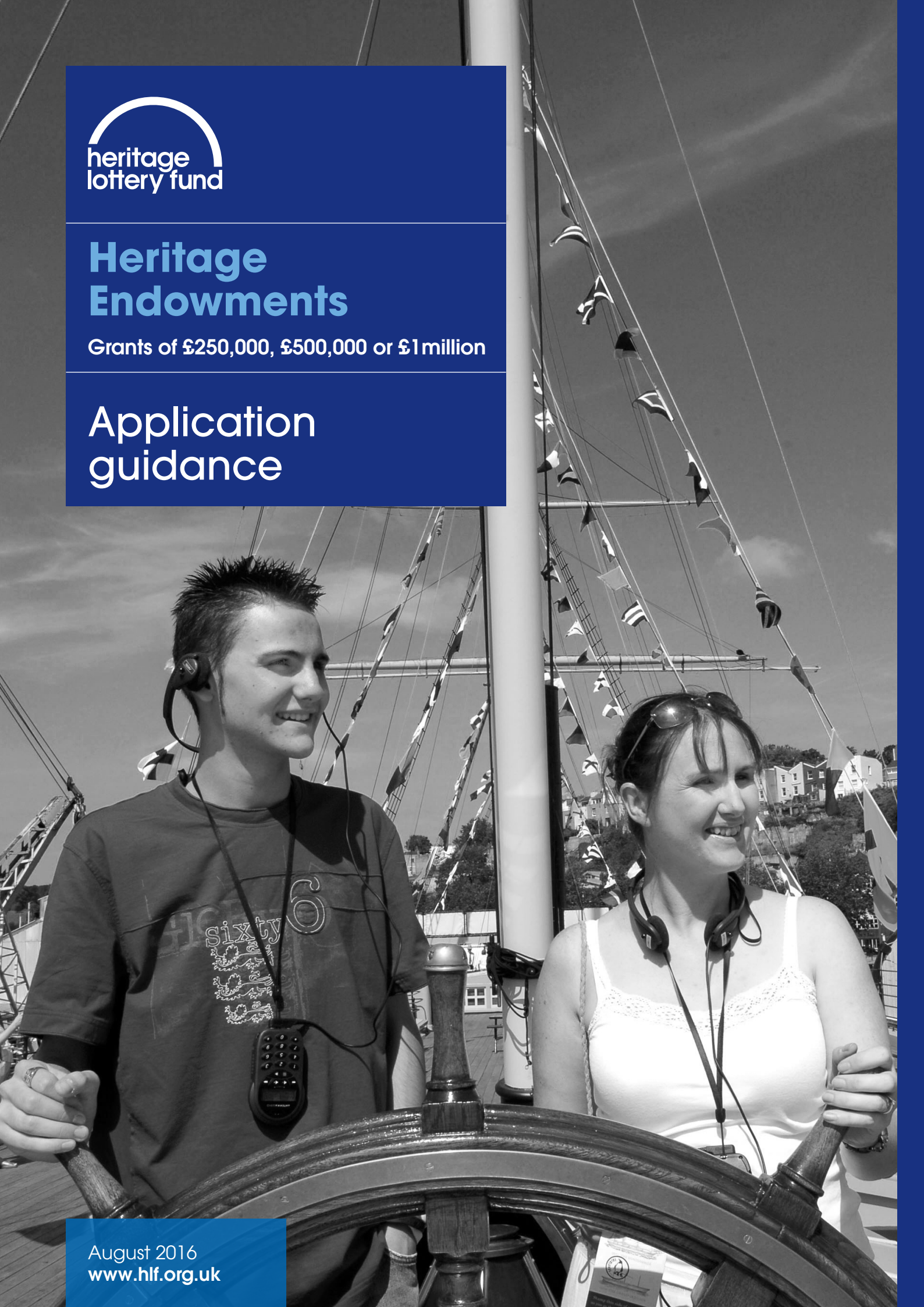




Heritage Endowments

Grants of £250,000, £500,000 or £1 million

Application guidance



August 2016
www.hlf.org.uk

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Part one: Introduction

Welcome

Heritage Endowments are available to heritage organisations in the UK to match-fund the creation or development of an endowment fund and to encourage more private giving to the heritage sector.

Heritage Endowments will support your organisation to build an endowment, which will provide an annual income over the long term and create a lasting source of financial support.

Fundraising for an endowment will enable you to increase fundraising expertise among your staff, volunteers and Trustees and develop your relationships with donors. This programme aims to help heritage organisations diversify their income and become more resilient, making a lasting difference for heritage and people.

This initiative is intended to:

- attract additional private money into the heritage sector through the offer of match funding; and
- achieve a significant growth in endowments in the heritage sector, invested to provide sustainable funding for the long term.

You can apply for a Heritage Endowments grant of £250,000, £500,000 or £1 million, to be matched £1:£1 by private donations you raise. In addition to the match funding element, you can also apply for up to 10% of the grant to help resource campaigns. For example, if you were applying for £250,000 in match funding you could apply for an additional amount of up to £25,000 to support the campaign. Please see page 9 for more information.

About this guidance

This guidance will help you decide whether this is the right programme for you, as well as providing you with the information you'll need to plan a full application.

Read **Part one: Introduction** and **Part two: Application process** to find out about what we fund and how to apply.

Part three: Receiving a grant tells you how we will work with you if you receive a grant.

Part four: Application form help notes provides information to help you answer each of the questions on the application form.

Who we fund

To be funded under this initiative, you must:

- be an organisation that we are currently funding or have funded in the past. Current HLF grantees can apply for a Heritage Endowments grant to run alongside their current project;
- have a constitution or other governing document that enables the operation of an endowment fund that meets the requirements of this guidance; and
- demonstrate that your organisation has the necessary processes in place to provide strong financial management. This should include, where your organisation already holds investments, evidence of their management, whether direct or through investment managers or managed funds, backed by recent audited accounts.

We expect the lead applicant's constitution to include the following (unless the lead applicant is a public organisation or Registered Charity):

- the name and aims of your organisation;
- a statement that prevents your organisation from distributing income or property to its members during its lifetime;
- a statement which confirms that, if your organisation is wound up or dissolves, the organisation's assets will be distributed to another charitable or not-for-profit organisation and not to the organisation's members.

In addition, you must be able to show that your organisation has:

- experience and success in fundraising from private donors, whether trusts, foundations, individuals or corporate givers;
- an ability to engage with donors and encourage new or additional giving from them;
- sensible plans for legacy giving as an important element of a sustainable endowment fundraising strategy; and
- the ability to run a match funding challenge (you do not have to have direct experience of having done so but should be able to demonstrate similar experience and the capacity of the team who will manage the campaign and endowment).

You must ensure that your fundraising strategy has been discussed and endorsed (whether formally or informally) by your Board or governing body.

We normally expect you to be the owner of the heritage asset that will benefit from the Heritage Endowments grant. If the endowment relates to land or buildings and you are not the owner, you will need a lease with at least 20 years left to run after the match funding project's completion date. If you are the long-term custodian of a collection, you will need to demonstrate that you have permission to receive a Heritage Endowments grant and have an appropriate legal framework covering a similar time period in place.

In order to enable a wide range of organisations to benefit from the opportunity for match funding, we will not support previous Catalyst Endowments grantees under this programme.

Partnerships

In some circumstances a group of heritage organisations that individually would not have the capacity to fundraise for endowments might form a partnership to provide the capacity necessary to successfully deliver a Heritage Endowments campaign. In this case you will need to show how this achieves economies of scale, enables sharing of learning between the partners, and:

- there will be a named lead partner that will complete the application and receive all the funds that accrue to the endowment (both from HLF and other givers). This organisation must have a governing instrument that empowers it to receive and distribute the endowment funds in the way the application proposes;
- the lead partner must be a past or current grantee of HLF;
- this arrangement must be permitted by the governing documents of each participating organisation;
- there will be a formal consortium agreement (e.g. memorandum of understanding, heads of agreement, letters of intent etc.) that does not need to be a binding legal contract but should at least list the organisations in the partnership or consortium, explain their roles, responsibilities, accountabilities and the terms of the relationship between the organisations involved. It should also describe the outline process for how disputes will be resolved; and
- there should be a mutual commitment to continuing joint fundraising to grow the endowment beyond the four-year period of the programme.

How to register

If you want to apply, you will need to register online at www.hlf.org.uk and send us a project enquiry form by **13 October 2016**. Staff in your local HLF office will get in touch within 10 working days to let you know whether your project fits this initiative and whether you should continue with your application.

Complete all sections of the project enquiry form. For question 5a, tell us if you plan to include any costs associated with supporting the fundraising campaign, and what you think these will be.

We recommend that you read **Parts one and two** of this Heritage Endowments application guidance before sending us your project enquiry.

What we fund

Heritage includes many different things from the past that we value and want to pass on to future generations. Under this initiative, this can include:

- archaeological sites;
- collections of objects, books or documents in museums, libraries or archives;
- historic buildings;
- natural and designed landscapes and gardens;
- places and objects linked to our industrial, maritime and transport history; and
- natural heritage including habitats, species and geology.

We fund projects that make a lasting difference for heritage, people and communities in the UK.

Under this programme we will **only** provide grants to match-fund money raised from private sources towards the building of an endowment, and some of the costs associated with your fundraising campaign.

When we say project, under this programme we mean a fundraising campaign that:

- is defined at the outset;
- has not yet started;
- will take no more than four years to complete;
- will contribute to achieving the outcomes we describe.

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

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

What are endowments?

Through this initiative, we fund the creation, or development, of endowments. An endowment is money or property that is intended as a long-term investment, often invested as a capital fund to maintain its value and/or to provide an annual income. Such capital funds can take different legal forms and can be held so that:

- there is a distinction between the application of capital funds and of income;
- capital is retained, either forever or until a particular event or time. Where this is part of the legal set up of the grant, this is called a "permanent endowment"; or
- there is no distinction between spending capital or income, although by the nature of an endowment, it is invested in order to increase its value or produce income. There may, however, be plans to spend the capital at some stage in the future. This type of endowment is typically called an "expendable endowment".

It follows from this that:

- as endowment funds are invested, returns are reliant on the nature of the investment policy adopted and the performance of the financial and property markets; and
- a substantial proportion of the income will need to be reinvested each year to enable the endowment to maintain its value in real terms over a very long period of time, and as a consequence the income available for use each year will always be small in relation to the value of the funds invested.

What we expect

Successful applicants will be expected to:

- achieve or exceed the agreed targets for match funding from private donors;
- increase the number of donors to their organisation and the amount that existing donors give;

- invest the capital to generate income to fund the applicant organisation's whole work, or an element of it, as defined in the application;
- comply with all HLF's conditions associated with that investment, including keeping financial records, monitoring and evaluation, reporting on progress against targets etc; and
- make and present plans for the endowment after the end of the programme, showing how the endowment will be developed to attract further funding, and managed to ensure a long-term impact on the heritage organisation.

The purpose of the endowment

Funds received under the scheme are all expendable endowments, legally. This will enable your organisation to have the flexibility, in the future, to borrow from the HLF-funded portion of the endowment, subject to you demonstrating that there is a good economic case for such borrowing, as well as the capacity to restore to the endowment the value of the sum borrowed in a timely way. Any proposal to convert capital to income in this way would be subject to HLF's advance approval.

Grant recipients may treat the grant in either of the following two ways:

- As an endowment where the capital is used to provide income and will not itself be spent. Such funds will not be able to be used for any other purpose than that for which they are given, but they will usually be applied, for as long as the capital is held, for that same purpose.
- As a time-limited expendable endowment, where the fund, both capital and income, is expended over a long period of time. HLF will only accept proposals for endowments to be spent over a period of 20 years or longer from the completion of the fundraising.

Heritage Endowments applications are unlikely to be successful if the plan is just to fix current operational shortfalls. There are other funding opportunities available to support past HLF grantees in overcoming short-term financial difficulty. Please contact your local office for advice on this.

The endowment fundraising campaign should represent a commitment to change by the applicant organisation, at least to diversifying its funding base in respect of private giving. Plans for using the endowment might include:

- developing new business and income streams;
- maintaining and improving current arrangements for engaging people with heritage;
- underpinning planned maintenance of heritage assets and cyclical renewal and refreshment of fixed assets and services; and
- funding 'invest to save schemes' where the income could be used to generate more efficient and economic use of existing assets.

Where the proposal is for a more permanent type of endowment (as described above), the match funding from private donors should be treated in the same way as HLF's award, subject to any third party requirements.

The scope of the scheme does not include endowments in the form of tangible assets that have a functional purpose for a heritage organisation, such as any property held for preservation, or land and buildings occupied by the organisation.

Eligible donors and assets

Eligible donors can include:

- private individuals
- businesses of all types including limited companies (whether public or private or by shares or by guarantee), sole traders, partnerships, community interest companies
- other 'not for profit' enterprises
- faith groups
- trusts and foundations where the gift to the match challenge is additional to, and separate from, any previous support given to the recipient organisation and is specifically identified for the endowment
- funds administered by local authorities or National Health Service bodies as charity trustee (but not from their general budget)

Eligible donors do not need to be UK registered companies nor do individuals need any UK domicile or residency qualifications.

Ineligible donors

Public sector funding, including that distributed by intermediaries, cannot be used as match funding. This includes:

- endowments created in the past by defunct organisations such as English Partnerships or the Regional Development Agencies
- grant schemes funded directly or indirectly by central or local government, or other public bodies
- National Lottery funds
- European Union Funds
- endowment funds that have already been incentivised from public funds

Asset Classes

An asset class is a grouping of similar types of investment such as equities, bonds and cash.

All asset classes will be eligible as match funding as long as they are transferred to the recipient organisation before the expiry of the award and their amount is certain (valuations of non-cash assets should be as

of the day of transfer, net of costs associated with their transfer, and acceptable to HMRC for tax calculations). These classes include the following:

- cash
- property, either from the sale of the property or from rental income
- stocks, shares, gilts and bonds
- any other realisable asset, e.g. paintings, jewellery, bullion or other assets
- Gift Aid received from UK tax payers on the match fund value, subject to the usual Gift Aid rules
- legacies
- the residual assets of any dormant or ineffective charity (subject to regulatory consent where necessary)

Donations should normally be unrestricted. Restricted gifts or those that carry a heavy burden of donor-dictated terms are only suitable for match funding where they match precisely the specific purpose approved by HLF.

Points to consider

Listed below are some points to consider from previous successful HLF match-funded endowments schemes. We would strongly encourage you to consider these in planning your endowments campaign and in making an application to us.

Organisations who have most successfully run an endowments campaign previously adopted some or all of these approaches:

- having an engaged Boards of Trustees who were willing to provide visible leadership to the campaign
- having an existing legacy strategy – so that unrestricted donations can be applied to the endowment campaign and matched
- creating a strong branding and promotional strategy for the campaign
- making the most of double match opportunities, such as getting a major donor to commit, so that other smaller scale contributions are matched 2:1
- being innovative in their approach and trying new techniques such as wealth-screening, to identify potential donors from their current database of supporters

The challenges that were most often experienced by organisations in undertaking their endowments campaign included:

- staff capacity to devote to the endowments campaign alongside other work
- the need to fundraise to cover core costs whilst managing an endowment campaign
- staff turnover impacting on the extent to which strong relationships with donors can be developed
- organisational change and strategic priorities diverted so that the endowment campaign is no longer a priority

Resourcing your campaign

In addition to the match funding element of the endowment, you can include some of the costs of running your fundraising activity in your application. You can include a grant request of up to 10% of the value of your match funding request. For example, if you are applying for £500,000, you can include a grant request of up to £50,000 to cover costs associated with your fundraising campaign. You will need to explain what you will spend the grant on, why you need it to support your fundraising effort and what difference you expect it to make. We expect you to match this contribution on a 1:1 basis from your own resources.

Example

If you are applying for a £500,000 match funding grant and want to claim the maximum £50,000 to resource the campaign:

- You should enter your grant request of £50,000 for resources in your application form. In your supporting documentation you will need to provide a breakdown of this amount, which can be made up of new costs associated with running your endowment fundraising campaign, and existing costs, such as the cost of a current fundraising staff post.
- You will also need to provide a breakdown showing how you will spend a further £50,000 from your own resources, on running the fundraising campaign.

You do not need to show us the full value of your organisation's contribution to your endowments campaign in your application. However, you must ensure that you include costs from your own resources, as cash or in-kind that match your grant request on a 1:1 ratio.

Any costs included must be essential to sustaining your fundraising campaign and should be proportionate. You will need to explain why they cannot be funded from other sources and present a strong case for the need for HLF funding.

You can only include costs directly related to running the fundraising campaign for your endowment. This might include (but is not limited to) costs associated with:

- new or existing staff posts
- marketing the campaign
- activity aimed at developing new and existing relationships with donors (such as special events)
- research on prospects, including wealth-screening
- improving your fundraising infrastructure for the campaign, such as supporter databases
- carrying out evaluation and sharing your learning

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

The difference we want to make

We describe the difference we want to make to heritage, people and communities through a set of 'outcomes.' These outcomes are drawn directly from our research into what HLF-funded projects have actually delivered.

For more information, please see **Section four: Project outcomes** in [Part four: Application form help notes](#).

Applications under this initiative are expected to achieve both of these outcomes.

Outcomes for heritage:

With our investment, heritage will be:

- better managed

Outcomes for communities:

With our investment:

- your organisation will be more resilient

Other information about your application

Freedom of information and data protection

We are committed to being open about the way we will use any information you give us as part of your application. We work within the Freedom of Information Act 2000 and the Data Protection Act 1998. When you submit your declaration with your application form you are confirming that you understand our obligations under these Acts.

Complaints

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

Part two: Application process

Making an application

First, register online and submit a project enquiry form by **13 October 2016** (find out about How to register in [Part one: Introduction](#)). We will then release the application form to you that you will need to complete and submit, along with supporting documents, by **24 November 2016**. Awards will be made in March 2017. If you are successful, you will have four years to complete your fundraising campaign.

In your application, you will need to provide the information detailed in [Part four: Application form help notes](#) and a fundraising strategy and plan for achieving an endowment of at least £500,000 (if applying for the minimum £250,000 matched 1:1 by new fundraised income).

How we assess applications

When we assess your application, we will consider the following:

- What is the heritage focus of your endowment fundraising campaign?
- What was the impact achieved with HLF's original grant?
- What is the need or opportunity that the match funding project is responding to?
- Why does the Heritage Endowments project need to go ahead now?
- How will the Heritage Endowments project contribute towards our outcomes?
- Is the project well planned?
- Is the project financially realistic?

- Does your organisation have the capacity to deliver the fundraising plan and manage the endowment?
- Will the project outcomes be sustained after the project has ended?
- We will also consider the case presented for any costs related to running your fundraising campaign.

How decisions are made

Applications for Heritage Endowments are decided by our Board of Trustees (who may delegate their decision to a sub-committee of the Board). Applications will compete against other Heritage Endowments applications across the UK.

Our decision makers use their judgement to choose which applications to support. In doing so, they may take account of issues such as achieving a geographical spread for our funding.

Part three: Receiving a grant

Terms of grant

If you are awarded a grant, you will need to comply with our terms of grant, which you can see on our website. Please note that two documents make up the standard terms of grant for the Heritage Endowments programme. One document relates to the endowment, and one relates to any grant towards resourcing your campaign.

The standard terms of the grant for the endowment will last for 20 years from project completion. We may withdraw our grant if your fundraising has not started within a year of the letter awarding you the grant or if you have not demonstrated satisfactory progress towards your fundraising targets within 24 months of your award (see [Grant payment](#) for more information).

Acknowledgement

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

HLF requires that, during the period of the Heritage Endowments fundraising campaign, the endowment fund created with its support should be called (in annual accounts and elsewhere):

- the 'Heritage Lottery Fund Heritage Endowments fund'

Once the final draw-down of the grant has taken place, it is then at the discretion of the recipient organisation whether to make other arrangements that acknowledge the contributions of other donors. However, such arrangements should continue to recognise HLF's contribution (as described above).

Images

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

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

Permission to start

If you are awarded a grant you will need to have our written permission before you start any work. Before we can grant you permission to start, you will need to provide us with:

- an updated fundraising strategy and plan for the management of the endowment fund;
- a project management structure;
- your bank details, authorised signatories, and a signed hard copy of the declaration and permission to start request form; and
- a signed copy of the terms of grant for the endowment.

Buying goods, works and services

The following section only applies to any new costs you are including in your application for a grant towards resourcing your endowments campaign.

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

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

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

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

Where you are a central government contracting authority for the purposes of the UK Public Procurement Regulations 2015, and you intend to advertise a contract with a value in excess of £10,000 (excluding VAT), then you must also advertise the opportunity and publish a contract award notice in respect of the opportunity on the Government Procurement Portal Contracts Finder. You must provide evidence of this with your Progress Report.

The same applies if you are a sub-central contracting authority and intend to advertise a contract with a value in excess of £25,000 (excluding VAT), that is, if you do anything to put the opportunity in the public domain or

bring it to the attention of service providers generally. An opportunity is not considered to be 'advertised' where it is available only to a number of particular service providers (for example where a framework is used or the organisation directly invites a limited number of providers to submit a tender).

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

If you are a non-public body, and your HLF grant exceeds 50% of the estimated cost of a contract, or the HLF grant together with other public funding exceeds 50% (e.g. ERDF, local authority, or other lottery distributors), and exceeds the EU thresholds, you must adhere to EU Procurement Regulations. The applicable thresholds can be found on the Cabinet Office website. Thresholds are reviewed annually in January. If you are a public body, different thresholds apply, and you will have to comply with those that are already relevant to you.

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

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

- If you have a suitably qualified member of staff on your payroll that you are moving into the post created by your HLF project. You will need to provide a job description for this post.
- If you have a suitably qualified member of staff on your payroll whose hours you are extending so that they can work on the project. In this case we will fund the cost of the additional hours spent on the project and you will need to tell us about the role they will undertake.

Grant payment and match funding

Payments towards your endowment

We will link the release of our grant to the achievement of a match challenge target by your organisation, to be achieved within a maximum of four years from the date we grant you permission to start or six months from our grant notification letter, whichever is the sooner. We are expecting applicants to achieve a match ratio of:

- £1:£1 for awards of £250,000, £500,000 and £1m

Payments of the award will be made when evidence of the matched funding can be shown. All donations must be received as cash or eligible non-cash asset with a valuation on the day of transfer before we will release our grant. If agreed objectives and targets are not met then the award may be reduced or payment withheld altogether. The fundraising timetable available to achieve the match is negotiable, subject to this not being longer than four years from the date of permission to start.

Requests to draw-down HLF payment must be made online using HLF's standard monitoring forms and include:

- a brief progress report; and
- a donors' profile, which lists donors and distinguishes between gifts from new donors and additional funding from existing donors.

Organisations will also be required to supply a set of the audited/independently examined annual financial statements that clearly identify both the value of the Heritage Endowments Fund, and the transactions associated with it during the accounting period. If an organisation has such a large number of endowments that its financial statements are aggregated of necessity, a pro forma statement of movements in the Heritage Endowments Fund should be provided in addition to the main accounts.

Normally Heritage Endowments will be held as a separate endowment from any others held by an organisation. They may only be used to augment an existing endowment where that is the stated purpose on an application, that the purposes of the application match those of the existing endowment, and the other terms and conditions identified in this guidance can be met.

The gifts of private givers must be invested to generate income to be used for the purpose specified in the application. Investment policy (e.g. the spread of assets, whether to invest in common investment funds, whether to have an ethical investment policy) will be left to the discretion of your organisation but should comply with all statutory requirements, including charities accounting regulations and other best practice.

Progress towards the agreed match challenge target will be monitored and a review triggered 24 months from the date of the award if your organisation has not raised at least half of its match funding target (whether in cash or firm pledges from givers). This review could lead to loss of some or all of the remaining HLF share depending on the assessment of your prospects of raising additional match funds in the remaining 24 months.

Applicants should commit themselves to further growth of the endowment fund following the end of the scheme.

Payments towards resourcing your campaign

We pay installments towards your grant for resourcing your endowments campaign after the work you are asking us to pay for has been done.

You will need to evidence how you have spent your grant, by providing supporting evidence such as invoices and payslips. You will also need to tell us how you have contributed the same amount towards your campaign from your own resources.

Evaluation

Details of the evaluation requirements associated with the initiative will be sent to successful applicants. We will undertake a national evaluation of the initiative to measure its impact, identify best practice and assess its value to participating heritage organisations.

In support of national evaluation we will expect all recipient organisations to participate in the national evaluation, including attending cohort meetings and workshops when invited, and evaluate those parts of the initiative for which they are responsible:

- describing and assessing the difference that Heritage Endowments have made;
- describing the learning experienced within the organisation and how this will affect future work;
- assessing the extent to which the intended outcomes of this match funding project have been achieved:
 - your heritage will be better managed; and
 - your organisation will be more resilient.

Part four: Application form help notes

This is a generic form used across several HLF programmes and initiatives. Not all the questions are relevant to Heritage Endowments meaning you will not need to answer them all. The following notes outline the information we would expect as a response to each question.

If the application is for a partnership project, the lead partner should complete the form.

There are word limits to some of the answers you may give; these are shown on the online form.

Section one: Your organisation

1a. Address of your organisation.

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

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

Fill in as appropriate.

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

1c. Details of main contact person.

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

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

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

Tell us about your previous experience in raising funds from private sources and/or managing endowments.

1e. The legal status of your organisation.

Fill in as appropriate.

If you are not a local authority, but report to the government (such as a state school or university), please tick 'other public sector organisation'.

If your type of organisation is not listed, please tick 'other'. This might include a Community Interest Company or a social enterprise.

If you are not a public sector organisation, you will also need to tell us about your organisation's capacity by providing information about your staff structure, your governing body and your financial situation.

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

Fill in as appropriate.

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

See **Part one: Introduction** for more information on partnerships.

1g. Are you VAT-registered?

Fill in as appropriate.

Section two: The heritage

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

Provide a description of the heritage as it is today. If different types of heritage are involved, describe each of these.

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

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

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

Provide a link to your website if there is one.

Section three: Your project

3a. Describe what your project will do.

Describe the purpose and nature of the proposed endowment. The purpose for which the endowment is to be used should be realistic in relation to the expected annual yield and allow for the reinvestment of funds to maintain the endowment's value in perpetuity, or until the end of its planned life.

Tell us how you will meet the expectations outlined in **What we fund in Part one: Introduction**. Where appropriate, refer to your fundraising strategy and plan (see **Section nine: Supporting documents**).

Tell us how you will run your endowments campaign, and which elements of this, such as any staff posts, events or marketing activities, you are applying for a grant towards.

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

Explain what need and opportunity your project will address.

Provide a business case that demonstrates the need for an endowment. The business case should include:

- why an endowment is an appropriate form of funding in relation to organisational needs and aspirations;
- why you need the amount of endowment funding you have applied for;
- how the application balances fundraising for short-term projects/programmes with long-term sustainability;
- a statement as to whether the endowment is to be treated as permanent or time-limited, and if the latter, what are the estimated timescales;
- the scale of annual yield planned for the endowment, how much of that (if any) will be applied as income in its initial years, and the longer term expectation of an annual income;

- in the case of a time-limited endowment, a calculation of how the endowment is planned to spend-up over the period of its life;
- any short-term intention to seek HLF's consent to borrow from the endowment; and
- the applicant organisation's overall financial performance during the preceding years, based on its audited/ examined accounts (or in the case of an individual element within a larger organisation, based on its accrued incoming and outgoing resources, and balance sheet).

If you are applying for any costs towards resourcing your endowment campaign, tell us here about the need for this, and how Lottery funding will support the running of your campaign.

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

Tell us why now is the right time for your organisation to create an endowment fund. In particular, you might want to refer to:

- any opportunities for match funding, or particular occasions that might give rise to a good chance of success in achieving your match funding targets (such as an anniversary)
- capacity that you currently have within your organisation to create an endowment fund

3d. You do not need to answer this question.

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

Tell us about the fundraising options you have considered, and why an endowment fund is a suitable funding vehicle for your organisation.

Tell us about any consultation you have carried out and how this has shaped your project proposals (this might be with local trust funders, philanthropists or private sector businesses).

Section four: Project outcomes

In question 3a, you told us what your project will do. Use this section to tell us about **what your project will achieve** – what change will be brought about by our investment?

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

We need to understand the difference that your endowment will make to your heritage and in particular how it will help you to sustain it and develop it strategically.

Tell us how your match funding project will contribute towards achieving the outcome for heritage:

- Your heritage will be better managed

4b. You do not need to answer this question.

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

Tell us how your match funding project will contribute towards achieving the outcome for communities:

- Your organisation will be more resilient

In the notes below, we have provided descriptions for our outcomes for heritage and communities, to help you understand the difference that we want to make with our funding.

4d. How many full-time equivalent volunteers do you expect will contribute personally to your project?

Tell us about any additional volunteer help you expect to have to deliver your Heritage Endowments fundraising campaign.

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

Tell us if you plan to create new paid posts to deliver your Heritage Endowments fundraising campaign.

As a result of HLF investment:

Heritage will be better managed

There will be clear improvements in the way that you manage heritage. This could include the implementation of a new management and maintenance plan; securing additional staff, Trustees or other resources that you need; or the more effective use of existing resources. As a result of these improvements, you will be able to show that the heritage you manage is in a stronger position for the long term, including, if appropriate, a stronger financial position. These improvements to managing the heritage are likely to mean that you can meet national or sector quality standards.

Your organisation will be more resilient

Your organisation will have greater capacity to withstand threats and to adapt to changing circumstances to give you a secure future. You will achieve this greater resilience through stronger governance and greater local involvement in your organisation; increased management and staff skills; fresh sources of expertise and advice; and working in partnership to share services, staff and resources. You might have new volunteers who increase your capacity and skills; or new sources of income through commercial activity, endowments or new fundraising programmes. You will be able to show that your organisation is stronger and in a better position for the future as a result of the changes you made as part of your project.

Section five: Project management

Here we use the term 'delivery phase' to describe your match funding campaign.

5a – 5d. You do not need to answer these questions.

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

Describe the governance and management structure of your organisation. Include CVs of the key personnel who will be involved with the fundraising plan as attachments to your application form. Provide detailed information about the team that will work on your delivery phase, including the person who will take overall responsibility. Explain who is responsible for making decisions and approving changes to your project. Describe the reporting structure and how often meetings will take place.

The details of governance and management structures provided should demonstrate an appropriate level of organisational capability and capacity to manage the endowment.

If your organisation manages existing endowments, explain the system you use to distinguish the differing status of these different funds from both legal and accounting perspectives.

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

Summarise the timetable from your fundraising plan (see **Section nine: Supporting documents** for further details). The fundraising plan should set out how the match funding is to be raised to the level specified during the four years of the Heritage Endowments funding. It should include a target date for reaching the match funding target.

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

Use the table to tell us what the risks are for your match funding project.

Here we want to see that you have started to think about the possible problems that you may face during your match funding project. Detail your planned actions to mitigate these risks, and identify a person responsible for leading on each risk/action.

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

Fill in the boxes.

Section six: After the project ends

6a. How will you maintain the outcomes of your project after the grant ends?

Detail how the capital sum will be invested and managed. (See [Part three: Receiving a grant](#) for further details.)

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

Please read about evaluation in [Part three: Receiving a grant](#).

We want to know how you plan to identify and evaluate the changes that have come about as a result of the endowment fundraising programme, and whether they are perceived as positive or negative. Tell us your proposed approach to evaluation, who will have overall responsibility, and how you will share the evaluation and lessons learnt with similar organisations.

Section seven: Project costs

7a – 7d. You do not need to answer these questions.

7e. Delivery-phase activity costs.

Use this section for all costs including your endowment target and costs associated with running your endowments campaign.

There are two cost headings available.

- Endowment fundraising – enter the value of the fundraising that you will undertake towards your endowment, which will be matched 1:1 by HLF (this figure must be either £250,000, £500,000 or £1 million).
- Other costs – enter your total grant request for resourcing your fundraising campaign here.
 - This should not exceed 10% of your match funding grant request.
 - You should not enter details here of the contribution from your own resources.
 - See **Section nine: supporting documents** for further details of the additional information you need to provide.
 - You will need to ensure that VAT is entered correctly, see below.

VAT (Value Added Tax)

If you cannot reclaim VAT you should include this in your grant request only for costs towards resourcing your campaign. Make sure that you only include VAT in the designated column.

- You may not pay VAT on certain types of work or may only pay it at a lower rate. You will need to include a breakdown that shows how VAT has been calculated in your supporting documentation.
- You should approach HM Revenue & Customs (www.hmrc.gov.uk) to check how much VAT you will need to pay.

- We cannot authorise the transfer of any part of the project costs to or from VAT.
- This means that if you underestimate VAT, you will have to pay the extra costs, and if your VAT status changes so you can reclaim more than you expected, you will need to return this to us.
- You should make sure that all quotes you get clearly show whether VAT is included or not.

7f. You do not need to answer this question.

7g. You do not need to answer this question.

7h. Delivery-phase financial summary

The delivery-phase financial summary table is completed automatically and will read as follows:

- **Total delivery costs** – the total value of the fundraising that you will undertake towards your endowment, which will be matched 1:1 by HLF, plus the total you are requesting from HLF towards resourcing your fundraising campaign
- **Total delivery income** – this field should be blank
- **HLF delivery grant request** – the total requested value of HLF's contribution to your endowment and other costs
- **HLF delivery grant %** – this should be 100%

Section eight: Additional information and declaration

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

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

Section nine: Supporting documents

Heritage Endowments has a single-round application process. When submitting your full application form (which we will release to you after you have registered), please provide the following documents.

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

If you have sent a copy of your constitution with a previous grant application (since April 2008) and no changes have been made to it, you do not need to send it again. Tell us the reference number of the previous application. If your application is on behalf of a partnership or consortium, please also provide the constitution of each of these organisations too.
2. Copies of your agreements with project partners, signed by everyone involved, setting out how the project will be managed (if applicable).
3. Copy of your organisation's accounts for the last financial year. This does not apply to public organisations.
4. Your current business plan. The business plan should be your organisation's actual plan and not specially created for this application. It should provide evidence that the endowment is necessary and the annual income will be sufficient to meet the intentions of the application in relation to the heritage asset or activity identified.
5. A fundraising strategy. The fundraising strategy should include proposals for donor growth that demonstrate an understanding of the needs and motivations of donors in relation to the applicant organisation and the heritage assets for which it is responsible. It should look forward to the period after the four-year Heritage Endowments phase ends, and show a commitment to continued activity in this area. Evidence that this strategy has been discussed and

endorsed (whether formally or informally) by the applicant organisation's governing body should also be provided (for example, meeting minutes or a signed letter).

6. A fundraising plan. The fundraising plan should give an overview of the fundraising strategy, and include the following key elements: activities or actions, milestones/timetable, allocation of responsibility to individuals, source of the donations, extent of the donations.
7. A document explaining the following:
 - tell us if you own the freehold of any heritage asset that will be the beneficiary of the endowment. If you do not own the heritage asset, tell us who does.
 - if you own the leasehold of the heritage asset, tell us the length of the lease in years at the date you made your application. Provide copies of deeds, leases and/or other proof of ownership. If your organisation has, or you are planning to have in the future, a grant, mortgage or other loan secured on the property or item, give the amount you owe and the name of all the funders and lenders.

The following documents, which are listed on the application form, are only applicable to projects where costs associated with resourcing the endowments campaign have been included:

8. Spreadsheet detailing the breakdown of costs towards resourcing your fundraising campaign. This should include:
 - A full breakdown of costs for the grant amount you are requesting from HLF towards your campaign.
 - A full breakdown of the equivalent amount that you will contribute from your own resources.
9. Briefs for internally and externally commissioned work that is included as part of your grant request.
10. Job descriptions for existing or new posts that are included as part of your grant request.