

LGF PROPERTY DEVELOPMENT GRANT

Guidance notes for applicants



UK Government Wales
Llywodraeth y DU Cymru



Cyngor Bwrdeistref Sirol
MERTHYR TUDFUL
MERTHYR TYDFIL
County Borough Council

1. Introduction

The LGF Property Development Grant will assist applicants to physically improve properties outside of the Town Centre, by offering the opportunity to apply for a grant for new shop/commercial property frontage and associated external and internal works. The intention of the fund is to enhance building frontages and bring vacant commercial floorspace back into beneficial use. The improvements undertaken must be within the applicant's ownership or leasehold of the property.

If your property is in the Town Centre, please contact the Enterprise Team to discuss alternative funding options – economic.development@merthyr.gov.uk

Works

Eligible expenditure includes all works necessary excluding fixture and fittings. Each scheme will be assessed by officers on a case by case basis to determine eligible works.

External

- Shopfronts
- Signage
- Windows & doors
- External lighting
- Roofs & chimneys
- Rainwater goods (guttering and down pipes)
- Rendering, stone cleaning and repairs, re-pointing
- Structural works

Internal

- Windows & doors
- Improved accessibility
- Walls, ceilings, lighting
- Energy Efficiency measures when included as part of the overall scheme;
- Utilities and services, including heating
- Welfare facilities (e.g. essential washroom and cleansing facilities only)
- Structural works

Ineligible expenditure includes:

- Repair and general maintenance costs
- Certain types of fixtures and fittings – eligibility to be confirmed by the Council
- Cost of works being carried out as a legal statutory requirement
- Legal and accounting fees
- Cash and/or credit card payment to Agents/contractors
- Costs of applying for statutory consents
- Works carried out prior to grant offer (unless approved by the Council in writing)
- Any invoices paid for using cash/credit card

2. The Grant

2.1 The grant will be a maximum of 60% of reasonable eligible costs, up to a maximum grant award of £250,000 exclusive of VAT (if applicable). Each application will be considered on the basis of its specific circumstances. **Applicants will need to provide a rationale for grant support and evidence that the level of grant is the minimum necessary.**

2.2 - A business can only apply to one of the following – Start Up, Growth and Property Development grants.

2.3 All grants are at the discretion of the Council and are subject to budget availability. The amount of any grant offered will be assessed on an individual project basis, taking into account of the environment and economic benefits arising. There is limited allocation of grant funding and will be awarded on a competitive basis.

2.4 The grant is normally only available to Small and Medium enterprises. A Large enterprise would only qualify if the property is deemed to have a detrimental impact on the townscape as determined by the Council.

2.5 Grants will normally be awarded exclusive of VAT. If the applicant cannot recover VAT this may be accepted as an eligible cost at the discretion of the Council, subject to the applicant undertaking to repay to the Council any VAT element which later becomes reclaimable from HMRC as a result of a change in the applicant's VAT status.

2.6 The Grant will usually be paid in agreed instalments on the production of invoices, interim certificates, defrayment evidence etc.

2.7 Any variance to approved works will need to be agreed in advance with the Council.

3. Eligible applicants

3.1 The programme is open to Sole Traders, Partnerships, Limited Companies, Community Businesses, Co-operatives and Registered Social Landlords within the following growth sectors:

- Advanced Materials & Manufacturing
- Compound Semiconductors
- Construction
- Clean Energies
- Digital and Technologies
- Creative
- Life Sciences
- Financial Services
- Fintech
- Human Foundational Economy - Education, Health, Social Care, Childcare & Emergency Services, Hospitality, Retail and Tourism

3.2 Grants for works to properties will only be available to owners of the freehold interest in the property or to lessees holding a minimum 7-year lease remaining on the property, at the time of receipt of a valid application. If a leaseholder, applicants must provide a letter of consent from the freeholder to the proposed works and a copy of the lease agreement.

It is the applicant's responsibility to ensure that all the necessary land ownership requirements are in place to implement the scheme

4. Agents

4.1 Independent Agents must be used to coordinate/manage projects from inception to completion.

4.2 Agents' fees can include the following services: -

- Supplying Drawings
- Preparing measured Bill of Quantities
- Scheduling
- Tendering
- Obtaining Permissions
- Site Supervision/Contractor Management
- Supplying of Invoices
- Other services e.g. structural engineers
- Managing the project on a day to day basis
- Submitting Grant claims – including detailed valuation sheets

4.3 Agents will produce a detailed *Tender Pricing Document* to include an itemised bill of quantities outlining all aspects of work and specifications (i.e. measurements, materials and workmanship).

4.4 Agents must not make payments to any contractors on behalf of the applicant.

4.5 Professional advisers' fees (Agent/Architect/Surveyor) may include costs incurred within a reasonable time prior to grant approval; however, any costs incurred prior to grant approval are at the risk of the applicant. These costs will be ineligible should the project not be awarded grant funding or the project does not comply with the Terms and Conditions of the grant.

4.6 Please note that Agents must be professionally qualified; architects should be members of the RIBA or RIAS, and chartered surveyors will be members of the RICS with an appropriate level of specialist experience and understanding and have valid Professional Indemnity Insurance. Any other Agents should be members of appropriate bodies e.g. CIOB (Chartered Institute of Builders). Evidence of membership will be required at the start of the process.

4.7 Where the property is a listed building, the Agent should be able to evidence experience of working on heritage/conservation projects.

4.8 Agents will produce a final report detailing all work undertaken.

Note: - The Council will reserve the right to request a change of Agent if the Agent cannot demonstrate the required skills and experience.

5. Application Process

5.1 Agents must assist in the application process.

5.2 The application process will require the submission of the following supporting documentation to accompany the application form:

- Value of works between £15,000 - £149,999: 3 invitations to tender
- Valuation of works over £150,000: 4 invitations to tender
- Evidence of tender invitation postage
- Tender Report
- Itemised Bill of Quantities (must include measurements, materials and workmanship)
- A copy of scaled drawings (minimum 1:50 scale) showing the existing building and the proposed works. (1:5 – 1:10 scaled drawings may be required for specific details.). These should be prepared by a suitably qualified professional
- Recent photographs of the property
- Copies of all relevant statutory consents
- Copy of building insurance certification
- Letter of consent from Freeholder (if Leaseholder)
- Copy of lease agreement from Freeholder (if Leaseholder)
- Mortgage details (on property)
- Loan details (on property)
- Evidence of match funding – please confirm how you intend to finance your contribution to the whole project. Confirmation should be in the form of a bank letter or other official documentation (original paperwork will be required) such as a bank statement
- Last 3 years audited accounts
- Business Plan & Financial Forecasts

- Survey Report (if applicable)
- Current Valuation and projected enhanced valuation
- Title Documents

6. Contractors

6.1 Contractors wishing to tender may be required to demonstrate a track record of working on similar projects.

6.2 The following references may be required:

- Professional reference (i.e. from an architect/chartered surveyor)
- Customer reference

6.3 Where applicants have an interest in companies wishing to tender for the work, this will be permitted, but restricted to a maximum of one company per project.

6.4 It is possible that project applicants, or persons connected with them (such as relatives, business partners or friends) may wish to tender for a contract being offered by the project applicant. Whilst this is not unacceptable, such relationships must be declared, and the applicant will still need to ensure that they conduct the transaction in an open and transparent manner. The estimates/tenders must be from registered trading companies.

6.5 Before tendering, prospective contractors must carry out a mandatory site visit to ascertain the nature of the site, access and local conditions and restrictions likely to affect the execution of the works.

6.6 Contractors must price all items on the bill of quantities.

6.7 A detailed Programme of Works must be produced (on MS Project or similar) by the main contractor prior to work beginning on site. The Programme shall be updated accordingly.

6.8 Each contractor will also be required to submit a copy of their current Public Liability Insurance minimum cover £5M and Employer's Liability Insurance minimum cover £7.5M, unless otherwise agreed in writing by the Council.

6.9 Contractor management is the responsibility of the Agent unless agreed in writing by the Council.

7. Procurement

7.1 When procuring goods or services, Agents should aim to get value for money whilst offering a range of businesses the opportunity to provide those goods or services in a fair and transparent manner. Agents should ensure that contractors have the appropriate licences/qualifications. The Agent must therefore ensure that the following procurement

procedures are adopted according to the estimated maximum value of the contract at estimate/pre-tender stage.

Estimated Value	Estimate/ tender action required
£15,000 to £149,999	3 written tenders to be invited
Works in excess of £150,000	4 written tenders to be invited

7.2 Estimates and tenders will be assessed by an independent Quantity Surveyor, appointed by the Council. The amount of the grant offered to each project will be determined by the Council and will be subject to the Quantity Surveyor report on the reasonable costs for the works which are considered eligible for grant aid.

8.2 Successful applications will be expected to fulfil the outputs indicated on the application form. Failure to comply may result in forfeiture of the grant and may prevent further applications. Applicants are therefore reminded to keep estimates to realistic levels.

8.3 It is the applicant's responsibility to ensure that evidence to support any outputs is made available to the Council, even if the property is leased out to a third party.

9. Statutory requirements and expectations

9.1 Applications should provide confirmation of any required consents, such as Planning Permission, Building Regulations, Change of Use, or Listed Buildings consent. Applicants are responsible for seeking the appropriate consent(s) needed to carry out the project and ensure that all works comply.

9.2 Applicants will be expected not to be in arrears with payments or in dispute with the Council at the grant approval stage and payment stage of the project.

9.3 All works need to comply with the Design Guidance issued by the Council and guidance within the schedule letter. Council officers are also on hand to provide advice on compliance with the Design Guidance.

9.4 Listed properties or properties within a Conservation Area will be subject to further conditions as advised by the Council.

9.5 The applicant must ensure that their business and premises are compliant with all relevant environmental health, trading standards and consumer protection legislation and have no history of non compliance or convictions in respect of the current or former businesses operated by the same.

10. Decision making Process

10.1 An assessment of the completed application and full supporting documentation will be undertaken by Council Officers. During this process additional information may be sought from applicants.

10.2 Successful applicants will be issued with a grant offer letter together with relevant terms and conditions.

10.3 Unsuccessful applicants will be issued with a notifying letter.

11. Insurance

11.1 For a period of five years from the grant award date, the applicant must comprehensively insure the property with a reputable insurance company and, if requested, provide the Council with evidence of such insurance.

12. Subsidy Control

12.1 In order to minimise distortion of competition, Local Authorities are responsible for subsidy control assessment. Each application will be considered on the basis of its specific circumstances. To assess whether a subsidy is in place, five UK subsidy criteria have been set out. These ask whether the support is:

- A financial (or in-kind) contribution?
- Provided by a public authority?
- Conferring a benefit?
- Selective?
- potentially causing distortion in, or harm to, competition/trade/investment

13. Payment of grants

13.1 Payment of the grant will not be made until all works are completed to the satisfaction of the Council and subject to the following:

- i. Submission of original invoice(s)
- ii. Submission of bank statement evidencing payment of all paid invoice(s).
- iii. Satisfactory revenues check (confirmation that applicant is not in arrears with the Council).
- iv. Confirmation that all necessary statutory consents relating to Environmental Health and/or public protection (if applicable) have been complied with.
- v. Confirmation that all necessary statutory consents including but not limited to *Planning Permission, Building Regulations, Change of Use, or Listed Buildings Consent* have been complied with.
- vi. Confirmation from an independent Quantity Surveyor (as appointed by the Council) that the works have been satisfactorily undertaken. Final Grant payment will be based on a fair and reasonable cost as assessed by an independent Quantity Surveyor.
- vii. If the independent Quantity Surveyor deems the work to be unacceptable, the applicant will have to rectify the work, at their own cost, and may incur a further cost for the Quantity Surveyor to reassess the work. If the work is not rectified

to a satisfactory standard, the Council may have the work corrected and will withhold part or, whole of the Grant.

viii. Production of Interim/Final Certificates.

13.2 Interim payments are considered at the discretion of the Council.

13.3 Invoices paid through credit card/debit card/hire purchase/extended credit agreements/finance leases/contra invoices and cash purchases **will not** be considered for grant funding; Payments must be in the form of BACS, Faster payments, CHAPS or cheque.

14. Publicity

14.1 Projects must erect a sign on site during the construction phase, acknowledging funding sources. This will be supplied by the Council.

14.2 On completion of the scheme, projects must erect a funding plaque in a prominent place, acknowledging funding sources. This will be supplied by the Council.

14.3 The Council and Welsh Government reserves the right to publicise any project supported.

15. Transfer conditions / repayment of grant

15.1 **Grant recipients who are awarded up to £49,999 will have a restriction registered** in favour of the Council against the Grant funded Property/registered estate.

The restriction recorded shall be in the following terms or such similar terms required by Land Registry: -

No disposition of the registered estate by the proprietor of the registered estate, or by the proprietor of any registered charge, not being a charge registered before the entry of this restriction, is to be registered without a written consent signed by Merthyr Tydfil County Borough Council or their Conveyancer.

15.2 **Grant recipients awarded £50,000 or more will have a legal charge (together with a restriction) registered** in favour of the Council against the Grant funded Property/registered estate.

The legal charge/restriction shall be recorded in the following terms or such similar terms required by Land Registry:-

No disposition or charge of the registered estate by the proprietor of the registered estate, or by the proprietor of any registered charge, not being a charge registered before the entry of this restriction, is to be registered without a written consent signed by the proprietor for the time being of the Charge date in favour of the Council referred to in the Charges Register or the Conveyancer.

15.3 Should the Property title/estate have any existing charges or restrictions recorded against it then the Applicant is required to assist the Council, as it so requires, in order to agree and complete any deed of priority that may be required to be entered into with any other party.

15.4 The applicant shall give the Council prior notice of any intention to vacate, transfer or register a charge against the property (or part of) to which the grant relates within 5 years of the date of the final payment of grant. In this event the Council reserves the right to clawback the full level of grant funding that was provided. Should the building receive planning permission for change of use prior to disposal, then 100% of grant will be reclaimed.

15.5 If a project receives Grant aid to bring a vacant floor in to use, should this floor be utilised for anything other than the previously agreed end use then up to 100% of the Grant will be reclaimed. This will apply for five years after the final Grant payment.

16. Monitoring

16.1 Officers of the Council will be permitted full access to the property in order for them to evaluate the effectiveness of the grant aid and compliance with its terms and conditions. The applicant will be contacted in due course in order to arrange a monitoring visit. Visits to the grant-aided scheme by representatives of the Council will take place to monitor the progress of works. Thereafter, these visits will be arranged at 6 monthly intervals until all conditions and outputs are attained and demonstrated.

17. Terms and conditions

17.1 A copy of the terms and conditions for the Grant will be provided with the formal grant offer.

18. Welsh Language

Applications in Welsh will not be treated less favourably than applications in English, in accordance with the Welsh Language (Wales) Measure 2011.

19. Submission of applications

19.1 Applications should be sent to the following address:-

Merthyr Tydfil County Borough Council
Enterprise Team
Orbit Business Centre
Rhydycar Business Park
Merthyr Tydfil
CF48 1DL