

Standard terms and conditions for capital grants

England and Wales



1. If any part of the capital grant is to buy or build, refurbish, extend or alter buildings or land ("capital assets"), then we understand that these standard terms and conditions will apply to our grant in addition to all other conditions you have required of us.
2. We understand and accept that you may require security over the capital assets funded by the grant. Usually this will be a legal charge in your standard form or a deed of dedication in your standard form or if the property is registered, a restriction to be lodged at the Land Registry or if unregistered, a deed of undertaking in your standard form to secure repayment of the grant in appropriate circumstances. If you have asked for security, we understand that you will not pay more than a maximum of 5% of the capital grant until you have received the documents completed to your satisfaction.
3. We understand and accept that you may require confirmation from our solicitors (by way of a legal opinion, which you will supply), that we have the legal powers under our governing documents to undertake the project and to execute the legal documents associated with our grant. If you have asked for a legal opinion, we understand that you will not pay more than a maximum of 5% of the capital grant until you have received the documents completed to your satisfaction.
4. We do not have any undisclosed loans secured on the capital assets. We will not take out any loans secured on any capital assets funded or part-funded by the capital grant unless we receive your agreement in writing first. Your agreement may be subject to conditions, which we will have to meet.
5. If any part of the capital grant is to buy land (whether freehold land or leasehold land), we will send you when asked the following documents:
 - a surveyor's report on the condition of the property, its value and whether it is suitable for the project;
 - confirmation by our solicitors that all necessary consents for the use of the property for the purposes of the grant have been obtained;
 - if the grant is for £100,001 or over, a certificate of title completed by our solicitors (which you will supply), together with a signed legal charge and our solicitors undertaking to register it at the Land Registry and at Companies House, if appropriate, or deed of

- dedication or, if the property is registered, our solicitors undertaking to lodge restriction at the Land Registry or if the property is unregistered, a deed of undertaking; and
- if the grant is for £350,000 or over and we are not a statutory body, confirmation (by way of a legal opinion which you will supply) from our solicitors that we have the legal powers necessary to sign the documents.
6. If any part of the capital grant is to buy leasehold land, then we will ensure that the lease will be for the following minimum term of years or for minimum asset monitoring period in clause 11, whichever is the longer:
- ▶ For capital grant of up to £100,001: a lease of at least 5 years, without a break clause.
 - ▶ For capital grant of more than £100,001 but less than £350,000 a registered and assignable lease of at least 10 years, without a break clause.
 - ▶ For capital grant of between £350,000 and £5 million: a registered and assignable lease of at least 20 years, without a break clause.
 - ▶ For capital of more than £5 million: a registered and assignable lease of at least 40 years, without a break clause.
- ▶ If the grant is £350,000 or over and is to buy leasehold land, we will send you a copy of the signed lease, which must satisfy you that it is suitable security for the grant.
7. If all or part of our capital grant is to be used for any building work we understand and accept:
- that you will keep 95% of the capital grant until we have provided in a satisfactory form:
 - evidence that we have received any necessary planning permission, listed building consent and building regulations consent (or other applicable consents or regulations) required for the building work; and
 - evidence that a competitive tender process has been undertaken with a minimum of three estimates received from three independent builders. If we are to commission the building works under pre-tendered arrangements, we will provide evidence of the tender process undertaken to identify existing contractors;
 - that you will make payments in stages when you receive builders' invoices or against interim certificates completed on the RIBA (Royal Institute

- of British Architects) form or other appropriate invoices;
- that you will keep 5% of the part of the grant for the building works until you receive the certificate of practical completion. We will then send you the making good defects certificate; the final certificate; confirmation that we have obtained the building regulations completion certificate; and confirmation that we have obtained the buildings insurance certificate; and
 - that if we want to make significant changes to the scope of the building works, we must get your permission in writing before going ahead.
8. If our capital grant is £100,001 or over and to be used for any building work we understand and accept that:
- you will require confirmation (by way of a certificate of title, which you will supply) from our solicitors that we are the leasehold or freehold owner of the capital assets to which the grant relates and that the capital assets may be employed for the grant purpose;
 - you will keep 95% of the capital grant until we have provided in a form which is completed to your satisfaction: a copy of the tender review report. If we are to commission the building work under pre-tendered arrangements, we will provide you with evidence that demonstrates that costs have been market tested to confirm value for money;
 - an updated capital project cost summary, cash flow and programme; and
 - evidence that we have secured all the required partnership funding for the capital project;
 - we must employ a lead building professional to manage the tender process and to certify that the building works have been properly carried out;
 - if structural work is necessary, we must employ a structural engineer;
 - we will use building professionals that are fully qualified members of an approved professional body and have all necessary professional indemnity insurance cover; and
 - if building works come under the Construction (Design and Management) Regulations 2007, we will confirm that we have appointed a planning supervisor.
9. We understand that if we do not make payment claims for capital grant within three months of incurring the relevant capital expenditure, then you will

proportionally reduce our capital grant in line with the actual capital expenditure incurred in the claim period.

10. If we need to use the capital assets to raise further funding, we will first obtain your agreement in writing, which may be subject to conditions and which we will have to meet. You will need to be satisfied that the new lender understands and will put the interests of the beneficiaries of the project first. We undertake that:

- any loan secured on the capital assets will be used entirely on the project; and
- the maximum loan will be no higher than the amount of money being put up by the new lender.

11. We will not sell, lease, let, sub-let or otherwise dispose of or change the use of any capital asset without first receiving your written consent, which may contain conditions which we will have to meet. If we sell or dispose of any capital asset, we may have to repay you all or part of the money we have received from you. The amount we repay will be in direct proportion to the share of the project cost that came from you. If, with your consent, we sell any capital asset wholly or partly bought with the grant, it will be at full market value.

12. You will continue to monitor capital assets bought with the grant after the project is over and we will supply information about and allow you to inspect the capital assets in accordance with your standard procedures for the longest of the following applicable periods:

- for freehold property bought with the capital grant: 40 years after purchase
- for leasehold property bought with the capital grant: the unexpired period of the lease or for 40 years, whichever is the shorter
- for capital grant of up to £100,001 for building work (on freehold or leasehold land already owned by us): 5 years
- for capital grant of more than £100,001 but less than £350,000 for building work (on freehold or leasehold land already owned by us): 10 years
- for capital grant of between £350,000 and £5 million for building work (on freehold or leasehold land already owned by us): 20 years
- for capital grant of more than £5 million for building work (on freehold or leasehold land already owned by us): 40 years
- for other capital assets if bought with up to £100,001 of capital grant: 5 years after the purchase or the length

of the grant agreement whichever is the shorter

- for other capital assets if bought with £100,001 or more of capital grant: 10 years after purchase or the normal economic life whichever is the shorter.

13. We understand and accept that the asset-monitoring period will start from the date of purchase of the capital asset or the date of completion of the building work, whichever is the earliest.

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