APPENDIX TWELVE

THE ARCHITECTURAL HERITAGE FUND

HISTORIC BUILDINGS PRESERVATION TRUSTS (BPTs)

Historic buildings preservation trusts (BPTs) are charities established to preserve buildings of architectural or historic importance whose survival is threatened and for which an economically viable solution is beyond the reach of both the original owner and the normal operation of the market. BPTs are normally constituted as companies limited by guarantee and have charitable status.

There are two principal types of BPT: those set up to assume long term responsibility for a single building, and those established with the aim of undertaking a rolling programme of projects by acquiring, repairing and disposing of properties and applying the proceeds of one project to the working capital required for the next. There are currently more than 160 "revolving fund" BPTs in the United Kingdom.

PRIMARY AIMS AND THE WIDER CONTEXT

The primary aim of every BPT is to preserve historic buildings for the public benefit. The BPT must therefore ensure that each building is repaired to the highest technical standard.

In achieving this primary aim, it will almost always be necessary for the BPT to negotiate a combination of grants, soft loans and other concessionary finance. It is vital to identify a beneficial and income-generating use for the building once repaired.

BPTs are actively engaged in projects which are labour intensive, and thus help to generate employment and enhance the traditional skills levels of the construction industry workforce. Most BPT projects create attractive new homes or workspaces. Some provide a low cost mechanism for implementing schemes in partnership with central government, local authorities, housing associations, enterprise agencies or the private sector.

BPT ACHIEVEMENTS

Most BPT projects involve residential buildings, but over the years BPTs have demonstrated their ability to tackle a wide range of properties including redundant mills, barns, churches, toll houses, breweries, schools, railway stations and follies.

BPT projects also vary in scale, from the very modest - a single terrace house with a total project cost of not more than £50,000 - to the very large - an entire site with overall project costs in excess of £1 million.

Information collected by the UK Association of Building Preservation Trusts, the only national representative body for BPTs, has shown that, collectively, BPTs let contracts worth millions of pounds each year. The other principal source of information is The Architectural Heritage Fund (AHF), which provides BPTs and other charities with working capital in the form of low-interest loans. On 31 March 2000, the AHF was lending £6.3 million for 42 projects, with a further £5.2 million on offer for 33 projects. Its total commitments therefore amounted to £11.5 million for 75 projects. This is however an incomplete picture, as some BPT projects are accomplished without AHF assistance.

CONSTITUTION AND MANAGEMENT

The great majority of BPTs are constituted as companies limited by guarantee. BPTs in England and Wales are registered charities; those in Scotland and Northern Ireland have obtained confirmation of charitable status from the Inland Revenue. BPT board members - who may be described as trustees, directors, members of the Board, Council of Management or Executive Committee - are responsible for the general control and administration of the BPT as a company and as a charity. As charity trustees, they cannot be remunerated for being directors, although they can receive out of pocket expenses and may be paid reasonable fees for any professional services rendered in certain circumstances.

LOCATION AND AFFILIATIONS

Most BPTs restrict their activities to a particular area - usually a town, district or region. Some are closely linked with a local authority and may be run from its offices. Others are joint ventures, in that the local authority and another body, such as a civic society, appoint board members. Some are wholly independent, set up by a few concerned individuals. The more formal the affiliations, the larger both the board and the membership is likely to be.

HOW TO SET UP A BPT AND TACKLE A PROJECT

Form a steering committee to harness initial enthusiasm. A mix of professional experience and expertise is desirable; drive and determination are essential.

Draw up a "hit list" of potential projects. With assistance from the local authority planning department (preferably the Conservation Officer), establish their current status, condition and grant eligibility.

From The Architectural Heritage Fund (AHF), anyone interested in forming a BPT can:

- Obtain an information pack, free of charge. This will include a Charity Commission-approved standard governing document (memorandum and articles of association) (also available on disk in both Word for Windows '97 and text only format for £5 inc. p&p). The AHF may be able to provide information packs and forms from the Charity Commission and Companies House.
- Purchase *How to Rescue a Ruin - by setting up a local Buildings Preservation Trust.* A fully revised and updated edition of this guide to setting up a BPT and undertaking a first project was published in September 1997. Available for £7 (inc. p&p).
- Ask for someone to come and advise your group.

Unless already provided by the AHF (see above), obtain a *Charities Starter Pack* from the Charity Commission and a *New Companies Information Pack* from Companies House.

A BPT which has reached the stage of applying for charitable status is eligible for associate membership of the UK Association of Building Preservation Trusts (APT), the national representative body for BPTs. APT will provide:

- Direct access to a national network of BPTs, advice and expertise. APT's nine area committees welcome new members whatever their range of experience.
- Information about changes in legislation or funding arrangements.
- Access to a UK-wide programme of seminars for BPTs.
- *Guidance Notes for Building Preservation Trusts*, a part-work publication which is distributed free of charge to every full member of APT.

Once registered with the Charity Commission, a BPT is ready to get started. With support and advice available from many quarters and the determination of those in charge, anything is possible!

HELPLINE

Anyone interested in establishing a BPT may obtain advice and assistance from:

The Architectural Heritage Fund *(see below)*

Association of Preservation Trusts,
Clareville House, 26-27 Oxendon Street,
London SW1Y 4EL.
Telephone: 020 7930 1629
Fax: 020 7930 0295
e-mail: apt@ahfund.org.uk
Internet: www.heritage.co.uk/heritage/apt/

The nearest BPT which is a member of APT (details from APT as above).

The Charity Commission, Harmsworth House,
13-15 Bouverie Street, London EC4Y 8DP.
Telephone: 0870 333 0123
Fax: 020 7674 2300

Companies House, New Companies Section,
PO Box 717, Crown Way, Cardiff CF4 3TT.
Telephone: 029 20380 801
Fax: 029 20380 857

FURTHER INFORMATION

The following leaflets are available on request from the AHF:

The Architectural Heritage Fund - An Introduction
Loans: Notes for Applicants & Application form
Feasibility Study Grants: Notes for Applicants & Application form
Project Administration Grants: Notes for Applicants & Application form

April 2000

The Architectural Heritage Fund
Clareville House, 26-27 Oxendon Street,
London SW1Y 4EL
Telephone: 020 7925 0199
Fax: 020 7930 0295
e-mail: ahf@ahfund.org.uk
Internet: www.ahfund.org.uk

Registered under the Charities Act 1960 No.266780
Company limited by guarantee registered in England No.1150304

Printed on environmentally friendly paper

OPERATION

Not many BPTs employ their own administrative staff. All however, are small businesses able to enter into contracts, to buy, sell and mortgage property, to borrow money, to employ staff and to engage qualified professionals. BPTs must therefore operate in a professional and business-like manner. As charities, their motivation is to benefit the public, not to generate profits, but a BPT can only achieve its objects if rigorous attention is paid to project finance. Every BPT needs an efficient decision-making process: it must not become bogged down by bureaucratic committee structures or uncertain divisions of responsibility.

SOURCES OF SUPPORT

BPTs may often work wonders, but they cannot perform miracles. Their projects are inherently uneconomic, and putting together the financial package is a daunting task. No matter how low its overheads, a BPT cannot save an almost terminal building without financial assistance to bridge the gap between the cost of repairs and resale or other income. Depending on the particular project, the BPT will need to negotiate with a variety of agencies, including central and local government, National Lottery distributors (principally the Heritage Lottery Fund), local enterprise companies, grant-making trusts, the European Union and others. All BPTs are eligible to borrow at a low rate of interest from the AHF, which also offers grants for feasibility studies.

ADVANTAGES AND DISADVANTAGES

The constitution and charitable status of BPTs confer both advantages and disadvantages:

Advantages

- Most BPTs are locally controlled and managed, and therefore sensitive to the needs and circum stances of their areas.
- Being independent, BPTs can act quickly and flexibly.
- BPTs can show strong support for local authorities by agreeing to take on buildings acquired by compulsory purchase.
- With neither shareholders nor (in the case of many BPTs) paid staff, overheads are low and any surplus can be used for the next project.
- BPTs often receive grant aid at preferential rates from English Heritage, Historic Scotland and Cadw.
- BPTs can borrow on favourable terms from The Architectural Heritage Fund.
- As charities, BPTs can fund raise from other sources, including grant-making trusts.
- BPTs are not liable for corporation tax on their charitable activities.

Disadvantages

- With no shareholders, BPTs lack equity capital.
- The level of activity of a BPT is crucially dependent on a small number of (usually voluntary) individuals. If enthusiasm dwindles, the BPT may become moribund.
- BPTs which do not have even a part-time adminis trator may find it difficult to tackle more than one project at a time.
- Despite the fact that BPTs aspire to be profession al, some agencies may regard 'voluntary' as implying amateurism.

In other respects - notably liability to VAT - BPTs have no advantages or disadvantages over conventional property developers.

THE ARCHITECTURAL HERITAGE FUND

AN INTRODUCTION

INTRODUCTION

The Architectural Heritage Fund (AHF) is a charity which promotes the regeneration and preservation of historic buildings throughout the United Kingdom. We do this by providing advice and information, and financial assistance in the form of grants and/or working capital loans for projects undertaken by building preservation trusts and other charitable organisations.

History

The AHF began operations in 1976. Our lending resources of some £13m derive from grants and donations and from accumulated surpluses. AHF grant programmes are financed by interest on loans and bank deposits, and grants received by us.

Management

The AHF is a registered charity and a company limited by guarantee. Half the members of our governing body, the Council of Management, are appointed by the Crown and half by the AHF itself.

FINANCIAL ASSISTANCE AVAILABLE FROM THE AHF

This is a summary; for more detail, please contact us.

Eligible Recipients

To be eligible for financial help from the AHF, an organisation must have (or obtain) charitable status. Any charity with a qualifying project is eligible for an AHF **loan**. Eligibility for **grants** is limited to 'building preservation trusts' (BPT's), defined as charities whose main objects include the preservation (or equivalent words) of historic buildings. Anyone can set up a BPT - we can help with this. If in doubt as to whether an existing charity qualifies, please ask.

Eligible Projects

Buildings we help must have statutory protection, being listed or scheduled or in a Conservation Area (and if the latter, they must also be of recognised historic or architectural merit). The project (or potential project) must involve a change either in the ownership of the property or in its use.

GRANTS

(available to BPTs only)

Feasibility Study Grants

The AHF offers grants of up to 75% of the cost of an initial options appraisal of an eligible project. The maximum grant is normally £5,000 but in exceptional circumstances can be £7,500.

A study eligible for an AHF grant will take a first look at the key conservation issues affecting the building, examine all options, and consider in outline the viability of the most beneficial option. The trust must bring together the findings in a report that indicates likely success or failure in conservation and financial terms and the further work that needs to be carried out to develop the preferred option.

Project Administration Grants

Once a feasibility study has identified the best option for the building, a BPT which has resolved to take the project forward is eligible for a grant of £4,000 towards its own non-professional costs in developing the scheme. The BPT must not have uncommitted resources of more than £10,000. Only one grant is allowed per project. BPTs are eligible for only one grant at a time even if more than one project is in hand.

Project Organiser Grants

These enable a BPT to pay for the time of a suitable person to develop and co-ordinate a project and take it towards completion, after a feasibility study has established the viability of the project and the BPT has decided to take it forward. The Project Organiser may be someone appointed for a fee from outside, or could be a temporary or permanent employee. The grant must relate to one specific project. The grant will normally be up to 75% of the cost, and will not normally be more than £15,000 in total, usually spread over more than one year.

Refundable Project Development Grants

The AHF offers refundable grants, normally of up to £15,000, for specific items of professional work to help BPTs develop projects to meet the application requirements of the AHF and other funders. In exceptionally large or complex cases a further £10,000 may be offered towards the partnership funding requirements of other funders. The sum disbursed as a grant is repayable, together with interest at 4%, when the loan is repaid.

Refundable Working Capital Grants

The AHF can offer a refundable grant to a BPT which has insufficient security to provide all the working capital required for a project by means of an AHF loan. The project must be otherwise fully funded. The grant must be repaid, with interest, before the loan security is released.

LOANS

(available to any organisations with charitable status)

AHF loans are available as working capital for projects undertaken by BPTs and other charities. The recipient must normally have, or acquire, title to the historic building to be repaired.

Amount

Loans are normally subject to a ceiling of £500,000. When the loan is secured by a first charge (see below), the amount is restricted to 70% of the realisable open market value, after repair, of the property charged.

Security

The AHF needs security for every loan, to protect its charitable funds. This may take the form of a formal repayment guarantee from a bank, local authority, or other institution, or of a first charge over any property (including that for which the loan is needed) to which a free and marketable title can be offered.

Duration

The normal loan period is two years or until the building is sold, whichever is the earlier. For an exceptionally large-scale or complex project, it can be three years. The AHF will always consider allowing extra time if this is requested before the loan falls due for repayment.

Interest Rate

The AHF charges interest at 4% simple, payable at the end of the loan period.

NON-FINANCIAL ASSISTANCE AND INFORMATION

The AHF encourages and advises on the formation of BPTs and provides a standard governing document for this purpose. We produce information on funding. We maintain a register of 'revolving fund' BPTs - those established to take on a series of projects and to recycle funds from one into the next. Most of these work within defined geographical areas, usually specific towns or counties. In October 2001 there were 170 BPT's on the register.

In 1989 the AHF helped found the United Kingdom Association of Building Preservation Trusts (APT), on which it is represented and to which it provides financial and practical support. APT, a registered charity, is the membership and representative organisation for BPTs throughout the UK. APT's Administrator is based in the AHF's offices.

PUBLICATIONS AND FURTHER INFORMATION

The following are available from the AHF (free of charge unless otherwise indicated):

Historic Buildings Preservation Trusts (information sheet)

Model Memorandum and Articles of Association for a Buildings Preservation Trust, with accompanying notes for England and Wales, Northern Ireland and Scotland (also available on disk for £5.00 inc. p&p)

Detailed *guidance notes* for the following AHF financial programmes:

- Feasibility Study Grants
- Project Administration Grants
- Project Organiser Grants
- Refundable Project Development Grants
- Loans

Fully illustrated *Annual Report* for each financial year (at cost)

Funds for Historic Buildings in England and Wales - A Directory of Sources (updated annually, price on application)

How to Rescue a Ruin - by setting up a local Buildings Preservation Trust (1997) (£7.00 inc. p&p)

Statutory *Report and Financial Statements* for each financial year (at cost)

The Architectural Heritage Fund
Clareville House
26-27 Oxendon Street
London SW1Y 4EL
Telephone: 020 7925 0199
Fax: 020 7930 0295
e-mail: ahf@ahfund.org.uk
website: www.ahfund.org.uk

Registered under the Charities Act 1960 No.266780
Company limited by guarantee registered in England No.1150304

Printed on environmentally friendly paper

October 2001