraisal on the above property. Enclosed is a copy of a letter to the [lead professional's discipline] which outlines the objectives of the appraisal.

We require valuation advice from a member of RICS with knowledge of this type of property in the area and with a [e.g. residential/commercial] agency as part of the firm's normal business.

It is understood that your firm fits these criteria and I am writing to ask if you would be interested in providing such advice. You will be expected to work closely with the [lead professional's discipline] in identifying and providing valuation and market advice for options for re-use, providing an estimate of the value of the property in its current state and upon completion.

The [name of charity] is naturally anxious to keep its financial input to a minimum at this preliminary stage. Should the preferred use identified by the scheme prove viable and involve sale or leasing on the open market, you would be in a strong position to be appointed as agent for the disposal of the property once repaired for re-use.

If you are interested in this proposal, please let me have the following information as soon as possible:

1. Your fee, if any, for the initial valuation advice.
2. Any expenses not included within the fee and a statement of any expenses usually included within your fee structure.
3. Your fee, should the project proceed and involve a sale on the open market, for the sole agency as set out above and for a joint agency after six months.

If the scheme proceeds, you may be invited to comment as the design develops to ensure that, within any restraints imposed by the historic nature of the buildings and the need for appropriate conservation, the end product is readily marketable. This does not necessarily imply a conflict of interest between these objectives but your input would be important if there are choices to be made.

My role is to represent [name of charity]'s interests at all times and act as "professional client", and to establish and work with a project team on the options appraisal.

I look forward to hearing from you, if possible by [date].

Yours sincerely,

[SIGNATURE]

[position held in charity]

Enclosures: [attach any existing information that may be helpful - see examples below]

1. copy of the brief to the [lead professional's discipline]
2. the AHF's 'Outline Headings' document
3. copy of statutory list description

1. The Options Appraisal Grant Applicant

- 1.1 Name of applicant charity:.....
- 1.2 Charity registration number (or Inland Revenue Number):..... Date accepted:.....
If pending, please state date application submitted:.....
- 1.3 Company registration number (if applicable):.....
- 1.4 Member of UK Association of Preservation Trusts (APT): **Yes/No**
- 1.5 Registered office address:.....
..... Post code:.....
- 1.6 Name of person organising the appraisal (see para 4.1 of *Guide*):.....
Position in charity:.....
Address (if other than 1.5 above):.....
..... Post code:.....
Daytime tel. no.:..... Fax no.:..... E-mail:.....

2. The Building(s)

- 2.1 Name and address of property (including postcode or map reference) of property for which the grant is sought:
.....
.....
- 2.2 Date(s) built (approx):.....
- 2.3 List grade/category:..... Scheduled: **Yes/No** (Please enclose a copy of the statutory list description)
- 2.4 Name of conservation area (if applicable):.....
- 2.5 Original use (if known):..... Current or last use:.....
- 2.6 Is the building occupied? (circle as appropriate) **Yes No Partly**
If **No**, how many years vacant? (approximately):.....
- 2.7 Is the building already in the applicant's ownership? **Yes/No**
If **Yes** is it: **Freehold/Leasehold**
- 2.8 If Leasehold, give length of lease and expiry date:.....
- 2.9 Cost and date of acquisition:.....
- 2.10 If the applicant does not already own the property, what is the current ownership? **Private/Local authority/Other**
- 2.11 Is the property on the market? **Yes/No** If **Yes**, for how long?..... Asking price: £.....
- 2.12 If no, give brief details of your plans to acquire the property if a viable scheme is identified:.....
.....
.....
- 2.13 What is the property's condition? (see para 5.7 of *Guide* before circling): **Very Bad Poor Fair Good**
If **Good or Fair** explain why the charity has chosen it:.....
- 2.14 Is the property on a Buildings at Risk Register? **Yes/No**
If **Yes**, please state name of Register(s):.....
- 2.15 Name and address of local authority planning department:.....
.....
.....
- 2.16 Is the local authority involved? **Yes/No**

If **Yes**, in what way:.....

If Yes, contact name and department:.....

Tel. no:..... Fax no:..... E-mail:.....

3. The Appraisal

3.1 Purpose and scope of the study and principal problems to be addressed :.....

.....
.....

(For detailed advice on preparing an options appraisal brief see *Guide*, Section 4, 6 and Appendices A&B)

3.2 How many lead professionals were invited to quote for the appraisal/number of responses:.....

3.3 Names of practices invited to quote:.....

Highest quote received: £..... (state whether including or excluding non-recoverable VAT)

Lowest quote received: £..... (as above)

If the lowest quote was not accepted, please briefly explain why:.....

(See *Guide* paras 4.13-4.23 for advice on obtaining quotations and appointing professionals)

3.4 Which professional disciplines will contribute? (please list).....

.....
.....

3.5 Name, practice and address of lead professional to be appointed for the appraisal:.....

.....
.....

3.6 Name, practice and address of valuer to be appointed for the study:.....

(See *Guide* Section 4 and Appendix B for advice on the selection and appointment of the valuer)

3.7 Cost breakdown (please ensure this section is completed fully and add headings if necessary):

Professionals:

Architect's fee £..... (Approx..... days @ £..... per day)

Quantity Surveyor's fee £..... (Approx..... days @ £..... per day)

Structural Engineer's fee £..... (Approx..... days @ £..... per day)

Valuers's fee £..... (Approx..... days @ £..... per day)

Other fees (please specify)

i) £..... (Approx..... days @ £..... per day)

ii) £..... (Approx..... days @ £..... per day)

Expenses £.....

Please specify:.....

VAT (if applicable) £..... reclaimable: **Yes/No**

The Applicant:

Time & overheads (if applicable) £..... (Approx..... days @ £..... per day)

Expenses (eg petrol, postage) £.....

Please itemise:.....

(Time and overheads can only be claimed by applicants with paid staff. The AHF cannot pay for time of trustees)

TOTAL COST: £.....

3.8 Amount of grant sought from AHF: £..... Percentage of total cost:..... (maximum 75%)

(See *Guide* Section 5)

3.9 Other sources of finance for the study (please give amount(s)) from each source and state whether confirmed or estimated and when decision will be made):

- i) £..... confirmed/estimated
- ii) £..... confirmed/estimated
- iii) £..... confirmed/estimated
- iv) £..... confirmed/estimated

3.10 Proposed start and completion dates for the appraisal:.....

4. Supporting Information

Material which **MUST** be submitted with your application in **A4 format and unbound**. Failure to supply this information may prejudice the success of your application

Enclosed

- 4.1 Memorandum and Articles of Association, or other governing documents.
- 4.2 Evidence of charitable status, or of application for charitable status (see *Guide*, Section 2).
- 4.3 List of current trustees.
- 4.4 Latest audited accounts and balance sheet, and recent management accounts if available, or up-to-date certified financial statement.
- 4.5 Copy of the Minute recording the trustees' decision to commission the appraisal and apply for AHF support.
- 4.6 Short history and description of the property.
- 4.7 Copy of statutory list description or evidence that an unlisted building in a Conservation Area is of architectural or historic merit (a letter from an amenity society or local authority, extract from a book, etc)
- 4.8 Location plan showing nearest principal town and main road, or street plan.
- 4.9 Site plan.
- 4.10 Brief summary of current condition of the building.
- 4.11 Options appraisal brief and instructions to key professionals (including the valuer).
- 4.12 Submissions and quotations from **ALL** professionals who quoted.
- 4.13 At least six high-quality digital images **on disk, minimum 500kb** (not printouts) showing the building in its current state.
- 4.14 Evidence (if applicable) that the current owner is willing in principle to dispose of the property to the applicant subject to the outcome of the appraisal.
- 4.15 Evidence that the applicant is able to acquire the building (eg: letter from owner/commitment from local authority that CPO will be served)

Please list any other information included with this application:

- i)
- ii)
- iii)

Signed:..... Position in charity:.....
(Trustee or other authorised signatory, see *Guide para 5.1*)

Name in block capitals:..... Date:.....