



Delivered by Big Lottery Fund on behalf of UK Government and the Devolved Administrations in Northern Ireland, Scotland and Wales

## Coastal Communities Fund Round four

### Stage two: Guidance for capital projects

This guidance is for applicants who have been invited to Stage two of Round four of the Coastal Communities Fund and where the project includes capital costs of over £100,000 involving land, buildings or other construction-related works (regardless of how much of this you are requesting from CCF).

These notes complement the guidance included in the separate **Stage two application form** and the **CCF Round four guidance notes** published at stage one. Make sure you have read and understood all sets of guidance notes before making a start on your application.

All applicants must complete the **stage two application form** and **project budget spreadsheet**.

Additional detailed information such as drawings, surveys, consents and costings are required from capital projects and we will provide details of this when you are invited to stage two. The format of this information may differ for different types of project and those which operate over one or over multiple sites.

If your capital costs are for the purchase of equipment only - with no involvement of land/property or statutory consents - you should be able to provide these details in your stage two application form and enter the cost on the equipment line of the project budget spreadsheet. If you have any queries please get in touch with your Funding Officer.

In CCF Round four we will prioritise fully developed projects that can demonstrate their ability to spend all of their CCF funding before 31 December 2019.

#### **Supporting you with your capital application**

We understand that you have a lot of work to do to produce a capital application that meets our requirements. We will offer you general support to help you provide the information we require and advise you on how to work with your building professionals. This support can be accessed in the first instance via the Funding Officer whose details are contained in the correspondence inviting you to submit a stage two application. You will also have been allocated a Capital Advisor who will be in touch shortly after you have received your stage two application form.

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## Additional guidance notes for capital projects

If you are awarded a grant, we will give you more information about how to manage it and what our requirements are but we've included some of the things you should be aware of now. Please speak to your Funding Officer or your Capital Advisor if you have any questions. We have highlighted costs that you should include in your project budget. There is a glossary of capital terms on the [CCF website](#).

### Timescales and level of project development

If we award you a grant, you will need to be able to commence work on site within seven months of the date of our offer letter. You will have one month to accept the offer, then a maximum of six months lead-in time. You must be able to claim all of your CCF funding by 31 December 2019.

These timescales mean that for most capital projects your project should be at Stage 4 (Technical Design) of the RIBA Plan of Work 2013, with building regulations full plans approval or equivalent under the approved inspector scheme (Plans Certificate), or building warrant in Scotland, and all required statutory consents at the time of submitting your stage two application, such that your project is ready to go out to tender shortly after an award. Your Capital Advisor will discuss this with you when they get in touch shortly after you receive your stage two application form. We also expect you to hold a valid freehold, heritable or leasehold title to any land/property to be used for the project.

**CCF Round four will prioritise fully developed projects that can demonstrate their ability to spend all of their CCF funding before 31 December 2019.** Projects that are sufficiently developed with all consents in place are more likely to be funded in this round.

Any co-finance should also be secured by the stage two application deadline.

Projects with 100% funding from CCF will be required to reach Practical Completion by November 2019 and submit a final claim by 31 December 2019. Projects with funding from other sources beyond 31 December 2019 will be required to spend all CCF funding by 31 December 2019 and must be contractually committed (via a building contract) to completing the project.

### Lead-in payment

If we award you a grant, we understand that you will need to claim money for the professional fees you will incur further developing your project and meeting our legal requirements. We will give you up to five per cent of your capital grant to help cover these costs. We will need you to provide original invoices or the equivalent as evidence of your expenditure before any capital grant can be released.

We will not give you more of your grant until you have met our legal requirements and sent us a satisfactory tender review report.

We **cannot** pay for any costs incurred prior to submitting your stage two application.

### Legal requirements

All grants for projects involving land and buildings are subject to our Terms and Conditions for Capital Grants which require you to meet specific legal requirements. You can find these on the [CCF website](#). Please read these to make sure you will be able to accept them as they cannot be changed. If we award you a grant, we will set out in our grant offer letter the timetable within which you will be required to meet specific terms and conditions for capital grants and start the building work.

Projects applying to CCF Round four are required to have a valid freehold, heritable or leasehold title to any land or property to be used for the project when submitting the stage two application (or be able to provide evidence from your solicitor that a legally-binding contract is in place for the purchase/lease and that the purchase or lease will be completed within one month if an offer of CCF funding is made). Please see our Terms and Conditions for Capital Grants on the [CCF website](#) for details of the length of lease required depending on the value of our grant.

### **Certificate of Title**

If your project involves capital works of over £100,000 (regardless of how much of this you are requesting from CCF), you will need to provide a completed Certificate of Title from your solicitor within one month of an offer of funding from CCF, and before we can make capital payments above the five percent lead-in payment.

The Certificate of Title must be provided in the form provided by ourselves and must be signed by your solicitor, who will be acting under a duty of care to us, and will confirm:

- the Title
- that all relevant searches have been made and no adverse entries found
- that the Title is good and marketable with no easements, restrictive covenants or leases which would prevent full and continuous project delivery throughout the period of the grant agreement.

You should make provision within your stage two project costs for the legal fees you will incur in providing the Certificate of Title. As an indication only, it would be reasonable to include an estimate of up to £1,000 plus VAT. Your solicitor will advise you on the cost of providing a Certificate of Title, which should include the relevant search fees.

### **Legal Opinion**

If your organisation is not a statutory body and we award you a capital grant you may need to provide a Legal Opinion from your solicitor before we can make capital payments above the five per cent lead-in payment. The Legal Opinion will confirm that your organisation has the legal power under its constitution for the project purpose and to sign the legal documents associated with your grant.

You should make provision within your stage two costs for the legal fees you will incur providing a Legal Opinion. As an indication only, it would be reasonable to include an estimate of up to £500 plus VAT. You should take advice from your solicitor on the cost of providing a Legal Opinion.

### **Buying land and buildings**

If we award you a capital grant to buy land and buildings, you will need to send us the following information before we can make payment for the purchase:

- a letter from your solicitor confirming they are acting on your behalf, details of the transaction, the estimated date of completion, the date that funds will require to reach your client account, and the amount
- a completed Certificate of Title.

### **Capital assets**

You may not sell, transfer, lease or otherwise dispose of land and buildings bought, built, extended, refurbished, altered and/or improved with our grant unless you have our written permission. You may not change the purpose for which the capital assets are being used without our written permission.

We will hold you responsible for the condition and use of the land and buildings for duration of the Coastal Communities grant and asset monitoring period. The asset monitoring period will be five years from the date of purchase of the capital asset or the date of completion of the building work, whichever is the later.

### **Planning consent**

If you are applying for a capital grant for a project involving land and buildings, and planning permission, listed building consent or conservation area consent is required for your project, we expect you to have obtained these consents before submitting your application to us. You will also need to tell us of any conditions in respect of planning permission.

We also require you to have consulted on any other consents needed for your project, such as:

- Marine Licence - <https://www.gov.uk/topic/planning-development/marine-licences>
- Crown Estates Consent - <http://www.thecrownestate.co.uk/rural-and-coastal/>
- Harbour Licence etc.

You will be required to provide evidence of all of these with your application.

### **Insurance cover**

You will be responsible for making sure that you have appropriate insurance cover while any capital works are in progress. You must also make sure that you have appropriate insurance for the lifetime of our grant and beyond.

We may ask you to provide evidence of insurance cover as part of our monitoring checks. Statutory Bodies may decide not to take out such insurance if it is legally allowable. You must tell us which capital assets will not be covered by insurance and guarantee in writing that all such assets will be replaced for their original purpose if lost, damaged or stolen.

### **Contingency**

Typically your capital budget should include a contingency allowance 10%, or as appropriate to the nature and risks of your project, together with consideration, where appropriate, of an inflation allowance reflective of the prevailing and predicted market conditions. If your project involves other funders, we would expect the contingency allowance to be shared pro rata.

### **Statutory obligations**

You will be required to meet your obligations under the legislative framework. For example: recipients should ensure that building projects do not prevent them from fulfilling the requirements of The Equality Act 2010 - <https://www.gov.uk/guidance/equality-act-2010-guidance>.

### **Procurement**

You will be required to obtain at least three competitive tenders for building work and services costing more than £10,000 unless it is being undertaken under a pre-tendered arrangement such as a Public Private Partnership or Private Finance Initiative scheme.

Before we can pay a capital grant to you for building work, you will be required to show us that an appropriate procurement process has taken place by providing us with a copy of the completed tender review report (provided by a suitably qualified member of the professional team). Where building work is being commissioned under pre-tendered arrangements, you must still show that contract costs have been checked to confirm value for money. If you do not intend to accept the lowest tender for the building work, you must provide an acceptable explanation as to why and obtain our consent. We will provide further guidance on our tender review requirements if you are awarded a grant.

Before you enter into a building contract you need to obtain permission from us to proceed. Before Permission to Proceed can be granted, Big Lottery Fund's Capital Support Unit (CSU) must carry out the review of your tender documentation and returned tenders to establish that it is sufficient to meet our requirements.

If the prices given during the tender process are higher than the estimates given in your application, we cannot give you additional funding. You could fund the balance yourself, negotiate a reduced tender amount or tender again. If you decide to send the tender out again, you must still be able to start on site within six months of accepting your offer of grant. If you still cannot match the original estimate, you should contact your funding officer to discuss the problem. You must tell us in writing if you want to make any changes to the scope and specification of works proposed to bring it within budget. You must get written approval from us before going ahead with any changes.

Public bodies must meet the relevant UK and European legislation on procurement. You need to check whether they apply to your project. If they do, you must tender openly for the goods and services in accordance with these regulations.

### **Asset transfer**

If you will be using an asset that must be transferred to you, this must be done by the stage two application deadline. Where the transfer depends on CCF funding being secured, you will need to have a legally-binding contract that the transfer will be completed within one month if an offer of CCF funding is made, and you will be required to provide evidence of this with your stage two application.

### **Environmental sustainability**

We want to encourage CCF projects to be environmentally sustainable and to demonstrate this in their approach to creating jobs and economic growth. We have enclosed a list at Appendix A to help you ensure that your capital project is designed to be energy efficient in its design and use, and adaptable to the forecast impacts of climate change.

See also the following links for guidance on best practice. In England: [DCLG planning practice guidance on achieving sustainable development](#). In Scotland: National [marine](#) and [terrestrial planning policy](#), and the [Scottish Economic Growth Strategy](#). In Northern Ireland: [Resources to support sustainable development](#) (Department of Finance Northern Ireland). In Wales: [Well-being of Future Generations \(Wales\) Act](#). In general: [New Economics Foundation Blue New Deal](#), and [Big Lottery Fund sustainable development guide](#).

## Appendix A: Environmental sustainability list

We encourage CCF projects to be environmentally sustainable and to demonstrate this in their approach to creating jobs and economic growth, including in the design and development of the capital elements of the project. We have set out the list below to help you ensure that your capital project is designed to be:

- energy efficient in its design and use, and
- adaptable to the forecast impacts of climate change.

<b>BREEAM</b>	Whilst we do not expect you to achieve BREEAM certification (Building Research Establishment’s Environmental Assessment Method), we do expect all capital projects to demonstrate that the method has been embraced and adopted as far as is reasonably practicable. (For more information visit <a href="http://www.breeam.org/">www.breeam.org/</a> )
<b>Building services commissioning</b>	Building services are the heating, cooling and ventilation systems in your building. These systems can be complicated to use and building users often struggle to operate them efficiently. Therefore, these services should be commissioned by appropriate mechanical and electrical contractors accounting for usage patterns, seasonal variations and set room temperatures. The contractors should also provide training and support on using systems efficiently. The professional team should produce a simple guide for the building’s users.
<b>Thermal comfort and natural ventilation</b>	The building should be designed to provide a comfortable environment for the occupants. Your professional team will be able to advise you on the typical room temperatures to suit the building’s use. We expect that they will refer to the latest Chartered Institution of Building Services Engineers (CIBSE) guidance when setting the room temperatures.
<b>Reduction in CO2 emissions</b>	We expect the buildings we fund to be designed to have an improved energy performance rating and reduced carbon footprint. One way of achieving this is by adopting a “fabric-first” design approach which reduces the building’s heating demand by minimising heat loss through the building’s external fabric (walls, roof and floors). Typically in existing buildings this can be achieved by installing insulation and replacing single glazing with more efficient glazing where appropriate.
<b>Use of low or zero carbon technologies (LZCs)</b>	Using renewable sources to generate electricity and heat will also reduce the building’s carbon footprint. These renewable technologies are termed “Low and Zero Carbon Technologies” (LZCs). They include: ground and air source heat pumps, wind turbines, solar thermal and photovoltaic panels, biomass and microhydro systems. Your development budget should include for carrying out a survey to determine the best system for your site.

	<p>If you are considering claiming payments through the Feed in Tariff (FITs) or Renewable Heat Incentive (RHIs) schemes, you should refer to Ofgem’s guidance on eligibility: <a href="http://www.ofgem.gov.uk/">www.ofgem.gov.uk/</a></p> <p><u>At the time of writing</u> the installation of such measures funded through grants received from public bodies (including the Coastal Community Fund) will mean you are not eligible to claim payments through FITs or RHIs. Therefore, if you want to claim the incentives, these elements will need to be funded alternatively. Ask Ofgem to assess the most appropriate way in which to fund such energy efficiency measures.</p>
<b>Promoting green travel</b>	<p>Travel which uses no (or low) levels of carbon dioxide, such as walking, cycling or using public transport is classed as “green travel”. We expect that consideration is given to accommodating such modes of transport in the building design. This could be achieved by including cycle stands and shower and changing facilities or electric vehicle charging points using ‘green’ electricity for instance.</p>
<b>Climate change adaption</b>	<p>We expect that the buildings and land we fund will be designed to produce low or zero carbon emissions. They should also be resilient to the future consequences of climate change:</p> <ul style="list-style-type: none"> <li>• increase in winter rainfall and the frequency and intensity of the rainfall</li> <li>• rising sea levels</li> <li>• hotter average temperatures and an increase in the number of extremely hot days</li> <li>• increased thermal discomfort in buildings.</li> </ul> <p>The building could be designed to minimise water consumption and reduce water run-off from the site. The design should also include measures to prevent the building becoming uncomfortably hot such as using solar shading where appropriate to the external windows. If your area is liable to flooding you may wish to consider the location of electrical sockets etc.</p> <p>When developing land, you may wish to consider an assessment to identify the most appropriate solution for mitigating this.</p>
<b>Appropriate building materials</b>	<p>It is important that you consider using building materials which have a low environmental impact and are responsibly sourced. Where possible you should also re-use materials and ensure that the building design will protect exposed parts of the building to minimise the frequency of replacement and keep maintenance costs down.</p>
<b>Waste management</b>	<p>We expect that systems will be put in place during the construction to manage the re-use and disposal of waste. When the building comes into use, it should have facilities and processes for recycling.</p>