



Transition funding - Receiving a grant

Monitoring; Permission to Start; and Grant payment

December 2013

If you require a copy of this guidance in an alternative format (large print, Braille or audio version), or if your first language is not English, we can provide it in the appropriate format or language if you ask us. It is also available in Welsh.

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1. Introduction

This document will help you to request payment from HLF and report on the progress of your project. We are committed to being flexible in our approach, working responsively, proactively and collaboratively as circumstances require. Your case officer will remain your main contact throughout the delivery of your project.

You must comply with the HLF terms of grant and additional requirements set out in your Grant Notification letter. You must also address any issues we identify in the course of monitoring, and follow the requirements specified in the Programme Application guidance, the *How to acknowledge your grant* guidance, *Photography of HLF-funded projects: A guide for grantees*, and any other material we refer to. All guidance is available on our website.

We may prepare a contract specifically adapted for your project if we feel that this is appropriate. In certain circumstances we may also choose to vary any of the procedures set out in this document.

This guidance applies to all Transition funding awards.

1.1 Filling in Forms

You will need to fill in a number of forms online as part of our monitoring process. We will ask you to send copies of documents to accompany the forms and you can attach files (of less than 5MB in total) online at the end of the form.

The forms are:

- Permission to start and first payment request
- Progress report
- Advance payment request
- Completion and final payment request

1.2 Before Starting

Before you can start your project and seek a grant payment, you will need to complete a 'Permission to start' form – further details below. This form also incorporates your first grant payment request.

You should not start your project until you have received our approval through Permission to Start. If you do start before receiving our approval, this will be at your own risk. We will not make any grant payments to you until this form has been approved.

Please remember that you must advertise all new staff posts, even if the cost is under £10,000. We may ask to see evidence of the recruitment procedure you go through so please keep these records safe. If the person(s) to be appointed has links with any senior members of staff at your

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organisation - i.e. any close friends, relatives, or ex-members of staff - you must obtain our written permission first.

The same applies to purchasing goods and services. If you intend to use any consultants, contractors, or suppliers who are linked – i.e. are close friends, relatives, ex-members of staff working at these consultants, contractors or suppliers – with any senior members of your organisation, or if there any financial link such as ownership of these suppliers you must obtain our written permission first.

1.3 Reporting on Progress

You will normally submit a 'Progress report' with your 'Advance payment request form' and will also provide information as part of the 'Completion and final payment request form'.

We may ask you to report more frequently and, if applicable, your case officer will let you know how often they would like to receive a progress report from you.

We will monitor the progress of your project against the Approved Purposes of the grant. In between submitting your progress report/s, it is important that you keep us informed of issues arising so that we can respond and support you as appropriate.

1.4 Seeing payment for your Grant

We will pay your grant in three instalments:

- We will give you 50% of the grant up-front (as soon as we have agreed your Permission to Start).
- Once you have spent the first instalment of your grant, we will give you the next 40%. In exceptional circumstances you may request less in agreement with your case officer.
- We will pay the final 10% of your grant - or the remaining amount you have spent if less than 10% - when you have finished your project.

We will ask to see evidence that you have spent your grant.

Please complete the form 'Permission to start and first payment request'. You will need to fill in the Advance Payment Request form to claim the second payment. To claim the third and last part of your grant you will need to fill in the 'Completion and Final Payment Request' form.

Unless you have received a 100% grant award, we pay a proportion of the costs you have incurred based on your agreed costs. The payment percentage is based on cash contributions to your project and is the same as your grant percentage which is confirmed in your Grant Notification Letter.

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Worked example:

Total project costs are £50,000, the grantee cash contribution is £5,000 and the HLF grant award is £45,000. The award percentage is therefore 90% (grant award divided by total project cost).

We aim to release funds within 15 working days of receiving your request provided you have sent us the information that we ask for. Payment will be made to the account agreed with HLF as set out within the 'Permission to Start and first payment request' form. We can only release funds against agreed costs that meet the approved purposes and will deliver the intended outcomes.

1.5 When your project finishes

We normally withhold 10% of the grant until the project is completed.

You must fill in a 'Completion and Final Payment Request' form to claim the final part of your grant. You must attach your own evaluation report to this form together with information on how you have acknowledged our funding and images as part of this final claim. We will not pay the final part of your grant until we are satisfied that all our requirements have been fulfilled, and we have received evidence of your total project costs.

The following information offers guidance for each of the forms you may need to complete.

2. Permission to start and first payment request

You will need to complete the form online with the following attachments:

- Your bank account details
- Proof of ownership/leasehold requirements, if relevant
- Details of statutory permissions required and obtained.

We will use the information you supply with this form to help us monitor your project's progress and performance. We will normally pay only towards costs incurred after you have obtained our Permission to Start.

Once the form is completed print a hard copy of the form only, sign and date it, and then send it to your case officer for HLF approval. The person signing this declaration must have the authority to do so. By signing the declaration, you are confirming that your organisation understands and accepts the grant award along with the Standard terms of Grant and all the associated requirements.

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Once we have approved your request we will return a copy of the form to you and will authorise the payment of the first 50% of your grant. You can then start work on your project. You must get our approval in writing if you need to make changes to these documents.

2.1 Cost breakdown

Check that the costs listed in the Agreed Costs section are correct. The breakdown will show the cost of each of the main elements of your project. It will also separate any amounts allowed for VAT and contingency. We will only pay for VAT that you cannot reclaim. The amount for VAT is fixed at the point of decision so we will not transfer costs to cover VAT increases, nor can we allow VAT savings to be used as contingency for other costs.

2.2 Partnership funding

Provide proof that all your partnership funding is in place and confirm where it is from. If all your partnership funding is not in place then we may exceptionally consider accepting a realistic fund-raising plan instead. We will only do so if the project can be divided into separate phases and you can show that the fund-raising plan is achievable. You must raise your partnership funding in line with the agreed phases and get our permission each time you want to start a new phase.

2.3 Summary of changes

If you need to make any changes to the project timetable included within your application form, please use the box provided to provide an explanation of the changes and why they are needed. If applicable, please also use this box to tell us about any changes to your project team since your grant was approved.

2.4 Proof of ownership

We expect you to own any property (land, buildings, heritage items or intellectual property) on which you spend the grant. See appendix B.

2.5 Statutory permissions and licenses

Please state which permissions you require for your project to comply with statutory requirements.

Ideally you should get statutory approvals or permissions that you need for your project before work starts. There may be other licences involved which are not listed below but frequent examples include:

- planning permission;
- listed building consent;
- scheduled monument consent;

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- conservation area consent;
- building regulations;
- bat licence;
- tree felling licence;
- newt licence.

However, we may agree a phased programme of works with you that allow you to start the project before all statutory approvals or permissions have been obtained. In these circumstances you will need to update HLF staff as you receive approval for new permissions and licences when you fill in your Progress Report Form, bank account and VAT details

2.6 Bank account and VAT details

We will pay your grant by bank transfer (BACS). We will not make payments into personal bank accounts and the grant can only be paid to the organisation named in the grant notification letter. We suggest that you set up a separate bank account for your project so that we can monitor the project's finances easily.

We will need to see a copy of a recent bank statement (within the last three months), or a cheque or a paying-in slip for the relevant account, showing the bank's name and address.

You will also need to provide your VAT registration number, or use the box provided to tell us if you are not registered or are exempt.

2.7 Declaration

By submitting your application form online, you (and your partners, if any) confirmed that your organisation accepted our standard terms of grant available on our website for Transition funding. We ask you to sign this Declaration with your Permission to Start for our records.

3. Updating us on your progress

You must report your progress using the 'Progress Report' form which must be produced no later than three weeks after the period it covers.

You should tell us about your achievements and successes. We also want to know about any problems or issues that you face. If something significant occurs between scheduled progress reports which is likely to lead to changes in the costs, serious delays, or a failure to deliver the approved purposes and outcomes you agreed in the Permission to Start documentation you will need to let us know as soon as possible.

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3.1 Approved Purpose Progress

This should be a summary of your progress against each of the approved purposes of your grant.

If the approved purposes set out in your grant notification letter or start-up discussions are likely to change, you will need to seek our written permission by sending your case officer details of your reasons for the change and showing us how it will affect:

- the cost of your project;
- the quality of your project; and
- the time you need to finish your project

Tell us about any changes or events which may prevent your project from achieving its predicted outcomes or affect its future viability. We may then re-assess the project, or take any other action we consider necessary. We may give permission for the change only if you agree to keep to extra terms and conditions.

Give details of how the work you have done so far will change the Approved Purposes you originally predicted.

3.2 Project Timetable

Explain any significant delays to your project's delivery. You will also need to tell us how you plan to make up the time so that the project finishes by the grant expiry date. HLF staff may agree changes to timetable and will amend the dates accordingly.

3.3 Changes

You must have the approval of HLF before making any change to the approved purposes. If applicable, use this section to tell us about any changes that you have made which have been approved by HLF since your previous report.

3.4 Statutory Permissions

Provide a progress report or attach documents showing that you have received approval from the relevant authority.

3.5 Partnership funding update

If your funding was not secured when we gave permission to start, and we agreed a phased approach with you, give details of your progress towards securing all partnership funding. Explain any changes to your funding sources. You will need to keep your cash flow table up to date.

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Please report all volunteer input and any other non-cash contributions.

3.6 Volunteers and non-cash contributions

If in your application form you included information on any volunteer involvement or non-cash contributions that would be given to the project, you should use this section of the form to tell us about the support you have received so far.

3.7 Consultants contractors and suppliers

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.

Your project may be covered by European Union (EU) procurement rules if it exceeds the thresholds noted below. 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 thresholds noted below, 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.

When submitting your 'Progress Report' forms and 'Completion and final payment request form' you will be asked to tell us whether any consultants, contractors, or suppliers you appointed are linked – i.e. are close friends, relatives, ex-members of staff working at these consultants, contractors or suppliers – with any senior members of your organisation, or if there any financial

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link such as ownership of these suppliers. If the answer is yes, you will be asked to confirm whether you obtained our permission first.

3.8 Recruitment of Staff

Professional fees

Fees should be in line with professional guidelines and should be based on a clear written specification.

New staff costs

Include costs of new fixed-term contracts, secondments (people who are temporarily transferred to your organisation) and the costs of freelance staff to help develop your project. Do not include the costs of paying trainees here. In your separate spreadsheet, you must use a separate line for each new member of staff.

All 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 their additional hours spent on the project and you will need to tell us about the role they will undertake.
- If you are a voluntary organisation and are including a proportion of a staff member's time in your Full Cost Recovery calculation.

If you are moving an existing member of staff into a post created by the project, then we can either pay for the cost of this member of staff, or for the cost of backfilling their post.

All salaries should be based on sector guidelines or similar posts elsewhere.

Recruitment

This can include advertising and travel expenses. We expect your organisation to keep to good human-resource practice and follow all relevant laws.

3.9 Changes to agreed costs

Complete this table if there are significant changes and you are wishing to seek agreement from HLF to change the approved purposes or consider revising the grant award or grant percentage.

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3.10 Proposed cost transfers

If applicable, complete this table to provide details of any amounts that you would like to transfer between cost headings. You will also need to provide information on how this change will affect the approved purposes.

Please include any requests for use of contingency (if applicable) in this table.

You cannot transfer any part of your grant award into or out of the VAT budget. This allowance is ring-fenced.

3.11 Project Records

Photographs

The photographic record over the duration of your project should include at least five high-resolution digital images in electronic format showing different aspects of your project.

The pictures should show your project in action and its outcome. You should also provide a sample of photos that show your project before, during and after it is finished. Please also let us know if material from your project is available on the internet and where this can be found.

We may make use of your photographs in publicity material. Before you provide us with any images, you must ensure that the necessary consents are in place for that. See *'Photography of HLF-funded projects: A guide for grantees'* for more information.

Please also send us copies of any other records of events or activities that you have run.

Funding Acknowledgement and Public Relations

Please tell us the steps you have taken to acknowledge your grant in accordance with the *'How to acknowledge your grant'* guidance. (Confirm that you have put at least the minimum level of visible acknowledgement during the project works).

Please comment on whether this is temporary or permanent in nature, and include reference to any marketing you have done, press release produced and any other public relations activities undertaken.

4. Grant Payments

You must keep proper up-to-date accounts and records. Please attach all relevant copies of accounts, bank statements or invoices, contract administrator's interim payment certificates or table of costs online, by attaching them to this form when you submit it online.. Please note all files sent to us through the portal should be freely reusable by HLF in accordance with your

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terms of grant. When saving digital copies of invoices to send to us, please keep the file size (MB) as small as possible, while still ensuring the image is clear.

For amounts of less than £250 you should submit a table of costs which specifies the date, amount and description of each item of expenditure, instead of the individual invoices. The total of your table should be shown as a single line on the summary of invoices. You must retain the original receipts or invoices in case we ask to see them.

We pay our grant up to the point you reach 90% of your total grant. After that we will not make any further payment until your project is finished and you complete a 'Completion report and final payment request Form' (see section 5).

All proof of costs must be dated after the grant award date and before the grant expiry date shown in the grant notification letter. If invoices include costs which are not part of the agreed costs, you will need to deduct the additional costs from the invoice when making your claim. We reserve the right to refuse payment of invoices which we consider do not form part of the original agreed project.

4.1 Payment Requests

We will pay your grant in three instalments. The first payment is requested as part of the Permission to Start process set out above. To claim your second payment complete the 'Advance Payment Request' form.

You will need to show us in the 'Advance Payment Request form' and 'Completion report and final payment request Form' how much you have actually paid against agreed costs. We will not make any further payments until we have received this proof.

5. Final Grant Payment

You will need to claim your final grant payment of up to 10% by filling in the 'Completion Report and Final Payment Request' form.

The form asks you to:

- describe how you achieved your approved purposes;
- describe issues or changes, and the impact on the timetable or costs;
- attach your evaluation report;
- send in project records, for example, digital images.

Request your final grant payment as soon as possible after:

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- your project is completed and you have achieved your approved purposes and complied with any grant conditions;
- you have acknowledged the grant in accordance with the 'How to acknowledge your grant' guidance; and
- you have a 'Practical Completion Certificate' (for a building project); and
- you are able to supply all the additional information we require including evaluation report, images and proof of acknowledgment of our funding.

Please note that we will not make your final payment until we have received all the additional information including your evaluation report.

Once you have made your final grant request, we will not accept any further requests for payments from you. You should therefore try to agree your final accounts with your contractors and suppliers before you apply for the final grant payment.

We will continue to keep in contact with you at intervals after the project is completed.

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Appendix A: Additional definitions

Approved purposes – the purposes for which you have been offered a grant and how you plan to carry out those purposes as set out in your application and confirmed in our letter awarding you the grant and any additional information as set out in the Permission to Start and subsequent correspondence.

Approved costs - The costs we have agreed to contribute towards as set out in your grant award notification.

Award percentage –calculated by dividing the grant award value by total project cost which includes non-cash contributions and volunteer labour.

Payment percentage – the proportion we pay against invoices calculated by dividing the grant award by the agreed costs which excludes any volunteer labour or non-cash contributions.

Payment limit - We will normally pay no more than 90% of your grant until we are satisfied that:

- the project is finished;
- you have met all our standard terms of grant and any additional grant conditions;
- we have received an acceptable final grant payment request and completion and evaluation report;
- Appropriate funding acknowledgement is in place.

Back-filled post - is a job that is vacated within your organisation when that person on a new role as part of your project and where the intention is for them to return to their original work once the project is finished.

VAT- Our grant percentage will include your VAT payments if these were included in the approved costs for your project.

You must do all that you can to:

- make your project VAT-efficient;
- make sure that VAT is applied only to relevant parts of your project; and
- claim back any VAT which you can.

If your VAT payment decreases during the project, we will reduce our contribution to those costs and you will have to pay back any amounts of VAT you have managed to claim back. If your VAT payments increase we will not increase our grant payment. You must not transfer any VAT savings that you have made to any other budget heading.

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Contingency allowances for unexpected expenses - Only use this allowance where unforeseen circumstances have affected the costs of individual elements of the approved purposes. You must get our permission for major spending of the contingency against any individual elements. We will reduce your grant by the proportion of the contingency that you did not need to spend.

Increases or decreases in the approved cost – The costs of the project may increase or decrease. Where a project increases during the course of the project we will only consider increasing your grant in exceptional circumstances. In this case you will have to provide further information.

If the final cost of your project is lower than the agreed cost, we will reduce your grant in line with the agreed overall grant percentage.

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Appendix B: Property ownership

If you are successful with your Transition funding application, we expect you to own any property (land, buildings, heritage items or intellectual property) on which you spend the grant.

Land and buildings

For projects involving buying or carrying out capital work to land or buildings, we expect you to own the freehold or have a lease of sufficient length for you to fulfil our standard terms of grant. If you do not meet our ownership requirements, we will need you to improve your rights (for example, by changing or extending a lease) or include the owner as a partner in your application.

- For projects involving work to a building or land, if your organisation does not own the freehold, you will need a lease with 5 years left to run after the expected date of your project's completion. Otherwise, you will need to provide a letter from the owner, saying that you have the owner's permission to carry out the work. The owner will also need to sign a letter that we will prepare, agreeing to keep to our standard terms of grant.
- If your project involves buying land or buildings, you must buy them freehold or with a lease with at least 99 years left to run.
- We do not accept leases with break clauses (these give one or more of the people or organisations involved the right to end the lease in certain circumstances).
- We do not accept leases with forfeiture on insolvency clauses (these give the landlord the right to end the lease if the tenant becomes insolvent).
- You must be able to sell on, sublet and mortgage your lease but if we award you a grant, you must first have our permission to do any of these.

Heritage items

For projects involving buying a heritage item or carrying out conservation work to a heritage item (for example, a steam train or a painting), we expect you to buy or own the item outright.

Digital outputs

If you create digital outputs we expect you either to own the copyright on all the digital material or to have a formal agreement with the copyright owner to use the material and to meet our requirements.