# Reaching Communities Buildings – Revised October 2017 Standard terms and conditions for capital grants

1. If any part of the capital grant is to buy or build, refurbish, extend or alter buildings or land (“capital assets”), then you understand that these standard terms and conditions will apply to your grant in addition to all other conditions we have required of you.
2. You understand and accept that we may require security over the capital assets funded by the grant. Usually this will be:
   1. a legal charge in our standard form, and/ or
   2. a deed of dedication in our standard form and if the property is registered, a restriction or inhibition to be lodged at the Land Registry where appropriate or if the property is unregistered, a deed in our standard form to secure repayment of the grant in appropriate circumstances.
   3. confirmation from your solicitors (by way of a legal opinion, in a standard form which we will supply), that you have the legal powers under your governing documents to undertake the project and to execute the legal documents associated with your grant.

If we have asked for any of these, you understand that we will not pay more than a maximum of 5% of the capital grant until we have received the documents completed to our satisfaction.

1. You do not have any undisclosed loans secured on the capital assets. You will not take out any loans secured on any capital assets funded or part-funded by the capital grant unless you receive our agreement in writing first. Our agreement may be subject to conditions, which you will have to meet.
2. If any part of the capital grant is to buy land and / or buildings (whether freehold, or leasehold land), you will send us when asked the following documents:
   1. a surveyor’s report on the condition of the property, its value for the purpose of the project and whether it is suitable for the project;
   2. confirmation by your solicitors that all necessary consents for the use of the property for the purposes of the grant have been obtained;
   3. if the grant is for £100,001 or over, a certificate of title completed by your solicitors (in a form which we will supply), together with:
3. a signed legal charge or standard security and your solicitors undertaking to register it at the Land Registry or Land Register and at Companies House, where appropriate, or
4. a deed of dedication and if the property is registered, your solicitors undertaking to lodge a restriction or an inhibition at the Land Registry or Land Register, where appropriate, or if the property is unregistered, a deed or letter of undertaking; and
   1. if the grant is for £350,000 or over and you are not a statutory body, confirmation (by way of a legal opinion in the form which we will supply) from your solicitors that you have the legal powers necessary to sign the documents.
5. If any part of the capital grant is to buy leasehold property, then you will ensure that the lease will be for the following minimum term of years:
   1. For capital grant of up to and including £100,000: a lease of at least 5 years, without a break clause.
   2. For capital grant of £100,001 or more but less than £350,000 a registered and assignable lease of at least 10 years, without a break clause.
   3. For capital grant of between £350,000 and £5 million (inclusive): a registered and assignable lease of at least 20 years, without a break clause.
   4. For capital grant of more than £5 million: a registered and assignable lease of at least 40 years, without a break clause.
   5. If the grant is £350,000 or over and is to buy leasehold land you will send us a copy of the draft lease for approval and the signed lease, which must satisfy us that it is suitable security for the grant.
6. If your capital grant is £100,001 or over and to be used for any building work you understand and accept that:
   1. we will require confirmation (by way of a certificate of title, in a form which we will supply) from your solicitors that you are the leasehold or freehold owner of the capital assets to which the grant relates and that the capital assets may be used for the grant purpose; and that the length of the assignable lease is in accordance with clause 5.
7. You understand that if you do not make payment claims for capital grant within three months of incurring the relevant capital expenditure, then we will proportionally reduce our capital grant in line with the actual capital expenditure incurred in the claim period.
8. Prior to permission to proceed being granted you understand that you are only able to claim for professional fees, surveys and permissions to enable you to apply to us for permission to proceed. This will be up to no more than 5% of the capital grant value.
9. **Prior to Permission to Proceed being Granted**:, If all or part of your capital grant is to be used for any building or construction work you understand and accept that we will pay no more than 5% of the capital grant until you have provided the following to our satisfaction:
   1. Evidence that the designs have been developed to RIBA Stage 4 - Technical Design (as defined in the RIBA Plan of Work 2013) and that where you have made significant changes to the scope of the building works since the grant was awarded, you have obtained our permission in writing before going ahead.
   2. the evidence that you have received any necessary planning permission, listed building consent and building regulations consent (or other applicable consents or regulations) required for the building work;
   3. Evidence that an appropriate procurement has been carried out as follows:
10. evidence that a competitive tender process has been undertaken with a minimum of three tenders received from three independent contractors. This will be in the form of a tender review report produced by your professional team. It will demonstrate that value for money has been obtained through testing the market; OR
11. if you are to commission the building works under pre-tendered arrangements, you will provide evidence of the tender process undertaken to appoint existing contractors;
    1. an updated capital project cost summary, cash flow and contractors detailed programme; and
    2. evidence that you have secured all the required partnership funding for the capital project;
    3. evidence that you have employed an appropriately qualified lead building professional to manage the tender process and to certify that the building works have been properly carried out;
    4. if structural work is necessary, evidence that you have employed an appropriately qualified professional such as a structural engineer;
    5. evidence that you will use building professionals that are fully qualified members of an approved professional body and have all necessary professional indemnity insurance cover; and
    6. confirmation that you have complied and will continue to comply with the Construction (Design and Management) Regulations 2015. <http://www.hse.gov.uk/construction/cdm/2015/commercial-clients.htm>
12. **During the Grant Management phase**:
    1. You will ensure that you have written contracts in place for all professional services and construction works carried out, clearly identifying the terms and conditions.
    2. You will claim instalments of the grant in stages when you receive invoices and for works carried out by the contractor. In order to claim grant instalments, you must provide payment certificates completed by your contract administrator on either the RIBA (Royal Institute of British Architects) or RICS (Royal Institution of Chartered Surveyors) form or other form approved by us, and other appropriate invoices as we may require; and subject to provision of the following to our satisfaction:
13. Claim form signed by your approved signatory
14. Updated cashflow
15. Progress report from your contract administrator in a format approved by us
16. Updated and revised risk register
17. Colour photographs identifying progress on site
    1. You must obtain our prior approval where you want to make significant changes to the scope of the building works, and you must have obtained our permission in writing before going ahead. Where you need to use the contingency sum, you will seek our approval.
18. **With regard to Practical Completion**: that you will claim no more than 95% of the capital grant until we receive the following evidence to our satisfaction:
    1. Evidence that you have expended sums (prior to the contract retention being applied) to the value of or higher than the capital grant value.
    2. A copy of the Practical Completion Certificate.
    3. Evidence that all Planning Conditions have been satisfactorily discharged.
    4. Confirmation that the building works have demonstrated compliance with the Building Act 1984 and any amendments thereof this will be in the form of:
19. ‘Completion Certificate’ if you have used Local Authority Building Control or
20. a 'final certificate' if the building control body is an approved inspector registered with the Construction Industry Council (CIC).
    1. Confirmation that a Fire Risk Assessment has been carried out in line with the requirements of the legislation at the time of completion.
    2. Written confirmation that the Health and Safety File has been updated or created in line with the requirements of The Construction (Design and Management) Regulations 2015 and is accessible on site.
    3. Confirmation that the Main Contractor has provided the appropriate training to the relevant stakeholders and staff that will be operating the building moving forward.
    4. Confirmation from the professional team that the Operating & Maintenance (O&M) manuals are acceptable and include all relevant certificates for handover to yourselves as the client.
    5. Evidence that the appropriate insurance cover/policy has been taken out for the building.
    6. A copy of the Defects list (often known as “snagging list”) and confirmation that the items have been addressed and rectified, or if not, a general strategy of when the items are due to be completed.
    7. Relevant financial documents and confirmation as to whether the final payment/account has been agreed with the Main Contractor.
    8. Colour photographs of the finished project; and
    9. Evidence that ‘Big Lottery Fund’ signage is in place
21. **With regard to Final Completion**: Once the rectification period has ended (usually within six or twelve months of practical completion) you will provide Big Lottery Fund with an update on the status of the rectification of any patent or latent defects; and where and when possible you will provide us with a copy of the certificate of making good defects (or equivalent) and Final Completion Certificate.
22. After the grant has been paid out in full and throughout the Asset Liability Period (as defined below) you will keep all Capital Assets in good repair and undertake all tasks as may reasonably be considered necessary to ensure their proper maintenance and where required to you will provide documentary evidence that these works have been carried out to our satisfaction; and
23. take out and keep in force a comprehensive policy of insurance with reputable insurers to cover Grant Assets during the Asset Liability Period against all usual risks to their full replacement value;
24. comply with the Equality Act 2010; and
25. comply with all relevant legislation relating to the operation of the building e.g. Health and Safety at Work etc Act 1974.
26. If you need to use the Capital Assets to raise further funding, you will first obtain our agreement in writing, which may be subject to conditions which you will have to meet. You will need to be satisfied that the new lender understands and will put the interests of the beneficiaries of the project first. You undertake that any loan secured on the Capital Assets will be used entirely on the project,
27. You will not sell, lease, let, sub-let or otherwise dispose of or change the use of any capital asset without first receiving our written consent, which may contain conditions which you will have to meet. If you sell or dispose of any capital asset, you may have to repay all or part of the money you have received from Big Lottery Fund. The amount you repay will be in direct proportion to the share of the project cost that came from us. If, with our consent, you sell any capital asset wholly or partly bought with the grant, it will be at full market value.
28. We will continue to monitor capital assets bought with the grant after the project is over and you will supply information about and allow Big Lottery Fund to inspect the capital assets in accordance with our standard procedures for the longest of the following applicable Asset Liability Periods:
29. for grant of up to and including £100,000 applied to capital assets: 5 years
30. for grant of £100,001 or more but less than £350,000 applied to capital assets: 10 years
31. for grant of between £350,000 and £5 million (inclusive) applied to capital assets: 20 years
32. for grant of more than £5 million applied to capital assets: 40 years
33. for grant applied to other assets (not land or buildings) : the period specified in the standard terms and conditions.
34. You understand and accept that the Asset Liability Period will start either at the date of practical completion of the building works or the date at which the Capital Assets can be used for the intended Project use, whichever is the later.