

Heritage information series

How to establish a local heritage fund



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Introduction

Most councils across NSW have access to some funding to establish and run a Local Heritage Fund.

The primary objective of the Local Heritage Fund is to provide funding to assist councils and communities to deliver good heritage and urban design management outcomes in their local government area.

Such a fund provides regular and ongoing financial support for councils, communities and owners of heritage properties. It assists in promoting urban design and heritage in the area.

The outcomes of this program have been very positive. Many successful and ongoing partnerships between local and state governments and communities have been developed.

The framework

What is a Local Heritage Fund?

The Office of Environment and Heritage (OEH) offers funding to local councils to set up a Local Heritage Fund. Councils can then offer small grants for heritage projects. Funding should be used as an incentive to assist heritage-listed items in local environmental plans (LEPs) as a first priority, over non-listed heritage items.

What projects can it fund?

OEH is flexible about how a council implements its Local Heritage Fund. Funding can be used for a wide range of projects which will deliver good heritage and urban design outcomes that fit within the scope of these guidelines.

Projects funded through a Local Heritage Fund may include (and not be limited to):

- conservation works and maintenance works projects
- adaptive reuse projects
- urban design projects that support heritage
- interpretation projects
- conservation management plans.

Generally funding should not be provided for:

- new buildings
- routine maintenance (e.g. lawn mowing, gutter cleaning or carpet cleaning)
- projects where adequate funding is available from the applicant or other sources
- new commemorative monuments or works
- purchasing heritage buildings
- relocating buildings or work done to relocated buildings
- private headstones, unless there is no possibility of descendent support for the project
- floodlighting of heritage buildings
- purchasing equipment
- moveable railway heritage items.

What does it offer the council and community?

Local Heritage Funding is a great investment for councils across NSW. For the relatively small dollars the council contributes, such a fund generates positive, feel-good community attitudes and long-term on-the-ground heritage conservation outcomes.

Councils will benefit from promoting and publicising their local grants program to heritage owners and managers. Many owners and managers say they are unaware of the funding opportunities available. This is one of the most powerful incentives available for heritage properties.

Local Heritage Funds benefit property owners and managers and foster a positive relationship between the wider community and the council in the following ways:

- encourage good heritage conservation works and well-maintained property
- encourage good urban design and well-designed adaptive reuse, sympathetic alterations and additions, and infill developments for heritage buildings and items
- support sustainability and heritage tourism
- encourage works to heritage places get done because funding is provided on a contributory basis.

Legal basis for councils to establish a fund

Section 356 of the *Local Government Act 1993* provides the legal basis for establishing a Local Heritage Fund.

How does a council access funding?

OEH currently offers grant funding to councils for a Local Heritage Fund up to a set amount. Further information about grant funding is available at the [Local Government Heritage Management](#) web page.

How much money is needed to establish a fund?

Generally councils can establish and run Local Heritage Funds with a small budget. As councils can afford to contribute more funding, the Local Heritage Funding budget can increase accordingly.

Who should manage a fund?

Generally, the council heritage officer or planner manages the Local Heritage Fund. The council's heritage advisor and heritage committee will assist in assessing, recommending and approving projects for funding.

The heritage advisor will then help the council heritage officer manage the projects to ensure appropriate heritage works are undertaken and the correct approvals for these works are in place.

The council officer is responsible for the annual OEH grant acquittal and reporting for their Local Heritage Fund.

Claiming OEH funding

Once the council has submitted the required documentation, OEH will reimburse its funding share according to their funding agreement. It will cover funds spent on projects completed during that financial year.

Managing a fund

This section covers all aspects of the council's responsibilities and requirements in establishing and running a Local Heritage Fund.

The annual funding cycle

At the outset, work out an annual timing cycle for the program that fits within the financial-year funding and expenditure parameters.

For best results, plan ahead and undertake as many of the following steps as practical before starting the financial year.

Individual council processes and timing will vary but, as a guide, allow enough time to take these steps:

- design the fund – priorities, procedures and forms
- confirm the annual fund budget
- seek overall approval for the fund
- advertise and call for fund project applications – allow six to eight weeks.
- process, assess and recommend projects for funding
- gain heritage committee and/or council approval for recommended individual projects
- prepare and send out letters of offer – allow three weeks for applicants to accept their funding offers
- commence projects as early as possible to allow maximum time for applicants to plan and undertake their projects – four to six months or more is preferable
- complete projects, inspect and pay grant funding by February/March
- prepare the fund's annual reporting and acquittal for the council and submit it to OEH by 15 May each year
- promote and publicise the fund (do so widely and often – at the application stage, the awarding of successful projects stage, during and at the project's completion and also at the completion of the funding round).

By planning ahead, the applicants will have the best chance for success. It also ensures funds are spent and acquitted within the relevant financial year.

The annual OEH Local Heritage Funding is available for expenditure from July each year. This funding can only be paid out on completed projects. OEH Local Heritage Funding must be acquitted with OEH by 15 May each year. Councils cannot carry forward any unspent funds to the following financial year.

Download fund templates

OEH has designed templates for local councils to use in conjunction with this guideline. The templates are locked Word documents. Councils will need to modify and adapt these templates to suit their requirements.

- [Download the templates](#)

Designing a fund

At the outset, the council needs to consider the primary objective of its Local Heritage Fund. It is intended to provide funding to help both the council and the community to deliver good heritage and urban design management outcomes in the local government area.

It makes sense to involve the heritage advisor and heritage committee in designing a Local Heritage Fund.

The heritage committee may include councillors, the heritage advisor, council town planning staff and community representatives. The advantage of involving the heritage committee in designing, recommending and approving project funding is that it will raise the council's awareness of heritage issues and initiatives in the local area.

Initially, refer to the councils' heritage strategy for direction and any funding priorities that may be identified in that report.

The council should consider identifying local heritage issues and how the Local Heritage Fund can be directed towards addressing these issues in the short and long term. For example, targeting heritage projects in the main street will benefit local businesses as well as attract heritage tourism to the area.

It is critical for councils to tailor their funding programs and priorities to help fund local issues. For example, bird proofing may be an issue. Other issues could include underpinning on reactive clay soils, asbestos removal or climate-related issues – water and weatherproofing where there is high rainfall or freeze-and-thaw conditions.

Ideally, the objectives the council wants to achieve should be documented and communicated to heritage owners, heritage managers and the wider community. The council may need to add or update its heritage strategy with these decisions.

Councils will also need to consider how they will evaluate and measure the success of their Local Heritage Fund and report on this to their councillors.

An easy solution is to use the [Heritage Strategy Annual reporting template](#). This includes a section for evaluating Local Heritage Fund using outcomes and key performance indicators. Use this template to report to the council and OEH.

Setting long- and short-term funding priorities

The council will need to agree on the Local Heritage Fund priorities. It may already have some general long-term funding priorities such as:

- local heritage places listed on the heritage schedule of the LEP
- conservation works projects
- projects for external conservation works
- urgent maintenance projects
- heritage projects that support green energy and sustainable uses.

There may also be some short-term funding priorities particular to the current needs of the local government area which will be useful to prioritise how the funding is assessed, such as:

- main street shop fronts and verandas
 - heritage streetscapes
 - residential fences
 - farm outbuildings
 - industrial heritage
- or
- whatever is a topical, current or a hot issue in the local area; e.g. bird-proofing, weather-proofing or underpinning on reactive soils.

Decide who can apply for funding

OEH recommends funding be open to anyone with a genuine heritage project in the local government area.

Decide how much funding is available for a project

Generally, project funding should be offered on a dollar-for-dollar basis. This means each applicant must contribute one dollar for every dollar they receive from the Local Heritage Fund.

Councils may want to offer seniors (over 65s), pensioners and self-funded retirees grants rather than dollar-for-dollar grants. Feedback on grants programs shows that people in this sector often own and manage heritage properties. They may be interested in – and need – funding but cannot necessarily contribute their own money.

For council-owned projects, funding may still be approved. However, in these circumstances, project funding should be offered on a one-dollar-for-\$3 basis, where the OEH will pay \$1 to the councils \$3.

Some decisions are needed. First, if there is a minimum dollar value per project, or whether the council will accept applications for projects of any value. Second, determine the maximum amount available for a single project; this may depend on the total Local Heritage Fund budget.

Generally the amount of funding offered must be enough to encourage the applicant to undertake the project. Too small a grant may not be a sufficient incentive to get the project off the ground – and each project requires the same amount of paperwork, irrespective of the funding amount offered.

For example, OEH has found that for councils with an annual Local Heritage Fund budget of \$16,000, the council generally funds between six and eight projects with grants of around \$2,000 each towards heritage projects costing at least \$4,000 each.

Design the guidelines and project application form

Once the design of the Local Heritage Fund, as set out above, is agreed on (i.e. who can apply; what projects will be funded; the funding priorities; the funding available), copy and modify the [Local Heritage Fund guidelines](#) and [project application form](#) templates.

[NSW Government and Heritage Council logos](#) must be included on all local heritage fund projects that are part-funded by the NSW Heritage Grants. These logos should be displayed

alongside the council logo on all application forms, contracts, reports, advertising, signage and correspondence.

Make Local Heritage Fund guidelines and project applications available to complete or download from the council's website.

The council may have a standard application form design that needs to be followed. It may include standard questions and information that can be included in the Local Heritage Fund application form.

Design a project application assessment form

After completing the Local Heritage Fund guidelines and project application forms, modify the template for the [project assessment form](#) so it fits in with council use.

All funding that is provided through the NSW Heritage Grants program to support projects funded through the Local Government Heritage Management program must include the [NSW Government logo and Heritage Council logos](#) and acknowledgement in any text relating to the funding received. This is a mandatory requirement for all funding provided through the NSW Heritage Grants program, which supports projects funded through the Local Government Heritage Management program.

Assessing project applications must be transparent and accountable. It makes it easy if the assessment form is based closely on the information set out in the guidelines and the questions asked in the application form.

One method of assessing applications is to use a numerical scoring system to score each answer out of an agreed mark. All marks are added up and totalled against a maximum of score of say, 100 or 50. Numerical project application scoring makes comparison between project applications more objective and transparent.

It is acceptable to include more subjective project assessments as part of the assessment process. However, there must be an agreed and consistent way of comparing the subjective aspects of the projects.

Discuss and agree on how the project assessment form is used to ensure consistency in how the projects are assessed.

Record keeping

Many councils have set up Excel spreadsheets so they can track projects funded through the Local Heritage Fund. Others have established an access database for their Local Heritage Funding program.

Whatever method is used, it is important to collect and retain all relevant information about the Local Heritage Fund (program approvals, approved projects and project applications and assessments etc) as a record of decisions made by the council. Information collected and written on the project assessments will generally not be made available to the public; however, it may need to be provided if queried. These records may also be needed for auditing a funding program.

Council approvals

Before calling for applications, check if approval from councillors, council or heritage committees might be required for the fund and its priorities. Check the council's requirements to see what is required and how to do this. Allow enough time for the approval processes so this step does not hold up funding implementation.

Advertising and calling for applications

It is recommended that applications are called for once a year. It is important that all applications are dealt with at the same time and processed in the same way.

The Local Heritage Fund should be widely advertised through many local sources. Make sure everyone knows about the funding program, when and how to apply for funding if interested.

Some recommended sources for advertising the program include:

- the council's website
- email lists of heritage owners
- local newspapers, radio stations and other local media
- interested local community groups
- a mailing list made up from enquiries for funding received throughout the year
- letters or emails sent to all owners/managers of LEP heritage-listed items in the local area.

Advertising should include the program's purpose, who can apply, opening and closing dates and who to contact for further information.

The council can display a range of successfully completed local heritage funded projects on their websites to help encourage potential applicants.

OEH's website has a [block 'newspaper advertisement'](#) for the NSW Heritage Grants program which can be used as a model.

Receiving and assessing applications

Set up a standard process to record all applications received by the council for a Local Heritage Fund.

Initially two people will need to assess the applications using the [assessment form](#). This will generally be the council heritage officer and/or heritage advisor as a heritage specialist.

For all project applications received, they will need to:

- check to see that they contain all necessary information – go back to the applicants for more information if necessary
- arrange site inspections, as necessary, for the heritage advisor or specialist
- prepare a list of all project applications received, with comments and scores indicating the projects recommended for funding approval.

The heritage officer (or heritage specialist) will:

- inspect each heritage item being considered for funding to ensure that the works proposed are appropriate heritage works and a priority for that site
- assess the project applications.

The project assessments should then be referred to the heritage committee (or selection committee) for recommending and funding approvals.

Recommending and approving project funding

Put the list of project assessments and shortlist of recommended projects to the heritage committee. They will then discuss, agree and recommend (and approve, if appropriate) funding the projects for the council.

Follow council processes for this. Keep good written documentation of the recommendations and decisions made for council records.

Make sure the project and the funding expenditure has been approved by the appropriate council officers and councillors.

Notify unsuccessful project applications

When a decision has been made about the projects to be funded, a council letter should be sent to all unsuccessful project applicants. This can be a form letter on council letterhead tailored to the particular project. It should thank the applicants for their effort in applying for a grant and let them know about other current and future funding opportunities.

Project funding package items

The council will need a standard funding offer package to send out to successful project applicants.

The funding offer package is a plain English legal contract that council prepares for each project. This package will generally include a [covering letter](#) on council letterhead, a project [funding agreement](#) and [standard conditions](#) and any project [specific conditions](#).

Templates for these documents are provided on OEH's website to download and modify as needed.

The [funding agreement and conditions](#) guide the applicant in undertaking the project and the council in administering the project's funding. It is important the funding offer package is well thought out, covers all the issues and is clearly worded. It will be the basis for decisions and clarifying any misunderstandings and settling disputes about the project, should this become necessary.

The [covering letter](#) on council letterhead introduces the funding offer package. This can be a form letter on council letterhead tailored to the particular project. It should summarise the details of the project funding offer.

The project [funding agreement](#) is a project-specific binding contract between the applicant and the council. This agreement should include the following information:

- project name
- the project's purpose
- applicant details
- approved funding amount
- the applicant's funding contribution and the total project value
- any specific project conditions
- the project's start and completion dates
- progress and final reporting requirements.

The project funding agreement is usually supported by [standard conditions](#). These set out the council's expectations and the requirements an applicant must meet in undertaking the project.

As well as the standard project conditions, there may be [specific conditions](#). The council should put these in writing as part of the funding agreement to guide that project's implementation. The specific conditions will usually guide particular heritage aspects of the project. They need to be prepared by the council's heritage advisor.

Include the [NSW Government logo and Heritage Council logos](#) and acknowledgement in any text for the funding received. This is a requirement for all funding provided through the NSW Heritage Grants program to support the projects it funds through the Local Government Heritage Management program.

Provide advertising signs

After accepting project funding, the council needs to prepare signs to raise awareness of its fund and any heritage projects already underway.

A sign could be either a generic council sign about Local Heritage Funding and heritage projects or a project-specific sign. It can be as simple as an A3 laminated sheet fixed to the fence, similar to a DA notification sign, or a larger reusable fabric banner.

- [Download sign templates](#)

All funding provided through the NSW Heritage Grants program to support projects funded through the Local Government Heritage Management program must include the [NSW Government logo and Heritage Council logos](#). These organisations must also be acknowledged in any text for the funding received.

- [Download logos](#)

Give the sign to the applicant to fix to the property's front fence for the project's duration. Generic signs must be returned at the project's completion as part of the project acquittal process to use for future heritage projects.

Managing project progress

The council's heritage officer will be responsible for implementing the overall Local Heritage Fund program and managing the projects. Generally the heritage advisor will assist the council heritage officer to make sure the heritage aspects of the project are undertaken appropriately.

The heritage officer will:

- at the start of the project, take a 'before' photo and another at the end, an 'after' photo, both for the OEH summary report
- prepare signage to place on the front fence to advertise the project funding and the council's local heritage fund
- monitor progress on all projects to ensure they are undertaken and completed within the agreed time frame
- send out reminder letters to funding recipients a few months before the completion date
- manage the funding and arrange grant payments for completed projects
- prepare media releases to promote the project's successes along the way and at the end of the project.

The heritage advisor will:

- make site visits to check up on projects and as requested
- provide heritage advice on the projects to the council and the project applicants.

Project completion, inspection and funding acquittal

The simplest and best management method is to pay out funding on the satisfactory completion of a project. To claim their funding, the applicant must submit all paid invoices for the project and a completed [project questionnaire](#) (optional).

Before council makes the grant payment for the completed project, the council heritage officer or heritage advisor (or heritage specialist) must inspect and [take a photo of the completed project](#) for the summary report to OEH and fill in a [project compliance certification form](#) (use or modify this template).

Another option is to complete an individual [Project Compliance Certification form](#) and set up an Excel spreadsheet to fill in with the details of the certification for each project.

This step will assure the council and OEH that the work has been appropriately undertaken and is consistent with the funding agreement and any approvals required under the Heritage Act or by local government.

Prepare annual report and claim funding from OEH

The council heritage officer completes an annual report on the Local Heritage Fund for OEH. This report is sent to the council and its senior managers for approval/noting before submitting it to OEH. Use the template for the Summary Local Heritage Fund annual report.

- [Download the template](#)

To claim OEH reimbursement for its fund, a council must submit the completed Summary Local Heritage Fund annual report (templates provided) before 15 May each year.

OEH will reimburse its funding share according to the funding agreement it made with the council. This will cover funds spent on completed projects for that financial year.

Evaluate the fund and promote successes

Once the annual reporting for council and OEH is completed, use the information contained in the Summary Local Heritage Fund annual report and Heritage Strategy Annual Report template to evaluate the program.

It is wise to consider these points at this time to enlighten the next round of funding.

Look at the success and weaknesses in the fund's design, management and implementation to see where improvements or changes could be made. Further questions to consider include:

- What worked well and what didn't?
- What do we want to repeat, delete or do differently?
- What do we want to target in the next funding round?

Report all successes to the council, councillors and heritage committee to help plan the fund's future and request more funding for the following year.

Councils should publicise their local grants program to heritage owners and managers. Many have reported being unaware of the funding opportunities available. This is one of the most powerful incentives available for heritage property owners.

Councils should also consider displaying a range of successfully completed local heritage funded projects on their websites. This serves not only as a record of the funding program, it provides valuable information for potential applicants. Send out press releases about successfully completed projects too. This helps promote the local heritage fund and its availability for heritage owners and managers who often do not know funding is available.

Also consider establishing council heritage awards as an adjunct the Local Heritage Fund. Such awards have successfully encouraged and recognised community and owner efforts in looking after their heritage items.

Templates available

OEH has developed several Local Heritage Fund templates to use in conjunction with this guideline:

- example of a block advertisement
- guidelines
- project application form
- project application assessment form
- project funding offer – letter, funding agreement, conditions
- project compliance certification form
- project questionnaire
- summary annual report.

Download these templates from the [Local Government Heritage Management](#) web page.

Performance

If OEH is not satisfied with a council's performance of relating to any matters in this document, funding may be reduced or withdrawn at any time. OEH's decision will be final in all matters.

Further information

Further information about Local Heritage Funds may be obtained by contacting the heritage grants advisor at the Office of Environment and Heritage OEH.

By email: heritage@heritage.nsw.gov.au

By phone (02) 9873 8577.