



Guidelines for Hut Managers

No. 8 August 2016*



Sources of Funding for Hut Improvements

Scope and context

Major hut improvements are expensive. Such projects need careful planning and costing – see guideline no. 13 *Planning & Managing a Major Building Project*. They also need to be ‘sold’ to club members to ensure their support. Improvement projects may be carried out by members and/or contractors. Where work is to be carried out by club members and other volunteers you should consider your health and safety and civil liability obligations – see hut guidelines nos. 3.1 & 3.2 *Fire Safety*, no. 5 *Maintenance* and no. 6 *Combined Liability Insurance* (downloadable from the respective council websites – URLs given on page 4).

Raising funds to pay for improvements can be difficult and very time consuming. In some cases clubs may be able to finance improvement projects from their own resources. In most cases, however, clubs will need to seek outside funding to pay for such projects.

Internal sources of funding

Club members

Members may provide funding by making donations or interest-free loans to their club.

Donations

Mountaineering clubs can now register with HM Revenue & Customs (HMRC) as a Community Amateur Sports Club (CASC) and so obtain some of the benefits enjoyed by charitable organisations, in particular ‘Gift Aid’ on individual donations. This allows a club to claim a tax rebate from HMRC by tax-paying members. Members making Gift Aid donations can set these off against their income tax liabilities. Furthermore, clubs registered as CASCs are also entitled to mandatory rate relief of 80% on their hut(s) in respect of the business rates (non-domestic rates) levied by the local authority. For further information see hut guideline no.1 *Community Amateur Sports Clubs (CASCs)*, which is downloadable from the respective mountaineering council websites (see page 6).

Interest-free Loans

Members may make loans to their club for a given period to fund the project. The loans may be made in units of, say, £25, £50, £100 as debentures or IOUs. These may be repaid at predetermined dates in the future or by means of draws at the club’s AGM or annual dinner.

Lotteries and Raffles

Funds may be raised by running lotteries and raffles with the winning numbers and prizes being drawn at the club’s AGM or annual dinner. Lotteries need to be run for members only, otherwise a licence, obtainable from your local authority, is required.

Where a members’ only club raises funds from lotteries or raffles in which the general public participate it may be liable for corporation tax. For further information see –

www.hmrc.gov.uk/ct/clubs-charities-agents/clubs.htm

*See notes in the information box on page 4 re. the currency (version no.) of this guideline

Sources of Funding

Note: Clubs need to bear in mind that when setting fees for their hut(s) they should cover the annual running costs including repairs as well as long term maintenance costs. Ideally, the club should endeavour to build up reserves to fund future improvements and maintenance costs (see Hut Guideline no. 5 Maintenance).

External sources of funding

BMC club loan scheme

Member clubs may apply to the BMC for loans with which to upgrade, improve or develop their property assets, including the purchase of property.

Two types of loans are available –

- (i) Unsecured loans of between £5,000 and £20,000 are available to a maximum of 75% of the total project cost at an interest rate of 4% above bank base rate with a maximum term of 3 years.
- (ii) Secured loans of between £20,000 and £50,000 are available to a maximum of 80% of the asset valuation at an interest rate of 3% above bank base rate with a maximum term of 10 years.

The loan fund is capped at £200,000 for all loans and loans will be made on a 'first-come-first-served' basis.

Applications for BMC loans

These should be made in the first instance by e-mail or letter to Alan Brown, BMC Financial Controller, alanb@bmc.co.uk Any queries regarding the scheme should be addressed to Alan Brown.

The application should include as much detail as possible about the proposed project but as a minimum it must include the following –

- A brief description of the property including its ownership and location;
- An estimate of the total cost of the project and an indication of the sources of funding other than that provided by the loan scheme;
- An indication of the time scale for the project and when the loan would be required;
- An indication of how the club will comply with the 'fair provision' requirement for BMC member access. The club must explain how it will provide reasonable access for BMC members, i.e. for both club and individual members, to any property purchased or supported by the loan scheme.

Clubs need to bear in mind that the scheme is capped at £200,000 and therefore interested clubs should apply promptly. Applications for loans will be considered by the BMC Finance Committee.

Bank loans

Clubs may borrow money from banks. Such loans may be secured on their property or by guarantees provided by members. Commercial rates of interest will apply.

Grants

Grants are available from a number of sources and examples are given below. Conditions vary; for example, the club may have to demonstrate that it can match the amount requested.

Grants from Sport England and sportscotland

Note that Sport England and sportscotland, both of which administer National Lottery funding for sport in addition to providing direct funding, have a list of priorities and funding for building projects is not high on the list. Follow the links on the appropriate websites to ascertain if your proposal qualifies and the likelihood of funding.

Sources of Funding

ENGLAND

Sport England

Information about grants can be found at www.sportengland.org/funding.aspx

Only small grants are currently available

www.sportengland.org/funding/small-grants/

SCOTLAND

sportscotland

www.sportscotland.org.uk/funding/funding

The Scottish Mountaineering Trust (SMT)

This is probably the first port of call when seeking funding for hut renovation projects in Scotland. Full details can be found on www.smc.org.uk/Trust/Trust.php from where an application form, the 'General Form', can be downloaded; please refer to the notes that preface that form www.smc.org.uk/Downloads/GR_GEN.pdf See also the Trust's general information leaflet, viewable on www.smc.org.uk/Trust/Images/SMT_Leaflet_2011.jpg (view at 150%).

The SMT may grant the entire amount of money requested, or may offer the sum as part grant and part interest-free loan.

The Mill Cottage Trust

The trust provides grants for mountain safety education and training and your hut may possibly be eligible to receive funding if it is made available for those purposes. Enquiries c/o huts@mcofs.org.uk

The Scottish Council for Voluntary Organisations

www.scvo.org.uk and www.scvo.org.uk/running-your-organisation/funding/

Highlands and Islands Enterprise (HIE)

Operating a hut is analogous to a small business. HIE gives grants to small businesses which promote and provide services for tourists www.hie.co.uk Huts may also possibly qualify under this category www.hie.co.uk/community-support/social-enterprise-support/social-enterprise.html

Grant-Awarding Trusts

There are many charitable bodies in the UK, some of which may be prepared to award grants to mountaineering clubs for improvements to their huts. However, because of regulations governing charities, most are able to make donations only to other registered charities or recognised organisations, such as CASCs (see guideline 1).

Important note: *When seeking funding from trusts it is very important to carry out thorough research before submitting your application. You will save yourself much time and effort and increase your chances of success if you ensure that your project is eligible for funding by the trust and that a trust does, in fact, make grants for your type of project and for the amount that you are seeking.*

Sources of information

The best way to research trusts that may potentially fund your project is by using printed directories or websites. There are online databases such as www.trustfunding.org.uk which may be accessed by subscription. See also –

www.governmentfunding.org.uk and www.grantsonline.org.uk (offers a free trial)

Sources of Funding

Directory of Grant-Making Trusts

This costs £125 but may be obtainable on loan via your local public library. This comprehensive reference work covers 2,500 grant-making trusts with the potential to give collectively £3 billion a year. With fully updated information supplied by the trusts themselves, the entries include concise contact details, what is and what is not funded, type and range of grants made, and examples of recent grants. The extensive indices – by geographical area, field of interest and type of beneficiary, and type of grant – allow users to target the trusts that are most relevant to their needs.

www.dsc.org.uk/publication/the-directory-of-grant-making-trusts-201617/

and see also *The Guide to Major Trusts* (£110)

www.dsc.org.uk/publication/guide-major-trusts-201718/

Think laterally

Mountaineering huts tend to be *exclusive* – their use is often limited only to clubs affiliated to the BMC or MCoFS. '*Inclusivity*' is the key word. If you are prepared to make your hut available to other organisations at various times, e.g. on some days during the week, then you may improve your chances of attracting grant funding. Similarly, when approaching funding bodies such as HIE, it may pay to emphasise that operating your hut is analogous to running a small business and also that use of the hut generates trade for the local community.

Note: If viewing this .pdf while online then clicking on any [URL](#) will take you to that website.

About Hut Guidelines

These guidelines have been produced by the Huts Group of the British Mountaineering Council and the Huts Advisory Group of the Mountaineering Council of Scotland to assist those operating mountain huts in Britain.

Contact the BMC Huts Group by e-mail – huts@thebmc.co.uk or telephone 0161 445 6111.

Contact the MCoFS Huts Advisory Group by e-mail – huts@mcofs.org.uk

Websites: www.thebmc.co.uk and www.mcofs.org.uk

URLs: If any of the URLs (web addresses) given on the preceding pages are found to be 'dead links' please notify huts@mcofs.org.uk

Disclaimer: These guidelines were revised on the date shown below and the information herein is believed to be accurate at the time of writing. No responsibility can be accepted for any loss of benefit or entitlement arising through use of these guidelines – they are not intended to be definitive.

Version no. 5 – August 2016

These guidelines are updated periodically; to check on the currency of this version go to one of the websites above where the latest version will always be displayed.