

Catalyst: Endowments

Grants of £500,000 to £5 million

Introduction and help notes





Welcome

The Heritage Lottery Fund (HLF) was set up in 1994 to distribute money raised by the National Lottery to heritage projects throughout the UK. In our first 17 years we have awarded £4.66bn in grants to over 20,834 projects, from multi-million-pound investments in well-known sites and buildings to small grants making a big difference to community groups.

Contact us

To apply to the *Catalyst: Endowments* programme you will need to register online at www.hlf.org.uk and send us a Heritage Grants pre-application form. We will then release the application form to you.

Please contact us if you:

- have any particular communication needs; or
- need information in other languages or formats.

How to contact us

Phone: 020 7591 6000
Textphone: 020 7591 6255
Text direct: 18001 020 7591 6000
Email: enquire@hlf.org.uk

Catalyst: Endowments – Key Features

What are *Catalyst: Endowments*?

Catalyst: Endowments is a £30m investment in a match-funding initiative for the creation of endowments to support the UK's heritage from the Heritage Lottery Fund (HLF) and the Department for Culture, Media and Sport (DCMS).

Catalyst: Endowments is part of a broader £100m *Catalyst* partnership initiative between HLF, DCMS and Arts Council England (ACE) to encourage more private giving to culture and heritage, and to build the capacity and skills of cultural and heritage organisations to fundraise from private donors, corporate sources and trusts and foundations.

Who can apply?

In addition to meeting HLF's normal criteria (see section 5), you should be a past or current recipient of HLF investment.

The constitution or other governing document of your organisation must enable the operation of an endowment fund that meets the requirements of this guidance.

When can I apply?

There will be two rounds of applications – the first deadline (DCMS and HLF funding) is 16 January 2012 for awards in March 2012; the second deadline (HLF funding only) will be in early 2013.

If you want to apply in the first round, you will need to register online at www.hlf.org.uk by 16 December 2011 and submit your application and all supporting documents by 16 January 2012.

What will I need to do?

You will need to provide the information detailed in the help notes and a fundraising strategy and plan for achieving an endowment of at least £1m (if applying for the minimum £500,000 matched 1:1 by new fundraised income).

Grants are available of £500,000 and £1m matched 1:1; £2m and £3m matched £2 raised for £1 grant; and £5m matched £3 raised for £1 grant.

Successful applicants will have until March 2016 to achieve their fundraising target.

How will awards be made?

All heritage applications will be assessed by HLF and shortlisted applicants in England will be considered by the *Catalyst: Endowments* Advisory Panel, chaired by Michael Portillo. The Panel will meet in February and March 2012. Shortlisted applicants may be invited to present their proposals directly to the Panel.

Final decisions on all applications UK wide will be taken by the HLF Board of Trustees and DCMS Ministers and announced in March 2012.

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Introduction

1. Introduction

- 1.1 *Catalyst: Endowments* offers eligible heritage organisations in the UK the opportunity to match-fund the creation, or further development, of an endowment fund with the aim of providing an annual income over the very long term.
- 1.2 This funding for heritage is part of a £55 million pot available across the cultural sector, to which Arts Council England (ACE), the Heritage Lottery Fund (HLF) and Department for Culture, Media and Sport (DCMS) are contributing. HLF will be handling investment of £30m of this money in heritage organisations. This represents £15m from HLF's National Lottery income and £15m from DCMS.
- 1.3 Grants are available of:
£500,000 and £1m matched £1:£1
£2m and £3m matched £2 raised for £1 grant
£5m matched £3 raised for £1 grant.
- 1.4 ACE is offering *Catalyst: Endowments* to arts organisations on a similar basis, contributing £10m from its National Lottery funds, to which will be added £15m from DCMS.
- 1.5 This guidance relates to the heritage strand of *Catalyst: Endowments*. The two Lottery distributors will administer the award of *Catalyst: Endowments* in their own sectors. An Advisory Panel, chaired by Michael Portillo, will contribute to the process of making awards in England and make funding recommendations to DCMS Ministers, HLF's Board of Trustees or ACE National Council as appropriate. HLF's

Board of Trustees will also decide on applications from Scotland, Wales and Northern Ireland.

- 1.6 This document describes the *Catalyst: Endowments* programme, gives you the information you need to make an application for an HLF *Catalyst: Endowments* award, and sets out details of the scheme, its eligibility criteria and the application process.
- 1.7 If you have any questions that are not answered in this document, please call the HLF helpline on **020 7591 6042/44** or e-mail **enquire@hlf.org.uk**.
- 1.8 You should read this guidance carefully, and register to apply by sending in a pre-application form through our online portal at **www.hlf.org.uk**.

2. What are endowments?

- 2.1 An endowment is money or property invested as capital both to maintain its value and/or to provide an annual income. There are two types of endowment:
 - *permanent endowment*, which is held forever, to produce an income; and
 - *expendable endowment*, which is invested to produce an income, but where there is a legal power to convert all or some of the capital into income that can be spent.
- 2.2 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 re-invested 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.

3 Aims and objectives

3.1 The aim of *Catalyst: Endowments* is to create a lasting source of support for heritage organisations, and to establish relationships with donors whom it is hoped will want to continue to support these organisations after the scheme ends. Helping these organisations diversify their income and become more resilient contributes to HLF's goal of making a lasting difference for heritage and people.

3.2 The objectives of *Catalyst: Endowments* are to:

- bring additional private money into the heritage sector;
- stimulate the growth of significant endowments, invested to provide sustainable funding for heritage organisations in the long term;
- promote awareness of endowments, both within the sector and without, as an effective means of individual and corporate giving; and
- create greater capacity and capability in this area of fundraising in heritage organisations.

3.3 Successful applicants will be expected to:

- achieve or exceed the agreed targets for match funding from private donors;
- increase the number of donors in their area 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 permanent impact on the heritage organisation.

4 The Purpose of the Endowment

4.1 The *Catalyst: Endowments* scheme is to raise match funding from private givers – the 'match challenge' – to provide a continuing financial, or other benefit, to the heritage organisation.

4.2 Funds received under the scheme may be applied in two ways:

- As *permanent endowment*, where the capital is used to provide income and cannot itself be spent as income. Not only must such funds be restricted from being used for any other purpose than that for which they are given, but they must be applied, in perpetuity, for that same purpose.
- As a time-limited *expendable endowment*, where the fund, both

capital and income, is expended over a very long period of time. Only proposals for endowments to be spent-up over a period of 25 years or longer from the date of the award will be acceptable to HLF.

4.3 HLF does not expect *Catalyst: Endowments* applications merely to remedy current operational shortfalls in applicant organisations. There are other funding opportunities available to support past HLF grantees in overcoming short-term financial difficulty; 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 cyclic 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 economical use of existing assets.

4.4 Where the proposal is for a permanent endowment, the match funding from private donors must be legally constituted as such. HLF's award should also be accounted for as a permanent endowment, though in its legal form it will be an expendable endowment. This will enable your organisation to have the flexibility, in the future, to borrow from the HLF-funded portion of the permanent endowment, subject to there being

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.

4.5 The scope of the scheme does not include permanent endowments in the form of tangible assets having a functional purpose for a heritage organisation, such as chattels held for preservation, or land and buildings occupied by the organisation.

5 Who can apply

5.1 The *Catalyst: Endowments* programme is open to organisations – or collaborating groups of organisations – that meet all the eligibility criteria. All applicants must meet HLF's general terms and conditions for awards:

- We fund projects that promote benefits for the public and which are not mainly for private gain.
- We give priority to not-for-profit organisations, and partnerships led by not-for-profit organisations.
- We only fund projects that take place in the United Kingdom
- We only fund projects benefiting the UK's heritage. For the *Catalyst: Endowments* programme this can include:
 - o Historic buildings and archaeological sites;
 - o Collections of items, archives or other materials;
 - o Natural and designed landscapes;
 - o Habitats and species;
 - o Sites and collections linked to industrial, maritime and transport history.

We normally expect you to be the owner of the heritage asset which will benefit from the Catalyst endowment. If the endowment relates to land or buildings and you are not the owner, you will need a lease with at least 25 years left to run at the date of any grant award. If you are the long-term custodian of a collection, you will need to demonstrate that you have permission to receive a *Catalyst: Endowment* grant and have an appropriate legal framework covering a similar time period in place.

Organisations classified as public bodies and local authorities may not apply for DCMS funding in their own right. However, they can apply:

- Where the heritage asset associated with the application is held by the public body/local authority as trustee, and that body is legally capable of holding and accounting for the *Catalyst: Endowment*;
- In partnership with a charitable 'development trust' whose primary purpose is the support of the applicant, and which would hold the *Catalyst: Endowment* award and the match funding raised together as a single fund, with the terms of the endowment specifically limited to benefit the heritage asset(s) described in the application.

5.2 In addition **all** applications must meet the following requirements that are specific to *Catalyst: Endowments*:

- You must have registered your interest in the programme by sending in a pre-application form on our website by 16 December 2011.

- You must be an organisation – or an active participant in a collaborating group of organisations – that we are currently funding or have funded in the past. Current HLF grantees are eligible to apply for a *Catalyst: Endowment* to run alongside their current project.
- The constitution or other governing document of your organisation must enable the operation of an endowment fund that meets the requirements of this guidance.
- You must 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.
- You must present evidence that your organisation has:
 - experience and success in fundraising from private donors, whether trusts, foundations, individuals or corporate givers;
 - an ability to engage with existing 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 challenge (you do not have to have direct experience of having done so).
- Your fundraising strategy must have been discussed and endorsed (whether formally or informally) by your Board or governing body.

Partnerships

5.3 The preferred option is for an endowment to be applied for the benefit of a single organisation. However, 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 deliver successfully a *Catalyst: Endowments* investment. Such cases will need to demonstrate conclusively a more ambitious and successful match challenge than would otherwise be possible, as well as providing both economies of scale and enabling cross-organisational learning. In such cases:

- such an arrangement must be permitted by the governing documents of each participating organisation;
- there will be a named 'lead partner' that will receive all the funds that accrue to the endowment (both from HLF and other givers), and this organisation must have a governing instrument that empowers it to receive and distribute the endowment funds in the way the application proposes;
- there will be a formal consortium agreement (eg 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.

5.4 Normally *Catalyst: 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.

6 Match Funding

6.1 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 make our award. We are expecting applicants to achieve a match ratio of:

- £1 raised to £1 grant for grants of £500,000 and £1m.
- £2 raised to £1 grant for grants of £2m and £3m
- £3 raised to £1 grant for grants of £5m

6.2 Your organisation should propose the match ratio, fundraising target and strategy for achieving the match challenge that, in your experience, best suits the situation of your organisation and its capacity to achieve such a challenge. We are expecting ambitious but achievable plans that maximise the amount of other funds leveraged by our investment.

- 6.3** 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.
- 6.4** HLF will release its funds, in proportion to the match ratio, when challenge targets have been met against key deadlines. All donations must be realised as cash before we will release our grant. 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 its prospects of raising additional match funds in the remaining 24 months.
- 6.5** In deciding whether or not the fundraising target has been met HLF will accept 'firm pledges' as eligible to be counted towards the match funding target. A firm pledge is one that is fixed in amount and has a fixed date for being realised as an asset by the recipient organisation (that is, it can be included in that body's accounts) and is attested by a witnessed written statement made by the intending donor. Firm pledges of this type must not constitute more than 50% of the total match funding claimed by your organisation.
- 6.6** Grant will not be released in respect of firm pledges until they are honoured.
- 6.7** As one of the purposes is to encourage the development of a broader donor base, HLF would expect applications to anticipate match funding from more than a couple of individual donors. Pledged funds should come from gifts from new givers or additional gifts from existing givers, and not be a diversion of existing support.
- 6.8** Applicants should commit themselves to further growth of the endowment fund (whether of the *Catalyst: Endowments* fund or otherwise) following the end of the scheme.

7 Eligible Donors and Assets

Eligible Donors

- 7.1** 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; and
 - funds administered by local authorities or National Health Service bodies as charity trustee (but not from their general budget).

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

Ineligible Donors

7.3 Public sector funding, including that distributed by intermediaries, cannot be used as match funding under any circumstances. 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 the National Health Service; or other public bodies;
- National Lottery funds;
- European Union Funds; and
- endowment funds that have already been incentivised from public funds (e.g. the Match Funding Schemes for Voluntary Giving in higher education in both England and Wales, Grass Roots Match Challenge and Community First Endowments).

Asset Classes

7.4 All asset classes will be eligible as match funding as long as they are certain in time (i.e. transferred to the recipient organisation before the expiry of the award) and amount (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;
- the sale of 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).

7.5 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.

8 Name of Fund

8.1 HLF requires that, during the period of the project, the endowment fund created with its support should be called (in annual accounts and elsewhere) in England:

- the 'Heritage Lottery Fund/ Department for Culture, Media and Sport *Catalyst: Endowments* fund.

In Scotland, Wales and Northern Ireland:

- the 'Heritage Lottery Fund *Catalyst: 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 (see our guidance *How to acknowledge your grant*).

9 Timetable

- 9.1** *Catalyst: Endowments* will run over the four-year period 2012-16.
- 9.2** Applicants in the first round of awards must register online at www.hlf.org.uk by 16 December 2011 to receive an online application form. Completed applications should be received by 16 January 2012. Decisions on these applications will be made in March 2012, and the match funding period will conclude in March 2016.
- 9.3** A further round of applications (for HLF funding of £500,000 and £1m only) will be invited between October 2012 and January 2013. In these cases match funding will end in March 2017.
- 9.4** Eligible organisations may make a single application only in any one round of the programme.

10 Payment, Reporting and Evaluation

- 10.1** Payments of the award will be made when evidence of the matched funding can be shown. 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 award.
- 10.2** 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.

10.3 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 *Catalyst: 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 *Catalyst: Endowment* Fund should be provided in addition to the main accounts.

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

10.5 In support of national evaluation we will expect all recipient organisations to evaluate those parts of the programme for which they are responsible:

- describing and assessing the difference that *Catalyst: Endowments* have made; and
- describing the learning experienced within the organisation and how this will affect future work.

11 How to Apply

11.1 You should use the HLF online application portal. Before completing a full application form, you must register and send in a pre-application form using the Heritage Grants programme by 16 December 2011. The title of your project should include 'Catalyst: Endowment' and the name of your organisation. Once this has been received, we will

contact you and let you know when a full application form has been released to your portal for completion.

11.2 For your application to be considered, you should apply online by 16 January 2012.

11.3 HLF cannot accept applications received after this time or by any other means. We recommend that you send your online application to HLF in good time, with the hard copy of your signed declaration, to be received by HLF within 5 working days.

12 Assessing your application

Applications will be assessed against the following criteria:

12.1 *The organisation and heritage*

- The heritage value of your site or collection
- The quality of your current offer
- Your organisation's current financial sustainability
- The impact achieved with HLF's original grant.

12.2 *Financial need and benefit*

- The need for endowment at the level proposed
- Whether the endowment return proposed is achievable over time

12.3 *Deliverability*

- The viability of your fundraising strategy and plan
- Your organisation's capacity to deliver the fundraising plan and manage the endowment

12.4 *Value for money*

- The difference the endowment will

make for the organisation, heritage and people

- The benefits accrued in relation to the scale of endowment required compared between applications in competitive rounds.

12.5 Application forms and attachments will be assessed for eligibility by suitably experienced HLF staff and analysed by independent assessors contracted by HLF. HLF will make a judgement on the basis of those assessments in order to determine which applicants should be shortlisted for the Advisory Panel. The Advisory Panel will indicate the organisations it would like to support in England. Final decisions will rest with HLF Trustees in respect of HLF-funded awards across the UK.

12.6 HLF will inform all applicants of the final decision, whether successful or not. If you are successful, we will advise you about the next stage of the process. Otherwise, we will explain why your application was not successful.

13 Other information about your application

Freedom of information

We have a duty to keep to the Freedom of Information Act 2000. When you sign the declaration at the end of the application form, you are confirming that you have no objection to us releasing sections 2 to 4 of the application form to anyone who asks to see them. If there is any information in sections 2 to 4 of the form that you don't want made publicly available, please say this in the space provided and explain your reasons. We will take these into account when we respond to any request for access to those sections. Otherwise, we will release sections 2 to 4 to the public if asked. We may also be asked to release other information contained elsewhere in the form and we will respond to these requests after taking account of your rights and expectations under the Freedom of Information Act 2000 and the Data Protection Act 1998. In those cases, we will always consult you first.

Data protection

Under the Data Protection Act 1998 we will process personal information relating to your organisation, its officers and staff or any other people referred to in your application, for:

- assessing your grant application and how we handle it;
- handling the terms of our grant;
- sharing information with our specialists and monitors;

- keeping you informed about our work, including by email, where an email address is supplied. If you would prefer not to receive information from us which is not connected to your application, you can let us know at any time by sending an email to enquire@hlf.org.uk, telephoning **020 7591 6042**, or writing to Information team, Heritage Lottery Fund, 7 Holbein Place, London SW1W 8NR;
- publicising information about your application;
- research related to your application;
- sharing information with other Lottery distributors or grant-making organisations and other carefully identified organisations (such as best-practice groups) who may want to contact you about your application or project; and
- other legal or regulatory purposes, or other purposes reasonably related to making grants (such as customer surveys).

Complaints

If you are not happy with the service you have received, please contact us and we will try to put things right. If you are not satisfied with the response you receive, you can take this further by writing to our Chief Executive. You can get a copy of our complaint procedure from our website or any of our offices.

Help Notes

Help notes for completing an application form

- The following help notes set out the information you should provide with your full application, whether on the application form, or as an attached document.

Please note that, while providing all the necessary information, your answers and supporting documents should be brief.

What is your project title

- Your project title will automatically populate from the pre-application form and is read-only.

Reference Number

- The reference number will automatically populate and is read-only.

Section One – Your Organisation

1a Name and address of your organisation

The name and address of your organisation will automatically populate from the details entered when registering and is read-only.

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

If the address of your heritage site, building or collection is different from the registered address of your organisation, choose 'No' and add a further address.

1c Details of main contact person

The name, position, daytime phone

number and email address of the main contact person will auto-populate from your registration details and are read-only. If the contact address for the main contact is different from your registered organisation address, you can add a separate address here.

1d The legal status of your organisation

Provide information relating to the legal status of your organisation as prompted. Details provided should be for the lead organisation if applying as a partnership.

1e Describe your organisation's main purpose and regular activities

Explain when and why your organisation or partnership was formed.

- Describe its purpose and aims as shown in your constitution (your organisation's formal rules).
- Describe your organisation's regular activities and how they are paid for.
- If you are applying as a partnership, give the names of all organisations in the partnership. Describe the regular activities of the partnership and how they are paid for.

1f Describe the size and staff of your organisation

- Tell us the number of paid staff (full-time and part-time) and describe the role of staff and volunteers (if any).
- If you are applying as a partnership, describe the roles of any paid staff (full-time and part-time) or volunteers employed specifically for the partnership.

- Tell us what posts (if any) you will be recruiting for as part of your endowment fundraising campaign.

1g Bank account details

Provide the bank details for the organisation who will receive the grant if you are successful. The details provided should be for the lead organisation in any partnership.

1h Are you VAT registered?

If you are VAT registered, enter your VAT number.

1i If your project involves buildings, land or heritage items do you own these outright?

- 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.
- You should provide copies of deeds or other proof of ownership as part of the list of supporting documents you send with your application.
- If you own the leasehold of the heritage asset, tell us the length of lease in years at the date you make your application.
- You should provide copies of leases or other proof of ownership as part of the list of supporting documents you send with your application.
- If your organisation has, or are you 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.
- We need to know if your organisation has a mortgage or other loan or plans to take out a mortgage or loan so that we can consider the likelihood of your

project achieving its aims for the future.

- In some cases, we will take a mortgage over the property or item.
- You should provide copies of any mortgages as part of the list of supporting documents you must send with your application.

1j Does your project involve the acquisition of a building, land or heritage items?

Not applicable - *Catalyst: Endowment* will not fund the acquisition of a building, land or heritage items.

1k Have you received advice from us before making your application?

You must register a pre-application form online when applying under the *Catalyst: Endowment* programme. If you received advice from HLF staff member (s), give their name here.

Section Two – The Heritage

2a What is the heritage your project focuses upon?

Provide a short factual *description* of the heritage asset to which the endowment relates, and a website link if available. If your endowment relates to more than one kind of heritage (for example – buildings in a landscape, archaeology on a wildlife site, collections in a historic building), make sure you tell us about each of the different kinds of heritage.

2b Why is your heritage important and who is it important to?

Explain briefly why and in what way your heritage matters to the local area, to the region or to the nation.

- Tell us about any research or surveys that have been done that help you to understand why or how people value your heritage.
- Tell us if there is any official recognition of this heritage. For example, it may be a:
 - o listed building (give its grade);
 - o scheduled monument (a nationally important historic site which is protected by law);
 - o registered park or garden;
 - o building or feature within a conservation area;
 - o site of special scientific interest or other designated area of land;
 - o designated collection (museum, library or archive); or,
 - o recognised collection of national significance (in Scotland only).
- We can fund heritage that is not officially protected in some way, but you will need to explain its heritage value.

2c How do you manage your heritage today?

Tell us who looks after your heritage (for example - volunteers or professional staff) and how it is managed now.

- Provide details of any *current investments* held by the organisation and how they are managed (See section 5.1 of the introduction). Attach any relevant documents.
- Provide details of your existing *financial management systems*, and (where appropriate) an explanation of how existing processes will be enlarged or improved to meet the requirements of the *Catalyst Endowments* (See section 5.1 of the introduction).

- Explain how past HLF investment has improved the physical condition of your heritage today.

2d How do people get involved with and learn about your heritage now?

Tell us briefly about any opportunities you provide now to help the public engage with your heritage. This may include:

- any interpretation linked to your heritage, for example - exhibition panels, information boards, audio guides, leaflets or a website; or
- any activities you organise for the public, for example - open days, guided walks, a lecture programme, visits or workshops.
- Explain how far past HLF investment has improved how people engage with your heritage now.

Section Three - Your Project

3a What is your project? (up to 200 words)

Briefly summarise your plans for building and using your endowment.

3b What will your project 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.

3c How have you arrived at this project?

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;

- how the application balances fundraising for short-term projects/ programmes with longer-term sustainability;
- a statement as to whether the endowment is to be permanent or time-limited, and if the latter, its time-horizon;
- 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 financial 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).

Section Four – Project Outcomes

4a What difference will your project make to your 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 strategically, for example through generating new business and income streams underpinning planned management and maintenance, or funding 'invest to save' schemes.

4b What difference will your project make for people?

Explain briefly what wider public benefits that you expect your endowment to deliver. This might include how your endowment will maintain or improve how you engage with visitors or users.

4c What are the main groups of people who will benefit from your project?

List the appropriate groups of people who will benefit from any activities facilitated by the endowment.

4d How will you maintain the benefits of your project in the long term?

Detail how the capital sum will be invested and managed. (See section 6.3 of the Introduction).

4e How will your project affect the environment?

This question is not applicable to *Catalyst: Endowment* application and should be answered 'Not applicable'.

Section Five – Project Development and Delivery

5a Who are the main people responsible for developing and delivering 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. 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 you explain the system you use to

distinguish the differing status of these different funds from both legal and accounting perspectives.

5b Describe in detail the development work needed for your project.

This question is not applicable to *Catalyst: Endowment* application and should be answered 'Not applicable'.

5c What are the risks to developing and delivering your project and how will you manage those risks?

Using the grid provided, describe the most serious risks you consider your plans to face and detail the action you will take to help prevent the risk as well as identifying a clear risk owner.

5d Provide a timetable for the development and delivery of your project.

Summarise the timetable from your *fundraising plan*. The *fundraising plan* should set out how the match funding is to be raised to the level specified during the four years of the *Catalyst: Endowments* funding. It should include a target date for reaching the match funding target.

Section Six – Project Costs

6a Further development costs

Further development costs are not applicable to *Catalyst: Endowment* applications. This table should be left blank.

6b Capital costs

Capital costs are not applicable to *Catalyst: Endowment* applications. This table should be left blank.

6c Activity costs

Enter your total endowment target (HLF grant plus all fundraising) as an 'other' cost heading in the activity costs table. Leave the VAT and contingency fields blank.

6d Other project costs

Other project costs are not applicable to *Catalyst: Endowment* applications. This table should be left blank.

6e Second round delivery volunteer contributions

Second round delivery volunteer contributions are not applicable to *Catalyst: Endowment* applications. This table should be left blank.

6f Second round income

Enter the funds you will raise to match HLF's contribution in the 'cash' cost heading of the second round income cost table.

6g Summary second round costs

The summary second round costs table is completed automatically and will read as follows:

- Total delivery costs – the total value of the endowment you hope to raise.
- Total delivery income – the total value of the income you hope to raise to from the endowment
- HLF delivery grant requested – the total requested value of HLF's contribution to your endowment.
- HLF delivery grant percentage – the percentage of your total endowment that HLF has been asked to fund.

6h If the cash and contributions from other sources have not yet been confirmed, when do you expect them to be confirmed?

Referencing your fundraising plan, detail your proposals for the *match challenge* including the total to be raised and the ratio (see section 6.2 of the Introduction).

6i How have you worked out the share of your organisation's overheads that relate to your project (if this applies?)

This question is not applicable to *Catalyst: Endowment* application and should be answered 'Not applicable'.

Section Seven – After the Project Ends

7a How will you make sure your project is financially secure in the long term, including meeting maintenance costs?

This question is not applicable to *Catalyst: Endowment* application and should be answered 'Not applicable'.

7b What are the main risks facing the project after it has been completed and how will you manage those risks?

This question is not applicable to *Catalyst: Endowment* application and should be answered 'Not applicable'.

7c How will you evaluate the success of the aims of your project (as set out in section three)?

Provide details of an *evaluation process*, that identifies the changes that have come about as a result of the endowment fundraising programme, whether perceived as negative or positive (see section 1.5 in the Introduction).

Standard terms of grant for Catalyst: Endowments

The standard terms of grant apply to all our awards.

- There may be further conditions that will apply to your *Catalyst: endowment*. We will tell you about these before we award your grant and they will be set out in the letter awarding the grant.
- We will prepare a contract specifically adapted for your *Catalyst: endowment* if we feel that this is appropriate.
- The requirements in *Managing your grant* form part of the terms of any grant awards that we may make. We consider breaking the conditions of *Managing your grant* as breaking the terms of the grant. We will give further guidance on our monitoring requirements for *Catalyst: endowment* if you are successful and we make you an award.
- We may withdraw our grant if work 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 6.4).
- The terms of the grant will last for 25 years.

Declaration

By signing the declaration, you are confirming that your organisation understands and accepts the standard terms of grant. The person signing this declaration must be different from the person named as the contact under question 1c and must have the authority to do so.

Supporting Documents

The application form lists the following supporting documents, some of which are not applicable to the *Catalyst*:

Endowment programmes:

1. An activity plan - Not applicable
2. A small selection of visual aids that you consider will help illustrate your project, for example, drawings and photographs – electronic or hard copy
3. Detailed project costs – not applicable
4. Cash flow for the project – not applicable
5. A timetable – electronic or hard copy
6. The project management structure – electronic or hard copy
7. Income and spending forecasts – not applicable
8. Calculation for full cost recovery (if applicable) – not applicable
9. For projects involving capital work costing £200,000 or more a design specification – not applicable
10. For projects involving capital work costing £200,000 or more a 10 year management and maintenance plan – not applicable
11. For complicated capital works projects and for all capital works projects with a grant request in excess of £1 million, a conservation statement – not applicable.

In addition to the documents listed above, please attach the following to your application form:

1. The *governing document* of your organisation (in the case of a partnership application, all the partners) (see section 5.1 of the Introduction)

2. If a partnership application, a *consortium agreement* or similar (see section 5.3 of the Introduction).
3. Your current *business plan*. The *business plan* should be your organisation's actual plan and not specially created for the 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.
4. 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 *Catalyst: 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.
5. A fundraising plan.
6. The most recent signed *annual report/financial statements* of your organisation, either audited or independently examined; and those for the preceding year (see section 5.1 of the Introduction).