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**DRAFT HES Grants Framework 2021
Onwards (for consultation)**

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DRAFT HES Grants Framework 2021 Onwards

Introduction

At Historic Environment Scotland, we view our grant programmes as key to our role in helping to look after the historic environment. More than five years on from the last refresh of our grant programmes, we are reviewing and updating our approach to ensure that it meets the needs of applicants and aligns with current policy and priorities. With the economic and social impacts of COVID-19 and the increasing urgency of the climate crisis, this is also a time of unprecedented change resulting in needs and opportunities which are relevant to our historic environment.

As such, this is the ideal time to reassess our approach, and we have developed this draft framework to guide our future grants activity. A framework will provide the flexibility needed to react and adapt to what is likely to be a period of continuous change and shifting priorities, and we will aim to update it in approximately five years. This draft document has been informed by recent review and consultation activities, including:

- an internal review of our current grant programmes and operations and a series of internal consultation exercises;
- a consultant-led review of the Conservation Area Regeneration Scheme (CARS), which included consultation with external stakeholders;
- A peer-review process gathering feedback on the proposed approach from relevant funding organisations.

Background to the grants refresh

Our role as a funder to date

Historic Environment Scotland has distributed approximately £14.5m per annum in grants since it was established in 2015. As the lead body for Scotland's historic environment, we have used our expertise and strategic understanding of historic environment priorities to deliver a range of grant programmes focusing on different areas of activity aligned with our corporate priorities.

A key focus of our grants work has been supporting conservation-standard repair works, with the aim of ensuring the future of historic environment assets and supporting a strong market for traditional skills and materials. We have done this directly through our Historic Environment Repair Grants scheme and in partnership with the repair grant schemes delivered by Scotland's seven City Heritage Trusts. Heritage-led regeneration of Scotland's historic town centres and cities has been another important priority since the Conservation Area Regeneration Scheme was launched in 2007.

Under our Organisational Support Fund and Historic Environment Support Fund, we have supported the sector with grants to deliver traditional skills training and engagement activities, as well as assisting with the ongoing repair and maintenance of key historic environment assets. We have also provided grants to support the delivery of Scotland's Archaeology Strategy through our Archaeology Programme. Most recently, we delivered two time-limited targeted grant programmes. These include the Coasts and Waters Heritage Fund – a

community-centred fund aligned with the 2020-21 Year of Coasts and Waters – and the Historic Environment Recovery Fund – a £1.9m fund delivered on behalf of Scottish Government to assist the historic environment sector in recovering from the impacts of COVID-19.

The grants offered by Historic Environment Scotland over the past six years have played an important role in protecting and promoting Scotland's historic environment, but this has not been achieved in isolation. We have worked alongside our funding partners – including Scottish Government, the National Lottery Heritage Fund and the Architectural Heritage Fund – to work toward shared outcomes and maximise support for historic environment projects and organisations.

Strategic and policy context

The refresh of our grant programmes has been considered a priority since we adopted our current Corporate Plan, *Heritage for All*, in 2019. In addition to the direct benefits that HES can provide for the historic environment, *Heritage for All* acknowledges that the historic environment can contribute to wider national priorities for communities, the environment and the economy. The first aim of our grants refresh is therefore to realign our grant programmes to ensure that they are supporting activities which contribute to the delivery of our Corporate Plan outcomes. It is also important to ensure that our approach aligns with Our Place in Time (Scotland's strategy for the historic environment), the policies and principles of HEPS (Historic Environment Policy for Scotland) and the forthcoming Built Heritage Investment Plan.

The changes associated with COVID-19 strengthen the imperative to ensure that our grants are championing the full potential of the historic environment. HES has identified five key priority areas to direct our work to ensure that we maximise opportunities to help mitigate the impacts of COVID-19 on the historic environment, the sector and wider society. These include green recovery, sustainable tourism, localism, skills and young people. We have considered how we can adapt our grants to support these specific priorities going forward whilst ensuring that any changes are sustainable and aligned with our longer-term priorities.

This has involved looking at relevant national plans and initiatives such as the Scottish Government's Infrastructure Investment Plan (Feb 2021), Climate Challenge Plan (Dec 2020) and Economic Recovery Implementation Plan (Aug 2021); the recent Town Centre Action Plan Review (Feb 2021); and the Scottish Government's Place Based Investment Programme. For example, how can we pivot our repair grants to increase the energy efficiency of the historic environment, supporting the transition to a low-carbon economy? How can we refresh our Conservation Area Regeneration Scheme (CARS) to support a place-based approach and support communities to revitalise historic towns and areas impacted by lockdowns? We have also considered how to provide more targeted and sustainable support for key skills identified in the Skills Investment Plan for Scotland's Historic Environment, helping to support job creation and wider economic recovery.

Current funding climate

We are acutely aware of the challenging circumstances facing many of our grant applicants. In addition to having to satisfy the requirements of multiple funders, the economic impacts of COVID-19 mean that some owners of historic sites may have less funds available for

maintenance and repair, and there is increased pressure on the public funding normally available for large repair projects. Through our experience of administering the Historic Environment Recovery Fund in 2020-21, we also know that many historic environment organisations – particularly historic sites which are reliant on visitor income – are dealing with the realities of reduced income, uncertainty and challenging operating conditions. With these factors in mind, we recognise the need to provide more flexible support to ensure that significant heritage assets are protected and streamline our approach to make it more user-friendly for applicants.

With increasing pressure on our own funds, ensuring that we make the best possible use of our grant funding is more important than ever. We have considered how we can increase the impact of our funding through our outcomes-based approach and look more closely at how we target our investment using available data and metrics. We will also continue to work in close partnership with other funders wherever possible to maximise the impact of available resources. The sustainability of our investment is also key, and we have reviewed our eligible costs to encourage more sustainable projects and ensure the ongoing maintenance of grant-aided work.

Summary of key changes

This section provides a summary of the changes proposed to bring about a more streamlined and strategic set of grant programmes. An overview of the proposed grant programme structure is outlined in Appendix 1.

- **New Grants Priorities**

We have developed a set of six Grants Priorities to guide our future work. Set out below, these Priorities link directly to our Corporate Plan outcomes and are each accompanied by a brief text which outlines more specifically what we would like to achieve through our grant funding. Applicants to all our grant programmes will be asked to explain how their proposals will contribute to our Grants Priorities, and case studies of successful projects will be developed to provide practical examples. We will also provide guidance to help grantees develop KPIs and measure the impact of their grant across these priority areas.

<p>Grants Priority 1: Increase understanding of and engagement with Scotland's historic environment</p>
<p>The historic environment brings a range of benefits to people that have a real and positive impact on their lives. Through our grants we want to provide more people with more opportunities to engage with and learn about the historic environment, in person or digitally.</p> <p>There are many ways in which your project could achieve this priority. This could be by providing volunteering opportunities or learning programmes; organising open days and</p>

events; or producing new interpretation media or educational resources. Your project may also be supporting communities to undertake their own research or recording to better understand and promote the significance of the historic environment. Alternatively, you may be undertaking research, such as an archaeological investigation, in order to increase and promote our collective understanding of the historic environment.

Recent research undertaken by HES shows that engagement with the historic environment can lead to a greater sense of wellbeing. If this is a specific objective of your project, you will use appropriate evaluation methods to measure people's attitudes about their wellbeing after they have taken part in your project. Applicants should consider how to increase the diversity of people who are engaging with the historic environment through any grant-funded activities, including training opportunities. This could be by involving new audiences and people of diverse social backgrounds, ethnicities, ages or abilities. Applicants are particularly encouraged to consider how their grant-aided activities can provide opportunities for young people.

Grants Priority 2: Enhance communities' use of the historic environment in place making

Communities participate actively in decisions about their local historic environment, using their heritage to foster a strong sense of place and/or help their local town centres and areas recover from the disruption of COVID-19. HES grant funding will enable communities to prioritise investment in local historic environment assets, resulting in vibrant, sustainable and successful places.

To achieve this priority your project may involve bringing redundant historic buildings back into use to provide local facilities for living, working, entertainment and recreation or improving access to ancient monuments and other historic sites, providing more opportunities for people to connect with local heritage and lead healthy and active lives.

Communities may also have increased capacity to look after and promote the historic environment. For example, through your project owners of historic sites may have developed new skills or knowledge relating to maintenance, or community groups may be in a stronger position to successfully manage historic environment assets as a result of training, mentoring, advice or the development of new resources.

Grants Priority 3: Strengthen the resilience of Scotland's historic environment

Historic environment assets, such as historic buildings or ancient monuments, are integral to our towns, cities and communities and it is important to enable their sustainable use and safeguard them for future generations.

To achieve this priority your project will focus on conservation repairs or consolidation. This will ideally be achieved by comprehensive repair projects, and in some cases, through interim repair or protective measures which are essential to ensure the survival of

at-risk heritage assets. Resilience of the historic environment may also be improved through minor adaptations to reduce the effects of climate change on historic fabric. Traditional (preferably local) materials will be used where possible and appropriate in grant-aided works, helping to secure the future availability of appropriate materials to maintain Scotland's historic environment.

Where your project focuses on the intangible aspects of the historic environment – such as stories, traditions, concepts and skills – these will be recorded or passed on to new practitioners, helping to safeguard the significance of the historic environment for future generations.

Your project may also lead to better management of the historic environment in the future. This could be through the creation of management or maintenance plans; undertaking research or recording; or developing new technology, techniques or resources to improve our ability to look after the historic environment. Anyone in receipt of a repair grant over £25,000 will be required to produce a costed management and maintenance plan and commit to its delivery. This priority can also be achieved by improving the resilience of organisations responsible for looking after or promoting historic environment assets, where there is a strong case for how this will enable HES outcomes to be delivered in the longer term.

Grants Priority 4: Use the historic environment as a catalyst for climate action

The historic environment can play a key role in tackling the climate emergency and help put Scotland on course to a green recovery.

There are a number of ways that your project may contribute to this priority. This may be by simply repairing a historic building and making it weather-resistant, maximising its energy efficiency and protecting it for future generations. Where there is a need for a building or structure to house community facilities or services, you may be making use of existing historic environment assets, minimising other carbon intensive outcomes like new construction. In doing so, you may also be helping to reduce the need to travel long distances, in turn promoting more sustainable communities. Your project may also include research or innovation with practical outcomes for increasing the energy efficiency of the historic environment.

Where appropriate, grant-aided repairs will normally be undertaken using traditional materials (locally sourced or recycled where possible) and techniques, promoting a circular economy and reducing waste. Where appropriate, the energy efficiency of your historic building may be increased through the reinstatement or retrofitting of sympathetic energy efficiency measures. This will be as part of a comprehensive repair project where there is an opportunity to implement energy efficiency measures as part of other scheduled works. Where appropriate, you will also aim to reduce longer term energy use through the installation of low-energy systems (e.g. lighting and heating) and / or use of renewables. You will have considered how to minimise waste from construction and longer-term use of your building.

Grants Priority 5: Increase the quality and availability of, and demand for, historic environment skills

The Scottish heritage economy supports a skilled workforce, and HES grants help to drive demand for these skills, contributing to a strong labour market and supporting economic recovery.

To achieve this priority, your project will use HES grant funding to help address key skills gaps in the historic environment sector, such as those identified in the Skills Investment Plan for Scotland's Historic Environment or our Guidance for Skills Projects. This could be by delivering targeted skills development opportunities – such as apprenticeships, continuous professional development (CPD) or volunteer training – or building the capacity of your organisation to develop and deliver sustainable training opportunities. If you are undertaking a larger repair project with HES funding, it is expected that you will incorporate training opportunities where practical. The opportunities you offer will also help to support employability so that more people – including young people – can participate successfully in the labour market.

Grants Priority 6: Increase economic benefits from Scotland's historic environment

Our grants make an important contribution to local economies by regenerating historic assets and areas, promoting tourism and leading to job creation.

To achieve this priority, your project will be able to show that local economies have been boosted as a result of our grant investment. This could be by bringing vacant historic buildings back into productive use, helping to encourage enterprise in the area, or by creating new jobs to staff a repaired historic site or as part of the supply chain for a grant-aided project. On a wider level, your project may be generating increased income for local businesses by attracting new visitors or users to the area. You will also be able to demonstrate that HES funding has leveraged additional investment in the historic environment, multiplying the impact of our grant. We will prioritise projects with demonstrable benefit for local communities or areas of economic need – such as those highlighted by indicators like the Scottish Index of Multiple Deprivation (SIMD) – and projects aligned with regional growth and recovery priorities. Where our grant is directly funding new posts or staff costs, you will be asked to give regard to Scottish Government's Fair Work principles.

- **New open programme (Historic Environment Grants)**

In recognition of the need to streamline our programmes, introduce flexibility and align with other funders, we are introducing a new open programme for project funding called Historic Environment Grants. This new programme will replace the Historic Environment Repair Grant, Historic Environment Support Fund, and some aspects of Archaeology Programme Funding and the Organisational Support Fund. This new approach will enable applicants to apply for capital and activity costs under one programme, rather than making multiple applications.

Take for example the redevelopment of a historic mill building. The majority of costs would be historic fabric repairs, but alongside this we could contribute to the cost of interpretation of historic mill equipment for visitors, such as school groups, thus promoting knowledge about the historic environment. Another example would be an ancient monument project involving both consolidation and excavation activities. Alternatively, there can be purely activity-based projects focusing on engagement or training.

The programme will be structured with three different tiers of funding – with lighter-touch application processes for lower funding requests and more regular opportunities to apply for funding throughout the year as shown below:

Express Grants: Between £1,000 and £25,000

- Applications accepted on a rolling basis
- Decision within 6-8 weeks

Small Grants: Above £25,000 and up to £100,000

- Three application deadlines per year
- Decision within 10-12 weeks

Large Grants: Above £100,000

- Two application deadlines per year
- Decision within 12-16 weeks

Funding will be competitive, with appropriate caps for each funding tier and decision meeting. Applicants will be advised that there is normally a maximum grant request amount of £500k, although larger grant requests will be considered in exceptional cases. Financial need will continue to be a key factor in decision-making, and we will normally contribute a maximum of 50% towards grant eligible costs. We may make a higher contribution in the case of some projects, such as interim repairs under Express Grants.

Applicants will be asked to explain how their project aligns with our new Grants Priorities. Our expectations will be proportionate to the level of grant requested, with more Priorities expected for higher requests; however, the specific context of each project will be taken into account to ensure that expectations are realistic. For example, a project focusing on a remote ancient monument will not be expected to achieve the same outcomes as one involving a historic building in an urban area. In an effort to make our grants investment more strategic and help guide applicants to develop successful projects, we will provide topical guidance in areas such as repair, skills and archaeology, as well as linking to existing resources.

To demonstrate a continued priority for projects which look after and protect historic fabric, there will be a weighted Grants Priority (Grants Priority 3: Strengthen the resilience of Scotland's historic environment) for the larger grants stream (grants above £100k). There will also be a list of eligible costs (Appendix 2) so that activities funded remain suitably focused and aligned with our new Grants Priorities. Key proposals relating to eligible costs are summarised below:

○ **Revised guidance for repair grants**

New *Guidance for Repair Grants* will be developed to replace our current *Advisory Standards of Repair*. In addition to outlining the expected approach and standard of work, this new document will provide clarity on points of grant eligibility, helping applicants to better understand from the outset how much they can apply for, but it will still retain flexibility to allow the specific circumstances of each project to be taken into account. It will also provide clearer guidance about application requirements to help streamline the application process.

This new guidance will continue to prioritise historic fabric repairs and consolidation, but other physical works which improve the sustainability of historic environment assets and demonstrate innovative ways of achieving our Grants Priorities may also be deemed eligible for grant as part of a wider repair or consolidation project. Any such costs will be assessed in terms of their potential impact on historic fabric and value for money, and an appropriate grant intervention rate will be determined by HES. A few examples of costs which may be considered eligible are listed below and will be outlined in more detail in our *Guidance for Repair Grants*:

- Reinstatement or retrofitting of sympathetic energy efficiency measures
- Adaptations to help historic environment assets cope with the effects of climate change (e.g. increased rainfall)
- Other physical works to protect historic fabric (e.g. electrical rewiring, lightning protection, and in exceptional cases, installation of fire suppression systems to protect highly significant and vulnerable historic fabric)

○ **Interim repair of at-risk heritage assets**

When it comes to historic fabric repair, comprehensive projects which secure a sustainable future for heritage assets will continue to be our priority. These projects normally take a holistic approach as well as achieving a high standard of repair. This approach is necessary to ensure the longevity of the repair and sustainability of the fabric. It also helps to secure the supply of traditional materials, skills and techniques which are critical to successfully care for Scotland's historic environment.

However, we recognise that fundraising for a major project may not be realistic or appropriate in all cases, potentially putting significant heritage assets at risk and leading to higher costs in the future. In such cases, we will consider providing up to £25k for 'interim works' such as repairs, temporary protective measures or other works which need to be undertaken urgently to secure the future of highly significant heritage assets. Due to the number of at-risk heritage assets, applicants will need to meet specific criteria such as high heritage significance, immediate risk of loss or damage, financial need and a

sustainable plan for the heritage asset. To ensure that there is sufficient funding for other types of projects under Express Grants stream, the budget for interim repairs will be capped appropriately, and grants for interim repairs will normally be limited to one per heritage asset within a three-year period.

- **Requirement for Conservation Accredited Professional Adviser**

To ensure that an appropriate approach is taken when dealing with historic fabric, we will continue to require most grant-aided repair or consolidation projects to be led by a professional team which includes a Conservation Accredited Professional Adviser (Advanced Conservation Accredited for A-listed buildings). Other arrangements or suitably experienced advisers may be accepted in certain circumstances, and this can be discussed with HES when making an application.

- **Funded maintenance plans for grant-aided works**

In recognition of the importance of ongoing maintenance of grant-aided repairs, production of a management and maintenance plan will now be a requirement for all repair grants over £25k. This will need to be created by the conservation-accredited professional team and can be included as an eligible cost under the open programme. Further information about maintenance planning will be available in *Guidance for Repair Grants*.

- **Archaeology**

Under Historic Environment Grants, we will accept applications for archaeology projects which deliver strongly against our Grants Priorities. The types of projects which are most likely to be eligible include works to assist conservation, rescue archaeology and community archaeology projects. Those organisations which are seeking funding for other activities to deliver a specific aspect of Scotland's Archaeology Strategy (and are named in the strategy delivery plan), should apply for funding under our new Partnership Fund (see below for more information).

- **Thatched buildings**

The grants for maintaining thatched roofs which have been available under our Historic Environment Support Fund will continue to be available under Historic Environment Grants, with refreshed information about sourcing materials and other guidance.

- **Strategic investment in historic environment skills**

Up to now, we have supported historic environment skills training activities through our Historic Environment Support Fund, and many of our Historic Environment Repair Grants have included opportunities for apprentices. Under Historic Environment Grants, we are committed to taking a more strategic approach with regards to skills. We will continue to provide support for

professional or volunteer skills development opportunities, but we will expect applicants to demonstrate a clear need for their proposals and will consider how this links with the Skills Investment Plan for Scotland's Historic Environment. We will also develop grants-specific guidance for applicants to help them understand and identify current skills gaps and provide information about complementary sources of funding for apprenticeships. We will also ask repair grant applicants and their contractors to consider potential training opportunities and aim to offer these to locally based individuals where possible.

In terms of eligible costs, experience has shown that the cost of employing apprentices can be a barrier for employers, especially at the beginning of a placement when the apprentice is less skilled. We also know that the number of new apprentices in Scotland has fallen significantly during the Coronavirus pandemic¹. We are therefore planning to explore the possibility of joint working with Skills Development Scotland and the Construction Industry Training Board to provide enhanced support for apprenticeships in priority skills areas. We will also offer support for capacity building costs (up to £25k) – such as regional historic environment skills audits, feasibility studies and investment in equipment or facilities – to support the development of sustainable historic environment skills opportunities.

- **Resilience activities**

Under the previous Organisation Support Fund, historic environment sector organisations were able to apply for time-limited activities, such as business planning, to improve their resilience. As the historic environment sector recovers from the COVID-19 pandemic, these grants will continue to be available under Historic Environment Grants, where there is a strong case for how this will protect the delivery of key outcomes for the historic environment sector. Funding for these activities will depend upon budget availability and will be supported in partnership with other funders. HES will also remain open to opportunities to work in partnership with Scottish Government to administer further recovery funds for the sector.

- **Historic places of worship**

Historic places of worship will continue to be eligible for grants under Historic Environment Grants where there is a strong fit with our Grants Priorities. Given the increasing number of these buildings being made redundant, specific evidence will be requested to demonstrate that the building has a sustainable future. We will continue to follow the progress of the recently established Scottish Places of Worship Forum to better understand the challenges faced by historic places of worship.

¹ Construction Industry Training Board (January 2021). Statistical data comparing new construction apprentice starts in 2019 and 2020.

- **New Partnership Fund**

With the introduction of the open programme to support project-based activities, the Organisational Support Fund will be replaced with a new Partnership Fund. The Partnership Fund will be smaller and designed for organisations which require revenue support to deliver key strategic outcomes which are aligned with HES' policy aims. These organisations are likely to be providing intermediary support for the sector and will normally be delivering outcomes on a national scale. Given HES's role as a strategic partner in Scotland's Archaeology Strategy, any organisations which are named in the Strategy's Delivery Plan will be asked to apply under the Partnership Fund if they are requesting funding to deliver a specific activity.

Due to the ongoing nature of some of these activities, eligible organisations will be able to apply for recurrent funding where appropriate, but they will still need to make regular applications to allow impact and sustainability to be assessed.

- **Refreshed CARS programme**

Since 2007, HES has invested over £48m in 69 conservation areas in Scotland through our Conservation Area Regeneration Scheme (CARS). A recent review commissioned by HES confirms that the CARS programme has successfully supported heritage-led regeneration in Scotland, contributing to the repair of 1206 historic buildings, bringing back into use 44,000 m² of vacant floorspace and leveraging about £120m of additional investment into conservation areas. CARS schemes have also supported the delivery of wider outcomes relating to traditional skills training and community engagement.

With the economic impacts of COVID-19, and a renewed interest in localism, there is both a need and an opportunity to rethink the way that we make use of town centres, neighbourhoods and other areas. A recent report by the Town Centre Action Plan Review Group highlights the increased importance of the Town Centre First Principle in the COVID-19 era given the vital role town centres play in providing for communities². Historic environment assets are a key part of Scotland's town centres, and they have a clear role to play in supporting communities to build sustainable, resilient and vibrant areas.

Our review of the CARS programme has found that there is strong support among stakeholders for the continuation the scheme, but it also highlighted areas for potential improvement. In response to this feedback, we are developing a refreshed version of the programme with some key changes summarised below:

- An enhanced partnership approach which builds stronger links with national funding partners and encourages collaborative working with a range of potential partners at project level.
- Introduction of a two-stage application process, including a development phase with financial and in-kind support from HES to enable a more meaningful place-making approach with stronger community engagement.
- Flexibility in defining scheme boundaries where there is a clear case for need and alignment with programme outcomes.

² Town Centre Action Plan Review Group (Feb, 2021). A New Future for Scotland's Town Centres: [A New Future for Scotlands Town Centres \(www.gov.scot\)](https://www.gov.scot/publications/a-new-future-for-scotland-s-town-centres/pages/1-1-introduction-and-why-town-centres-matter.aspx) (p7).

- Adjustments to third-party grant conditions to facilitate take-up of grants by property owners.
 - Continued flexibility around intervention rates for third-party grants to increase owner engagement in areas of higher economic need.
 - Continued requirement for conservation accredited professionals with an emphasis on framework agreements to ensure the quality of smaller projects.
 - New *Guidance for Repair Grants* to provide clarity on expected standards of repair and grant eligibility and a more flexible approach to achieve priorities in areas such as climate action.
 - A stronger focus on planning for ongoing maintenance of grant-aided works and enhanced mechanisms for monitoring this during the grant control period.
- **City Heritage Trusts**

While we intend to review the City Heritage Trust programme as part of our overall grants refresh, this will form a future phase of our work to be undertaken after the implementation of the Open Programme, Partnership Fund and new CARS scheme. In the meantime, we will continue to provide funding for Scotland's seven City Heritage Trusts, enabling them to use their local expertise to help communities look after and engage with their local historic environment.

- **Prioritising and targeting our investment**

When assessing grant applications, we will prioritise proposals with potential to deliver strong outcomes in line with our Grants Priorities. We will consider proposals relating to both tangible assets (such as historic buildings, ancient monuments, designed landscapes and other sites or structures of historic interest) and intangible cultural heritage, as long as there is a clear and direct link to an aspect of Scotland's historic environment. As per current practice, we will not fund repairs to movable assets, including maritime vessels and railway vehicles (N.B. not applicable to carved stones).

The degree to which a heritage asset is at risk will continue to be a key criterion for repair grant applications, although it will not be a formal requirement to be on the Buildings at Risk Register. For scheduled monuments, assessment of risk will be based on HES' scheduled monument condition monitoring programme. When it comes to looking after other aspects of the historic environment, such as intangible cultural heritage, we will prioritise projects where the heritage is at risk of loss. Heritage significance will also continue to be an important consideration. Whilst designations will be an important aspect of the assessment, the wider significance – for example, as a community asset – will also be taken into account. We will also assess deliverability, sustainability and value for money.

As part of our effort to maximise the impact of our grants for the historic environment and communities, and ensure fit with key policy initiatives and strategies, we are developing a place-based investment strategy to help guide our grants decisions. The strategy will map data such as buildings at risk, social and economic indicators, regional Growth Deals and the geographic priorities of relevant partners.

Working with other funders

In today's circumstances, a partnership approach is essential for every funder. As part of our grants refresh, we will build upon existing partnerships with other funders and forge new ones to maximise the impact of our funds. This means continuing to work closely with organisations such as the National Lottery Heritage Fund and the Scottish Government to support the successful delivery of projects and maintaining our partnership with Architectural Heritage Fund to provide support for organisations and communities in the early stages of project planning and development.

As we develop our refreshed CARS programme, we will investigate potential areas of alignment with NHLF funding, Scottish Government's Place Based Investment Programme and the UK Government's Levelling Up Fund. We will also map and investigate potential partnerships with energy and sustainability NGOs to leverage funds or advice to boost the climate change outcomes achieved by our grant-aided projects. The skills and creative sectors are two further areas where there is potential for joint working with other funders. To assist applicants with their search for match funding, our refreshed grants website will include a comprehensive map of funding sources relating to Scotland's historic environment.

Timeline and communication

Subject to the results of consultation, the indicative timeline for the changes outlined in this document will be on a phased basis over the next 18 months as we roll out an automated grants management system. Existing programmes will continue to run in the meantime, and we will provide notice in advance of each programme launching. This will be communicated directly to existing grantees and advertised via our website, press releases and Built Environment Forum for Scotland (BEFS) bulletins.

Appendix 1: Proposed structure for refreshed grant programmes



Appendix 2: Draft Eligible Costs Guidance for Historic Environment Grants (open programme)

This guidance provides a basic overview of the types of costs which are eligible for grant under Historic Environment Grants. Please refer to more detailed guidance in our *Guidance for Repair Grants* (if you are carrying out repair or consolidation work), *Guidance for Archaeology Projects* (if you are carrying out archaeological work) and *Guidance for Skills Projects* (if your project includes a skills component). Please note that not all eligible proposals will be funded – they will be assessed in competition with other applications according to their potential outcomes and public benefit.

What we can fund

Capital costs

- Conservation-standard repair and consolidation projects which secure a sustainable future for historic buildings or ancient monuments. Our priority is urgent works which keep structures stable and weather-resistant, but other works which increase the sustainability of heritage assets and demonstrate innovative ways of achieving our Grants Priorities may also be eligible for grant as part of wider repair or consolidation project. Please see our *Guidance for Repair Grants* for more detailed information.
- Where a significant heritage asset is at high risk of loss (and sufficient funding is not available for a comprehensive repair project), we can provide grants of up to £25k for interim works, such as emergency repairs or temporary protective measures. When considering such requests, relevant factors such as financial need, recent maintenance record and future sustainability of the heritage asset will be taken into account.
- Assistance towards the cost of maintaining or protecting traditional thatched roof structures for owners of historic thatched properties.
- Archaeological investigations which relate to sites at risk of loss or damage, will inform/enable conservation works or contribute to the long-term understanding and management of similar sites.
- Minor new constructions or adaptations to provide public access to ancient monuments and other historic sites.
- Innovation in heritage science, including the development of new techniques to assist in the conservation and management of historic buildings, monuments and archaeological sites.

Activity costs

- Delivery of professional or volunteer skills development opportunities to address recognised historic environment skills gaps.
- Capacity building grants to support the development of sustainable historic environment skills opportunities (up to £25k to cover items such as production of local/regional historic environment skills audits, feasibility studies and investment in equipment or facilities).
- Delivery of activities or learning programmes to promote engagement with and better understanding of the historic environment.

- Production of interpretation media (digital, print, etc) or educational resources to support better understanding of the historic environment.
- Activities which support communities to record and share intangible cultural heritage which is closely associated with Scotland's historic environment.
- Expenses for volunteers working on HES-funded projects.
- Activities to improve organisational resilience (e.g. business planning, skills audits, training), where there is a strong case for how they will enable HES outcomes to be delivered in the longer term.
- Post-excavation costs (e.g. analysis, publication, dissemination and archiving) associated with HES-funded archaeology projects. This includes legacy projects which have been supported by HES or its predecessor bodies.
- Preparation of plans to improve future maintenance or management of significant historic environment assets or sites (please note that production of a 5-year maintenance plan is a requirement for all repair grants over £25k).

Other costs

- Professional fees (A variety of types of professional fees will be eligible to help deliver your project. More detailed guidance is available in our *Guidance for Repair Grants* and our *Guidance for Archaeology Projects*).
- Contingency and inflation on repair works.
- New or increased staff costs for delivering direct project activities.
- Costs to evaluate your project should be included in your budget (as a guide, you should aim to allocate 3-5% of your total project budget for evaluation).
- Third Sector organisations can claim a proportion of organisational overheads appropriate to the time or resources used for the HES-funded project. You will need to demonstrate your calculation for this.
- Non-recoverable VAT.

What we can't fund

- Recoverable VAT.
- Work or activity without public benefit and clear links to HES Grants Priorities.
- We will not normally fund development work such as condition surveys, but we may make an exception for heritage assets which do not qualify for support from the Architectural Heritage Fund).
- Work or activity that has already started before you apply for a grant.
- New-build work is only eligible in exceptional cases, such as the site access and protection measures.
- Costs for internal fit-out.
- Demolition.
- Routine maintenance.
- Archaeological works undertaken in advance of the development of a site or archaeological investigation of sites which are subject to an active planning condition.