

LOTTERY

COMMUNITY FACILITIES FUND

Te Tahua Hapori Ngā Whakaurunga

Feasibility Study Guide



NZ Lottery Grants Board
TE PUNA TAHUA
Distributor of NZ Lottery Profits

INTRODUCTION

The Lottery Community Facilities Committee considers funding applications for projects that are for community purposes of a public nature.

The Committee requires organisations applying for grants for most projects over \$50,000 to submit a feasibility study as part of the supporting documentation for their applications. This is because the Committee believes that access to professional expertise will help organisations develop sound project plans and applications for funding.

A feasibility study assesses options to achieve the objectives of the project, and should be prepared by an independent consultant or organisation (the consultant) with relevant qualifications and experience in preparing feasibility studies.

The Committee can approve grants of up to \$20,000 towards the cost of commissioning a feasibility study.

What sorts of projects require feasibility studies?

It is advisable to get a feasibility study when you are considering a new facility or a major redevelopment project. As an indicator, feasibility studies will always be required for projects such as:

- building a major new facility
- buying an existing building
- undertaking major renovations or upgrades
- where the total cost of the project is more than \$50,000.

However, the Committee may support a straightforward project, or a project costing less than \$50,000, without seeing a feasibility study, for example:

- the replacement of a roof
- modification of toilet facilities to meet the needs of people with disabilities.

If you are still not sure if your project needs a feasibility study, please contact the Lottery Community Facilities Committee Coordinator on **freephone 0800 824 824**.

THE BRIEF

Once you have a basic outline of your project, your organisation's

committee or board needs to develop a brief for the feasibility study so potential consultants are aware of your expectations.

The brief is very important as it summaries your project's requirements and, outlines what your organisation wants to achieve and how it believes the proposed building will assist this outcome. The brief will be your project's terms of reference, and will ultimately determine the quality of your feasibility study. Your organisation's committee or board must agree to the brief prior to going to tender.

The appointed independent consultant will use your brief to guide the investigative work and report back to you. The consultant you appoint will need expertise in: the not-for-profit sector, governance, business planning, project management, financial analysis and fundraising.

Please **check with the consultant's referees** before choosing a consultant.

The feasibility study needs to be carried out within a defined timeframe with appropriate review points. Key individuals (internal and external) and stakeholders need to be consulted.

What material can your organisation provide to the consultant to facilitate the preparation of a high quality feasibility study?

1. Your organisation's background, structure, aims and objectives.
2. The outcome you would like the project to achieve.
3. Any evidence you have of the need for the project, including community consultation.
4. Feedback you have received so far from other stakeholders such as neighbours and potential users.
5. The intended uses and users of the proposed facility.
6. Your organisation's annual accounts for the last few years.
7. Proposed funding for the project.
8. How the ongoing costs related to the new facility will be funded.
9. Your project's proposed timeframes.
10. A preliminary architect's brief, a sketch plan, or some structural specifications. These are preliminary thoughts and should not be considered final at this early stage.

What should the feasibility study cover?

It is important to note that each feasibility study is different, however, there are common areas, which need to be addressed to allow for a robust study. Below is a checklist of suggested issues that could be included in your brief to the consultant. It can also be used once you receive the completed feasibility study, to check if all the issues you requested have been covered.

Area to address	Included in Brief	Covered in Brief	Notes
Background to the organisation and its aims and objectives.			
Are they clear and understood by all of the committee?			
The outcome required by the organisation.			
Evidence of need for the project.			
Nearest similar facility ensuring minimum duplication and maximum use of resources.			
Uses and users of the proposed facility.			
Identify any community trends, demographics, etc.			
Options analysis – different options to produce the outcome.			
Perceived benefits and doubts or difficulties.			
Community support for the proposed project.			
Community resistance to the proposed project.			
Preferred location.			
If identified, suitability of proposed site.			
Impact on any neighbours.			
Capability of the organisation to manage the project, staffing requirements.			
Identify any potential or existing conflicts of interest.			
Organisation's financial status – is it robust?			
Viability of the proposal in the prevailing economic climate.			
Identify sources of funding.			
Is the fundraising target realistic?			
Management and marketing strategies for the proposed facility.			
Is there satisfactory management and revenue funding to operate the new/enhanced facility?			
How will long term maintenance of the new facility be funded?			
Likelihood of resource consent being granted.			
Proposed project timeframes.			
Is the proposed project environmentally sustainable?			
Recommendations and proposed action.			
Community benefits from options proposed.			

What sort of costs can the grant for a feasibility study be used for?

The primary purpose of the feasibility study grant is to help pay the consultant's fee. A feasibility study is not an architect's brief, a developed design, or a building specification. All of these documents are expensive to commission and should only ever be created after the feasibility study has been completed and a large proportion of funding has been raised.

Feasibility study grants are not available for legal services, architectural design costs (other than preliminary designs), planning approval costs, fundraising campaigns, stand alone business plans, or feasibility studies already completed before the application closing date.

Can we apply for a feasibility study and the building work in the same funding round?

No. A feasibility study will enable your proposed project to have a higher chance of success. Any subsequent applications for funding a building project will be supported by the completed feasibility study.

When would we receive the funding for a feasibility study?

Approved grants for feasibility studies are paid when the satisfactorily completed report has been provided to us. This means that the report addresses all the matters outlined in this guide, plus any other specific factors that should be considered when planning for your type of project.

Supporting documentation

When applying for a grant for a feasibility study, you should include the following supporting documentation:

- the brief for the feasibility study
- the quote you intend to accept, supported by approval from your governing body, or the signed contract from the author of the proposed feasibility study
- details of the consultant's qualifications and experience in preparing feasibility studies for a project like yours.

Can we be confident of getting a grant for the building project if the Lottery Community Facilities Committee approves a grant for a feasibility study?

No. If a grant is approved for the feasibility study you are not guaranteed funding for the actual project.

More Information

Other helpful sources of information about feasibility studies include:

- Te Papa National Services Te Paerangi produced a helpful 12-page resource guide on feasibility studies for museum building projects in June 2006. It is available from www.tepapa.govt.nz.
- Department of Sport and Recreation, Western Australia has a useful 37 page resource on how to undertake a feasibility study for a proposed sport and recreation facility. This is accessible from their website <http://www.dsr.wa.gov.au/funding/csrf/resources.asp>.