

**RECORD OF EXECUTIVE DECISION TAKEN BY AN EXECUTIVE MEMBER OR OFFICER**

This form can be used for any decision but **MUST** be used to record:

- any decision taken by the Elected Mayor or an individual Councillor
- a key decision taken by a Council Officer

In these circumstances the form must be completed and passed to the Head of Members' Services no later than NOON on the second working day after the day on which the decision is taken. No action may be taken to implement the decision(s) recorded on this form until 7 days have passed and the Head of Members' Services has confirmed the decision has not been called in.

**1. Description of decision**

To:

- (a) Delegate authority to the Head of Economic Development, following consultation with the Mayor, to develop, submit and, if successful, accept grant funding following a second round bid to secure up to £850,000 Heritage Lottery Funding (HLF) to improve Bedford's High Street area;
- (b) Authorise the Head of Economic Development to enter into funding agreements(s) and third party contracts up to £200,000 for the delivery of the THI programme as the accountable body for the commissioning, payment and administration of the grant and (i) to release payment of funding on receipt of satisfactory grant claims by project owners and (ii) to subsequently claim this funding back from HLF retrospectively by way of the overall THI quarterly claim;
- (c) Approve the grant decision making and approval processes as set out at Appendix A and B;
- (d) Authorise the Head of Economic Development, following consultation with the Mayor and THI Partnership, to review and revise the 5 year programme, as necessary over time, to secure effective and efficient delivery of the scheme;
- (e) Authorise the advertisement of the fixed term post of Townscape Heritage Initiative Project Manager, with the appointment being subject to bid approval; and
- (f) Authorise, if successful, the acceptance of match funding from The Bedford Charity for £45,000 towards the Learning, Education and Training Programme within the scheme.

**2. Date of decision**

31 January 2011

**3. Reasons for decision**

To approve the acceptance of funding (if successful) under the HLF Townscape Heritage Initiative and agree proposed delivery arrangements.

**4. Alternatives considered and rejected**

The alternative is not to submit a round 2 funding application. This would not help bring forward much needed improvements to High Street.

**5. How decision is to be funded**

The THI scheme, if successful, will be funded as follows: £850,000 from HLF, £1m from the Council's Capital Programme, £151,201 from Growth Area Funds, £100,000 from Bedford BID and potentially £45,000 from the Bedford Charity. Owners and occupiers of High Street buildings included in the scheme will contribute based on a calculation of grant rates of the eligible works identified. Any over and above costs for recruitment and associated activities will be funded from existing and future Economic Development budgets.

**6. Conflicts of interest**

Name of all Executive members who were consulted AND declared a conflict of interest.	Nature of interest	Did Standards Committee give a dispensation for that conflict of interest? (if yes give details and date of dispensation)

The Mayor has been consulted on this decision

Not applicable

Signed Dave Hodgson Date 31<sup>st</sup> January 2011

Name of Decision Taker MAYOR DAVE HODGSON

**This is a public document. A copy of it must be given to the Head of Members' Services as soon as it is completed.**

Date decision published: 1 February 2011

Date decision can be implemented if not called in: 10 February 2011

**31 January 2011**

**Report by the Head of Economic Development**

**Subject: HIGH STREET TOWNSCAPE HERITAGE INITIATIVE**

**1. Executive Summary**

To consider the proposed delivery arrangements including grant decision making and approval processes as part of the potential Heritage Lottery Fund's Townscape Heritage Initiative (THI) scheme for High Street.

**2. Recommendation**

**The Mayor is invited to consider and, if satisfied, to:**

- a) Delegate authority to the Head of Economic Development, following consultation with the Mayor, to develop, submit and, if successful, accept grant funding following a second round bid to secure up to £850,000 Heritage Lottery Funding (HLF) to improve Bedford's High Street area;**
- b) Authorise the Head of Economic Development to enter into funding agreements(s) and third party contracts up to £200,000 for the delivery of the THI programme as the accountable body for the commissioning, payment and administration of the grant and (i) to release payment of funding on receipt of satisfactory grant claims by project owners and (ii) to subsequently claim this funding back from HLF retrospectively by way of the overall THI quarterly claim;**
- c) Approve the grant decision making and approval processes as set out at Appendix A and B;**
- d) Authorise the Head of Economic Development, following consultation with the Mayor and THI Partnership, to review and revise the 5 year programme, as necessary over time, to secure effective and efficient delivery of the scheme;**
- e) Authorise the advertisement of the fixed term post of Townscape Heritage Initiative Project Manager, with the appointment being subject to bid approval; and**
- f) Authorise, if successful, the acceptance of match funding from The Bedford Charity for £45,000 towards the Learning, Education and Training Programme within the scheme.**

### **3. Reason for Recommendations**

To approve the proposed delivery arrangements including grant decision making and approval processes prior to submission of the stage two funding bid and the acceptance of funding (if successful) under the HLF Townscape Heritage Initiative, which is required to regenerate and revitalise Bedford High Street.

### **4. Implications**

#### **a) Legal**

The Council's powers for economic development derive from Section 2 of the Local Government Act 2000 which enables the Council to do anything it considers it is likely to achieve the promotion or improvement of the economic wellbeing of the Borough. This wellbeing power may be exercised in relation to or for the benefit of:

- o the whole or any part of the Borough, or
- o all or any persons resident or present in the Borough.

The wellbeing power includes power for the Council to:

- o Incur expenditure;
- o Give financial assistance to any person;
- o Enter into arrangements or agreements with any person;
- o Co-operate with, or facilitate or co-ordinate the activities of, any person;
- o Exercise on behalf of any person any functions of that person; and
- o Provide staff, goods, services or accommodation to any person.

There are two necessary steps for the Council to take in order to use the wellbeing powers. The first is that in determining whether or how to exercise the wellbeing powers the Council must have regard to its Sustainable Communities Strategy and the relevant part of this is referred to under the policy implications section of the report. The other is that in considering the use of the wellbeing powers the decision maker must also have regard to the Secretary of State's guidance and this is also referred to in the policy implications section of the report.

As the accountable body for the Townscape Heritage Initiative programme, the Council will be required to act in accordance with the terms and conditions contained within the Heritage Lottery Fund Townscape Heritage Initiative terms of grant whereby all appraisal, monitoring, financial management, governance and audit of the programme will be the responsibility of the accountable body for the payment of the grant.

The Council as employer of the THI Project Manager will need to ensure that all recruitment procedures to fill the post are in accordance with the Council's employment policies and procedures as well as conditions contained within the THI terms of grant.

## **b) Policy**

As mentioned in the legal implications, the decision maker must have regard to the Council's Sustainable Communities Strategy and the Secretary of State's statutory guidance in exercising the wellbeing powers and both these documents may be viewed on the following links on the internet.

Secretary of State's Guidance:

<http://www.communities.gov.uk/documents/localgovernment/pdf/155514.pdf>

Community Plan for the Borough of Bedford:

<http://www.bedfordboroughpartnership.org.uk>

The Government's purpose in introducing the well-being power is to reverse the traditionally cautious approach, and to encourage innovation and closer joint working between local authorities and their partners to improve communities' quality of life. The power is wide-ranging, and enables local authorities to improve the quality of life, opportunity, and health of their local communities. What is proposed within the report is not contrary in any way with the Guidance and seeks to promote or improve the well-being in our area, contributing to the delivery of our Sustainable Community Strategy.

Part I of the Sustainable Communities Strategy concerns a "Thriving Borough" and concerns "economic development, regeneration and enterprise". It states that "our goal" is "a stronger local economy, delivering higher levels of sustainable growth and employment for the benefit of the Borough's existing and future residents." Aim 2 in particular seeks to "create a highly attractive, safe and successful town centre providing a distinctive and excellent range of activities and facilities which can be used and enjoyed by all." The Townscape Heritage Initiative scheme will directly supports this aim by seeking to regenerate the High Street as a key part of the town centre.

The regeneration and revitalisation of Bedford town centre is regarded as a key priority of the Council and continued endeavours are being made to bring forward town centre development opportunities.

The High Street is identified as a "Key Area of Change" in the Town Centre Area Action Plan (Adopted Version). A specific objective in the Town Centre Area Action Plan (TCAAP) is "to sustain and enhance the vitality and viability of the town centre as a whole whilst promoting reinvestment in the existing retail centre including the High Street". Policy TC8 "New Retail Quarter – Retail Reinvestment and the High Street" identifies that "the main focus for retail reinvestment in the existing centre will be the primary and secondary shopping frontages and the High Street in particular.

Policy TC33 “Shop Fronts” states that the Council will expect new shop fronts and advertisements to be designed to the highest standards. In considering applications for shop fronts and adverts within the town centre, the Council will have regard to its published Supplementary Planning Document ‘Shopfronts and Advertisements in Conservation Areas’.

The Strategy for High Street was adopted as a Supplementary Planning Document (SPD) by the Executive Committee on 21 July 2010 which is consistent with the Sustainable Community Strategy and the adopted policies set out in the TCAAP and as such will be a material planning consideration when determining planning applications. It focuses on three grouped objectives of Restoring the Existing Fabric; Uses & Activity and Access & Movement.

### **c) Resource**

Executive Decision 814, dated 14 May 2010, authorised acceptance of the HLF confirmed grant of up to £47,100 towards delivery of the development phase of a second round bid. The actual grant payable will be proportional to the costs associated with development of the bid.

Full Council, at its meeting on 3 February 2010, approved to allocate capital funds of £1m as match funding towards this project (if successful). Other match funders and partners include Bedford BID who will allocate £100,000; the Guinness Trust Housing Association are a potential affordable housing partner; private sector contributions from building owners/occupiers will be required for the building grant scheme; and, a funding application has been submitted to The Bedford Charity for £45,000 towards the Learning, Education and Training package with the outcome not known until 7 February 2011. Executive Decision 856 dated 30 September 2010 approved the revised allocation of GAF3 funding to the Bedford and Marston Vale Growth Area which included £151,201 capital funds for the Bedford Town Centre Transport Strategy. It is proposed that this will fund public realm works to passageways between 99-101 High Street and Luddingtons Passage between 49-51 High Street.

The Executive, on 19 January 2011, considered and recommended the Capital Investment Programme for approval by Full Council at their meeting on 2 February 2011. One of the investment schemes is for £850,000 for High Street/St Paul’s Square Carriageway Improvements. This includes improvement to the road layout to complement the THI supported High Street environmental improvement scheme and Corn Exchange/Market area improvements and, in particular, to reduce the visual impact of through traffic and provide wider areas for pedestrians.

The Council, if successful, will receive the £850,000 HLF grant retrospectively from Autumn 2011, and must submit progress reports at least once every three months. Grant payment request forms will also be completed and submitted to the HLF as soon as invoices are received but a grant payment cannot be requested more than once every three months.

No more than 90% will be paid until the HLF are satisfied the project has finished, all grant terms and conditions have been met and a completion and evaluation report has been submitted. The HLF expect the Council to have claimed at least 20% by the end of Year 2 of the five year scheme.

It is anticipated that there will be an ongoing high priority commitment from the Economic Development Unit, Planning Policy and Development Management Team and the Highways and Transport Department in terms of delivering of the THI project.

It is important that the Council is best prepared to start delivering the project immediately following approval of the grant and officers aim to advertise the fixed term post of Townscape Heritage Initiative Project Manager, in advance of receiving grant approval. It will be made clear to applicants that the interviews and appointment to the post will be subject to grant confirmation. The cost of advertising the post will be funded from existing Economic Development budgets.

#### **d) Risk**

A THI earmarked first round pass means that money has been set aside by the Heritage Lottery Fund for the project, however, there is no guarantee of success in terms of obtaining the second round THI funding.

Due to the significant amount of work required for the year one programme, it will be necessary for the recruitment process for the THI Project Manager to commence in May/June 2011, on the basis that appointment is subject to external funding being secured. The risk to the Council is the cost of advertising the post, anticipated to be in the region of £2-3,000, before the grant decision is received, however, failure to advertise would jeopardise the delivery of the project.

Payment of grants from the HLF will be conditional on the submission of the documentation required by the terms of grant and satisfactory completion of the grant payment and progress reporting forms. Failure to submit the required reports to a satisfactory standard, as defined by THI, and in a timely fashion, could result in the payment being delayed or withheld.

THI schemes are compatible with the State Aid provisions and all THI schemes have a licence to operate. The EC decision in May 2003 covered all National Heritage Memorial Fund (NHMF) run programmes, including THI. The EC notification found that, in cases where the retention or appropriate repair of historic assets entails additional costs part or all of which are to be funded through grants, preserves heritage without affecting trading conditions and competition, and is therefore compatible with the State Aid provisions.

There is a risk that the funding application to the Bedford Charity is not successful. The outcome of this application will, however, be known prior to submission of the second round HLF bid. The HLF bid would therefore be adjusted accordingly to reflect the funds that are available to support delivery of the project.

**e) Environmental**

Without the THI scheme, there is a risk that the High Street deteriorates further and that the commercial heart of the town centre continues to move further west once the Bedford Town Centre West proposals come forward. The success of the second round bid to establish a THI project will also influence the ability of the Council to drive forward delivery of the Strategy for High Street Supplementary Planning Document (SPD).

The THI scheme and proposed detrafficking measures, will greatly improve the environment of High Street through reduced traffic and congestion, improved air quality, less noise pollution and a general improvement on the overall environment for businesses, residents and visitors. As part of the building and public realm improvements, sustainable and energy efficient measures and materials will be considered and used to minimise the impact on the environment and to reduce carbon footprint.

**f) Equalities Impact**

An Equality Impact Assessment has been carried out on the proposed THI scheme. Any adverse impacts identified are capable of being mitigated. These have been highlighted in the Action Plan with clear mechanisms for monitoring and review.

**5. Details**

**Background**

- 5.1 The Town Centre Action Plan (TCAAP), adopted in October 2008, recognises the need to improve the High Street, and in particular to improve the quality of the public realm and the shopfronts and advertisements, refurbish existing buildings and bring vacant space above shops back into beneficial use. Of critical importance to the street's regeneration is the need to reduce traffic flows and make it a more attractive destination for the pedestrian and cyclist.
- 5.2 Policy TC9 of the TCAAP states that the Council will prepare a strategy for the renaissance of the High Street and in his report, the Inspector who examined the soundness of the plan, urged the Council to "move quickly in drawing up its strategy". In 2009, English Heritage undertook the first survey of Conservation Areas across England. Bedford Conservation Area was deemed to be 'At Risk' for a number of reasons including the poor condition of shopfronts in the historic core, primarily High Street, and the impact of traffic on the character of High Street.

- 5.3 The Strategy for High Street was adopted as a Supplementary Planning Document (SPD) by the Executive Committee on 21 July 2010. The Strategy sets out existing planning policies and guidance and lists relevant background studies. It also sets out a vision for High Street and a series of objectives which have three main themes - Restoring the Existing Fabric, Uses & Activity and Access & Movement. The Council's Vision for the High Street is: *"To recreate the traditional heart of the town centre, maximising the value of the built and cultural heritage, by the removal of all unnecessary traffic, the creation of a safe, high quality people friendly public realm (where public art has a place), upgrading the built fabric, reintroducing attractive traditional shop fronts and regular markets, encouraging the introduction of street cafes and restaurants, increasing the use of the upper floors for residential and offices and creating life and vitality making the High Street a destination for all ages at all times of the night and day"*.

#### Townscape Heritage Initiative

- 5.4 The HLF Townscape Heritage Initiative (THI) programme provides grants that help communities to regenerate conservation areas displaying particular social and economic need. It encourages partnerships to carry out repairs and other works to a number of historic properties within those areas, and improve the quality of life for all those who live, work or visit. The main aims and priorities of the programme are to prevent any decline in the built fabric, townscape and retail quality of the High Street.
- 5.5 In order to bring forward the round one THI submission, an Officer Steering Group was established as well as a THI Partnership Board, chaired by the Mayor with representation by Bedford BID, Bedford College, Bedford Licensees Association, private businesses and local historical and architectural organisations.
- 5.6 A round one funding bid for £850,000 was submitted on 27 November 2009 with some amendments made in February 2010 following a HLF site visit. These changes were reported to the Town Centre Working Group (TCWG) on 9 March 2010. Full Council, at its meeting on 3 February 2010, agreed to allocate capital funds of £1m as match funding towards the project.
- 5.7 Following consideration of the bid by the national board of the HLF, it was announced on 27 April 2010 that the Council had been successful in its round one submission. Executive Decision 814, dated 14 May 2010, authorised acceptance of the HLF confirmed grant of up to £47,100 towards delivery of the development phase of a second round bid.

- 5.8 The Council has allocated capital funds of £1m as match funding towards this project as well as £151,201 GAF funding for the Bedford Town Centre Transport Strategy project which will be used to secure public realm improvements. Other match funders include Bedford BID who will allocate £100,000; private sector contributions at varying levels from building owners/occupiers for the building grant scheme (dependent on the eligible works); and, a funding application has been submitted to The Bedford Charity for £45,000 towards the Learning, Education and Training package with the outcome not known until 7 February 2011.
- 5.9 If the second round submission is successful, the funding will enable the Council alongside its partners and private businesses, to work together on High Street projects including:
- a) Structural and external repairs to key historic buildings and structures still in use, including roof and rainwater features, and incorporating the restoration of specific architectural features as appropriate;
  - b) Repairs and conversion for new uses of vacant or partly used historic buildings particularly the reintroduction of residential and office uses of upper floors;
  - c) Upgrading shopfronts to recreate the historic 'feel' of the street (taking into account historic references);
  - d) Learning and training in heritage, conservation and maintenance skills for contractors, property owners, volunteers, students and the public;
  - e) Improving permeability and legibility of the spaces; and
  - f) Reducing unnecessary through traffic to improve the space for pedestrians.
- 5.10 The second round bid will be submitted to the HLF before 14 March 2011 for their next board meeting on 23 June 2010 in order to secure an early decision which will enable the scheme to commence in September/October 2011. The Officer Steering Group will provide input into the bid which will be circulated to the THI Partnership Board prior to the next meeting for comments. The next meeting of the THI Partnership Board is scheduled for 7 March 2011, at which approval of the bid will be invited.
- 5.11 It is vital that the scheme commences as soon as possible once funding is announced to achieve planned outputs for Year One. It will therefore be necessary for the recruitment process for the fixed term THI Project Manager to commence in May/June 2011, subject to external funding being secured.

## Grant Decision Making and Approval Process

- 5.12 The scheme will be led by Bedford Borough Council which will be the accountable Lead Body, holding the contract with the Heritage Lottery Fund, managing and responsible for the grant funding and entering into contracts with individual property owners for delivery. We envisage that the Steering Group, together with the Project Manager when appointed, will have the technical expertise to manage all aspects of the project on a day to day basis reporting to the Partnership Board as required by the scheme.
- 5.13 The process for decision making for third party grants is shown at **Appendix A**. Grants could range from £5,000 (eligible works under this threshold will not be considered for funding) to a capped maximum amount of £200,000 for each building.
- 5.14 Both the Officer Steering Group and the Partnership Board will be involved in the decision making process from the beginning. Following an expression of interest, the THI Project Manager will liaise with the applicant to bring forward an application. Once an application has been received, its assessment will be led by the THI Project Manager working with the Officer Steering Group, drawing down their relative expertise, to ensure that the all key areas such as conservation standards, planning policy, development control are rigorously tested. The Steering Group and Partnership Board will ensure the application meets the assessment criteria and the priorities set out in the action plan. Once the assessment has been undertaken and the application amended where necessary, the THI Project Manager will put forward a recommended decision to provide grant aid or not. The Partnership Board will provide any further observations and finally endorse the recommendation. The Head of Economic Development, following consultation with the Mayor, will then have the delegated authority to approve the grant application. Sections One and Two of the draft Application Guidance Notes are attached at **Appendix B**.
- 5.15 Applications for grant aid for properties will be assessed on a property-by-property basis, and against the following criteria:
- Whether the building is a 'priority property'. These properties are a priority for grant funding;
  - The conservation and townscape merit of the building, and the extent to which the proposals will enhance this;
  - The need for repair of the building;
  - The use of appropriate materials and techniques of repair, in keeping with national conservation standards;
  - The extent to which architectural details will be reinstated;
  - The implementation of a comprehensive repair strategy to ensure the long-term life of the building;
  - The regard paid to the special character and interest of the property and the conservation area and its setting;

- Whether the proposals fully meet the criteria set out in the Guide to Eligible Works;
  - Whether the cost of the project is reasonable and provides value for money; and
  - Whether appropriately qualified and experienced professional advisor and contractors are proposed.
- 5.16 Some applications may require referral to the HLF, for example, where the total grant aid is likely to exceed £100,000, if an application is made by a member of the Partnership Board or if a project is selected by the HLF to be monitored.
- 5.17 The THI Project Manager will notify the potential grantee of the outcome as soon as possible after the decision has been made. They will be required to formally accept the grant offer in writing within 4 weeks of it being offered and agree to abide by the terms and conditions of the grant. The applicant will be required to enter into a Third Party Agreement for ten years, attached at **Appendix C** (this is based on the HLF's own Model Contract for Third Party Grants) and works must start on site within three months of the grant offer, unless otherwise agreed with the THI Project Manager.

#### High Street Closure

- 5.18 A temporary closure of High Street was undertaken from 9-12<sup>th</sup> December 2010 to allow for an extension of the annual Victorian Fair. The event was deemed a huge success for market traders, businesses and the general public as the town centre, especially High Street, was very busy, particularly on the Friday and people enjoyed being able to walk along High Street without the threat of traffic. The closure was undertaken to trial what the High Street could be like without traffic as well as obtaining traffic monitoring data.
- 5.19 There is a need to demonstrate the benefits of reduced traffic to the public and businesses on a step by step basis, initially encouraging businesses to utilise the High Street at the weekend by holding events in the space created, linked with existing programmed events such as the River Festival and Victorian Fair, and other transport initiatives to create a 'place for people' rather than vehicles.

## 6. Summary of Consultations and Outcome

The following Council Units or Officers and/or other organisations have been consulted in preparing this report:

Portfolio Holder  
Assistant Director of Transport & Highways  
Head of Planning Policy  
Historic Environment Team Leader  
Finance  
Legal  
Relevant Unit Managers

No adverse comments have been received.

*Report Contact Officer(s):* Mark Oakley, Head of Economic Development  
(e-mail: [mark.oakley@bedford.gov.uk](mailto:mark.oakley@bedford.gov.uk))

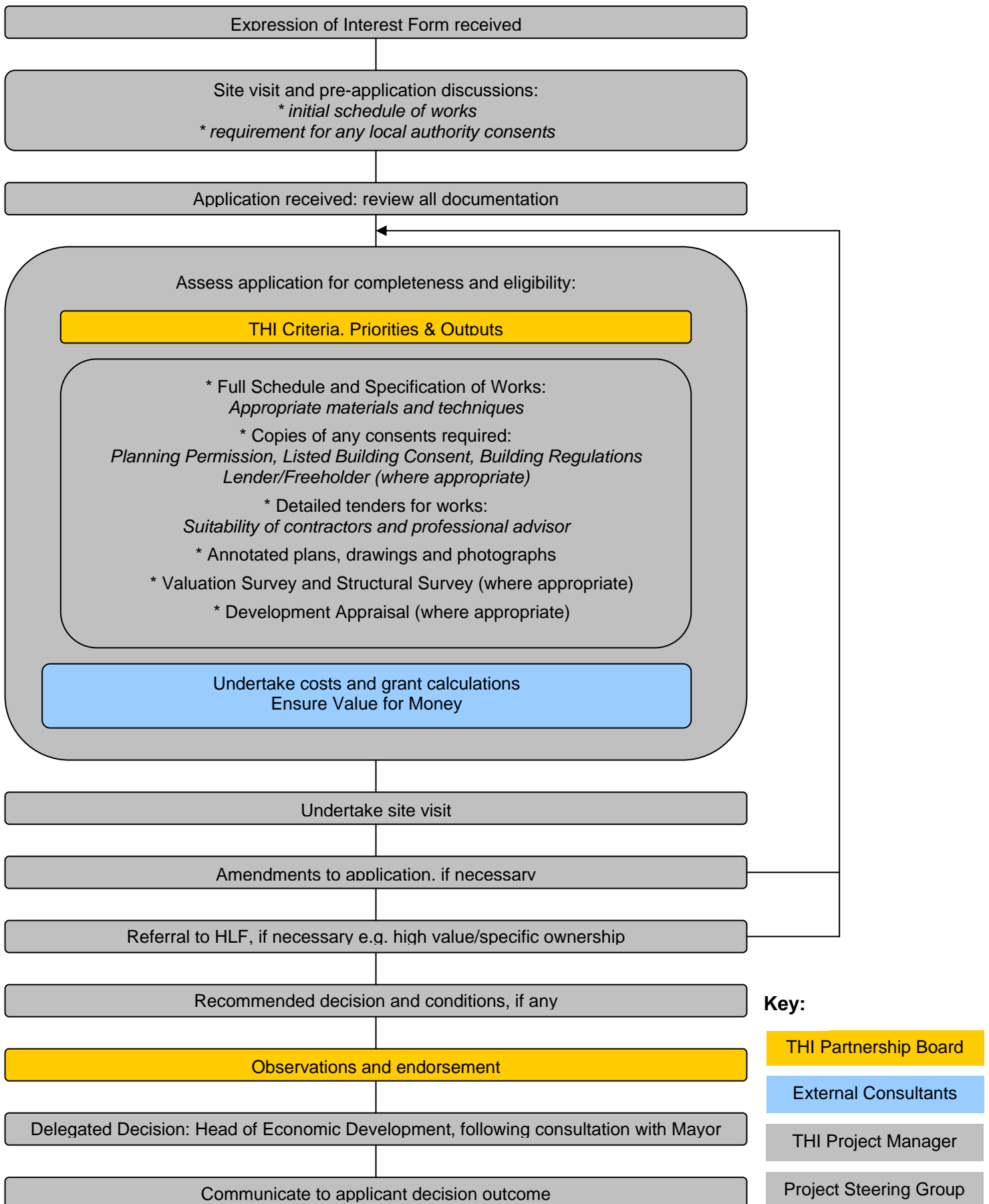
*File Reference:* THI Exec Decision - 310111

*Previous Relevant Minutes:* Executive Decision 814: 14 May 2010  
Town Centre Working Group: 9 March 2010  
(Minute 9)  
Full Council: 3 February 2010 (Minute 93)  
Executive Committee: 11 November 2009  
(Minute 40)  
Town Centre Working Group: 23 September  
2009 (Minute 3)  
Town Centre Working Group: 8 December 2008  
(Minute 8)

*Background Papers:* Bedford Town Centre Area Action Plan  
  
Shop fronts & Advertisements SPD  
  
Strategy for High Street Strategy SPD  
  
Stage One THI Submission

*Appendices:* A: Grant Application Decision Making Process  
  
B: Draft Guidance Notes for Application to THI  
Scheme  
  
C: Sample Third Party Agreement

**GRANT APPLICATION DECISION MAKING PROCESS**



## Draft Guidance Notes for Application to THI Scheme

### **Section 1 Guidance Notes for Applicants**

These notes provide information on the Bedford High Street Townscape Heritage Initiative (THI). This document sets out the process involved and is for guidance only. Each grant project is unique, therefore regular contact with the THI Project Manager is recommended throughout your project. Please note it is your responsibility to manage the project.

The purpose of grants made under the Bedford High Street Townscape Heritage Initiative is primarily to facilitate the preservation and enhancement of the historic environment. This will be done by providing grants to improve properties in High Street, Bedford.

The grant scheme will run for a maximum of 5 years, **September 2011 to August 2016**. Grant aid will only be allocated up to **August 2014**, therefore, early submission of your Expression of Interest Form is recommended.

The grants are available under three categories:

- **The repair and conservation of buildings**  
grants will cover up to **XX% (to be determined)** of the costs of structural and external repairs of historic buildings which are in use.
- **Reinstatement and restoration of architectural features**  
grants will cover up to **XX% (to be determined)** of the costs of reinstating lost architectural features which were part of the original design and character of the building. This includes traditional sash windows, entrance doors, missing architectural detailing and shopfronts. Reinstatement will be on the basis of historic evidence.
- **Bringing vacant floor space back into use**  
grants are available towards the costs of converting unused space within historic buildings, such as basements and upper floors, into commercial or residential use. Grants will cover the 'conservation deficit', that is the difference between the cost of conversion and the value of the property when converted.

Eligible total works under £5,000 will not be considered for grant aid. The overall total available grant aid for each building will be capped at £200,000.

This is a whole building grant scheme. Works of repair, reinstatement and to bring vacant floor space back into reuse, where appropriate, will be expected to be undertaken at the same time as part of the scheme. Only one grant application may be made per building, and may require the co-operation of the freeholder and leaseholder(s) to secure the grant.

All work must be undertaken with respect for the character and integrity of the building or structure and of the conservation area in which it lies. This is in accordance with the relevant national, regional and local conservation policies. It also follows published guidance and advice issued or endorsed by the Heritage Lottery Fund (HLF) and English Heritage (EH).

Tenders/Quotation should only be invited from contractors known to be able to achieve the standards of quality required. The contractors must be able to demonstrate that they have knowledge and previous experience of working with traditional building materials to a high standard in the repair of listed buildings. References will be required, and will be followed up.

Grant will not be paid for work that, in the reasonable opinion of Bedford Borough Council and the HLF, does not meet generally accepted standards of quality in materials or workmanship appropriate to the circumstances, whether in conservation work or new construction.

#### Interest in the property

In order to apply for grant you must have a **freehold interest** in the property **or an unexpired lease of at least ten years**, without break clause. Where the property is held on a lease of 10 years or less or there is a break clause the freeholder would be required to make the application on the building.

#### Prior to start

Applications for THI grant **cannot be made retrospectively**. You will not be paid any grant money if:

- You have already completed the works
- You start the eligible works before your application is approved
- You start eligible works after you have been awarded a grant but before you have entered into a grant contract with Bedford Borough Council, i.e. before you have formally accepted the grant offer and signed the Third Party Agreement.

#### Summary of the Process

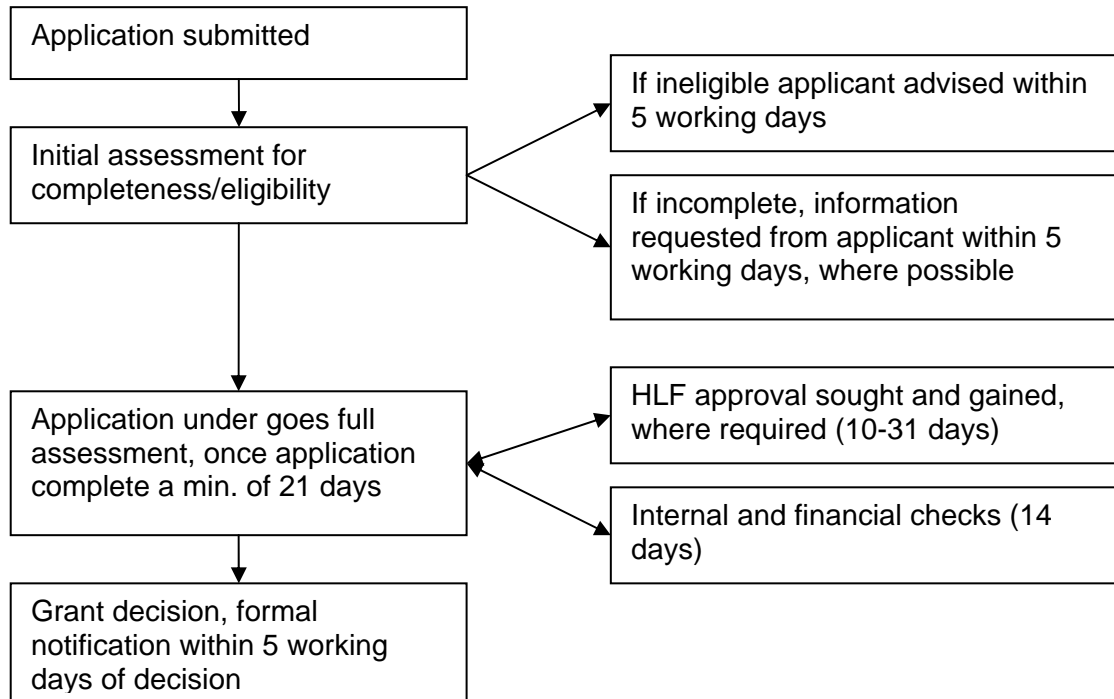
**Step 1: Before you apply** – Submit an Expression of Interest Form.

**Step 2: Initial contact** - The THI Project Manager will contact you to discuss your proposed works and advise on whether the proposals are eligible under the terms of the grant scheme. You may be required to appoint a professional to act on your behalf. The type and method of works must then be agreed in principle.

**Step 3: Other processes** - you must seek and obtain listed building consent (where required), planning permission and building regulations (where required) before submitting your full application. You must also obtain 3 detailed tenders for the works and a financial valuation.

**Step 4: Full application** – You must submit all the required documentation with your application, not to do so will result in delays.

**Step 5: Assessment procedures** - Your grant application will be considered and you will be notified of the outcome after the decision has been made.



**Step 6: Accepting the grant offer** - You will formally accept the grant offer within 4 weeks of it being offered and agree to abide by the terms and conditions of grant.

**Step 7: Commencing work on site** - You must start the work within three months of the grant offer, and complete within six months, unless otherwise agreed with the THI Project Manager.

**Step 8: Claiming your grant** - Following inspection and approval of the works you will pay for the contractor, and then you will be requested to submit a full set of invoices for all works, and the grant will be paid retrospectively based on the agreed grant offer and satisfactory eligible work. The grant offer cannot be increased.

### Detailed Grant Process

#### **Step 1: Before You Apply**

You are advised to read the Guidance Notes and then submit an Expression of Interest Form to the THI Project Manager declaring your interest in potentially securing grant funding for your property before **June 2014**, however, it is recommended that you submit your form as soon as possible to avoid disappointment. The form is attached at Appendix 4.

#### **Step 2: Initial contact**

On submission of the Expression of Interest, the THI Project Manager will arrange to meet the applicant on site for a preliminary discussion about any proposed works. This initial discussion will help you to gain a clear understanding of whether your proposal is eligible for grant aid, consider which works are eligible under this scheme, the likelihood of you receiving a grant offer, and if any Local Authority Consents or notifications will be required.

After the site visit, the Project Manager will provide you with feedback and a THI application pack, containing the details of the scheme, the application form and specific guidance documents, according to your project requirements.

### **Step 3: Other processes**

Once you have a clear idea of which works are likely to be eligible for grant aid, you will be asked to draw up a schedule of works. This information is necessary to identify specific repairs and enable further discussions about eligible works with the THI Project Manager.

Any works of reinstatement must be on the basis of historic evidence, old photographs or historic plans. Some information will be available from the THI Project Manager, other information may require you to undertake a search of the local archives, Historic Environment Record or other sources. This information will inform the schedule of eligible works.

When a schedule of eligible works has been agreed, with the THI Project Manager, a specification for the works can be drawn up which itemises the details of the repair, including materials and methods to be used. All repair works to the building must be undertaken with respect for the character and integrity of the building, and of the area in which it lies. Advice on appropriate materials and techniques of repair can be obtained from the THI Project Manager and must be in accordance with relevant national policies and advice issued or endorsed by English Heritage.

Once your schedule of works and specifications have been agreed, you will be asked to provide three detailed priced tenders for the works, detailed in the schedule of works as part of your grant application for works over £10,000 (or two detailed quotes where the eligible works are under £10,000). You should only invite tenders from contractors known to be able to achieve the standards required and with demonstrable experience of working on conservation projects. References will be required from contractors. If you want to accept a tender other than the lowest, you must submit written reasons why when submitting your application. Grant offers will be based on the lowest tender, irrespective of whether this is the company to be used, unless agreed by the THI Project Manager.

### **Professional advice and fees**

You must appoint an appropriately experienced and qualified professional, such as an architect, to plan and oversee the works to completion if the grant contribution is likely to be over £20,000. If the grant contribution is likely to be less than this amount, you are still advised to appoint an experienced and qualified professional to oversee the works. Professional fees are eligible for grant aid, where the professional is suitably qualified and accredited. Discuss the details with the THI Project Manager before you appoint your advisor.

Where a structural or other specialist survey is required advice must be sought from the THI Project Manager. Normally these costs will be eligible for grant aid, where the THI Project Manager has agreed that the work is required in principle.

Where it is intended to undertake works which affect a party wall or structure which forms a joint boundary with an adjacent property you will also need to comply with the Party Wall Act, engaging a specialist party wall surveyor. The costs and fees are eligible for grant aid.

You will also be required to submit an up to date valuation of the property with your grant application. The THI Project Manager will advise you on the relevant information for your surveyor for your particular building. This fee is eligible for grant aid.

### **Planning Fees**

Once you have an approved schedule of works and specification, you will normally require a number of permissions and consents in order to undertake building works of this scale and nature. These permissions and consents will need to be secured on the basis of the schedule of works, and appropriate reinstatement details and any proposed change of use, where relevant.

#### Planning Permission and Listed Building Consent etc.

One application is normally required, which will cover the permissions relevant to your building. These fees are eligible for grant aid.

Where there is a change of use or alteration to the exterior of a commercial property planning permission is usually required and changes to signage will normally also require permission under the advertisement regulations.

Conservation area consent may be required in addition to the planning and advertisement applications, where there are significant external alterations and or demolition to a building; all buildings on the High Street are within the Bedford Conservation Area.

Listed building consent applies to listed buildings only. All alterations, inside and out, and many repairs. A detailed application is required and is usually submitted with the relevant planning and advertisement applications.

#### Building Regulations

Following the granting of the consents and permissions you will need to ensure that the works comply with the Building Regulations, or are exempt from Building Regulations. The fees for the submission of an application or notification are eligible for grant aid.

### **Step 4: Full application: making an application**

The application form must be completed and returned with detailed information about the proposed works. Incomplete applications will not be processed until all information is supplied. The following documents are required in addition to the application form in all instances:

- You must be able to demonstrate your interest in the property and provide proof of ownership and/or possession of the property;
- The consent of your lender, if the property is mortgaged;
- Written consent of the freeholder if you are the leaseholder;
- If the proposed works require any statutory consents (such as planning permission, conservation area consent, listed building consent, and building regulation approval); copies of any relevant notifications must be attached;
- Any outstanding issues of planning enforcement or unauthorised work to the property need to be resolved in writing to the satisfaction of Bedford Borough Council;
- If you have had any grant offers or awards from other sources, you must attach copies of any relevant letters. These should indicate the amount and any conditions attached to the grant offer. You must also tell us if you have applied for

any other grants. There are European Union regulations relating to maximum overall grants that can be given as “State Aid” (see below);

- Historical justification for the proposal;
- Details of suitable professional advisor to develop and manage the works;
- A full schedule and specification of works;
- Three detailed, itemised like-for-like tenders for the work where the eligible works are over £10,000 or two detailed quotes where the eligible works are under £10,000;
- Drawings and Plans - relevant annotated plans, elevation and cross sectional drawings at an appropriate scale and site plan (Ordnance Survey extract);
- Structural survey (if applicable);
- Photographs of relevant elevations and details;
- An up to date valuation of the property in its current condition and where the building is to be brought back into reuse, an estimated valuation of the building once the project has been completed;
- A development appraisal, where the building is to be brought back into reuse;
- Health and Safety Statement; and
- Details of the buildings insurance and any additional insurance which is required whilst building works are on site.

### **State Aid**

The state aid rules of the EU prevent unfair competition between member states by favouring one undertaking over another. Grants below 200,000 Euros are not affected providing the commercial concern has not received assistance from state sources within the past three years. Large commercial concerns should seek legal advice for themselves as to whether they may breach these regulations by accepting a grant, as any challenge will be made against the recipient not the grant awarding body. Applicants will be required to declare that they have not received any grant aid from state sources in the past three years.

State Aid can exist when public funding is being applied for. There are exemptions to the rule:

*A public body, charitable institution or private individual is likely to fall outside this category and can normally be grant-aided for approved projects without further referral.*

*Any Small and Medium Enterprise (SME) contributing at least 50% of the overall cost of eligible works can be grant-aided without further referral. This is the ‘SME block exemption’.*

*Any SME, or larger enterprise, receiving more than 50% grant aid for any element will have a limit placed on the amount of public funding it receives without further referral to the European Commission. This is called the “de minimus exemption”. The limit is 200,000 Euros, approximately £173,000 (January 2011 exchange rate, 1.16017), received in any three-year period. The business is required to confirm that it has not received any public funding over the last three years that will total more than 200,000 Euros when added to this grant. The business will also be monitored over the next three years to see if further public grants take you over this limit.*

THI schemes are compatible with the State Aid provisions and all THI schemes have a licence to operate. In May 2003 an EC notification found that, in cases where the retention or appropriate repair of historic assets entails additional costs part or all of which are to be funded through grants, preserves heritage without affecting trading conditions and competition, and is therefore compatible with the State Aid provisions.

#### **Step 5: Assessment procedures**

Applications for grant aid for properties are assessed on a property-by-property basis, and against the following criteria:

- Whether the building is a 'priority property'. These properties are a priority for grant funding;
- The conservation and townscape merit of the building, and the extent to which the proposals will enhance this;
- The need for repair of the building;
- The use of appropriate materials and techniques of repair, in keeping with national conservation standards;
- The extent to which architectural details will be reinstated;
- The implementation of a comprehensive repair strategy to ensure the long-term life of the building;
- The regard paid to the special character and interest of the property and the conservation area and its setting;
- Whether the proposals fully meet the criteria set out in the Guide to Eligible Works;
- Whether the cost of the project is reasonable and provides value for money; and
- Whether appropriately qualified and experienced professional advisor and contractors are proposed.

You will be notified of the outcome by letter as soon as possible after the decision has been made.

A grant offer will be set at a maximum level, on the basis of eligible works, which normally will not be increased. The overall total grant aid for each building will be capped at £200,000. The THI Project Manager may decrease the level of grant assistance offered, but normally only where the final costs for work undertaken is less than the quoted price or where less than the full schedule of works is undertaken in agreement with the THI Project Manager.

Where grant aid offered is likely to be over £50,000 you must advertise appropriately for contractors, in order to secure the tenders. This may include advertising in the local press and in the national trade press.

Some applications may require referral to the HLF, for example, where the total grant aid is likely to exceed £100,000, if an application is made by a member of the Partnership Board or if a project is selected by the HLF to be monitored. This may add 10-31 days to the grant decision timetable.

## Conservation Deficit/Viability Gap

Conservation Deficit/Viability Gap calculations are applied to the buildings to be covered by the scheme. It is worked out on the basis of current property value, cost of works, and the value of the property once completed. The general principle is to ensure that the uplift in value of the property as a result of the project is not greater than the level of funds that is provided to the applicant towards the total project cost. The worked example below explains that the cost of eligible works over and above the value of the property in a repaired condition is the conservation deficit/viability gap. For example, the grant for property 1 would be £20,000 or 40% of eligible costs, for property 2 the grant would be £80,000 or 80%. Using this model means that benefit is not gained directly by private individuals.

The grant is worked out on the following formulae:

$$(C+DP) - (CV-OV) = G \qquad \frac{G}{(C+DP)} = GP$$

*G is the grant, the conservation deficit; C is the eligible cost of the project excluding the VAT (if any) you have recovered; OV is the open market value of your interest in the property agreed with us at the start of the project; CV is the open market value of your interest in the property on completion of the works; DP is developer profit at 15%; GP is the grant percentage.*

### Grant Aid Worked Simplified Examples

#### *Using Conservation Deficit Approach*

Property 1			Property 2		
OV	Open market value	£100,000.00	OV	Open market value	£130,000.00
CV	Open market value once works completed	£130,000.00	CV	Open market value once works completed	£150,000.00
C+DP	Eligible project costs (including profit at 15%)	£ 50,000.00	C+DP	Eligible project costs (including profit at 15%)	£100,000.00
G	Conservation Deficit	£ 20,000.00	G	Conservation Deficit	£ 80,000.00
GP	Grant Percentage	40%	GP	Grant Percentage	80%

### Using Viability Gap Approach

<b>Total Scheme - Viability Gap</b>		
Current value	£	225,000.00
Estimated end value of project	£	295,000.00
Projected Profit	£	70,000.00
<b>Reuse Costs (inc fees)</b>	£	120,901.87
Letting/sales fees say 2%	£	2,418.04
Loan financing fee say 10%	£	12,090.19
Developer profit @15%	£	18,135.28
<b>Total eligible reuse costs</b>	<b>£</b>	<b>153,545.37</b>
<b>Repair Costs (inc fees)</b>	£	3,600.00
Letting/sales fees say 2%	£	72.00
Loan financing fee say 10%	£	360.00
Developer profit @15%	£	540.00
<b>Total eligible repair costs</b>	<b>£</b>	<b>4,572.00</b>
<b>Reinstatement Costs (inc fees)</b>	£	37,528.76
Letting/sales fees say 2%	£	750.58
Loan financing fee say 10%	£	3,752.88
Developer profit @15%	£	5,629.31
<b>Total eligible reinstatement costs</b>	<b>£</b>	<b>47,661.52</b>
<b>Overall Costs</b>	<b>£</b>	<b>205,778.89</b>
Grant needed	£	135,778.89
Grant to be offered	£	135,778.89

#### Step 6: Accepting the grant offer

You will be required to formally accept the grant offer in writing within 4 weeks of it being offered and agree to abide by the terms and conditions of the grant. The terms and conditions of the grant will be detailed in the formal grant offer letter.

An offer of grant aid and the formal acceptance of that offer together constitute a legal contract, which binds both parties to abide by the terms and conditions and advice leaflets detailed in the formal grant offer.

The applicant will be required to enter into a Third Party Agreement for ten years. A copy of the draft agreement is attached at Appendix 2.

*Bedford Borough Council is under a duty to protect the public funds it administers, and to this end may use the information you have provided on this form for the prevention and detection of fraud. It may also, and on occasions will be required to, share this information with other bodies responsible for auditing or administering public funds for these purposes.*

*For further information, see the Fair Processing Notice on the Bedford Borough Council website:*

*([http://www.bedford.gov.uk/council\\_and\\_democracy/fair\\_processing\\_notice.aspx](http://www.bedford.gov.uk/council_and_democracy/fair_processing_notice.aspx)) or contact the Internal Audit Manager, telephone 01234 267422.*

### **Step 7: Commencing work on site**

You must start the work within three months of the grant offer, unless otherwise agreed with the THI Project Manager. Once you have formally accepted the grant offer, you should notify the THI Project Manager of your intention to start on site seven days before work is due to commence. This is to enable a pre-start meeting to be arranged between your contractors and the THI Project Manager. After this meeting has taken place then your project is ready to begin.

The work carried out and methods used must comply with the agreed schedule of work and the relevant advice leaflets. Failure to do so may result in the offer of grant aid being withdrawn, or require the return of grant aid where payments have been made.

#### Inspection

The THI Project Manager will inspect the work on site periodically to ensure that it is progressing satisfactorily. If you wish you may be present at any of these site meetings.

#### Completion

You must complete the works within a time period agreed in advance (generally within 6 months of acceptance) with the THI Project Manager, unless they agree in writing to extend this period.

#### Publicity

The THI Project Manager reserves the right to use illustrations, photographs or details of your project in promotional literature and information. During the contract period and whilst works are being undertaken on site, you will be required to erect a sign board which acknowledges the contribution made to the project by the scheme funding partners, to be provided by the THI Project Manager.

### **Step 8: Claiming your grant**

Soon after the completion of works, the project will be visited by the THI Project Manager to assess the quality of work undertaken and ensure that all conditions have been complied with.

#### Single claim

Following this meeting you will be requested to submit original copies of paid, receipted invoices for the grant aided works, which will normally be paid by Bedford Borough Council direct to you as the applicant. Please keep a copy of these documents for your own records.

#### Interim payments

If Interim (or Stage) Payments are agreed by the THI Project Manager, rather than a full final payment, then grant payments may be paid against original copies of paid, receipted invoices for the completed elements of grant aided works, or against an Architect's Certificate of Works complete.

Grant payments can only be paid to the value of 90% of the grant offer until the site has been finally inspected and approved by the THI Project Manager, and where a building contract has been entered into, a Practical Completion Certificate has been issued.

On completion of all works on site, you will be requested to submit a full set of invoices for all works to the property and not just those that have been grant aided. This information is necessary for audit and monitoring purposes.

### Retention

10% of the total grant will be withheld until the THI Partnership is satisfied that all works have been completed to the required standard and has received a copy of the Practical Completion Certificate.

### Following completion of eligible works

Following completion of the eligible works, you must:

- Insure the property in relation to the completed standard and quality of the property
- Maintain the property in a manner consistent with the completed standard and character, appearance and amenity of the area
- Erect and display the HLF plaque, which will be provided

The grant will become repayable, and any future payments stopped, if:

- Any conditions of the grant are breached
- You are shown to have completed your application for the grant fraudulently, incorrectly or misleadingly

### Clawback

To protect the use of publicly administered fund; the THI is set up so that little or no private gain can be made from the scheme. Grant recipients may have to repay part or the entire grant if they sell their property within 10 years. This is known as 'clawback'.

If you intend to sell or let the property or a part of it ('a disposal') within the 10 year period, you must inform the THI Project Manager and on completion of the sale or lease, pay back the grant or a proportion of it.

Clawback is calculated on fixed percentage grants using the following formula:

$$\frac{G}{C} \times \frac{(CV - OV)}{10} \times (10 - Y) = R$$

*G is the grant; C is the eligible cost of the project excluding the VAT (if any) you have recovered; OV is the open market value of your interest in the property agreed with us at the start of the project; CV is the open market value of your interest in the property on completion of the disposal; Y is the number of complete years from the date of this agreement; and R is the amount we require to be repaid to us out of the proceeds of the disposal.*

On completion of the disposal of the property owner's entire interest in the property, or 2 years from completion of the project (whichever is earlier), grants given under the conservation deficit model must be recalculated using updated information, including the actual value of the property as completed, rather than the expected value, prepared by independent valuers. You must pay back the amount which we agree bears the same proportion to any reduction in the conservation deficit as the grant related to the estimated cost of the project.

### Repayment

You may be required to repay the grant in full or in part if any of the grant conditions are breached and not rectified.

## **Section 2: Summary of Grant Conditions**

If your application for a Townscape Heritage Initiative grant is approved, you will be asked to enter into a formal contract with Bedford Borough Council, as the accountable body for the administration of the grant. Below is a summary of the general conditions of the grant.

### **Use of grant**

The grant can only be used to carry out the eligible works<sup>1</sup> on the property specified in the application.

### **Compliance with approved documents**

The project works must be carried out in accordance with the specification drawings, development appraisal and other documents submitted to and approved by the THI Partnership.

### **Best practice**

The works must<sup>2</sup> be carried out in accordance with the current best practice in the conservation of historic buildings and the quality must be appropriate to a project of importance to the national heritage.

### **Consent for works**

Any offer of grant aid will be subject to the applicant obtaining the necessary consents, where required for proposed works, under planning or historic building legislation, building regulations or any other relevant legislation, including any requirements of Health and Safety and current CDM regulations. If in doubt, please contact the THI Project Manager, prior to submitting the application form.

### **Grant acceptance**

Any offer of grant must be accepted in writing within 4 weeks of the date of any letter, unless otherwise agreed in writing by the THI Partnership.

### **Starting the works**

No work shall be started prior to the approval of your application to the Townscape Heritage Initiative. The THI Partnership's written consent is required before any works can commence. Failure to observe this condition will result in the application being invalidated. If the works are urgent, the THI Partnership should be informed at the time the application is submitted.

The grant aided works must commence within three months of the date of any grant offer letter, unless otherwise agreed in writing by the THI Project Manager. These works shall be completed as soon as practicable within an appropriate defined period.

### **Other works**

Until the project works are completed, you must not carry out any other works to the property that might detract from its value of integrity as a heritage asset<sup>3</sup>.

### **Non-transferable**

The grant is not transferable to another person or building.

---

<sup>1</sup> Eligible works means the work described in the grant offer letter.

<sup>2</sup> Project works means the works described in your application, or otherwise agreed with the THI Project Manager.

<sup>3</sup> You are advised to seek advice from the THI Project Manager before carrying out ANY works not specified in your application.

**Contracts for the works**

The contracts you enter into with building contractors to carry out the eligible works must be the same as those that would be used by a reasonably experienced employer for a project of a similar size, value, complexity and prominence.

**Project records**

You must keep all records, including copies of financial records, of the project and let representatives of Bedford Borough Council as the accountable body for the THI scheme see them if they request to do so.

**Inspections**

All works must be carried out in full and to the complete satisfaction of the grant funding agreement. You must let representatives of the THI scheme have access to the property to monitor the progress and standard of the project works, during the works and after completion, to ensure that all terms and conditions of the grant offer have been met before the grant is paid.

**Recommendations**

You must give due regard to any recommendations made by the THI Project Manager about the project. Bedford Borough Council accepts no liability for any professional advice offered by its representatives.

**Publicity**

The THI Partnership, Bedford Borough Council and the Heritage Lottery Fund reserve the right to publicise any offer of grant. You must publicly acknowledge the grant by displaying a prominent sign supplied by the THI Project Manager on the property during the project. You must seek the permission of the THI Project Manager before making any public statement about the grant.

**Payment of grant**

Grant payments will be made in arrears on receipt of a suitable invoice or certificate issued or endorsed by a suitably qualified professional. Payments can be made on completion or against agreed stages in the project works.

10% of the total grant will be withheld until the THI Project Manager is satisfied that all works have been completed to the required standard and has received a copy of the practical completion certificate.

All claims must be made before the end of the THI, failure to do so will result in non-payment of grant.

**Selling the property**

If you sell or otherwise dispose of the property after carrying out the project works, you may have to pay Bedford Borough Council as the accountable body for the administration of the THI scheme a portion of any increase in the value of the property. There is a formula for calculating this clawback. This clawback will apply for ten years from the date of the acceptance of the grant. Further details are provided in the Third Party Contract.

**Repayment**

You may also be required to repay the grant in other circumstances, for example, if you fail to use the grant for the purposes we agreed to fund, become bankrupt, have acted fraudulently or negligently in applying for the grant, or have breached the conditions in the Third Party Contract. A full list of such circumstances is given in the contract.

**Variations in the grant offer**

If the eligible works are completed for less than the estimated costs on which the grant offer was made, the grant will be reduced, but will remain the agreed percentage of the project costs.

The grant will not be increased if there is overspend on the project works, unless agreed by the THI Project Manager.

**Maintaining the property**

Following completion of the project works, you must maintain the property in a manner consistent with its historic character and appearance. Properties that have previously been fully restored through grant assistance under previous schemes will not be eligible for grant assistance under the THI scheme, unless agreed by the THI Partnership.

**Insuring the works**

You must take out insurance for the work and for any unfixed materials and goods delivered to the property. All of these must be covered for their full value against loss or damage.

Insurance should be held in the joint names of the person or organisation receiving the grant and the contractor carrying out the works. Your insurance must note our interest by name.

**Insuring the property**

You must have a suitable insurance policy. Your insurance cover must note our interest in the property. If the property is damaged, for example by fire, lightning, storm or flood, you may find that you cannot provide the approved purposes. You will then have broken your grant contract with us and we may have to consider claiming back your grant payments. In these circumstances you will need to be able to provide the approved purposes (the purposes for which you have been offered a grant) or repay the grant.

You do not need to take out insurance for any part of the property while it is covered by the Government indemnity scheme.

If we have agreed in writing that you can self-insure, you do not need to take out any other insurance.

**Withdrawal of funding**

The THI Partnership reserves the right to suspend or stop payment of the grant if the required funding is withdrawn from the THI.

**Sample Third Party Agreement**

**Model Contract for third-party grants**

*The following basic provisions will be included in all third-party contracts. The "partnership" referred to below is the Bedford High Street THI Partnership for which Bedford Borough Council is the lead accountable body.*

THIS AGREEMENT dated \_\_\_ is made between [the Partnership] of [\_\_\_] ('we', 'us', 'our') and [\_\_\_] ('you'). We administer the [\_\_\_\_\_] Townscape Heritage Initiative Scheme ('the Scheme'), which is supported by the Trustees of the National Heritage Memorial Fund ('NHMF'), and we agree to pay and you accept a grant of up to [\_\_\_] Pounds (£[\_\_\_\_]) ("the Grant") towards the cost of the repair and/or restoration works at [Address] ("the Property") described in your application numbered [\_\_\_] ("the Project") subject to the following conditions:

1. You will use the Grant only to carry out the eligible works ("the Works") to the Property identified in our grant offer letter to you. The Grant is not transferable.
2. You will carry out the Works in accordance with current best practice in the conservation of historic buildings and to a quality appropriate for a project of importance to the national heritage. Until the completion date specified below, you must not carry out work to the Property (other than the Project) that detracts in our opinion from the Property's value or integrity as a heritage asset, unless we agree otherwise in writing.
3. You must commence the Works by [Date] and complete them by [Date], unless we agree otherwise in writing.
4. Unless we agree otherwise in writing, you must obtain at least three tenders for the Works if the total cost will exceed [not less than £10,000] and submit to us a summary of the tenders received and your reasons, if any, for not accepting the lowest tender. If we disagree with your reasons for not accepting the lowest tender, we will reduce the Grant by an amount which bears the same proportion to the difference between the tender you accept and the lowest tender as the Grant bore to the estimated cost of the relevant Works. [Refer to EU Procurement Regulations if they are relevant].
5. The contracts you enter into in undertaking the Works must be on terms which do not differ materially from those that would be entered into by a reasonably experienced building employer engaging contractors to provide similar work or services for projects of the size, value, complexity and prominence of the Works. The costs of Works and any additional Project costs should if possible, be itemised in the contract.
6. If the Works are completed for less than the cost estimate on which our grant offer was based, you must return to us any unspent Grant you have received. Grant for these purposes will be deemed to have been spent pro rata with funds provided to carry out the Works from other sources. The Grant will not be increased if there is any overspend.

7. You must keep all your Project records for the period of this Agreement, and provide us with any financial and other information, and such access to the Property, as we require to monitor the conduct, progress and completion of the Project. You will give due consideration to any recommendations regarding the Project we make or those made by anyone acting on our behalf.
8. While the Project is being carried out, you must publicly acknowledge the Grant by displaying any signs we provide for this purpose.
9. Claims for payment of the Grant must:
  - 9.1 be made in arrears [specify at what stages, and in what form; the procedures should be similar in principle to those required of the THI Partnership by NHMF, including retaining a retention of 10% at least until you have received a copy of the practical completion certificate]; and
  - 9.2 if you receive any refund of Value Added Tax you must offset these savings against your next grant payment application. In the event that you receive any Value Added Tax refunds following completion of the Project, you must pay us the Grant percentage of the amounts of the Value Added Tax refunds you receive.
10. While the Project is in progress, you must maintain adequate insurance cover on the Property, the Works and any materials and goods delivered to it, against loss or damage arising as a consequence of the Project being undertaken. Such insurance should be held in the joint names of you and your contractor unless we agree otherwise in writing. The proceeds of any claims must be applied towards the cost of the reinstatement of the Works and the Property and the replacement of any goods or materials damaged, as necessary. If in our opinion such reinstatement or replacement is not reasonably practical due to the extent of the damage, then you must apply the proceeds of all claims under the insurance firstly to the repayment of any sums you have received from us.
11. Following completion of the Works you must:
  - 11.1 insure the Property against such risks as is reasonable and appropriate in all the relevant circumstances; and
  - 11.2 maintain the Property in good repair and condition, and in a manner consistent with the character and appearance of the conservation area.
12. The Grant will become repayable, and any future payments stopped, if:
  - 12.1 you breach any of these conditions;
  - 12.2 you cease to operate, are declared bankrupt or placed in receivership or liquidation;
  - 12.3 you are shown to have completed your application for the Grant fraudulently, incorrectly or misleadingly;
  - 12.4 you act fraudulently or negligently in carrying out the Project; or
  - 12.5 any competent authority directs the repayment of the Grant.

Repayment may not be required if any breach is capable of being remedied and is remedied within whatever period we prescribe, or in relation to any element of the Works which has been completed the heritage benefit of which we agree is not jeopardised by failure to complete the remainder.

**Either:**

*[Recovery clause: For grants made on the conservation deficit basis. The following set out NHMF's normal minimum requirements, but since all elements of a grant from the common fund should normally be subject to the same conditions, it may be necessary to agree with NHMF the details on a scheme by scheme basis, in the light of conditions attached to the partnership funding.]*

13(a) On completion of the disposal of your entire interest in the Property, or two years from completion of the Project (whichever is the earlier), you must recalculate the conservation deficit (on the same basis as you were required to calculate the estimated conservation deficit in the development appraisal included in your application) using the actual building and other development costs and (at our option) either:

- 13.1 the value realised in an open market sale of your interest in the Property; or
- 13.2 a valuation on that basis as defined by the Royal Institution of Chartered Surveyors prepared by [the District Valuer/a qualified independent valuer approved by us] and submit that recalculation to us. You must forthwith repay to us the amount which we agree bears the same proportion to any reduction in the conservation deficit as the Grant bore to the estimated cost of the Project.

13(b) For the purposes of Clause 13.2 above, your interest in the Property shall be deemed to be the interest you were assumed to have for the purpose of calculating the estimated conservation deficit or your current interest, whichever is the more valuable.

**Or:**

*[Recovery clause: For fixed-percentage grants including a contribution from NHMF up to and including £15,000 we will not require repayment. For grants including a contribution from NHMF of £15,001 and above we will require repayment in accordance with clause 13 below]*

13. If you intend to sell or let the Property or a part of it ('a disposal') during the 10 year period referred to in clause 16 you must tell us and on completion of the sale or lease pay to us the Grant or a proportion of it calculated in accordance with the following formula:

$$\frac{G}{C} \times \frac{(CV - OV)}{10} \times (10 - Y) = R$$

where

G = the Grant,

C = the eligible cost of the Project excluding Value Added Tax (if any) you have recovered,

OV = the open market value of your interest in the Property agreed with us at the start of the project being £[ ],  
CV = the open market value of your interest in the Property on completion of the disposal,  
Y = the number of complete years from the date of this Agreement; and  
R = the amount we require to be repaid to us out of the proceeds of the disposal.

14. We may at any time assign or transfer the benefit or burden of this agreement to NHMF and allow it to conduct any proceedings against you for breach of it.
15. We reserve the right to suspend or stop payment of the Grant if NHMF is unable to continue funding the Scheme if the National Lottery ceases to operate or insufficient funds are made available to NHMF from it.
16. These terms and conditions will last for *[5 years for grants including a contribution from NHMF up to and including £15,000 and 10 years for grants including a contribution from NHMF of £15,001 and above]* years from the date of this Agreement.