

## Capital

### Capital Project Grant Support: Updated Arrangements for 2002/03

#### Summary

This circular updates LSC Circular 01/06 and sets out the arrangements for institutions applying to the Learning and Skills Council (the Council) for capital grant support in 2002/03. It includes: revised arrangements for the receipt, assessment and determination of institutions' applications; FE, 16 -19, ACL, DDA and SEND Act capital arrangements; FEEMS; consultation on proposals likely to affect colleges' playing fields; applications and claims forms.



# Contents

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	Paragraph numbers
Introduction	1
Background	2
Capital Project Support Arrangements 2002/03	4
Other Matters	23
Annex     Advice on Consultation on Project Proposals Affecting Colleges' Playing Fields:	

## **Further information**

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# Executive Summary

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**Date:** October 2002

**Subject:** Capital project grant support arrangements for 2002/03 for qualifying projects.

**Intended recipients:** Principals of further education (FE) colleges and higher education (HE) institutions delivering FE provision funded by the Learning and Skills Council (LSC); Chief Education Officers; LSC Executive Directors.

**Status:** For Information and Action

This circular updates LSC Circular 01/06 and confirms the capital grant support arrangements for FE colleges, HE institutions and local education authorities applying to the Learning and Skills Council (the Council) for capital grant support for qualifying projects.

It confirms updated and revised arrangements for the receipt, assessment and determination of applications by the Council and how these arrangements differ for qualifying FE, 16-19 and adult and community learning providers. It also addresses the current arrangements for applications for capital grants towards the costs of works necessary to comply with the *Disability Discrimination Act 1995* as modified by the *Special Educational Needs and Disabilities Act 2001* and the possible sources of funds for FE colleges intending to undertake capital projects with a significant HE element. Arrangements are also confirmed for the proposed Further Education Estate Management Statistics Study (FEEMS) and advice is provided as to consultation on proposals likely to affect colleges' playing fields.



# Capital Project Grant Support: Updated Arrangements for 2002/03

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## Introduction

1 This circular updates the arrangements, set out in Circular 01/06, for the administration, assessment and determination of applications for consent and capital project support, as they will apply for 2002/03. As such, it does not entirely replace Circular 01/06 *Capital Project Support Arrangements 2001/02*, which should be retained as the main guidance document, but advises on areas that have been updated; and on additional areas now covered. Paragraphs shown below, that update a paragraph in Circular 01/06, include a reference to the relevant paragraph in italics following the updated text. A completely new circular will be provided for arrangements from 2003/04 onwards following the outcome of the Government's spending review for the period 2003/04 to 2005/06 which is due to be announced later this year.

## Background

2 Circular 01/06 set out capital project grant support transitional and interim arrangements for 2001/02, the first year of the Learning and Skills Council (LSC). Essentially, the capital project grant support arrangements for FE colleges remained similar to those under the former Further Education Funding Council (FEFC), with suitable modifications being made to address new priorities identified by the Secretary of State for the former Department for Education and Employment (DfEE), now the Department for Education and Skills (DfES). Existing applications, previously determined on an in-principle basis, under the former FEFC regime would be considered under the old arrangements if received by 30

December 2001; but applications after this date would be considered as new applications and the Council would not guarantee any priority for such applications and previous provisional allocations towards these costs.

3 New applications, in 2001/02, would be considered against similar capital projects criteria to those documented in the former FEFC Circular 99/26 with some changes and additions, which were highlighted in the Annex A of 01/06.

## Capital Project Support Arrangements 2002/03

4 The Council agreed the Capital Project Support Arrangements for 2002/03 at its meeting on 11 April 2002. For 2002/03 the Council has six main categories of premises related allocations:

- FE Buildings
- FE Disability Discrimination Act (DDA)/Special Education Needs and Disability (SEND) Act compliance
- 16-19 Rationalisation
- Adult and Community Learning (ACL)
- ACL DDA/SEND compliance
- Centres of Vocational Excellence (CoVE)

Each of these categories is discussed below.

### FE buildings

5 The Council has £78 million available to provide capital grant support for FE buildings in 2002/03.

6 No major changes have been made to the capital project grant support arrangements for 2002/03. A grant of 35% towards eligible project costs should still be regarded usually as a maximum and a lower grant may be offered if the Council feels it to be appropriate. In very exceptional circumstances, additional grant may be available for certain categories of capital projects where a capital project, which could not otherwise proceed because it would not be affordable by the college concerned would:

- provide (or seek to provide) accommodation for a centre of vocational excellence under the Council's CoVE programme;
- address the Government's 14-19 agenda for both the 14-16 and 16-19 categories of provision;
- address the outcome of area inspections and the ensuing recommendations;
- be essential to the recovery of a college receiving exceptional revenue financial support from the Council, including those cases arising from mergers;
- respond to the objectives of Education Action Zones and other government initiatives;
- have the objective of increasing participation in order to meet the Council's and the Government's agenda;
- provide appropriate new or refurbished facilities, for students with special education needs or disabilities as required by the *Disability Discrimination Act (DDA)* and *Special Educational Needs and Disabilities Act (SENDA)* or other statutory requirements; or
- mean that the Council might be the subject of legal challenge for not

meeting its statutory obligations for the non-provision of such facilities.

7 However, as stated above, and in view of the limited funds available for FE buildings in 2002/03, requests for additional funds will only be agreed in very exceptional circumstances.

8 The usual profile of payment of capital grant in 2002/03 will continue at the rate of 10% in year one, with 12.5% in each of the two successive years. This refers to the years in which colleges' claims are received, assessed and cleared for payment by the Council and not the years in which project expenditure is incurred by colleges. Given the limited funds for FE buildings in 2002/03, the Council may at its discretion decide that projects agreed later in the year would not receive their grant funding until 2003/04, when it is anticipated that the funds available for FE buildings may increase.

9 From autumn 2002 the Council has requested that an annual rolling three-year capital development plan be produced in order that capital priorities can be identified on a national, regional and local basis. At that stage the Council will decide whether or not to: continue to consider FE capital applications on a responsive basis; actively target particular programmes; seek to introduce some form of annual bidding round and prioritisation process for part or all of the funding available; or use a combination of all of these alternatives.

## **FE DDA/SEND Act compliance**

10 The Council has an additional £15 million to allocate to FE colleges to help meet the requirements for complying with the special educational needs and disability discrimination legislation and other urgent statutory requirements relating to building usage and condition in 2002/03. The Council has agreed to increase the current maximum of £50,000 disability access grant, on a matched expenditure basis, to a maximum of £125,000, again on a matched expenditure basis. *Updates paragraph 10 of Circular 01/06*

11 A revised Form D to Circular 01/06 reflecting the new rates will be available on the Council's website in early September. Colleges are invited to apply for funding for new projects at a revised rate in a first round of applications by 30 September 2002 for works undertaken between 1 April 2002 and 31 March 2003. A further round of applications will be invited later in the year if funds permit. Colleges may also identify such works in new capital applications and that element of the works may qualify for grant support on a matched expenditure basis. It is hoped that an extension of the grant support scheme would enable, in the coming year, the Council to support over 100 such schemes

12 Prior to the announcement of arrangements for 2003/04 and in time to prepare for any additional funds that may be available in 2003/04, the Council has decided to undertake a nation wide survey of all colleges to identify and collate colleges' estimates of the works necessary firstly, to comply with the DDA and SEND Act and any other urgent statutory requirements and, secondly, to meet the needs of good practice. The outcome of such a survey, perhaps combined with consultation, will help determine the policy and arrangements for 2003/04 onwards especially if additional funds become available. Further information about the *Disability Discrimination Act 1995* and the *Special Educational Needs and Disabilities Act 2001* can be found on the website of the Disability Rights Commission ([www.drc-gb.org](http://www.drc-gb.org)).

## 16-19 Capital rationalisation

13 The Council has up to £40 million, in 2002/03, for capital expenditure to support local action arising out of Area Inspections, or similar area reviews, for the provision of new 16-19 institutions.

14 The Council is being asked to provide the majority of the funding for these types of projects in most cases. There are a number of projects already in the pipeline, many more are anticipated and demand is likely to exceed supply. For 2002/03, therefore, the Council will:

- consider such schemes currently in the pipeline that may have significant expenditure in 2002/03; and
- hold an allocation round for proposals for substantial financial expenditure in 2003/04 onwards, where Local Education Authorities (LEA's) and colleges would be invited to make formal applications, against overall Council policies and objectives and individual assessments. Detailed arrangements for this round including revised projects criteria and application form will be published later this year.

## Adult and Community Learning (ACL)

15 The Council has £16 million to provide capital support to Local Education Authorities (LEA's) for ACL provision in 2002/03. The Council has already agreed arrangements for the distribution of these funds, for this year: £6 million allocated for minor works, via a formula basis pro rata to learner numbers; and £10 million via a Challenge Fund where LEAs were invited to submit proposals for between £500,000 and £1 million capital grant towards major capital schemes. Payments for minor works have commenced on receipt of costed works plans etc., and major works projects have been selected for this year. *Updates paragraph 25 of Circular 01/06*

16 A consultation exercise will be carried out with ACL providers and LEAs following the outcome of this year's round. The Council will then decide in the autumn whether to institute a further bidding round for next year, and whether to make any changes to the capital criteria that have already been published.

## ACL DDA/SEND Act compliance

17 The Council has an additional £8.3 million, in 2002/03, to allocate to LEAs providing ACL to help meet the requirements for complying with the special education

needs and disability discrimination legislation. The Council has already agreed, for this year, to distribute these funds on a formula basis pro rata to learner numbers in a similar way to the minor works allocations. The disbursement of these funds for next year will also be subject to the consultation mentioned in the previous paragraph.

### Centres of Vocational Excellence

18 The Council has circa £100 million to spend on the capital element of the CoVE programme and £40 million on the revenue element during the period 2002-04. However the Department for Education and Skills (DfES) has indicated that the Council has flexibility to vire CoVE and other capital funds into and out of the other capital headings as long as the expenditure targets are met in the current two-year programme period to 31 March 2004. The DfES has yet to publish the CoVE and other capital allocations for 2003/04. For further information on the CoVE programme please refer to Circular 01/14 *Centres of Vocational Excellence. Updates paragraph 16.c of Circular 01/06*

### Schedule of delegated authorities for capital projects

19 The Council agreed, at its meeting on 11 April 2002, to amend the levels of delegated authority for capital projects as shown in the

table below. All applications will still need the endorsement of the local Council. *Updates paragraph 9.f. and related table at the foot of page 3 of Circular 01/06*

### Higher Education Institutions (HEI) providing Further Education

20 HEIs providing Council funded further education are eligible to apply for capital grant from the Council in support of their FE provision. For any particular project, however, they will usually be required to comply with the same space utilisation standards and other capital criteria and arrangements as FE institutions as published in Circular 01/06 and other guidance issued by the Council from time to time. For 2002/03 where project proposals envisage mixed FE and HE usage applications for grant support from the Council will usually have to demonstrate a minimum of 100 FE FTEs and one third or more continuous FE usage of the premises to be developed or modernised. The Council's grant support will usually be limited to a maximum of 35% of the qualifying capital costs reduced pro rata to premises' FE usage.

Project Cost	Delegated Authority			
	Local LSC Executive Director	Chief executive or Chair	Capital Sub committee	Council
Up to £5 million		✓		
Up to £20 million			✓	
Above £20 million				✓
Consents only, up to £1 million	✓			

## Further Education (FE) Colleges providing Higher Education

21 Capital works associated with the provision of higher education provided in further education colleges are funded through three main routes:

- a. Recurrent Funding – an element to cover the cost of capital expenditure or the cost of borrowing to support capital expenditure is included within the recurrent funds provided for HE activity as do recurrent funds from the Council for FE activity. The Higher Education Funding Council (HEFCE) does not prescribe what proportion of its funding each institution should spend on capital. However, it does recognise that this represents the primary source of capital funding for HE.
- b. Project Capital – FE institutions with over 100 HE FTE places were able to obtain finance in 2002 for a range of activities including specific capital projects by submitting proposals to the HE in FE Development Fund. Institutions with more than 800 HE FTE places were provided with double the allocation for such activities. For further details see Circular 02/02 available on the HEFCE website, [www.hefce.ac.uk/Pubs](http://www.hefce.ac.uk/Pubs). FE institutions whose numbers are funded through franchise arrangements will need to discuss the provision of any project capital with their partner HE institution
- c. Restructuring and Collaboration Fund – Exceptionally, for certain schemes that involve innovative collaboration or significant restructuring of HE activity, the HEFCE is prepared to consider providing flexible, but limited funds. Details of projects previously funded can be found in Report 01/55 available on the HEFCE website, [www.hefce.ac.uk/Pubs](http://www.hefce.ac.uk/Pubs). Institutions interested in pursuing this opportunity should contact their regional consultant at HEFCE.

## Property Strategies (formerly known as Accommodation Strategies)

22 In accordance with the advice given in paragraph 22 of Circular 01/06, colleges were asked to provide three copies of their fully revised and updated Property Strategies to their local LSC by 31 July 2002. Colleges unable to meet this timetable should consult with their local LSCs and agree a revised submission date. Updated advice on property strategies is now available on the Council's website. *Updates paragraph 22 of Circular 01/06.*

## Other Matters

### Playing fields

23 College premises are a resource not only for students but also for the wider community. The DfES has, therefore, asked the Council to take the issue of playing fields and their community use into account in considering proposals for disposal. Any proposals to sell off playing fields should be after consultation with those likely to be affected by the proposal. For example, any community groups with permission to use the playing fields should be consulted, whether they do so by virtue of formal or informal agreements. Annex A to this circular provides advice on who to consult, activities in scope and who to consider.

24 The Council would expect the college to keep evidence that relevant groups had been consulted along with the results of those consultations. The same degree of consultation may not be required for all playing field sales. Therefore it is for the college to determine the appropriate level and means of consultation commensurate with the proposed sale. If the Council is not convinced that the level is, in its opinion, appropriate, they may ask for additional consultation before agreeing the college's capital application.

25 The Council expects colleges to have taken into account not only those activities

that already exist, but to have considered the scope for using the land in question to help further develop such schemes and links with the local community. Colleges should also be able to demonstrate that, where proposals include a permanent loss of playing fields, existing activities will not be adversely affected.

26 It is for colleges to demonstrate, as part of their applications for capital funds that either the proposal enjoys local support or that local concerns have been given the fullest consideration. They may do so by providing a summary of the points raised during consultation and their comments upon them. Copies of responses may be attached to capital applications, but there is no requirement to do so. Issues concerning statutory planning matters are outside the Council's remit.

27 Evidence of compliance with the advice given above will be regarded as an addition to the Capital criteria published at Annex B to Circular 01/06.

### **Further Education Estates Management Statistics Study (FEEMS)**

28 The Learning and Skills Council, Education Learning Wales and the Scottish Further Education Funding Council have agreed to commission the Further Education Estates Management Statistics (FEEMS) project. Based on a similar model already successfully operating in the higher education sector, consultants will be commissioned to further develop the data definitions and roll out data collection to the whole of the UK further education sector.

29 The objectives of the FEEMS project are:

- the development of clear, robust and usable data definitions for use by all FE colleges
- the collection, analysis and presentation of data as an accessible

information source to help colleges to more effectively manage their estates

30 Colleges will be invited to volunteer to participate and in return for their involvement will receive comparative data from groups of similar colleges and from the sector as a whole. Due to the size of the sector, the project will need to be developed in phases over the next three years. Phase 1 is likely to cover data definition and collection for 200 colleges (46 in Scotland, 24 in Wales and 130 in England), with Phase 2 extending to data collection for 350 colleges and Phase 3 ultimately covering the whole of the UK further education sector.

31 The announcement of the FEEMS project follows a pilot project undertaken for the three funding councils by IPD Occupiers Property Data Bank in association with Drivers Jonas involving 32 colleges. The FEEMS pilot study, which is available on the Council's website, in particular, identifies a need by colleges for a set of useable and widespread estate management ratios and information within the further education sector, suggests the categories of data that could be collected and provides examples of such data collected during the pilot exercise.

32 Applications are being sought from consultants to undertake this project and detailed work will begin shortly when colleges will be given further details of the FEEMS project and be invited to participate in the first round of the project. The first report will be published early next year. A steering group to oversee the project and comprising representatives from the funding councils and sector interests will be established in the near future. Colleges interested in joining the project in the first round should register their interest with Craig Weaver at the national property services team in Coventry (email [Craig.Weaver@lsc.gov.uk](mailto:Craig.Weaver@lsc.gov.uk) or telephone 024 7682 3321).

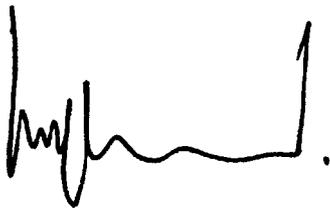
### **Application and claims forms**

33 The Council has decided not to publish

capital application forms as paper documents as annexes to circulars. Instead application forms and explanatory notes will be published electronically, initially in pdf format, but in due course in Word and other suitable formats in order that they can be both down loaded electronically and in paper form and be completed and submitted electronically. The forms booklet to Circular 01/06 should be published in revised form on the Council's website during October 2002. In the meantime colleges should continue to use these existing forms for any new or revised submissions under the arrangements summarised in this circular amending relevant dates in manuscript where necessary.

## **Race relations**

34 From September 2002 capital applicants will also have to demonstrate how their proposals have taken account of the Race Relations Acts and how new or modernised facilities will meet the reasonable needs of all racial groups. Revised capital criteria reflecting these changes will be published in the near future.

A handwritten signature in black ink, appearing to read 'John Harwood', with a stylized flourish at the end.

*John Harwood, Chief Executive*

# Annex: Advice on Consultation on Project Proposals Affecting Colleges' Playing Fields

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## Who to Consult

It is for the college to decide and report on the details of any consultation although the expectation is that consultations will take place over a number of weeks. As part of the consultation, views should be sought from:

- (i) the Headteacher and governing body of schools in the locality;
- (ii) any group or organisation with permission to use the playing field;
- (iii) the local community generally (perhaps through a newspaper notice or targeted letter mailings);
- (iv) any minor authority in whose area the playing field is situated (such as a district, town or parish council);
- (v) the local authority;
- (vi) the National Playing Fields Association; and
- (vii) the Central Council of Physical Recreation.

## What activities are in scope

It is the DfES's view that only authorised existing community use of playing fields should be taken into account, whether or not such authorised use is covered by formal or informal agreements. Such uses may be by:

- local sports clubs for practice or the playing of arranged games;
- local youth and community groups for

sport or recreation, for example local scout groups;

- nursery, pre-school and day care groups;
- out of hours groups;
- groups involved with educational programmes run in partnership with colleges; and
- charitable groups for fetes, sports days, and other fund raising events on an annual or more regular basis.

There may be a misconception in the local community that playing fields are public parks and, therefore, are open to any public access and use. Playing fields are provided primarily for the physical education and enjoyment of those attending the college. Although some make their playing fields available for authorised community use, unauthorised uses may cause damage to these valuable resources. Such unauthorised uses include:

- local residents exercising and walking of dogs;
- unauthorised 'kick-around' by local children or as a golf practice range by local residents (unauthorised use may also be considered to be trespass);
- use as an unofficial picnic, camping, or caravan site.

### **What should be considered**

Where current community users would be displaced if the project proposal were implemented, the LSC expects the capital application to include a complete and full account of the effect on those users: in particular, whether their activities can realistically be moved to an alternative site on terms which do not adversely affect them. So, for example, colleges should make clear whether charges at the alternative venue are higher than at present. Colleges should, in any event, be prepared to put forward a strong case saying why project approval should be given where realistic alternative venues cannot be provided.

# Notes

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