

Capital investment – small capital grants round 4

Guidance for applicants – 2016/17

Summary of key information	
What is the focus of the fund?	Your application must be for capital expenditure. We define capital expenditure as money spent on the purchase, improvement, restoration, construction or creation of an asset, including expenses or costs that are directly attributable to delivering the capital project.
Who can apply?	National portfolio organisations. If you are not in receipt of National portfolio funding from 2015/16, you can apply if you are properly constituted as an organisation and your Arts Council area office agrees in writing beforehand.
When is the deadline for seeking permission to apply?	Friday 2 October 2015 (building projects and non-National portfolio organisations)
When is the deadline for applications?	Thursday 8 October 2015 (5pm)
How much can be applied for per application?	Between £100,000 and £499,999
When must the activity take place?	Activities must start no earlier than 1 April 2016 and end no later than 31 March 2017.
Minimum match funding from other sources	We would normally expect to fund no more than 85 per cent of the total cost and in most cases substantially less.
Other key eligibility points	<ul style="list-style-type: none"> • the project demonstrates it will support the aims and outcomes of our capital investment set out in Section two of this guidance • the capital expenditure must take place between 1 April 2016 and before 31 March 2017
When will we make our decision?	We will aim to notify applicants of our decision no later than 29 February 2016.

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Section one: introduction

Welcome

Thank you for your interest in capital funding. This guidance should give you the information you need to apply for a capital grant of between £100,000 and £499,999.

This guidance has been updated from previous small capital rounds to take account of the fact that, for 2015 – 2018, small capital grants will be awarded from capital Grant-in-Aid rather than Lottery funding. You must read this guidance carefully before you fill in the online application form.

About Arts Council England

Arts Council England champions, develops and invests in artistic and cultural experiences that enrich people's lives. We support a range of activities across the arts, museums and libraries – from theatre to digital art, reading to dance, music to literature, and crafts to collections.

Great art and culture inspire us, bring us together and teach us about ourselves and the world around us. In short, they make life better. Between 2011 and 2015, we will invest £1.4 billion of public money from the government and an estimated £0.85 billion from the National Lottery to help create these experiences for as many people as possible across the country.

From 1 October 2011, we added museums and libraries to our remit. As with the arts, this sees us championing, developing and investing in museums and libraries. In April 2012, we announced a new network of Music education hubs, working with funding from the Department for Education.

For more information about the Arts Council visit www.artscouncil.org.uk.

Our Capital investment programme supports our strategic goals, specifically [Goal 3](#): 'The arts, museums and libraries are resilient and environmentally sustainable'.

Available budget

We have allocated £32.5 million to small capital for 2015-18. We have budgeted £9.6 million for this round, which relates to activity taking place between 1 April

2016 and 31 March 2017 (financial year 2016/17). Please note that these amounts are indicative. Arts Council England can only guarantee future instalments of any award as long as sufficient funds from the government are available.

We are using capital Grant-in-Aid, which must be spent by the end of the financial year. If you are applying for a small capital grant for 2016/17 (round 4) your capital expenditure must take place after 1 April 2016 and before 31 March 2017.

The grant will need to be shown as a restricted grant and capitalised on your balance sheet in 2016/17. In the event of delays to your project's spending plans, the Arts Council cannot delay payments beyond the financial year end. This means you may lose some, or all, of the grant if the final grant instalment is not drawn down by March 2017.

Payments will be made against actual expenditure only and the final payment request and expenditure listing must be submitted no later than 1 March 2017. Please ensure you take this into account when forecasting your cash flow.

This is an open and competitive application process. We have limited funds available and we know there will be a significant demand for funding. It is likely that there will be good applications that we will not be able to fund. You should think about what you would do if we cannot award you funding.

When you can apply

Applications for funding in 2016/17 must be submitted online via the [online application portal](#) from Thursday 16 July and by **5pm on Thursday 8 October 2015**.

Contact us

You are strongly advised to discuss your project with your Arts Council area office before making an application but after reading these guidance notes. The details of our offices can be found on our website: www.artscouncil.org.uk.

If you were unsuccessful in a previous capital round, you can apply again but we strongly advise you to first get advice and more detailed feedback on why your application was unsuccessful.

If you have already been successful in a previous capital round and intend to make further capital applications, you must speak to your Arts Council area office before applying as we would expect you to explain your rationale for doing this.

Other sources of funding

Applications for capital expenditure from organisations outside of the Arts Council's National portfolio can also be submitted through [Grants for the arts](#), providing we have given our written agreement beforehand. Grants for the arts would be a suitable route for applicants who wish to apply:

- for funding of less than £100,000
- for funding for a range of activity which includes a capital element
- for capital expenditure where the main purpose of that activity does not meet the aims and outcomes of our capital investment set out in [Section two](#) of this guidance
- for capital expenditure that will not take place between 1 April 2016 and 31 March 2017

Section two: our aims for the programme

Since 1994, Arts Council England has supported capital developments with £1.5 billion of Lottery funding. This investment has supported an unprecedented number of building projects, both as refurbishments and extensions to existing arts buildings, and entirely new buildings in places where access and engagement in the arts was limited. Our investment has changed the arts infrastructure of England and resulted in improved experiences for both artists and the public.

Given our significant capital investment since 1994, it is now the right time to consider the improved resilience and environmental sustainability of the existing arts infrastructure.

Our capital investment will help us achieve our aims set out in [Great art and culture for everyone](#), particularly the aims within [Goal 3](#). Over the period 2015-18,

our capital investment will prioritise the consolidation and improvement of the existing arts infrastructure, rather than investing in significant expansion or new buildings. We will support organisations to develop resilience by having the right buildings and equipment to deliver their work and become more sustainable and innovative businesses. This includes increasing the environmental performance of buildings and equipment to support a reduction in carbon emissions.

Digital technologies can play a central role in future-proofing arts and culture. Digital is both an overarching context for our ten-year strategy and runs through all our five goals. We will use our capital funding to further develop digital infrastructure for the arts sector and to support the quality, volume and reach of digital content.

We will prioritise applications for digital capital costs where the applicant can demonstrate that the assets will benefit the widest possible range of partner organisations and support shared approaches to building larger audiences for the arts and culture. Applications for single venue box office systems, for instance, are unlikely to fulfil these criteria.

We will support organisations that deliver arts activities that engage people in England or that helps artists to carry out their work. Our priority will be to support National portfolio organisations that can demonstrate that capital investment will increase their resilience in the longer term.

We are committed to furthering the objectives of sustainable development and expect projects, as far as possible, to take account of all long-term benefits and costs – environmental, social and economic. Organisations should respond to legislative changes around climate change and acknowledge the increasing public pressure for responsible sustainable development. We expect organisations applying for capital investment to consider energy efficiency as a priority.

We believe that our national diversity is one of our great resources and we expect the work that we fund to reflect this and to be alive to the opportunities that diversity offers. Our definition of diversity encompasses race, ethnicity, faith, disability, age, gender, sexuality, class and economic disadvantage and any social and institutional barriers that prevent people from creating, participating or enjoying the arts. We expect that organisations in receipt of

capital funding will not only observe minimum legal standards in terms of the Equality Duty 2011 and Equality Act 2010 in delivering their proposed capital programmes, but will also demonstrate a willingness to set high standards of practice across all areas of their work. Further information on the Equality Duty 2011 can be found at:

www.gov.uk/government/uploads/system/uploads/attachment_data/file/85041/equality-duty.pdf

We do not expect to fund all of the project costs and expect funding to be secured from other sources.

We want to ensure that projects we support are financially viable. You should consider the impact on your organisation and its activities, both during the project and on its completion, as there will be no additional funding (capital or revenue) available from us at a later stage.

The outcomes we expect to see from our investment are:

- our mission of *Great art and culture for everyone*, particularly Goal 3 is achieved
- the conditions are created for great art to be made, experienced and appreciated by everyone
- organisations are resilient, more sustainable and innovative businesses having improved their existing buildings and equipment
- the capacity of the arts sector to engage with digital audiences is increased
- environmental performance of buildings and equipment is increased, supporting a reduction in carbon emissions in the arts sector
- greater impact from our investment in the arts is ensured by securing funding from other partners and/or other sources
- arts facilities are sustainable without the need for unplanned revenue funding from us

Section three: how to apply

What you can and cannot apply for

The following lists give you an idea of the type of spending that we can and cannot pay for though this fund. They are not exhaustive and we may want to discuss this in detail to include or exclude some items.

What you can apply for

Your application must be for capital expenditure. We define capital expenditure as money spent on the purchase, improvement, restoration, construction or creation of an asset, including expenses or costs that are directly attributable to delivering the capital project.

For this round in 2016/17, your capital expenditure must take place between 1 April 2016 and 31 March 2017. If you are offered a capital grant, we require the grant to be shown as a restricted grant and capitalised on your balance sheet in 2016/17.

We will consider the following expenditure:

- buying assets such as furniture, equipment, musical instruments and vehicles
- purchasing a leasehold or freehold interest that meets the requirements set out in our guidance
- improving facilities that will enhance access to and enjoyment of arts and culture by and disabled people and those with special educational needs
- installing new technologies and upgrading buildings to deliver increased production and broadcast capacity
- buying digital and broadcast equipment such as cables, cameras or screens
- environmental sustainability costs including installing or retrofitting sustainable technologies
- professional fees associated with capital spending on your project, providing the appointments have been made in accordance with the procurement requirements set out in [Section five: our capital requirements](#)
- legal fees associated with capital spending on your project
- VAT that you cannot recover from HM Revenue and Customs
- building work if you have our written agreement beforehand

What you cannot apply for

In general, we will not normally pay for:

- expenditure that will not be capitalised on your balance sheet
- costs of research or feasibility work
- costs for developing architectural drawings
- building work if you do not have our written agreement beforehand
- capital assets that you plan to sell
- costs you have to pay for before 1 April 2016 and after 31 March 2017
- projects that demonstrate little or no potential benefit to the public
- costs that are already covered by other funding
- general running costs and overheads that are paid for by other income, including your own funds after the project is complete. This includes overheads related to equipment or buildings, such as insurance and maintenance costs
- additional revenue funding to support increased running costs
- capital projects required to support activities for educational purposes necessary by law
- goods and services, including consultants and contractors, that have not been appointed in accordance with the requirements set out in this guidance in [Section five: our capital requirements](#)

Building projects

If you plan to apply for activity relating to building work, you will need to get our written permission to apply. We define building work as any type of capital work that is required to comply with statutory approvals such as building or planning regulations. You will need our written permission for the following:

- building works for existing arts facilities (including fit-out)
- buildings works for new arts facilities (including fit-out)
- purchase of new premises for arts use (freehold or leasehold interests)

The reason you need our written agreement is that we need to make sure that:

- the future capital and revenue needs of the project have been taken into account
- your project demonstrates it will support the aims and outcomes of our capital investment set out in [Section two](#) of this guidance

- your project is sufficiently developed before being considered for funding
- your capital expenditure will take place between 1 April 2016 and 31 March 2017
- you already have, or propose to obtain, the required security of tenure - for leasehold ownerships, we expect you to demonstrate a registered and assignable lease of at least five years without a break clause at the date of practical completion of any proposed building works

If you wish to apply for a building project, you must speak to your Arts Council area office by **Friday 2 October 2015** so that we can make an informed decision about giving you our written agreement to apply.

Please note that we expect to only provide our permission to apply on an exceptional basis so there is no guarantee that our written permission will be provided. The receipt of our written permission to apply does not guarantee that your application will be successful.

Four steps to applying for funding:

1. Read this guidance carefully.

This guidance gives you information on how to apply for funding and answers some common questions. We strongly recommend that you contact your Arts Council area office before making an application.

2. Fill in the application form.

Use the application form to tell us about your capital project and how it will meet the aims and outcomes of our capital investment.

The form also asks for information that we may use to report to government or to monitor the different backgrounds of people who receive funding. We will not use this information to assess your application.

You must apply online via the [online application portal](#) from 16 July 2015 and no later than **5pm on Thursday 8 October 2015**. Printed applications will not be accepted.

Assistance with your application

We are committed to being open and accessible, and want to make the small capital grants application process accessible to everyone. If you experience any barriers within the application process or require help to make an application, our enquiries team can be contacted by:

- telephone: 0845 300 6200
- text phone: 020 7973 6564
- email: enquiries@arts council.org.uk

3. Provide only the information we have asked for

Send only the supporting information we have asked for. All applicants can send this supporting information in a digital file. We will not consider any additional information you send after you have submitted your application unless we have specifically asked for it.

4. Submit your application online via our [online application portal](#).

Once you have registered online you can start your application, save your work and come back at any time to complete it. Applications must be submitted no later than **5pm on Thursday 8 October 2015**. Applications submitted after this time will not be considered.

How much you should apply for

Grants of between £100,000 and £499,999 are available. You are strongly advised to discuss with your Arts Council area office the amount of funding you are applying for. We anticipate only a small number of awards to be made at the upper end of the financial limit.

You should consider carefully how much to apply for as:

- we will not increase the amount once we have agreed a grant
- grants are only available to support activity up to 31 March 2017

In the event of a delay to your project's spending plans, the Arts Council cannot delay payments beyond the financial year end. **This means, you**

may lose some, or all, of the grant if the final grant instalment is not drawn down by March 2017.

Who can apply

To be eligible for funding, you must meet the following criteria:

1. You are applying for a grant between £100,000 and £499,999 to support capital expenditure.

You can only apply for a building project if your Arts Council area office provides their written agreement beforehand. We will only provide our written agreement if you can demonstrate to our satisfaction that:

- the future capital and revenue needs of the project have been taken into account
- your project demonstrates it will support the aims and outcomes of our capital investment set out in [Section two](#) of this guidance
- your project is sufficiently developed before being considered for funding
- your capital expenditure will take place between 1 April 2016 and before 31 March 2017
- you already have, or propose to obtain, the required security of tenure

For leasehold ownerships, we expect you to demonstrate a registered and assignable lease of at least five years without a break clause at the date of practical completion of any proposed building works.

If you wish to apply for a building project, you must speak to your Arts Council area office by **Friday 2 October 2015** so that we can make an informed decision about giving you our written agreement to apply. You must send this written agreement from your area office, and any additional information we have requested, with your application.

2. You are in receipt of National portfolio funding from us for 2016/17.

If you are not in receipt of National portfolio funding from 2016/17, you can only apply if you are properly constituted as an organisation and if your Arts Council area office agrees that should you apply beforehand, in writing.

We are only likely to agree if you can demonstrate to our satisfaction that:

- you have a current strong track record in arts activities
- your capital project outcomes will make a significant contribution to *Great art and culture for everyone*

You must speak to your Arts Council area office by **2 October 2015** so that we can make an informed decision about giving you our written agreement to apply. You must send this written agreement from your area office, and any additional information we have requested, with your application.

3. Your capital expenditure will take place between 1 April 2016 and before 31 March 2017.
4. You must demonstrate that your project outcomes will contribute to at least two of our strategic goals. These must include:
 - i. Goal 3: 'The arts, museums and libraries are resilient and environmentally sustainable' and
 - ii. one other of our five goals

You should read our 10-year strategic framework, *Great art and culture for everyone* available from www.artscouncil.org.uk/mission.

5. Your capital project will engage people in arts activities in England and/or benefit artists and others who work in the arts.
6. Your organisation and project outcomes must be based in England.
7. If we have given our written agreement for you to apply for a building project, you must also demonstrate that you already have, or propose to obtain, the required security of tenure.

You must demonstrate to us that you have freehold ownership (registered or unregistered) or leasehold ownership of the land and buildings where the proposed capital project will take place. For leasehold ownerships, we expect you to demonstrate a registered and assignable lease of at least five years without a break clause at the date of practical completion of any proposed building works.

Please note that we expect to only provide our permission to apply on an exceptional basis so there is no guarantee that our written permission will be provided. The receipt of our written permission to apply does not guarantee that your application will be successful.

Who cannot apply

You cannot apply if:

1. You are requesting less than £100,000 or not requesting a grant towards capital expenditure.
2. You are requesting more than £499,999 or not requesting a grant towards capital expenditure.
3. Your capital expenditure will not take place between 1 April 2016 and 31 March 2017.
4. Your project outcomes will not support the delivery of arts activities that engage people in England or help artists carry out their work.
5. You are applying for a building project and you do not have our written agreement to apply beforehand.
6. You are an organisation based outside England.
7. You are not a National portfolio organisation and you do not have our written agreement to apply beforehand.

8. You are an individual, unless you apply as a director of your own registered company. We will not accept applications from people applying in a purely personal capacity.
9. You are applying for funding for activities that are aimed at making a profit to be distributed to members or shareholders.
10. You are applying for a building project and do not or will not have the appropriate security of tenure where the proposed capital project will take place.

How we will make our decision

When we receive your application we will first check that it is eligible. All eligible applications will then be considered against the same set of criteria. Our decision making will be in two distinct stages.

We will consider how each application meets the following criteria:

1. how well the project outcomes meet our goals and, in particular, how they demonstrate that the organisation's resilience and environmental sustainability will be improved as a result of our capital investment
2. how well the organisation demonstrates it has the capacity, skills and experience to deliver the project and associated outcomes
3. the extent to which the project demonstrates it will meet high standards
4. the extent to which the budget is appropriate to the type and scale of the project including demonstrating the capital expenditure will be made by 31 March 2017

In our assessment we will use the expertise of our staff to judge how well your application meets the four criteria. Identifying and considering the level of risk in your project and what plans you have in place to mitigate these risks is an important part of our assessment.

It is likely that there will be more applications that meet these criteria than available funding. To achieve the final list of successful applications, we will consider the following four factors to balance the projects funded against the available budget in each round:

- **timescales** – we will take into account the delivery timescale for your project, including the timescale for spending any grant from us
- **partnership funding** – the extent to which the projects overall will secure funding from other sources
- **risk** – the extent of the risks to the overall balance of projects in each round
- **equality and diversity** – the extent to which your project addresses equality and diversity

There is no mechanistic formula for balancing the final list of projects in each round. This is a framework against which we will make an informed judgement about how each project might contribute to the overall mix in the context of the funds available to distribute.

There may be applications which are strong in the first stage assessment but which are not funded because in the second stage they do not fit into this overall picture.

Who will make the decision

Decisions will be made by the Arts Council.

When you will know the outcome

We will tell you by the end of February 2016.

If you are successful

Any decision to offer funding will be subject to acceptance of a grant agreement and our [terms and conditions](#). Our offer may be for a different sum than that requested by you in your application. Further details are provided in this guidance in [Section six: what happens if you are offered a grant](#).

If you are unsuccessful

We will write to you explaining the main reasons why your application was unsuccessful, telling you who to contact for more detailed feedback.

Section four: completing your application

What your application should include

The application should include the following information:

- online application form
- additional information we have requested (to be submitted in electronic format)

The application form asks you to provide:

- a description of the project you are asking us to support including the outcomes your project aims to achieve
- the work you have completed to date and the stage you have reached with your planning
- how your project will contribute to our goals
- a proposal set out under the headings of the four criteria included in this guidance in [Section three: how we will make our decision](#)
- details of the ownership of land and buildings where your project will take place
- your project timetable
- the anticipated risks for the project and how you will manage those risks
- how much you are applying for and the total cost of your project
- a detailed breakdown of your planned project income and expenditure

Completing the application

This part of the guidance gives support on completing the different sections of your application and details of the information we ask you to provide.

1. Project details

Project description

Describe the project you are asking us to support and the capital work that you are proposing to carry out.

Project outcomes

Tell us about the outcomes your project aims to achieve (the specific changes that will result from your project). This should include:

- a detailed project description
- how these outcomes fit with the aims of your organisation
- the people who will benefit, such as artists, audiences and users
- how the project will affect the quality and quantity of your activities

Project stage

Tell us the stage you have reached with planning your project. You should provide:

- the work you have completed to date and the stage you have reached with planning
- how this work demonstrates the need for your project
- if applying for a building project, this should include:
 - a summary of the feasibility study you have prepared
 - a summary of the options you have appraised and the reasons for choosing the option proposed
 - the Royal Institute of British Architects (RIBA) design stage you have reached
- the details of any professional team appointed, if applicable, and the details of the processes you undertook to appoint them

You should ensure you have read our procurement requirements in [Section five: our capital requirements](#) of this guidance.

2. Project proposal

Your project proposal should be set out under headings based on the four criteria included in this guidance in [Section three: how we will make our decision](#).

The following section tells you the information we need under each of these headings. If appropriate to your application, you can emphasise some points more than others, and add further points of your own. You should provide no more than 6,000 words in total across the four sections listed below.

Meeting our goals

You should select the goals your project outcomes will meet. This must include Goal 3 and at least one other of our five goals.

You should include the following details:

- how your project outcomes will contribute to the goals you have selected, also considering the specific aims and outcomes of our capital investment set out in [Section two](#) of this guidance
- the work you have done to assess the project's financial impact and how it demonstrates your financial resilience will be improved, including the financial impact of maintaining, insuring and replacing the capital asset in the longer term
- how the project will affect the quality and quantity of your activities
- how it will provide opportunities for people to engage with arts activities

Capacity, skills and experience

Your application should demonstrate that your organisation has the capacity, skills and experience to manage and deliver the project. You should set out your plans for managing the project, including how you will ensure it is delivered on time and on budget.

You should include the following details:

- the experience of those involved in delivering a project of the scale and complexity proposed
- how the progress of the project will be monitored, including how you will monitor and evaluate your project outcomes and how you will ensure the project is financially well managed
- the project's impact on your organisation and its activities during its delivery and on completion including, if relevant, the impact on the agreed programme of work as part of any other revenue funding agreements we have with you
- how the risks will be assessed and how you will manage these risks

How the project will meet high standards

You should set out how your project will meet high standards, taking due notice of priorities such as fitness for purpose, environmental standards, energy efficiency, accessibility and cost effectiveness.

You should include the following details:

- how you will ensure your project meets high standards and will be fit for purpose including, if you are applying for a building project, how you will ensure it is well designed and appropriate for its proposed usage
- the steps you have taken to minimise your project's impact on the environment
- how you will provide access for all with particular regard to the relevant legislation and any specific measures that you propose to incorporate into your project (for example, ramp access, induction loops, accessible toilets, clear signage and lifts)
- your procurement strategy for purchasing goods, works or services
- the consultation you have undertaken with staff, artists and users and how this has been taken into consideration in your project

Our requirements on procurement, quality of design and construction, including access, are set out in this guidance in [Section five: our capital requirements](#).

Project budget

You should set out how you have worked out your project budget, including the research you have undertaken to demonstrate your ability to raise the required funding from other sources.

You should include the following details:

- how you have worked out the figures in your budget, including any professional advice you have sought and how you have calculated allowances for such things as, but not limited to, specialist equipment, furniture, fittings and equipment, contingency, inflation and VAT
- the other sources of funding you have applied for, and the progress and timetable of any other applications you have made for funding
- your approach to raising any unsecured funding including:
 - the research you have undertaken into available sources of funding
 - who you will approach to provide the funding
 - the methods to be used to raise the funds, eg a fundraising event or campaign
 - the timescale for raising the funds
- how you will make up any shortfalls if your project goes over budget

3. Property and timetable

Project location

Provide the property address where your project will take place, including the postcode.

Ownership of land and buildings

Confirm the interest that you hold in the land or building. You should tell us if you own the property on a freehold or leasehold basis, and the number of years remaining on the lease. If you do not own the land or building, tell us who does and the basis for your right to use the property or land for your project.

For leasehold ownerships, we expect you to demonstrate a registered and assignable lease of at least five years without a break clause at the date of practical completion of any proposed building works.

Project dates

Tell us the start and end dates for your project. We define the project start date at the point at which your organisation will make a commitment, financial or otherwise, to undertake the whole project.

Project timetable

Summarise the planned timetable for your project.

4. Risk register

Provide details of the anticipated risks for the project and how you will manage those risks. Complete the table provided and describe the risks that may . You should include:

- how likely the risk is to occur, scoring these risks high, medium or low
- how serious the effect would be, scoring these risks high, medium or low
- the action you will take to reduce the risk
- the person responsible for dealing with the risk

5. Income and expenditure

The project income and expenditure should provide us with details of the expected costs for your project. When you prepare your costs, you should ensure you have considered [Section three: what you can and cannot apply for](#) in this guidance.

Amount requested and total project cost

Tell us the amount that you are requesting from us and the total cost of your project. You should note that grants are only available to support activity up to 31 March 2017. In the event of delays to your project's spending plans, the Arts Council cannot delay payments beyond the financial year end. **This means, you may lose some, or all, of the grant if the final grant instalment is not drawn down by March 2017.**

Project income

You should complete the template provided to show where the funding to meet your project is coming from. This should include the amount you are requesting from us.

You should tell us where you expect to get any other funding from, how much that will be, whether it is secured or not and, if not, the date by which you expect to secure it and whether it is a non-cash contribution. If you are including non-cash contributions (in-kind support), provide details of the goods or services and who is giving the contribution. Give an estimated value for each item.

Project expenditure

You should complete the template provided to show the expenditure for your entire project, including the amount you have already spent and your planned expenditure. You should set out your expenditure against the following budget headings:

- **pre-construction** – this may include costs of a feasibility study, options appraisal or land and property purchases
- **construction** – this may include the estimated construction costs, construction contingency and inflation
- **furniture, fittings and equipment** – this may include loose furniture and equipment of a general nature, eg office equipment
- **specialist equipment** – this may include theatre lighting, AV and digital equipment, disabled access equipment, musical instruments or vehicles
- **fees and charges** – this may include legal or consultant's fees
- **client costs** – this may include costs such as an access audit or advisers appointed to help develop the project
- **contingency** – that is not shown separately above

- **irrecoverable VAT** – any VAT that you cannot claim back

You should make sure that the costs are as accurate as possible. If you have to spend more to complete your project, we will not contribute to these extra costs.

Further information

We require the following documents listed below for all applications. If you do not submit all the documents with your application, we may consider your application ineligible. Supporting information should be sent in a digital file.

We reserve the right to ask any applicant to provide additional information as part of the assessment process.

1. Cash flow forecast

A cash flow template is provided. Your cash flow should demonstrate both project income and outgoings and the expected grant payments from us. You should take the following information into consideration when preparing your cash flow forecast:

- we are unable to pay for costs paid for before the date you accept our grant agreement
- we will pay the grant in instalments against actual expenditure aligned to the expenditure listing submitted with each payment request
- the final payment request must be submitted no later than 1 March 2017
- your cash flow should demonstrate that the capital expenditure will take place by 31 March 2017

In the event of delays to your project's spending plans, the Arts Council cannot delay payments beyond the financial year end. This means, you may lose some, or all, of the grant if the final grant instalment is not drawn down by March 2017.

2. Partnership funding

You should provide evidence of the funding you have secured and spent to date as outlined in your project income and expenditure. This may include:

- letters of support from potential funders, if available
- offer letters confirming amounts already secured, including any conditions

attached to this funding

- evidence of any contribution of your own funds, if applicable
- if your partnership funding has already been spent, you should provide evidence that demonstrates that it has been spent within 12 months of your application being submitted

Additional documents for building projects

If you are applying for a building project, we expect you to provide the following documents in addition to those requested above:

3. Cost plan

This should be prepared by a professional quantity surveyor and should provide details of the construction, furniture, fittings and equipment costs. It should reflect the RIBA Work stage that your project has reached.

4. Design information

The design drawings and specifications. Drawings should be provided with the scale of the drawing clearly shown and all information clearly indexed. Your design information must be submitted as one digital file.

5. Timetable

The timetable should include major milestones for the delivery of your project. The level of detail will vary depending on the size and scope of your project but in all cases it should:

- reflect all parts of your project and when each part is expected to start and finish
- provide details of the design, procurement, construction and commissioning activities

Additional documents for National portfolio organisations

If you are an Arts Council National portfolio organisation, you may send additional concise information if you wish, especially if there has been a major change in your finances or in the way the organisation is run. If the information we have about you is up-to-date, then you are not required to do so and we will take into account the knowledge and understanding we have of your organisation and information such as your annual accounts, reviews and funding agreements.

Additional documents for organisations who do not currently receive revenue funding from us but who have obtained our written permission

If you do not currently receive revenue funding from us, and you have received our written agreement to making an application, you should provide the following concise information:

- constitutional documents (or charter) confirming the existence of your organisation as a legal entity and setting out your governance structure
- audited accounts from the previous two financial years
- details of your artistic programme or relevant evidence of your work
- statement on your organisation's approach to promoting equality and diversity and/or your equality and diversity policy

Section five: our capital requirements

All organisations applying for small capital grants should consider our requirements below and ensure that they have taken them into consideration in the planning, timetable and budget for their project.

Partnership funding

We want to make our funding go further, and we expect you to make the most of other sources of income available to you. Although we have not set a minimum partnership funding requirement, we would normally expect to fund no more than 85 per cent of the total cost and in most cases substantially less. Other sources can include:

- funding from public organisations such as local authorities
- cash donations from individuals or companies
- grants from other Lottery distributors
- donations of land, buildings, equipment or materials subject to suitable valuations
- grants from trusts and foundations
- public appeals and fundraising events
- a contribution from your organisation
- in-kind support

We may count any money you spend on an earlier phase of the project as partnership funding, as long as you have spent it within the 12 months before you make your application.

Your application should provide us with details on how you will raise the remaining identified gap between the amounts confirmed or pledged and the amount required to complete the project. You should therefore consider your project timetable carefully and whether you will have secured the required funding to start your project.

Sustainability

As cultural buildings can have high energy consumption, organisations applying for capital investment should consider energy efficiency as a priority. We expect you to consider:

- sustainability issues in the design of your building

- whole-life costs in the selection of materials, plant and equipment
- sourcing environmentally sustainable materials and goods
- sustainable construction practices
- improved sustainability in the operation of your building – this may include improving awareness in your organisation and building users to reduce energy demand, waste and water consumption and maximise recycling
- developing an environmental action policy and an annual action plan to improve environmental performance and reduce carbon emissions

We expect organisations to measure their reduction in energy use and carbon footprint as part of the evaluation of their project. It is therefore essential that you have a clear understanding of your energy usage now and on completion.

If you are planning a project involving construction works, there are a number of recognised building environmental assessment methods and ratings to be aware of, notably Building Research Establishment Environmental Assessment Method (BREEAM), which originated in the UK, and Leadership in Energy and Environmental Design (LEED), which originated in the US. The methods can serve as a useful guide on the environmental issues to consider. Buildings can also be assessed by external experts and rated according to methodologies.

Quality of design and construction

We want to ensure that projects meet high standards of design and construction, taking due notice of priorities such as fitness for purpose, environmental standards, energy efficiency, accessibility, cost effectiveness and value for money. The way the project (ie the site and building) is planned and designed, including the proposed method of procurement for construction works, must be appropriate to the specialist needs of arts buildings.

All projects must ensure maximum independent access for disabled people (visitors, participants, artists and members of staff). You should ensure that an appropriate independent access audit is undertaken and demonstrate that its findings are reflected in the project. [Building inclusion: Physical access guidance for the arts](#) is a tool that will enable you to plan for equal access by considering what is needed to create an inclusive environment.

We have published [*Building excellence in the arts: a guide for clients*](#) to support organisations undertaking capital development work to arts buildings. It follows a logical pattern through the construction process, from inception to completion, and covers several key themes such as brief writing, sustainability and accessibility.

Procurement

You must comply with all applicable current UK public regulation procurement laws when buying any goods or services that will be used directly or indirectly in relation to the capital project. In relation to contracts for goods or services, you must:

- demonstrate that procedures to recruit consultants and contractors are fair and open and keep to the relevant legislation
- have quotations and tenders for contracts for goods or services available for inspection by us
- allow us to review your contract appointment procedures before the terms and conditions of each appointment are agreed, if requested by us

In addition to our requirements set out above, your project may be covered by European Union (EU) procurement rules. You will need to follow the Public Procurement Regulations if your goods, works or services are above certain financial thresholds and if:

- you are subject to the Public Procurement Regulations in your own right
- the amount of money given solely by Arts Council England, or in conjunction with other public funding or other Lottery distributors, exceeds 50 per cent of your project costs

This means that all services for both fees and construction will need to be tendered through the Official Journal of the European Union (OJEU).

Please note that financial thresholds apply to all individual consultant appointments (or to the aggregate fee as a single appointment) and to construction works.

Section six: what happens if you are offered a grant

This section provides details of what we expect from you if we offer you a grant.

Accepting the agreement

If you are awarded a grant you will have to accept our [terms and conditions](#) available to download from our website. Your grant agreement will also include any conditions specific to your project.

The grant agreement starts on the date you sign the offer letter and return it to us, and ends when you've met all our terms and conditions. Some of these terms and conditions must be met before we make your first payment and some of them still apply after your last payment has been made. Your grant agreement will also include a form that asks for the details of the bank or building society account into which you want us to pay your grant.

Monitoring and evaluation

The grant agreement will set out how we will monitor your grant, including any documentation that we will require from you to ensure it meets the agreed outcomes. We may continue to monitor your project after it is finished to make sure that it still meets the terms of the grant and its outcomes for the duration of the terms of grant as set out in the grant agreement.

Requesting payments

The grant does not include anything that you have paid for before the date you accept our offer. The grant agreement will set out how the grant will be paid and contains a payment schedule which is typically based on the cash flow provided with your application. This is for guidance only as grant payments will be made against actual expenditure only.

To request payments you will be asked to submit a Certified Invoice Summary detailing the capital expenditure made so far for your project. This must demonstrate to our satisfaction that the claim is for eligible capital expenditure. Proof of expenditure, ie invoices, quotations and contracts, may be requested to substantiate requests.

In the event of delays to your project's spending plans, the Arts Council cannot delay payments beyond the financial year end. This means, you may lose some, or all, of the grant if the final grant instalment is not drawn down by March 2017.

Section seven: freedom of information

The Arts Council is committed to being as open as possible. We believe that the public has a right to know how we spend public funds and how we make our funding decisions.

We are also listed as a public authority under the Freedom of Information Act 2000. By law, we may have to provide your application documents and information about our assessment to any member of the public who asks for them under the Freedom of Information Act 2000.

We may not release those parts of the documents that are covered by one or more of the exemptions under the act. Please see the [Information Commissioner's Office website](#) for information about freedom of information generally and the exemptions.

We will not release any information about applications during the assessment period, as this may interfere with the decision-making process. However, we will, after completion of the process, publish a list of all successful applicants.

Section eight: complaints procedure

If you are not happy with the way we dealt with your application, please contact us and we will discuss this with you.

If you are still unhappy, you can ask us for a copy of our complaints procedure. Details are in [Making a complaint](#), which is available on our website www.artscouncil.org.uk, or by contacting our enquiries team by email to enquiries@artscouncil.org.uk or by phoning 0845 300 6200.

Please note that you can only complain if you believe we have not followed our published procedures when assessing your application. You cannot appeal against the decision.

Section nine: glossary of terms used in this guidance

Term	Description
Access audit	Part of the process of designing a building or site which considers how disabled people will be able to access the building or site.
Assignable lease	A term used for leasehold land and buildings to show whether the land and buildings can be sold or given to another owner.
BREEAM	Building Research Establishment's (BRE) Environmental Assessment Method (BREEAM) is a method to assess the environmental performance of both new and existing buildings.
Break clause	A provision in a lease that allows the landlord and/or the tenant to bring the lease to an end before the full period of years has elapsed.
Brief	The client's document of project requirements. The brief for the works should be developed through collaboration between the client, the members of the design and construction team (if relevant) and, if possible, users and other interested bodies and persons.
Building Regulations	Building regulations are statutory instruments that seek to ensure that the policies set out in the relevant legislation are carried out. Building regulations approval is required for most building work in the UK. Building regulations that apply across England and Wales are set out in the Building Act 1984.
Capital asset(s)	Land, buildings, equipment and vehicles that have a useful life of more than one year.
Capital Expenditure	Money spent on the purchase, improvement, restoration, construction or creation of an asset, including expenses or costs that are directly attributable to delivering the capital project.
Contingency	An allowance in the project budget (usually expressed as a percentage) for unforeseen circumstances.

Feasibility study	A study of the desirability and practicability of your project. It should demonstrate that an organisation has examined thoroughly what it aims to achieve and whether it is able to do so.
Freehold interest	The absolute right to own property (land and buildings) in perpetuity.
Lease	A legal agreement through which property is conveyed to a person or organisation for a defined period and in return for the payment of rent.
Leasehold	A person's right to use and occupy land and/or building which arises under a lease as opposed to freehold ownership.
OJEU	The Official Journal of the European Union (OJEU) is a daily journal used to advertise the service requirements of publicly procured contracts. The OJEU is the method of procuring services or goods through a competitive process. The organisation is obliged to adhere to the regulations where funding, either by Arts Council England solely or in conjunction with other public funders, exceeds 50 per cent of the estimated cost of the contract.
Options appraisal	<p>The purpose of an options appraisal is to narrow down a range of options into one feasible proposal which is taken forward for more detailed study in a way that is clear to those not involved in the decision. It should give details of all the options explored, including leaving things as they are, and should cover the following areas:</p> <ol style="list-style-type: none"> 1. the needs that the project aims to meet 2. the project's objectives, benefits and outcomes 3. for each option considered: <ul style="list-style-type: none"> • an evaluation against the project's objectives, benefits and outcomes and the needs it aims to meet • the estimated costs (capital and revenue costs) • an indication of the timetable for commencement of project delivery • a risk assessment • the preferred option and why it is recommended

Quantity surveyor (QS)	A quantity surveyor advises on the overall economic and accounting aspects of a project. They prepare RIBA stage cost plans, the bill of quantities for the tender documents and a pre-tender estimate against which the tender returns are assessed.
RIBA plan of work	Royal Institute of British Architects (RIBA) organises the process of managing and designing building projects and administering building contracts into a number of key work stages. The RIBA Outline Plan of Work 2007 consists of eleven stages defined by the letters A–L. In 2013, RIBA launched a revised Plan of Work which consists of eight stages defined by the numbers 0-7.
Security of Tenure	A good, strong and well documented right to own or use a property for a period of time.
Sustainable development	Sustainable development is a dynamic process through which organisations can begin to achieve a balance between environmental, social and economic activities. Sustainable development must recognise the impacts of a project on these three areas.
Tender	Tendering is the process of inviting and appointing a contractor, supplier or consultant to undertake work. It must be a competitive process between firms or individuals who have the necessary skills, integrity and responsibility to deliver the work.