

Guidance Note
Project Viability
Appraisal
Template

Producing a Viability Appraisal through an AHF Project Viability Grant

Who should read these notes?

If you are planning to apply for an AHF Project Viability Grant it is a good idea to read these notes before you prepare your application. At the end of the funded work, you will need to produce a Project Viability Appraisal. We provide a template report format you can use, or you can choose your own format, provided you cover all of the areas we advise in the template and the final report is within the recommended page number guidelines. Reading this guidance beforehand will help you to plan the pieces of work to include in your grant application. Once you have completed the funded work, this guidance will help you to produce your Appraisal document.

Please note that you do not need to complete this Appraisal before making your Project Viability Grant application. Please refer to the Enquire or Apply section of our website and the Guidance Notes for this grant programme. You will need to complete an online Application Form.

Why is a Project Viability Appraisal needed?

The Appraisal document is not just a report for the AHF, but is your own report where you can bring together your findings about the way forward for your building. Carrying out an Appraisal will help you to understand what options there are for restoring, adapting and using your building and which one is most likely to provide a long-term sustainable future for it. An honest appraisal may also determine that a sustainable end-use has not yet been identified. Its purpose is to help you to take an informed decision about whether your organisation should commit to further cost, risk and effort in further developing the project. It will also be a document that you can provide to your stakeholders, supporters and funders to help them understand the steps you have undertaken to test the feasibility of your plans and their appropriate application to the building – in this way, the document is a key to showing why your project is one that funders should support and to inform them and others about your plans.

What should a Project Viability Appraisal include?

An Appraisal is built up from discrete pieces of work, some of which you may be able to undertake yourselves (such as research and consultation) and some commissioned from professional consultants. If you are a member of the Heritage Trust Network, you will find helpful guidance in their online toolkit and from talking to members who have undertaken similar projects. (HTN is a membership organisation which supports organisations engaged in delivering heritage building projects: more information [here](#). If your organisation is not already a member of HTN, you can include one year of membership fees in your project application.)

Typically, an Appraisal involves assessing:

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- The condition of the building and how it can be restored in a way that is appropriate to its historic character and fabric. A full repair specification is not needed at this stage, but rather enough information to identify the main repair and restoration needs.

Likely to require: condition survey by an Architect or Surveyor with experience in heritage buildings.

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- How the building can be adapted to accommodate potential uses. Design solutions can be creative and innovative, but they also need to be sympathetic to and avoid harming the heritage significance of the building. Outline rather than fully detailed designs are needed eg to RIBA Plan of Work Stage 1-2: further information [here](#).

Likely to require: an Architect with a successful track record in adapting heritage buildings. A Structural Engineer may also be needed to help with this, and with assessing repair issues.

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- The likely cost of restoring and adapting the building: outline costs rather than a fully detailed cost plan.

Likely to require: Quantity Surveyor.

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- It is also helpful to identify the cost of further work needed to develop the project proposals in more detail, to the point where you can access capital funding.

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- How the building could be used. This should take into account the demand, need and support for the uses you are considering. Would they generate sufficient income to support operational and building maintenance costs in the long-term? Would they be likely to be approved by the local planning authority?

Likely to require: market research, public and stakeholder consultation, initial/outline business case, investigating likelihood of Planning Permission/ Listed Building Consent. You may be able to undertake this yourselves, or you may want to bring in some professional expertise.

How the cost of restoring and adapting the building could be funded, taking into account how a funder would view the uses proposed.

Likely to require: research into funding options/an initial fundraising strategy. You may be able to undertake this yourselves, or you may want advice from a fundraising consultant.

Property valuation and Conservation Deficit calculation. You may need to compare the value of the property before and after it is fully restored in order to calculate the Conservation Deficit. This is where the cost of undertaking the project will exceed the final value of the completed building, so that investment may be needed to bridge a gap between the cost and end value. This calculation may not be needed in all cases, but it will be relevant for certain types of funding, such as Social Investment or if you are planning to sell the building on completion.

Likely to require: A “Red Book” valuation by a Surveyor who is a member of the Royal Institute of Chartered Surveyors.

You may undertake some of these pieces of work yourself and commission others from professional consultants. You may already have undertaken some work at the time of your application, or have been provided with material by the previous owner eg condition survey, which can be utilised provided the information is up to date. In either case, this should be incorporated in your Appraisal as a coherent, short report, rather than a series of disjointed separate pieces.

Please do not start on any work you would like us to fund before we agree to you going ahead. We cannot fund work retrospectively.

How to use our template for a Viability Appraisal

The notes below show the information needed in the different sections of the Appraisal template. A Word document blank template is available to download from our website for you to use to create your own report. Please adapt the format to suit your own style of presentation and include your own branding (logo), illustrations etc. Remember, it should be your report. If you prefer to use a different format, do ensure all the content advised by the template is covered. Please also include the AHF logo to acknowledge our support, plus those of any other funders or supporters you need to credit.

The report should only be 8 to 12 pages long: detailed information, including reports from your professional advisers and summaries of your consultation and research should be included as Appendices.

Template for a Project Viability Appraisal

Complete title page adding your name, name of building or project, plus your logo/branding

1 Executive summary

Short summary of key findings and conclusion

2 Building details and background

2.1 No./Name of Building

Building address

Postcode

2.2 Heritage significance

Brief summary of the historical and architectural importance of the building. This should not be a lengthy analysis, just relevant and important elements.

2.3 How your organisation is involved

Eg Were you contacted by your local council or other organisation regarding the building? Did your organisation form specifically to rescue the building? Does your organisation have other objectives that would be furthered by taking on the building?

2.4 Activities already carried out (if any)

Any significant activities you have already carried out eg have you undertaken community engagement such as Heritage/ Doors Open Days or held public meetings? Have you undertaken any emergency repairs? Do you know of previous attempts to restore or re-use the building? What were they and do you know why they failed?

2.5 Why the building is at risk, why now is the time to tackle it.	Explain the risk to the building - this may be lack of a current viable use, poor physical condition, potential loss of a community asset, or other issues. Also explain why now is the time to tackle the building: is the risk critical, is there an opportunity eg funding or new circumstances, would it complement other initiatives?
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2.6 Ownership

Owner	Details of the current owner
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Ownership background/future prospects	a) If you are not the current owner, what is known about the owner's intentions eg are they prepared to sell or otherwise transfer the asset, are they subject to local authority action? Explain how you expect to achieve ownership and on what basis ie freehold or leasehold and anticipated length of lease.
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or b) If your organisation already owns the building, what is your tenure, how long have you owned it and why has the need for change of use not been pursued before now?

3 Condition of building

3.1 Brief summary of condition	In summarising the condition, it may be helpful to explain this in a single sentence eg "The building is unsafe and represents a real and present hazard to public safety" or "The building is structurally sound but requires extensive works to be made habitable" etc. Provide a realistic summary without overstating the building's defects. Any further information, such as a condition survey, should be put in an Appendix.
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3.2 Any emergency repairs needed	A list of any immediate repairs required to make the building safe, wind and watertight. This should be a simple list of repairs required at a top level, not a description of each and every item. Details can be given in an Appendix. (A summary of full repairs needed can be provided in Section 5 below.)
Cost of emergency repairs	Rough cost of the repairs outlined above. (The cost of full repairs forms part of the analysis of the options for the building in Section 5.)

4 Situation and context

4.1 Locality and context	<p>Describe the situation of the building.</p> <p>This section is important for outlining the need and demand for the potential uses of the building, and what factors might underpin a successful business case, or make some uses less favourable. (The specific pros and cons of the options should be detailed in Section 5 below.) This section should give an overall picture of the local area, and wider context if relevant, to show the social and economic environment in which the building and business will be developed. It should provide an overview of what it is about the local area or wider catchment that offers potential for the project to succeed, addressing both opportunities and any barriers that exist. What is it about the situation of this building that will make it a good prospect for the community and funders to invest in? How does it relate to other strategic initiatives that are underway or planned to regenerate the locality.</p>
Relevant information may include:	<p>Character of local area: rural, residential, retail, offices, industrial.</p> <p>Is the building isolated or on a busy high street, which could affect footfall?</p> <p>Are there good local transport links? Nearby parking?</p>

- Is it a thriving area, with nearby properties/businesses occupied and in use, or the reverse?
- If the area is facing economic decline, dilapidation and erosion of historic character, and/or social issues, outline these problems. Identify any wider strategic initiatives in place to tackle these. Explain how a project for the building might contribute.
- Is the area changing, through new housing or other development or employers moving in (or out)?
- Existing local facilities that may compete, or be complementary, and/or gaps in provision.
- Immediate physical surroundings: are there any physical access issues eg lack of vehicle access, or neighbouring properties that may be affected by any proposals?

4.2 Land use planning ie what uses are permitted by planning regulation

Find out what the current designated use for the building/area is. Is there a Local Plan? Is there a Neighbourhood Plan? You should also look out for other documents that may affect the views of the local planning authority on your project, such as Area Action Plans, Development and Supplementary Planning Documents, Master Plans and Conservation Area Management Plans. These are usually available through your local authority planning department. Consider and state what the plans mean for your project, rather than quoting passages word for word. Include relevant extracts in Appendices if needed.

4.3 Potential for listed building (or other heritage-related) consent

What restrictions might there be on the options for restoring/adapting the building, taking into account its heritage significance? Are any uses/solutions ruled out? What is the opinion of the appropriate heritage body (local planning authority, Historic England, Cadw, Historic Environment Scotland, Department for Communities Northern Ireland – Historic Environment Division) on an approach to repair and conversion.

5 Options for use

You should look at a maximum of three options in any detail, concentrating on **need/demand** for each option and prospects for **long-term sustainability**. It should be clearly explained how and why the options are considered financially viable, or are ruled out. List other options considered but rejected, with the reason. Do not include a “do nothing” option.

If your organisation has already identified a preferred option, then it is very important to test whether it will be viable and whether there may be different options for achieving the same outcome. This could be different design approaches, phasing of the work, or variations on the services to be provided. In order to convince the potential investors in your project, you will need to show that your proposals are realistic and sustainable.

The information to include is set out in the Section on Option 1 below - work through the same analysis of each of your three options. In discussing the pros and cons, the information in Section 4 above will provide helpful context and should underpin the pros and cons you have identified.

5.1 Options identified

Option 1

Use

State the potential use, providing enough information to provide a clear picture of what the project will provide eg key activities or services that will be offered, or number of residential or workspace units or other types of space etc. State whom the end user/tenants and/or owners of the building would be. How would the building be managed?

Works necessary

A brief description of what works or interventions would have to be done to the building to enable the uses. This should include both repairs and adaptation.

Cost

A rough cost of the works and intervention required.

Pros and Cons

A discussion of the pros and cons of the project. These must show evidence of need/demand for the use and how the use will be sustainable (including financially) in the long term. Items to address will depend on the specific use, but might include:

- Is there a demand in the area - evidenced by market research, community consultation and engagement, opinion of local experts, local media campaigns, correspondence and social media?
- Have similar concerns gone out of business recently? Why? How is yours different?
- Are there similar uses in the area already? If so, how many and at what distance? What are the implications (positive or negative) for your proposed project?
- Does property sell or let in the area, what are comparable rents etc?
- Could the proposed use be accommodated without undue harm to the heritage significance?
- Would the building adaptations required be affordable ie likely to attract sufficient funding to be able to deliver them?

Option 2

Use

Works necessary

Cost

Pros and Cons

Option 3

Use

Works necessary

Cost

Pros and Cons

5.2 Preferred Option and estimated cost

Option number [..?]	Which option is the preferred choice and why? Eg is the preferred choice best value for money? Does it meet most criteria of prospective funders? How is it (financially) sustainable?
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Estimated cost of delivery	£. Restate the total anticipated cost of the capital works needed (repairs and adaptation).
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6 Additional evaluation of preferred option

6.1 Economic development outcomes and outputs of the preferred option

This section is optional. However, it will be important to include if, based on your analysis above, your preferred option would be suitable for any funding sources that prioritise enterprise and economic growth. It may also be useful in thinking about the potential impact of your plans and the benefits for people and the locality.

Floor space and usage	The amount of existing floor space brought back into use and the amount of additional floor space created (gross internal floor area/m ²) and what type of business use is envisaged.
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Economic outcomes	How will the changes resulting from your project contribute to local economic growth? Will the project result in additional (new) economic activity, or will it involve displacement (activity moved from another part of town), or will new activity happen anyway (a neutral outcome termed “deadweight”)? As part of your consultation activity, talk to existing local businesses about how well they are doing - turnover, footfall, goods and services provided, number of employees.
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Employment	Identify the number of full-time equivalent jobs created during the construction period, in your own or other businesses that occupy the completed project, and for maintaining the building in the long-term.
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Volunteers	Identify the number of volunteers engaged in activities resulting from the project. Depending on what funding sources you will be targeting, it may be helpful to identify separately the number directly engaged in heritage-focussed activity such as learning traditional construction skills, researching local history etc.
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6.2 Conservation Deficit calculation

It will not be necessary to calculate the Conservation Deficit for all projects. However, this information will be essential if, based on your analysis of the options above, your preferred option would be suitable for an enterprise-based funding scheme, Social Investment or other loan finance. In this case, it will be the most important part of the viability appraisal, since the calculation may influence the amount of investment you can secure.

Outline cost of repairs and adaptation	As referenced in Section 5.
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Market Values	A reasonable estimate of the market value of the heritage asset before and after the project is completed, prepared by a RICS qualified valuer. (Where the cost of purchasing the building is to be included in funding applications, it is very important that the acquisition price reflects the market value of the heritage site at the time of purchase.)
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Calculation of the Conservation Deficit	You should include enough information to make a convincing case for a Conservation Deficit and the need for funding. Whilst detailed cost calculations are not required at this stage, it is very important to ensure you have provided reasonable estimates.
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7 Funding Strategy

7.1 Funding strategy for project delivery (capital work)

List below the key potential funding sources: grant funders, donations, investment, Community Shares (applicable only to Community Benefit Societies) and target amount from each source. Add additional rows to the table as needed. Make a brief assessment of how the preferred option would fit with these funding sources ie the funder's priorities, case for supporters to donate, lender's criteria. If you have had any feedback from an initial discussion with a funder, note that here.

Name of funder or other source	Estimated funding amount	How this source fits with the preferred option
	£	
	£	

7.2 Funding strategy for project development

Set out below the cost of developing the project to the point of being able to bid for or otherwise secure funding for the project delivery and anticipated funding sources. Add further rows to the table as needed.

Estimated Project development costs: £

Name of funder or other source	Estimated funding amount
	£
	£

8 Action Plan

8.1 Immediate actions	Any immediate actions required to safeguard the building, such as erecting scaffolding, clearing gutters, providing temporary roof repairs
8.2 Strategy for achieving preferred use	How are you going to progress the project? Eg Next steps to develop proposals, timetable for approaching funders.
8.3 Strategy for other circumstances	Is there another route if the preferred option proves unviable or otherwise impossible to carry out?

Appendices

Please add as attachments the various specialist reports you have commissioned through AHF and any other funding/your own resources, plus any material you have researched. Include the key documents that underpin the conclusions of the Appraisal. The Appendices should include:

- a list of all the organisations and people who have been consulted together with a summary of their views
- reports from professionals
- any other supplementary information to provide supporting details

Remember to list them on the Contents page. You will also need to add the relevant page numbers to the Contents page when you have finished your Appraisal document.