

Enhanced Renewal Grant and Renewal Grant Phase 2

Application Guidance and Information

Version 5

September 2011

Of interest to college principals and estate directors

Enhanced Renewal Grant and Renewal Grant Phase 2

Application Guidance

1.0 Introduction

1.1 On 16 August, John Hayes, Minister of State for Further Education, Skills and Lifelong Learning launched *New Challenges, New Chances*, which confirmed the intention to launch a new two year £100m Capital Programme in September, this document sets out the information detailing how the fund is to be allocated to the sector.

1.2 The £100 million will be allocated in two parts:

- **Renewal Grant** – All 252 FE colleges will receive an initial allocation of £100,000 each in November this. This will be subject to those colleges making an additional contribution of twice the allocated amount to an appropriate project. The allocation will represent a maximum of one third of the overall project investment. On this basis, colleges need to confirm that they can use the allocated funding for projects valued at £300,000 or more – the £100,000 allocation will represent up to one third of the project costs. Any colleges that are unable to provide necessary funding must contact their respective Relationship teams contact who will arrange a meeting with the relevant Heads of Provider Financial Management, Skills Funding Agency. Colleges will have to confirm that the works will deliver clear benefits in terms of improved condition of the college estate, benefits to learners, particularly learners with learning difficulties and disabilities and impact on urban and rural regeneration and that funding from the Agency can be drawn down and spent by 31 March 2012.

- **Enhanced Renewal Grant** - All eligible colleges will then have the opportunity to bid through a challenge process for further funds, increasing the grant available to up to £2 million for an individual project.
- As with the Renewal Grant allocation, colleges will be required to provide their own funding equivalent to at least two thirds of the cost of the investment. As for the first phase last year the £2 million grant available is inclusive of the Renewal Grant allocation – therefore, the maximum additional grant available is £1.9 million. For example, to receive an Enhanced Renewal Grant of £1.9 million (assuming a college spends the Renewal Grant on separate works), a project would cost £5.7 million or more, and the college would be required to provide funding of at least £3.8 million;
- **Combined Renewal Grant and Enhanced Renewal Grant** – Subject to requirements for college funding above, the two grants can be used for one project – for example, a grant of up to £2 million for a project of at least £6 million.

1.3 All 252 Further Education Colleges are eligible for the either of these two funds. Attached at Annex 1 is a list of colleges that the Agency believes are eligible to receive funding through these two routes. Colleges that are the subject of merger proposals will be individually eligible where the Minister’s formal approval has not already been given at the time of formal launch of this grant allocation process [14 September 2011]. Unlike in previous rounds there is no bar on applications from colleges that have received capital grant in recent years from the former Learning and Skills Council (LSC) or the Agency. The same provision applies to any college that may be applying to transfer to the Department for Education (re-designation as sixth form colleges).

2.0 Renewal Grant

2.1 Funding Criteria

The £25 million fund will be distributed equally among all eligible colleges (see Annex 1). Each college will receive an initial allocation of £100,000. To enable colleges to utilise this capital funding, the following criteria should be used for building and refurbishment projects that address some or all of the following criteria:

- Renewal, modernisation (and associated rationalisation) of the FE estate: - with particular reference to satisfying urgent legal requirements and achieving running cost efficiencies;
- Economic Growth: - ensuring that the proposed capital investment has a significant economic impact on the local economy through direct means such as providing local jobs, promoting and encouraging enterprise and related commerce, as well as through the upskilling of learners with particular priorities for projects which are rurally based and in areas of deprivation/ regeneration to realise significant economic benefits, help reduce unemployment and the numbers of NEETs.
- Promoting skills/specialisation: with particular reference to helping to meet Apprenticeship targets especially in support of growth industries; carbon reduction and sustainability and improvements in running cost efficiency; and
- Improving facilities for learners with disabilities: upgrading facilities for vulnerable adult and 16-19 learners in FE colleges and Disability Discrimination Act (DDA) Compliance.

The funding is not to be used for any previously approved project or works but may be used towards any fee costs incurred in preparing an application for Enhanced Renewal Grant under these arrangements.

2.2 Conditions of Renewal Grant Funding

2.2.1 The Renewal Grant allocations will be paid to colleges in November 2011. This will be subject receipt of written confirmation that eligible colleges will use the funds for the purposes set out above and to confirm that they have the funds available to make the necessary contribution to the project costs¹. Written confirmation must be received by 26th October 2011. As part of this confirmation, colleges must provide an expenditure plan setting out how they intend to apply the funds in the period to the end of March 2012, and to completion of the project ready for September 2012, in line with the stated funding criteria. In the event that any project for which this funding will be used is likely to exceed current Financial Memorandum limits, it may require a separate consent. Colleges are asked to liaise with their respective Senior Property Managers to clarify whether this is the case.

2.2.2 Colleges intending to submit applications for the Enhanced Renewal Grant (see below), can use all or part of the Renewal Grant to help defray fee costs directly associated with the preparation of the applications. In cases where a college is successful in its bid for Enhanced Renewal Grant funds, the Renewal Grant funds used to prepare the application will be added to the overall project costs and the college will need to demonstrate its funding contribution as set out in paragraph 1.2 above. Colleges that have used the £100,000 for these purposes but are unsuccessful in this round will be able to resubmit their applications in any future rounds or go ahead with the project using their own finances and must compile their applications with this in mind.

2.2.3 On completion of the Renewal Grant project, the college will be required to complete a 'Use of Funds' statement, confirming the final project costs, sources of funding and that the project has been completed in accordance with the criteria set out above. The Agency will reserve the right to claw-back any funds that have not been used in accordance with these criteria.

¹ Colleges that are not able to provide the additional funding required must contact the Skills Funding Agency at the earliest opportunity

2.2.4 The Agency will require that the college's external auditors provide, as part of the normal regularity opinion, written confirmation that the funds have been used for the intended purposes.

3.0 Enhanced Renewal Grant

3.1 Eligibility and Qualification Criteria

3.1.1 Projects must be complete and operational by September 2013, ready for the 2013/14 academic year. Sectional completion of parts of larger projects due to be completed beyond this timescale will **not** normally be considered eligible unless they refer to stand alone sub-projects that will be fully operational.

3.1.2 Proposals will need to be developed up to the stage where their extent can be properly identified and costed – for example to RIBA stage C or equivalent - with supporting sketch plans and cost plans. Colleges must be able to commit to a firm budget and demonstrate relevant certainty and ability to deliver the project to timescale. Colleges are reminded that the Agency will not in any circumstance provide increased capital grant should project costs exceed the approved amount.

3.1.3 Proposals are expected to achieve high levels of environmental performance. Proposals will be expected to achieve a BREEAM 'excellent' rating for new build and 'very good' for refurbishments²

3.1.4 Proposals put forward for the Enhanced Renewal Fund are expected to demonstrate a high standard of design and learning environment.

3.1.5 Colleges implementing an existing project for which consent has already been granted can propose their projects for the Enhanced Renewal Grant but must demonstrate that they are proposing additional works over the originally approved project. In these circumstances colleges can apply for grant up to the value of the

² An exception to this requirement may be considered where Colleges undertaking projects that address urgent health and safety issues.

additional works, [subject to a maximum value of one third of the overall project costs and a cap £2 million.

3.1.6 Acquisition and adaptation and/or refurbishment of new **freehold** space will be considered eligible where this can be shown to replace space that is in poor condition. New leasehold acquisition will not normally be considered eligible unless premises are to be held on a new 99+ year ground lease or in the case of assignment unless 50 years of the term remains unexpired.

3.1.7 Proposals involving work that would normally constitute the usual summer works of planned maintenance and redecoration will **not** be considered eligible

3.1.8 Procurement of consultants and contractors will in all cases be in accordance with EC Procurement Directives.

3.1.9 Any proposals involving improvement to or addition of temporary or modular type buildings will **not** normally be considered eligible

3.1.10 There will be a minimum project value of £1,000,000 for the Enhanced Renewal Grant. There is no upper limit on project value, only on a maximum grant of £2 million. The maximum rate of grant support for any project will be two thirds of eligible costs, with a cap on grant of £2 million.

3.2 Application Process and Timescales

3.2.1 The table below summarises the timescales for the application submission, assessment and approval process:

Date	Action
Mid September 2011	Announcement of launch of fund allocation
Mid September 2011	Eligible colleges notified by Skills Funding Agency of process and timescales for implementation of the allocation
Mid September 2011	Application Form and supporting documents published on Skills Funding Agency web-site.
9 November 2011	Deadline for submission of applications to the Challenge Fund
9 to 30 th November	Assessment and moderation process
7 December 2011	Target date for confirmation and announcement of projects approved for the Enhanced Renewal Grant Fund

Application information has been kept as brief as possible. Application documents and information are available at the link set out below:

www.skillsfundingagency.bis.gov.uk/propertyservices

3.2.2 The forms made available through the above link to applicants comprise the following:

- **Application form** – Detailed guidance on how to complete the application form is included with the form itself, with applicants required to over-write application information. All information is to be incorporated into the application form with the exception of the information requested below. Taking into account the limited time available to carry out assessments and approvals of the applications, colleges are required to keep answers brief and to the point - guidance is given in the application form for length of responses (word limits).
- **Cost breakdown break-down form**
- **Investment appraisal template** – to be completed in respect of both the base case and preferred options
- **Planned Expenditure profile** - for the period from January 2012 to the planned completion date of the project
- **Financial Plan template** - A financial plan that includes the proposed project (using the Agency's latest template) and supporting commentary.

In addition to completion of the above forms, colleges must provide;

- Sketch plans and elevations (To equivalent of at least RIBA Stage C)
- A detailed flow chart (for example a Gantt chart) setting out the project programme

3.2.3 Assessment of applications will be based only on the information submitted in the required format. The Skills Funding Agency cannot guarantee that any additional information provided by colleges will be considered at the assessment stage.

3.2.4 Two copies of the completed application form and required supporting information must be received by the Skills Funding Agency Capital Team by 10:00 Wednesday 9 November.

3.2.5 Assessment, moderation and approval of bids to the challenge fund will be undertaken during November. The intention is that successful colleges will be notified by mid December.

Applications must be submitted to:

Capital Team
Capacity and Infrastructure
Skills Funding Agency
Cheylesmore House
Quinton Road
Coventry
CV1 2WT

Detailed guidance on how to submit applications is included with the application form on the Agency's web-site. In addition to submitting two hard copies of the application, colleges will need to supply a copy in electronic format. Guidance on how this should be done will be issued in due course and will be posted on the Agency's web-site.

3.3 Assessment Criteria

3.3.1 Projects will be assessed against similar criteria to those used in the first ERG round with particular reference to the following:

- Renewal, modernisation (and associated rationalisation) of the FE estate: - with particular reference to addressing exceptional urgent requirements such as health and safety related building repairs and modifications, the requirements of disability discrimination legislation and other similar instances where colleges have a clear statutory duty to ensure compliance; achieving running cost efficiencies;.

- Economic Growth: - ensuring that the proposed capital investment has a significant economic impact on the local economy through direct means such as providing local jobs, promoting and encouraging enterprise and related commerce, as well as through the up-skilling of learners with particular priorities for projects which are rurally based and in areas of deprivation/ regeneration to realise significant economic benefits, help reduce unemployment and the numbers of NEETs.
- Promoting skills/specialisation: with particular reference to helping to meet Apprenticeship targets especially in support of growth industries; carbon reduction and sustainability and improvements in running cost efficiency; and
- Improving facilities for learners with disabilities: upgrading facilities for vulnerable adult and 16-19 learners in FE colleges and Disability Discrimination Act (DDA) Compliance.

3.3.2 Annex 2 sets out in more detail how the applications will be assessed against these criteria. In the event that applications exceed the value of the funds available, the Agency will use the same criteria to carry out a needs-based prioritisation process to determine which projects will be funded.

3.4 Grant Payments and Project Monitoring

Colleges with projects approved for the Enhanced Renewal Grant process will receive a letter from the Chief Executive Skills Funding confirming the funding in relation to the project and setting out the conditions of grant. Colleges will be required to indicate acceptance of the terms by signing and returning a copy of the funding letter within two weeks of receipt.

The grant will be paid in monthly instalments against a grant payment profile agreed beforehand with the Agency, reflecting the project expenditure profile (subject to resources available during 2011-12 FY), which should normally commence between January and March 2013 with final payments no later than March 2013. Colleges will be required to submit a reconciliation of expenditure to date by the 31 March 2012, and thereafter, quarterly, followed by a final reconciliation at the end of the project – it is expected that these will have been received by the end of October 2013. The Chief

Executive Skills Funding will reserve the right to recover funds by claw-back from college revenue allocations in the event that project costs are less than originally approved, or have not been used for the agreed purposes.

Colleges will be expected to provide monthly updates on progress to the relevant Agency Senior Property Manager and will be expected to report against programme approved as part of original proposal.

4.0 Post Occupancy Evaluations

Colleges will be expected to provide Post Occupancy Evaluations within twelve months of completion of the projects and by no later than 1 October 2014 to highlight lessons learned and to be disseminated to the FE community.

The Agency is required to account for the public investment made in the Further Education estate and the impact it has made and therefore usually requires, as a condition of capital grant, a post project occupancy evaluation to be undertaken. Post-occupancy evaluation (POE) provides a structured review of the process of delivering a project as well as a review of the operational, functional and strategic performance of the building during occupation. This is a recognised way of providing feedback on the performance of the project throughout a building's lifecycle from initial concept through to occupation. The information from this feedback can be used for informing future projects and processes.

Annex 1 – Eligible colleges

Abingdon and Witney College
Accrington and Rossendale College
Amersham and Wycombe College
Askham Bryan College
Aylesbury College
Barking and Dagenham College
Barnet College (merger with Southgate College)
Barnfield College
Barnsley College
Basingstoke College of Technology
Bedford College
Berkshire College of Agriculture (The)
Bexley College
Bicton College
Birmingham Metropolitan College
Bishop Auckland College
Bishop Burton College
Blackburn College
Blackpool and The Fylde College
Bolton College
Boston College
Bournemouth and Poole College
Bournville College of Further Education
Bracknell and Wokingham College
Bradford College
Bridgwater College
Brockenhurst College
Bromley College of Further and Higher Education
Brooklands College
Brooksby Melton College
Burnley College

Burton and South Derbyshire College
Bury College
Calderdale College
Cambridge Regional College
Canterbury College
Capel Manor College
Carlisle College
Carshalton College
Central Bedfordshire College
Central Sussex College
Chelmsford College
Chesterfield College
Chichester College
Cirencester College (requested to become a SFC –TBC)
City and Islington College
City College Coventry
City College Norwich
City College Plymouth
City College, Birmingham
City College, Brighton and Hove
City Literary Institute (The)
City Of Bath College
City of Bristol College
City of Sunderland College
City of Westminster College
City of Wolverhampton College
Cleveland College of Art and Design
Colchester Institute
College of North West London (The)
College of West Anglia (The)
Cornwall College
Craven College
Croydon College
Darlington College

Dearne Valley College
Derby College
Derwentside College
Doncaster College
Dudley College of Technology
Ealing, Hammersmith and West London College
East Berkshire College
East Durham College
East Riding College
East Surrey College
Eastleigh College
Easton College
Epping Forest College
Exeter College
Fareham College
Farnborough College of Technology
Filton College
Fircroft College of Adult Education
Furness College
Gateshead College
Gloucestershire College
Grantham College
Great Yarmouth College
Greenwich Community College
Grimsby Institute of Further and Higher Education
Guildford College of Further and Higher Education
Hackney Community College
Hadlow College
Halesowen College
Harlow College
Harrow College
Hartlepool College of Further Education
Hartpury College
Havering College of Further and Higher Education

Henley College Coventry
Herefordshire College of Arts
Herefordshire College of Technology
Hereward College of Further Education
Hertford Regional College
Highbury College, Portsmouth
Hillcroft College
Hopwood Hall College
Hugh Baird College
Hull College
Huntingdonshire Regional College
Isle of Wight College
Kendal College
Kensington and Chelsea College
Kidderminster College
Kingston College
Kingston Maurward College
Kirklees College
Knowsley Community College
Lakes College, West Cumbria
Lambeth College
Lancaster and Morecambe College
Leeds City College
Leeds College of Building
Leek College of Further Education and School of Art
Leicester College
Lewisham College
Lincoln College
Liverpool Community College
Loughborough College
Lowestoft College
Macclesfield College
Mary Ward Centre (The)
Mid-Cheshire College of Further Education

Middlesbrough College
Mid-Kent College of Higher and Further Education
Milton Keynes College
Morley College
Moulton College
Myerscough College
Nelson and Colne College
New College Stamford
New College, Durham
New College, Nottingham
New College, Swindon
Newbury College
Newcastle College
Newcastle-under-Lyme College
Newham College of Further Education
North East Surrey College of Technology
North East Worcestershire College
North Hertfordshire College
North Lindsey College
North Nottinghamshire College
North Warwickshire and Hinckley College
North West Kent College of Technology
Northampton College
Northbrook College, Sussex
Northern College for Residential Adult Education
Northumberland College
Norton Radstock College
Oaklands College
Oldham College
Otley College of Agriculture and Horticulture
Oxford and Cherwell Valley College
Peterborough Regional College
PETROC
Plumpton College

Plymouth College of Art
Preston College
Reaseheath College
Redbridge College
Redcar and Cleveland College
Richmond Adult Community College
Richmond upon Thames College
Riverside College, Halton
Rotherham College of Arts and Technology
Runshaw College
Ruskin College
Salford City College
Sandwell College
Seevic College
Selby College
Sheffield College (The)
Shipley College
Shrewsbury College of Arts and Technology
Solihull College (The)
Somerset College of Arts and Technology
South and West Kent College
South Birmingham College
South Cheshire College
South Devon College
South Downs College
South Essex College of Further and Higher Education
South Leicestershire College
South Nottingham College
South Staffordshire College
South Thames College
South Tyneside College
South Worcestershire College
Southampton City College
Southport College

Southwark College
Sparsholt College, Hampshire
St Helens College
Stafford College
Stanmore College
Stephenson College
Stockport College of Further and Higher Education
Stockton Riverside College
Stoke-on-Trent College
Stourbridge College
Stratford upon Avon College
Strode College
Stroud College of Further Education
Suffolk New College
Sussex Coast College Hastings
Sussex Downs College
Swindon College
Tameside College
Telford College of Arts and Technology
Thanet College
The College of Haringey, Enfield and North East London
The Manchester College
Tower Hamlets College
Trafford College
Tresham College of Further and Higher Education
Truro and Penwith College
Tyne Metropolitan College
Uxbridge College
Wakefield College
Walford And North Shropshire College
Walsall College
Waltham Forest College
Warrington Collegiate Institute
Warwickshire College

West Cheshire College
West Herts College
West Nottinghamshire College
West Suffolk College
West Thames College
Westminster Kingsway College
Weston College
Weymouth College
Wigan and Leigh College
Wiltshire College
Wirral Metropolitan College
Worcester College of Technology
Workers' Educational Association
Working Men's College (The)
Worthing College
Yeovil College
York College

Annex 2

Enhanced Renewal Grant Phase II Allocation – Assessment Criteria: Additional Guidance.

Condition of estate - Estate need

- Estate need, - bringing inoperable estate back into effective use, urgent health and safety work, percentage of college area improved as result of the project (area of college moved out of RICS condition C/D), rationalisation of the college estate. In the case of proposals dealing with urgent health and safety works and other aspects of statutory compliance, colleges must provide compelling and rational evidence confirming that work is required, that it is urgent, and that the proposed works will address all issues identified.
- Sustainability – Carbon reduction in relation to reduced energy usage, BREEAM rating
- Improving access for learners with learning difficulties or disabilities (LLDD)
- Relevance of proposal to college property strategy

Value for money

- Cost/m² compared with cost benchmarks
- Project operating savings, in terms of premises savings compared with premises costs over a 20 year period in the investment appraisal for the proposed project.
- Return on investment, in terms of the investment appraisal Net Present Value for the proposed project compared with the base case option.

Benefits to learners

- Benefit to existing learners especially LLDDs is the main priority
- Economic impact - Apprenticeships/Skills – extent to which proposal improves facilities for vocational training and apprenticeships
- Impact on regeneration and isolated/rural communities
- Quality improvements arising from the proposal

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