

Capital Forms Booklet



Learning+Skills Council

Capital Forms Booklet

This document will be updated and amended from time to time in the light of experience and feedback from colleges. Any comments, suggested additions or amendments should be sent to Bally Mandara at the Council's national property services team at Coventry (email: bally.mandara@lsc.gov.uk).

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Form A: Application for Capital Project Support/Council Consent under the Provisions of the Financial Memorandum

Cheylesmore House
Quinton Road
Coventry CV1 2WT

www.lsc.gov.uk
info@lsc.gov.uk

(Reference Circular 01/06, 02/20 and 03/13)

Please complete this application form and the checklist and send four copies: one to the area property adviser at the national office; one to the area finance director at the National Office; and two copies to your local LSC.



Learning+Skills Council

College name *(please print)*

Project description

College contact

Telephone number

LSC code

The completion of the application form after reading the guidance notes will:

- enable colleges to review their own proposals against the stage-1 self-validation criteria set out in annex C to Circular 03/13
- provide a framework for colleges to confirm that the stage-2 factors outlined in 01/06 and at annex C to Circular 03/13 have been considered
- enable the Council to check that each project put forward for financial support or consent is sound
- provide information which will be used by the Council when selecting projects for financial support at stage 3 as set out in Circular 01/06 and 03/13 or for appraising projects requiring consent under the provisions of the financial memorandum.

Please send two copies of this completed application form to the appropriate local LSC, one copy to the area financial director at the National Office and one copy to the Council's National Property service team in Coventry at the addresses given above. These should be signed by the principal and accompanied by:

- bound copies of the detailed project proposal which are to include financial appraisals of the preferred project option and at least two alternative options for comparison purposes, completed in accordance with the Council's financial appraisal model
- appropriate references in the project proposal to the college's strategic plan, financial forecasts and property strategy
- the college's latest three-year financial forecasts updated to include the preferred option to take account of the project and the Council's capital funding arrangements, as set out in Circular 01/06, 02/20 and 03/13
- copies of relevant letters of intent from potential lenders, other funders, investors and/or developers
- a copy of any planning consent or relevant letter indicating favour to the college's proposal from the planning authority
- minutes of governors' meetings confirming approval of the proposals and financing arrangements by the college's governing body
- the college's report on the potential for PFI or PPP procurement, financing and management, where appropriate
- the proposed programme for the project's implementation and confirmation of arrangements for project management and administration.

Please do not send your application form and project proposal until all of the information requested is entered on this application form or attached as appropriate. Applications will be returned if relevant information has not been provided. Please read the guidance notes and checklist included with this form before completing the application form.

Validation Criteria for Stage 1

Please enter here references to your detailed project proposal

Page(s):

Section(s):

A Consistency with Strategic Plan and Property Strategy

- 1** Please confirm the date of the strategic plan supporting this application.

Plan date ___ / ___ / ___

- 2** Please attach the letter from the Council confirming that the property strategy supporting this application is a satisfactory basis for this project such an application.

Letter date ___ / ___ / ___

Signatory _____
(please print name)

If the property strategy has been revised, please give the date of revision and the date when the Council confirmed that the revised strategy was a satisfactory basis for this project application.

Date of revision ___ / ___ / ___

Date of confirmation ___ / ___ / ___

If this proposal is the result of recommendation arising from the response to an area inspection or area review, please give the reference to the area inspection or review which proposed the project and the date of that inspection or review.

Date of revision ___ / ___ / ___

Date of confirmation ___ / ___ / ___

- 3** The project proposal must state precisely the rationale for the project and demonstrate how it is consistent with the strategic plan, financial forecast and property strategy supporting the application.

Please indicate the relevant pages and sections reference in your project proposal to:

Strategic plan

Financial forecast

Property strategy

- 4** The project proposal should confirm the following points either within the text or by reference to the strategic plan or property strategy. Please give the relevant references to the project proposal in each case:

- a. how the project proposal is broadly consistent with the needs analysis on which the plan is based and the strategic objectives in the plan

		Please enter here references to your detailed project proposal	
		<i>Page(s):</i>	<i>Section(s):</i>
b.	by how much the project proposal increases or decreases the teaching and learning space available to the college		
c.	whether teaching spaces are to be withdrawn from existing locations in the college estate or new locations introduced, together with the dimensions of the changes and the programme areas affected		
d.	the strategic aims of the project proposal in quantified form with particular reference (if relevant) to how the project, meets the government and Council priorities at national and local level, for example for changes to local provision for 14/16 and/or 16/19 learners, collaboration with other local providers, or (when appropriate) the outcomes of the area inspection and reviews etc		
e.	how the project proposal will affect specialist provision, with particular reference to the extent that the proposal may establish or further develop a Centre of Vocational Excellence (CoVE)		
f.	the basis of the learner number projections (14/16, 16/19, adult, HE and other) relating to the project, with particular reference to:- Increased participation – basic needs learners – increased number of learners with learning difficulties and/or disabilities		
g.	how the project proposal will contribute to the proper and reasonable facilities for further education in the locality or elsewhere		
h.	the likely effect of the project on other colleges and evidence of consultation with the local learning partnership		
i.	confirmation that, where appropriate, collaborative ventures, for example involving other providers, relevant to the project proposal have been considered		
j.	please set out in your project proposal the nature of any collaborative proposals and consultation together with the outcome of the consideration and results		
k.	Please set out in your project proposal confirmation that the proposal will comply with the requirements of relevant Race Relations and Equal Opportunities legislation.		
l.	Please set out in your project proposal the extent to which this project will address the requirements of the Disability discrimination Act Part 4 (as amended by the Special Educational Needs and Disability Act 2001) and the colleges plans for ensuring compliance for the remainder of its estate		

FORM B1. (CONTINUED)						
		Total	Current			
			Year	1	2	3
CAPITAL COST	£000	£000	£000	£000	£000	£000
Financed by						
m.	ERDF grant and other public sector grants <i>(please specify)</i>					
n.	Loan finance <i>(unsecured)</i>					
o.	Loan finance <i>(secured)</i>					
p.	Disposal proceeds					
q.	College reserves <i>(cash)</i>					
r.	Private equity					
s.	Leasing <i>(please specify)</i>					
t.	Other <i>(please specify)</i>					
Total financing (a = m + n + o + p + q + r + s + t)						

Note

The total funding of the project relates to who will pay for it whilst the total financing explains how it will be paid for. A project will be partly funded by a college contribution and this may be financed by, for example, college reserves, disposal proceeds or loan finance.

Lottery grant is also usually considered a college contribution.

		Please enter here references to your detailed project proposal	
		<i>Page(s):</i>	<i>Section(s):</i>
6	Please indicate the sections in your project proposal confirming how the project is to be financed.		
7	The project proposal should set out the following information. Please give relevant references in each case:		
	a. details of all proposed loans for the project: type of loan, repayment period, interest rate(s), annual cost, status (secured/unsecured)		
	b. details of any proposed security and conditions required by the lender. Please attach any letter of intent from proposed lender(s)		
	c. details of any other proposed PFI or PPP procurement, management or financing arrangements (lease/rental payments/lease term/other main terms of proposed arrangements). Please attach any letter of intent from lenders, or potential private investors as appropriate		
	d. confirm the maximum sum approved by the governing body which the college could commit to the project (minute to be attached)		
	e. additional costs as a result of the project		
8	If some or all of the proposed financing is not available would the college:		
	a. withdraw its application or,	Yes <input type="checkbox"/>	No <input type="checkbox"/>
	b. propose alternative financing strategies	Yes <input type="checkbox"/>	No <input type="checkbox"/>
	Please indicate the reference to alternative financing strategies in the project proposal.		

Please enter here references to your detailed project proposal

Page(s): Section(s):

C Financial Viability

9 Please attach the college's latest five-year financial forecast revised to take account of the financial impact of the project and the Council's proposed method of funding. A commentary should be included detailing any revised assumptions from the previous forecast.

Your project proposal should explain how the forecast demonstrates the college's financial viability taking into account:

a. annual operating surplus/deficit

b. balance on income and expenditure account

c. cashflow

d. financial ratios

e. other relevant factors

10 Please provide a commentary detailing the assumptions made in the preferred option with regard to:

a. learner numbers (units). Are the growth assumptions reasonable for the project? Is this growth likely to be funded?

b. staffing levels. Are staff numbers for the project sufficient to teach the additional learners?

c. running cost savings. Have the running costs of vacated buildings been included as a saving?

d. efficiency gains, such as reduced costs, increased income generation or staff savings

11 Please indicate in the relevant section in your project proposal the main risks to the college of undertaking the project and outline how they would be addressed, for example:

a. capital costs increase by 20%

		Please enter here references to your detailed project proposal	
		<i>Page(s):</i>	<i>Section(s):</i>
b.	revenue income reduction by 20%		
c.	revenue expenditure increase		
d.	interest rate increase		
e.	worst-case scenario		
12	Did the college's or the Council's internal/external auditors qualify:		
a.	the most recent annual accounts	Yes <input type="checkbox"/>	No <input type="checkbox"/>
b.	audit of student numbers	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Were there any significant criticisms of the college's financial systems:			
c.	in the most recent management letter from the external auditor?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
d.	raised by internal audit in the past 12 months?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
If yes, please describe in your project proposal:			
e.	the nature of the qualification and implications for the college's financial systems in the project application		
f.	the actions the college has taken in response		
Council Audit			
Have the FEFC's or the Council's audit teams been unable to conclude within the previous three years whether the college has satisfactory internal controls? If yes, please describe in your project proposal the nature of the concern and the college's response.			

Please enter here references to your detailed project proposal

Page(s): Section(s):

E Private Finance Initiative

19 Please confirm that the college has examined whether better value for money might be obtained by private sector investment, other than borrowing and participation in the provision and subsequent management of the assets to be created and in the delivery of relevant services.

Yes No

Please indicate the relevant section(s) in your project proposal in which private finance or public–private partnership options are considered and appraised.

(This should include reference to a consultant’s report/independent advice together with a copy of the *Official Journal of the European Communities (OJEC)* advertisement and subsequent memorandum where appropriate.)

Your project proposal should confirm the following:

- a. _____
the range of PFI or PPP options the college has considered
- b. _____
why particular PFI or PPP options have been pursued or rejected
- c. _____
the market testing and research the college has undertaken into PFI or PPP options and whether your project application has been nominated for inclusion on the Council’s PPP projects register, ‘*Prospects*’

Information Required for Stages 2 and 3

Please enter here references to your detailed project proposal

Page(s): Section(s):

F Quality Assessments

- 20** Please indicate the relevant section in your project proposal which describes the curriculum areas affected by the project, and how, and include the grades of the most recent inspection of these areas.

G Space Utilisation

- 21** Please complete the analysis form of the college's floor space requirements below.

FORM G2. ANALYSIS OF COLLEGE FLOOR SPACE REQUIREMENTS

Effect of project on college's total gross internal floor areas	Current year	1	2	3	4	5
a. Total gross internal area before project as agreed with the Council (m ²)						
b. Reduction in gross internal area arising from project (m ²)						
c. New area created by project (m ²)						
d. Net change in area (m ²) (c – b)						
e. Total gross internal area (m ²) after project (a + d)						
f. Gross internal area minus 1500m ²						
g. Area to be refurbished in project (m ²)						
h. Total annual on-site daytime guided learning hours						
i. Minimum number of workplaces (MNW)(h ÷ 1440)						
j. Total gross internal area (m ²) after project per MNW (f ÷ i)						
k. Theoretical need (m ²) college for: K1. Sixth Forms (1500m ² + 10m ² per MNW) K2. FE Colleges (1500m ² + 11.5m ² per MNW)						
l. Percentage over+/under-capacity of the college [(e ÷ k) - 1] x 100						
m. Total observed workplaces before the scheme						
n. Total workplaces after the scheme has been completed						
o. Area of college improved for learners with learning difficulties and/or disabilities (m ²)						
p. Area now available to non-ambulant learners (m ²)						

Please enter here references to your detailed project proposal

Page(s): Section(s):

- 22** Your project proposal should set out the following. Please give the relevant references:
- a. details of specific obstacles to improving the college's space efficiency
 - b. how the project improves the quality of the college's buildings
 - c. where the project involves new build, the type of construction planned, why this is suitable to the college and the net internal/gross internal floor area ratio (m²)
 - d. how the project will assist and improve access for learners and staff with physical disabilities. Please give the area (m²) of the college affected by the improvements and the total area (m²) available to non-ambulant learners (see also section 46)
 - e. how the project will help the college to improve its energy efficiency
 - f. how the project will assist with the rationalisation of the college's estate
 - g. how continuity of provision for learners will be maintained
 - h. how the project takes account of the impact of new technologies on the delivery of the curriculum
 - i. how the project takes account of government policy on sustainable development

H Project Administration and Control

23 Your application should confirm the arrangements for managing or administering the project the college intends to implement, and the name of the senior member of college management with prime responsibility for the project.

- a. please indicate the relevant members of staff specifically responsible for management of the project:

Senior manager
(please print)

Please enter here references to your detailed project proposal

Page(s): *Section(s):*

- b. the project application should confirm arrangements for:
- i. governing body oversight
 - ii. dedicated project administration
 - iii. availability of adequate professional expertise, including legal advice as appropriate
 - iv. appropriate financial control
 - v. appropriate supervision of works including compliance with the *Construction (Design and Management) Regulations 1994 (CDM)* and the *Control of Asbestos at Work Regulations 2002 (CAW)* and other relevant legal requirements
- c. list in the space below the external consultants the college intends to use to manage or administer certain aspects of the project, providing details of their terms of appointment and professional fees.

Consultant

Terms of Appointment

**Fee amount
(please state percentage of contract cost or lump sum or retainer as appropriate)**

FORM 13. ELEMENTAL DATA ANALYSIS FOR PROJECT

College Building Local LSC

Gross internal area, new build (m²) Base date / /

Gross internal area, refurbishment (m²)

Element	Cost of new build	Cost of refurbishment	Cost/m ² gross floor area	
	£	£	new build £	refurbishment £
1 Substructure				
2 Superstructure				
2A Frame				
2B Upper floors				
2C Roof				
2D Stairs				
2E External walls				
2F Windows and external doors				
2G Internal walls and partitions				
2H Internal doors				
Superstructure subtotal				
3 Internal finishes				
3A Wall finishes				
3B Floor finishes				
3C Ceiling finishes				
Internal finishes subtotal				
4 Fittings and furnishings				
5 Services				
5A Sanitary appliances				
5C Disposal installation				
5G Mechanical installation				
5H Electrical installation				
5J Lift and conveyor installation				
5N Builders work in connection				
Services subtotal				
BUILDING SUBTOTAL (1 to 5)				
6 External Works				
6A Site works				
6B Drainage				
6C External services				
External works subtotal				
7 Preliminaries				
SUBTOTAL (1 to 7)				
8 Contingencies				
9 Equipment				
10 Professional fees				
11 VAT				
TOTAL PROJECT COST £				

For definitions of elements and subelements, please refer to the BCIS standard form of cost analysis – principles, instructions and definitions

Please enter here references to your detailed project proposal

Page(s):

Section(s):

Building Costs

24 Please give the reference of the section(s) of the project proposal in which estimates of building costs and fees and details of the method of procuring the proposed building works are described.

These should include:

- a. the proposed or actual form of project procurement/building contract (for example management contracting, design and build, Partnering etc)
- b. reasons for the choice
- c. the source of professional advice which led to the choice
- d. name of persons or firm
- e. type of firm, for example, quantity surveyor, architect, facilities manager
- f. qualifications
- g. for projects which have already been tendered, an elemental specification illustrating the form and standard of intended construction, together with outline plans and elevations, and a copy of the tender report should be provided
- h. a detailed elemental cost breakdown for each building of the preferred option on form I3 on page 14. Please photocopy and complete a separate form for each building
- i. a copy of the contract programme

Please enter here references to your detailed project proposal

Page(s): Section(s):

25 Colleges are reminded of the need to comply with the procurement directive issued by the European Commission which requires the advertisement of qualifying building projects and consultancy appointments in the *Official Journal of the European Communities (OJEC)* before tenders are invited and contracts let or consultants appointed. For 2002/03, the tender thresholds for works above which advertisement in the *OJEC* is mandatory were 6,242,028 Euros (£3,861,932 at the exchange rates fixed for 2002/03) and 249,681 Euros (£154,477) for consultancy appointments. Colleges are advised to take appropriate legal advice as to the application of these directives to any PFI or PPP arrangements they might wish to pursue, and to check the tender thresholds as these may vary from time to time.

26 How many building contracts and sites does the proposal relate to?
Please give start and completion dates.

Building contracts

Sites

Start date (on site)

Completion date (estimated)

27 Please provide in your project proposal a list of equipment included in the project and the source of the cost.

J Investment Appraisal

28 Please give the reference to the section(s) of your project proposal in which all development options have been listed, appraised and considered. There must be at least one alternative option in addition to the preferred option, and a base case option, to include:

a. a preferred option

b. a PFI option if appropriate (if not the preferred option)

c. a base case option

d. other feasible development options should the preferred option fail

29 Please give the reference of the section in your project proposal which sets out the relevant costs and benefits of each option including 'free' land and states why the proposed scale of the preferred option is the most appropriate.

30

Please indicate the net present value (NPV) of the following:

Preferred option

£

Next best option

£

31

Base case option

£

Please calculate the value-for-money indicator by dividing the NPV of the preferred option by the value of the proposed total capitalised contribution from the Council (reference to calculation).

$$\frac{\text{NPV}}{\text{Total Council contribution}} = \frac{\text{£ []}}{\text{£ []}} = \text{[]}$$

Declaration

I certify that the information provided above and in the college's detailed project proposal is complete and correct.

Signature
(Principal)

Name
(Please print)

Date / /

For Council use only

Date received / /

Date circulated / /

Guidance Notes on Application Procedures and Examples of Project Financing for Capital Projects

INTRODUCTION

1 The scarcity of capital funds requires that each college contributes as much as it reasonably can to the costs of its project. The rate at which the Council will vary its capital allocations will change from time to time depending on the capital funds available for distribution and will be announced by the Council as necessary.

2 Further details are provided in the examples of project financing at the end of this guidance.

3 The following guidance is given to help colleges complete the application form. Please note that the numbers in black boxes refer to those used on the application form.

Application Form

4 Areas where information is to be added are shown as shaded boxes. The application form:

- enables colleges to review their own proposals against the stage-1 validation criteria set out in annex C to Circular 03/13
- provides a framework for colleges to confirm that the stage-2 factors outlined at annex C to Circular 03/13 have been considered and enables the Council to check that each project put forward for financial support is sound
- provides information which will be used by the Council when selecting projects for financial support at stage 3.

VALIDATION CRITERIA FOR STAGE 1

Section A: Consistency with Strategic Plan and Property Strategy

5 The college should confirm that it has provided strategic planning information in accordance with the most recent Council guidance.

6 The college should confirm that it has been advised by the Council that its property strategy provides an appropriate context for the consideration of capital project applications or that the individual project application provides sufficient supporting information.

7 The college should confirm that it has reviewed the strategic plan, financial forecast and property strategy to ensure that the proposal relates to, and is consistent with these documents by setting out the appropriate page references.

8 In answering question 4, the college should take into consideration the following:

- a. consistency with needs analysis and strategic objectives;
- b. information about changes in teaching and learning space;
- c. changes in location of provision and dimensions of proposed changes;
- d. the strategic aims of the project proposal;
- e. how the project proposal will affect specialist provision;
- f. the basis of the student number projections and how they are broken down into various categories;
- g. the contribution of the project proposal to adequacy and sufficiency;
- h. the likely effect on other colleges;
- i. consideration of collaborative ventures and inclusion of any collaborative proposals.

Assessment of stage-2 factors

9 The Council will consider each proposal for capital expenditure in the light of information provided by the college to check the consistency with the strategic plan and the property strategy and to assess the implications for proper and reasonable further education provision.

Consistency with strategic plan

10 The Council carries out a number of checks on consistency with the college strategic plan. The Council will check:

- a. that there are clear and reasonable links between the proposal, the needs analysis and objectives in the strategic plan and the Council's priorities at National and local level taking into account the evidence from strategic plan analysis and visits to the college;
- b. that the college has considered the outcome of area inspections, area reviews and other relevant strategic reviews, as well as any strategic needs analysis produced by the Local LSC or lifelong learning partnership, and what the partnership has been consulted on, and whether it has endorsed the project;

- c. that there is consistency between the most recent strategic planning number forecasts and the learner number or teaching space information provided in the proposal;
- d. the credibility of the learner number forecasts in the proposal, considered in the light of the previous performance of the college, in achieving the predicted pattern of learner numbers in the strategic plan and funding agreements;
- e. and review the property strategy to ensure that the proposal relates to and is consistent with both documents;
- f. that the adequacy of the information provided in support of the proposal by the college will be reviewed.

Assessment of proper and reasonable provision

- 11 The Council takes the following into account:
- a. the local LSC will assess whether the proposal is consistent with the requirement of the area;
 - b. whether the proposal represents a potential threat to the further education in the area, for example by the withdrawal of a significant proportion of provision, specialist provision or reduced access;
 - c. for proposals for major reordering of provision by the sole or major supplier of further education in an area, whether the strategic plan and the proposal include sufficient information to allow the Council to assess that it is meeting its statutory duty to secure provision and whether this has been considered in the light of a needs analysis;
 - d. where the proposal is to respond to needs identified by other colleges making similar provision or where proposals have a potential significant impact on other colleges, check whether the colleges involved are aware of the proposals and whether collaborative ventures have been considered;
 - e. whether the proposal is responding to needs currently offered by alternative providers and whether all local parties have been consulted, including local lifelong learning partnerships.

Section B: Confirmation of College Contribution

12 This section summarises the funding and financing for the preferred option. Colleges should include all relevant financial documentation which will be checked for completeness. Specifically the following will be considered:

- a. whether the loan is secured or unsecured. The security on the loan should not be unreasonable. Normally this would be the proposed development itself. Where the development is part of an integrated site, the bank may wish security of the whole site. Whilst such an arrangement may not be unreasonable, it will be reviewed in relation to the value of the loan and the total capital cost;
 - b. loan:
 - i. is the loan agreement reasonable? A reasonable rate of interest would be in the region of 1% above base rate or London Interbank Borrowed Rate (LIBOR)
 - ii. the loan period should be in the region of 15 to 25 years and the agreement should state the cost of early redemption
 - iii. the agreement should indicate the monthly repayments;
 - c. that the college governors have approved both the college contribution, any borrowings and the whole scheme;
 - d. that the funding from other sources including HE sources has been confirmed;
 - e. that the contribution requested is no more than that required to fully fund the project.
- 13 The government requires that all capital project applications seeking public sector financial support should be assessed on their ability to attract private sector involvement. Further guidance on this is given below.

Section C: Financial Viability

14 Before assessing the capital proposal, the college's financial viability will be assessed to determine how the scheme will change the financial position of the college. Issues that need to be addressed are:

- a. surplus/deficit;
- b. balance on income and expenditure account;
- c. cashflow;
- d. financial ratios;
- e. other relevant factors.

15 The review will consider the five-year forecast of the college. Under normal circumstances, a college which is considered to be in poor financial health may find it difficult to undertake a major capital project except where:

- a. the deficit is exclusively a non-cash deficit as defined in SSAP 24;
- b. the capital scheme is an important part of the recovery plan for a college;

- c. it can satisfactorily demonstrate how it is to manage the risk for the college as a whole as well as for the major capital scheme itself.
- d. the scheme accelerates the college's return to better financial health.

16 Colleges are requested to return a revised five-year forecast and commentary detailing any revised assumptions from the previous forecast and taking into consideration the Council's proposed method of funding, as outlined in the Council booklet "*Funding Guidance for Further Education 2002/03*". The forecast will be checked to ensure that any revised assumptions are reasonable, and agree with the capital proposal and any known variances from the original forecast.

17 Estimating costs and benefits always requires assumptions about the future, therefore the main risks to the college in undertaking the project should be identified and assessed. Colleges should carefully consider the likelihood of the Council funding growth in learner numbers, included in their capital proposals, taking account of the most recent information available.

18 College project proposals should address a number of scenarios:

- a. *growth in learner numbers*. Is the growth indicated in the appraisal achievable? Is it likely to be funded?
- b. *asset sales*. Is the value and timing of the sale reasonable?
- c. *increased pay costs*. Is the college including all pay costs relating to the proposed growth?
- d. *running costs, repair and maintenance, energy*. Are the assumptions reasonable (for example, running costs on new build equate to approximately £30 to £35 per m²). How does a facilities management approach compare with the college's existing provision?
- e. are there *additional quantifiable benefits* in the rationalisation of existing buildings which could be applied to the scheme?
- f. if *income from the sale of assets* is not achieved?

19 The purpose of this analysis is to test the robustness of the scheme to variations in some of the critical assumptions in the appraisal. In order to quantify how sensitive the scheme is to variations in these key areas, the variances should be adjusted to the point at which the project has a nil NPV. For example, colleges should consider:

- a. capital costs increase;
- b. revenue income reduction;

- c. revenue expenditure increase;
- d. interest rate increase;
- e. worst case scenario.

20 Colleges making applications are encouraged to ensure that external audit reports are received early to assist the application process. These reports will be reviewed quickly to highlight any significant problems in either financial systems or student numbers.

Section D: Planning Requirements

21 This section is intended to ensure that the college has properly researched the potential planning requirements for any particular project application and has either obtained appropriate planning consent or can reasonably assume that such consent will be forthcoming. In normal circumstances, at least outline planning consent is required before a project can be considered.

22 Local planning authorities often impose obligations which must be fulfilled as a condition of the consent. The proposal must ensure that such conditions have been properly identified, anticipated and, if appropriate, costed.

Section E: Private Finance Initiative

23 The Government requires that all capital project applications for public sector funding or financial support should be assessed to ensure that the opportunities for the involvement of the private sector in the financing and provision of the project, and in the subsequent operation of the assets thereby created, are maximised. Consequently, in any proposal to the Council for financial support towards the costs of a capital project, colleges will be required to demonstrate that they have examined whether better value for money might be obtained by private sector investment and in the provision and subsequent management of the assets to be created and in the delivery of relevant services. In assessing project applications, therefore, confirmation must be sought that colleges have exercised due diligence in this regard.

24 The Council is anxious to ensure that such PFI or PPP testing as colleges may have undertaken, or propose, is commensurate with the size and nature of the project. At one extreme, small-scale health and safety, refurbishment or even expansion projects may not be appropriate for full PFI testing, although project management and administration by the private sector must be given due consideration. At the other extreme, proposals for the relocation of entire colleges or the development of a substantial new campus should explore all feasible alternative means of financing,

procurement, project management and facilities management.

25 All college proposals are different and each must be considered on its merits. PFI and PPP projects have often succeeded where there may be multiple sources of capital and revenue, eg in privately managed college and community sports halls, in students halls of residence let during holiday periods etc.

26 For any large project, a full risk analysis must be completed indicating the risk and where this is being transferred to another.

Assessment

27 The assessment of potential college projects should include consideration of whether the following options have been considered and, if appropriate, appraised:

- a. the development, financing and provision of accommodation using lease purchase or similar arrangements, where at least part of the return to the investor is risk dependent;
- b. 'design, build, finance and operate' (DBFO) and similar arrangements in which the developer and/or contractor both provides and operates the premises, supplying services to the college in return for regular rental and service payments. Under such arrangements, the management and appropriate risks are transferred to an external supplier;
- c. assess whether non-core estate-related services should be tendered to external contractors or packaged together for tender to facilities management operators, if appropriate;
- d. partnership or sponsorship arrangements to develop and operate specific education and training facilities, for example sports and leisure facilities, catering, learner residencies, laboratories, IT systems, workshops;
- e. a combination of any or all of the above.

PFI options

28 The proposal should be assessed to determine that any PFI testing undertaken to date or proposed is commensurate with the scale and type of project. In considering PFI options, colleges should have:

- a. clearly evaluated and identified the cost of any risk transfer in the project appraisal;
- b. judged the preferred option on a value-for-money basis.

29 Colleges have a duty to secure and demonstrate best value for money through the PFI and other options on all projects regardless of size and type. It should also be noted that:

- i. these procedures are subject to review and may be revised in the light of the sector's PFI experience
- ii. in cases of doubt, the higher category PFI test should apply; and
- iii. for any project which is subject to EC procurement procedures, consideration should be given to offering tenderers the option of bidding on a PFI basis (as this may throw up some unexpected options and if pursued in parallel should not place a significant additional burden on colleges).

INFORMATION REQUIRED FOR STAGES 2 AND 3

Section F: Quality Assessments

30 As they become available, the Council will take into account relevant quality assessments. The Council would not support a proposal where the provision has been classed as having more weaknesses than strengths (grade 4 or 5 on the inspection grading scale) unless the college is able to show that it had addressed satisfactorily the shortcomings identified in the relevant area or that the project was necessary to improve the provision. Should there be competing proposals in a locality, the Council would give preference to the college where the provision had received the highest quality classification, unless there were overriding reasons not to do so.

Section G: Space Utilisation

31 This section is intended to demonstrate that colleges have clearly identified both the extent and utilisation of the floor space they currently occupy, that they have properly assessed the floor space required to meet future curriculum requirements as stated in the Council's booklet "*Guidance on Property Strategies*" and that this is properly reflected in the project application. (Attached to circular 02/20.)

32 In assessing these sections of a project application, the property adviser will need to be satisfied that the college has properly assessed the college's existing floor space and its utilisation, and has:

- a. identified specific obstacles to improving space efficiency and identified measures to overcome them;
- b. demonstrated that the project will improve the quality of the college's buildings;

- c. demonstrated that where new build is concerned, the type of construction planned is appropriate to the proposed use and future flexibility of the building;
- d. taken account of the potential access to and use of the proposed buildings for learners and staff with physical disabilities;
- e. ensured that energy efficiency will be improved as a result of the implementation of the project application;
- f. explained the project in the context of the rationalisation of the college's estate and that continuity of provision for learners will be maintained at reasonable cost during the construction period;
- g. confirmed that the building design takes account of the potential impact of new technologies on the delivery of the curriculum and, in particular, caters for the need to accommodate a fully-integrated computer teaching and learning network;
- h. how the project takes account of government policy on sustainable development.

Section H: Project Administration and Control

33 Experience with capital projects already undertaken has indicated that many colleges are relatively inexperienced in the administration of capital projects and that efficient project administration and control arrangements are essential if colleges are to avoid cost over-runs and operational difficulties caused by the late completion of projects. It is vital that colleges identify and adopt a clear project administration and management structure at the outset; this must be an essential precondition to any financial support from the Council. The proposal will be assessed to ensure that the college has:

- a. identified a senior member of the college management leading a designated team with prime responsibility for the project; and
- b. provided confirmation of the arrangements for:
 - i. the introduction of clear internal reporting procedures up to and including college governors
 - ii. dedicated project administration
 - iii. the appointment of professional advisers from appropriate disciplines, including legal advice for appropriate aspects of the project
 - iv. appropriate financial control
 - v. compliance with the *Construction (Design and Management) Regulations 1994 (CDM)*

- vi. for schemes in excess of £1 million, it will be a condition of Council funding or consent that external professionally qualified project managers are appointed by the college.

Section I: Building Costs

34 Project applications will be assessed to ensure that they have sought to maximise value for money by competitively tendering projects and by taking appropriate advice on the form of contract and these issues in general. Advice on the basis against which project procurement can be assessed is included in the FEFC's '*Guidance on Estate Management*' and also '*Estate Management in Further Education Colleges: A good practice guide*'.

35 In assessing project applications the following points will be reviewed:

- a. that the proposed or actual method of procurement and form of contract documentation is appropriate to the building project and procurement programme proposed;
- b. that the college has taken appropriate professional advice in establishing the method of procurement and the appropriate form of contract documentation;
- c. in the case of PFI/PPP proposals, that the degree of risk transfer is commensurate with the scale and cost of the project;
- d. that the overall estimate of project cost (including fees) and the elemental cost breakdown are commensurate with schemes of a similar nature elsewhere in the sector and are likely to offer value for money both in the initial procurement and in the subsequent management and operation of the resulting asset.

36 Colleges are once again reminded of the need to comply with the procurement directive issued by the European Commission which requires the advertisement of qualifying building projects and consultancy appointments in the *Official Journal of the European Communities (OJEC)* before tenders are invited and contracts let or consultants appointed. For 2002/03, the tender thresholds for works above which advertisement in the *OJEC* is mandatory were 6,242,028 Euros (£3,861,932) at the exchange rates fixed for 2002/03) and 249,681 Euros (£154,477) for consultancy appointments. Colleges are advised to take appropriate legal advice concerning the application of these directives to any PFI arrangements they might wish to pursue.

37 The contract programme should give information on the pre- and post-contract periods, including the anticipated start on site and completion dates.

38 Colleges should consider the lifecycle cost of equipment and state when they anticipate each item to require renewal. Colleges proposing to establish a centre of vocational excellence should indicate how they will make provision for these resources to be renewed in due course.

Section J: Investment Appraisal

39 Any investment appraisal must consider a number of realistic options, including a base case. This is the benchmark against which other options will be judged. A base case normally involves the college continuing with its current building stock and maintaining it as if it had no proposals for refurbishment, remodelling or new build. A base case could include efficiency gains from measures such as improved timetabling and minimal building works to accommodate predicted learner numbers. These inclusions would only apply if the college is already committed to such proposals as part of its strategic planning process.

40 The Council will consider whether:

- a. the options considered are appropriate;
- b. all reasonable options have been evaluated;
- c. the appraisal includes all relevant costs and benefits, and only relevant costs and benefits, and that the cost of land has been included;
- d. the project could be broken down into several smaller projects, including at least one project which has a higher net present value (NPV) than the proposal;
- e. the project secures a satisfactory return for the economy;
- f. the college's contribution to the project is satisfactory, including any windfall gains, for example from sales of property;
- g. the planned profile of expenditure has been realistically constructed.

41 Colleges must address the following points in setting out the costs and benefits of each option. The following elements must be reviewed:

Net present value (NPV)

42 All options have to be compared on a NPV basis, which serves as a cost of capital and a measure of the present value of income and expenditure flows over a period. The discount rate used from 1st April 2003 of 3.5% in real terms (taking into account the effect of inflation) is set by the Treasury.

Cashflow

43 The NPV calculation will indicate whether the scheme is economically viable at the discount rate used. The cashflow should ensure that income streams are sufficient to match expenditure and financing costs.

Surplus on income and expenditure account

44 The effect on the income and expenditure account will not be the same as either the cashflow or NPV calculation. It is important that colleges are aware of the effect the scheme has on its income and expenditure account, that is, the surplus or deficit created during the period of the financial forecast.

Borrowing or lease costs as a percentage of income

45 It is possible to have principal and/or interest 'holidays' or phase repayments so that they are greater in later years. It is also possible to have rents index linked or rental holidays. For the purposes of complying with the financial memorandum, the model ignores such funding arrangements and calculates the college's borrowing costs on the basis of a constant loan repayment taking into account both principal and interest.

46 It is important to consider a wide range of options even though many may be rejected at an early stage on cost, technical or educational grounds. The college should consider at least two options in addition to the base case option and PFI alternatives may also be appropriate. The failure to consider a wide range of options has been a feature not only of colleges' investment appraisals, but appraisals in the public sector generally.

47 Colleges should be aware that their proposals will be examined closely in this area. Particular consideration will be given to the following:

- a. that a full range of options has been properly considered and included in the project application in the context of the college's strategic plan and accommodation strategy;

- b. proper consideration of potential feasible PFI options (see paragraphs 23 to 29 above);
- c. a base case;
- d. a feasible alternative option should the preferred option fail;
- e. financial appraisals for the selected options;
- f. the NPVs of the preferred, next best and base case options.

Additional costs (if any) of adopting a PFI option

48 PFI options involving risk transfer may have a lower NPV than other options because of the need to compensate the investor and/or developer for the additional risk. The college will need to carry out a risk analysis to justify the PFI option if it is the preferred one even though it has a lower NPV.

49 The value-for-money indicator will be used to help rank competing applications in priority order should funds be limited.

50 The Council may give priority to projects addressing the LSC's priorities for plan-led projects, and for projects addressing the results of inspections. Priority may also be given to projects addressing the specific criteria of the Council for the provision of Basic Skills, 14-19 projects, CoVE projects, increased participation and projects increasing accessibility of provision to disabled and disadvantaged learners.

DECLARATION

51 The application form must be signed and dated by the college principal.

Form B: Grant Support Claim Form

(Reference Circular 01/06, 02/20 and 03/13)

Cheylesmore House www.lsc.gov.uk
 Quinton Road info@lsc.gov.uk
 Coventry CV1 2WT

Please photocopy, complete and return to the property team at the Council's National office.

College name *(please print)*

College code

Project title

LSC project reference number



a) Project cost details	Approved (£)*	Actual (£)		For Council use only
Land purchased	_____	_____		Ref no.
Building(s) purchased	_____	_____		
New build	_____	_____		Account code
Refurbishment cost	_____	_____		
External works	_____	_____		Date
Furniture and equipment	_____	_____		
Professional fees	_____	_____		Staged payment amount
VAT	_____	_____		
Total	_____	_____		
<i>* as in investment appraisal/application form</i>				
b) Claim details				
Please refer to offer letter for payment breakdown				
Initial claim of up to £50,000 received <input type="checkbox"/> Date received ___ / ___ / ___				
Year 1 <input type="checkbox"/> £ _____ Year 2 <input type="checkbox"/> £ _____ Year 3 <input type="checkbox"/> £ _____				
c) Payment details				
Total Council support				
(including £50,000 where applicable) £ _____				
Project cost to date £ _____				
Amount already paid in previous claim £ _____				
Amount due this claim £ _____				
Authority 1				
Date				
Authority 2				
Date				

d) Supporting documentation sent with this claim

(Please tick as appropriate)

- Certificate of practical completion
- Architect's or equivalent certificate of expenditure incurred
- Invoices/receipts
- Other *(please specify)* _____

Please provide a summary of attached invoices/receipts with clear referencing to the breakdown in section A

e) Sources of project funding	Approved (£)	Actual (£)
College reserves	_____	_____
Unsecured borrowing	_____	_____
Secured borrowing	_____	_____
European grants	_____	_____
Other (private) <i>(please specify)</i>	_____	_____
Other <i>(please specify)</i>	_____	_____
Total	_____	_____

f) Declaration

I certify that the amount claimed is to be applied for the purpose for which the funds have been made available. I also declare that the above expenditure has not formed part of any other claim except as declared in section (e) above.

Signature

Name *(please print)*

Position

Date

Telephone no.

How to Claim Capital Project (Grant) Support and Calculation of Eligible Project Costs for Property Leasing and PFI Projects

Introduction

1 This annex confirms arrangements whereby colleges can claim grant-based capital project support.

Background

2 The Council has agreed revised capital project support arrangements. Capital project support for projects approved by the Council will be payable by way of grant in accordance with arrangements confirmed in paragraphs 7 to 11 of this circular.

Capital Project (Grant) Support

New projects

3 Capital project (grant) support towards eligible costs of new projects may be calculated on the basis that the Council will usually pay a specific percentage of the total eligible project cost.

4 The minimum level of grant support for a project that met all of the LSC's criteria would be 10%, except where the college has received grant funds from other sources or receipts from related asset sales, which made a contribution unnecessary. Grant support of 10% of eligible project costs will usually be paid in one instalment, following the college concerned having provided appropriate evidence of eligible expenditure. College's receiving 10%-20% grant support may receive payments in equal instalments over two years, whilst those receiving grant support of over 20% will be paid 10% in year 1 and two equal instalments, to cover the balance, over years 2 and 3.

5 A College may have no entitlement to a contribution where:

- related property disposals and contributions from third parties are likely to produce funds equaling 100% project costs.
- other projects offered to the Council have a higher priority.

- a review of the College's financial position by the relevant local LSC confirms that the project is affordable with a lower level of grant contribution or indeed no contribution at all.

6 If property disposals plus contributions from third parties exceed 90% of the project cost but are less than 100%, the Council may contribute the residual funding.

Projects Approved under FEFC arrangements

7 Colleges which have yet to claim capital project support towards the costs of projects, but where the FEFC has previously approved their applications, will continue as previously agreed.

Procedures for Payment

8 In year 1 a college will usually be required to provide sufficient evidence of expenditure to cover the first 30% of the total project cost to claim the first year grant. By year 2 the college will usually have to provide sufficient evidence of expenditure to the value of 65% of the total project cost to claim the grant, and by year 3 100% of the total project cost.

9 The Council's payment system operates on the basis that if claims are received by the property services team by the first day of one month, the payments will be made on or around the twentieth day of the following month. For example, if a complete claim without any queries is sent to the property services team on the first of the month, it will be paid on or around the 20th of the following month. Examples of typical claims profiles appear below:

Claim Form

10 The capital project support claim form is in the format introduced for the 2001/02 booklet:

- sections (a), (d), (e) and (f) remain unchanged
- section (b) outlines the level of payment for colleges at each stage. The conditions of grant letter will define the payment breakdown level for each year and stage. This will enable colleges to complete section (b) by indicating which claim they wish to draw down
- section (c) outlines the payment details. Details of the project cost to date should be included, together with the evidence of expenditure.

11 As the payments are made against evidence of eligible matched expenditure for both new projects and for previously approved projects where capital support has yet to be claimed, colleges need to ensure that, for every grant claimed, the invoices shown as proof of expenditure should be at least three times greater than the amount of grant claimed unless separate arrangements have been agreed with the Council.

Property leasing and PPP/PFI projects

12 Where colleges wish to enter into lease arrangements for a property, in preference to outright purchase, the college will be able to claim support for eligible project costs, including an element for the deemed capital equivalent of the lease payments. Under the terms of the Financial Memorandum the Council has with each college (FEFC Circular 99/48, *The Financial Memorandum*), the deemed capital sum is determined as 10 times the amount of the annual rent, except where the property is subject to a lease for a fixed term of which fewer than 10 years remain, in which case, the deemed capital sum is calculated by multiplying the annual rent by the number of years remaining on the lease. In determining eligible project costs, colleges should add eligible costs incurred pre-contract such as professional fees relevant to the project and, subject to prior consultation with the Council's area property adviser, an allowance for equipment costs if an appropriate proportion is not included in the PPP/PFI or lease agreement.

13 Where colleges wish to enter into a PPP/PFI scheme, the college will be able to claim support for the capital costs of the scheme. Rental payments for PPP/PFI schemes usually include elements for servicing the capital costs incurred and for the revenue costs of operating the property. Colleges will need to identify separately the capital element of rental payments. The deemed capital sum on which Council

support will be based is determined by multiplying the capital element of the rental payment by 10 or by the remaining term of the agreement, whichever is the lesser, together with other eligible project costs as discussed in paragraph 14 above. Alternatively, for PFI projects the Council would consider an application based on the estimated total project costs if procured on a conventional procurement basis where this might be to the college's advantage.

14 Payments will usually be made over a three-year period with the first payment of eligible project expenditure paid in year 1 (within the appropriate LSC financial year). In years 2 and 3, the college can claim the remaining grant in two equal payments of eligible project expenditure.

15 When projects fall behind their original expenditure profile during the first year, the remaining allocation will be usually equally divided between years 2 and 3 at the Council's discretion.

16 For projects where rentals may be stepped or otherwise vary from year to year an annual equivalent rental should be calculated for the 10-year period using an appropriate discount rate. Colleges should contact the local LSC, in the first instance, if they require any further advice or clarification on this point.

17 This claim form should also be used by specialist college's, where eligible, as appropriate.

Form C: Application Form for Fee Cost Support for Capital Project Feasibility Studies

Cheylesmore House
Quinton Road
Coventry CV1 2WT
www.lsc.gov.uk
info@lsc.gov.uk

(Reference Circular 01/06, 02/20 and 03/13)

Please photocopy, complete and return one copy of this form to the appropriate local Learning and Skills Council and one copy to the area property adviser at the Council's national offices in Coventry.



Learning+Skills Council

College name *(please print)*

College code

College address

Postcode

Telephone no.

Contact name *(please print)*

1 Project description (PFI/PPP/rationalisation) *(delete as appropriate)*

Is the project the subject of an application to the Council for capital project support?

(Please indicate)

Yes

No

If yes, date ___/___/___

Estimated capital cost £

Area (m²) new build _____

Area (m²) refurbishment _____

Estimated start date on site ___/___/___

Estimated completion date ___/___/___

Total Fee Costs

£ _____

Amount of contribution towards fee costs requested

£ _____ (50%)

Date of letter from Council confirming that the property strategy or rationalisation plan is a satisfactory basis for an application for capital project support

___/___/___

Reference to proposed project in property strategy

Page _____

2 Description of feasibility proposals

3 Consultancy firms to be appointed

<i>Consultant</i>	<i>Terms of appointment</i>	<i>Fee details (percentage of contract cost or lump sum or retainer or other, as appropriate)</i>
-------------------	-----------------------------	---

I certify that the support requested will be applied for the purposes for which these funds have been made available.

Signature

Name (*please print*)

Position

Date

Telephone no.

Annex 1 to Form C: How To Apply for Fee Support towards the Costs of Feasibility Studies

Introduction

1 This annex confirms arrangements whereby colleges may apply for financial support towards the costs of employing consultants to assist with the preparation of feasibility studies for certain categories of capital and other projects.

Background

2 Colleges undertaking feasibility studies for large rationalisation (£5 million plus estimated capital costs) and PFI projects for premises and other services may apply to the Council for financial support towards the fee costs likely to be incurred in employing consultants to assist with the studies. Such feasibility studies would be used to inform colleges' in-principle applications for capital project support from the Council in accordance with the arrangements for 'signing-off' PFI, PPP and other capital projects. Colleges benefiting from these arrangements will normally be expected to seek an in-principle determination of their project proposals from the Council.

Feasibility studies

3 To be eligible for fee support under these arrangements, colleges would employ consultants to undertake studies to determine the financial and educational feasibility of undertaking a project proposal. In particular the study could investigate the educational justification for the proposal and the procurement and financing routes most likely to offer the best value for money. Consultants employed to undertake such studies could also assist the college to prepare an in-principle application to the Council based on the study findings.

4 Fee support will be payable against proof of eligible expenditure on a matched expenditure (£ for £) basis to a maximum contribution from the Council of £100,000. The Council will deduct this from any capital project support payable should the project subsequently be implemented.

Conditions

5 To qualify for fee support, the project proposal would have to have been previously identified in the college's property strategy. It would also not yet have reached the tender stage or have been advertised in OJEC. The prior agreement of the Council would be required for the college's brief and specification for the studies, the suitability of the consultants or individuals the college may intend to use and the fee proposal.

Procedures and Council Requirements

The Council's detailed requirements and procedures that colleges should follow when applying for fee support are set out below.

Qualifying services

6 Fee costs qualifying for financial support from the Council will be for external consultancy services to be employed by colleges to assist with determining the following:

- the financial feasibility of the project proposal in terms of its affordability by the college, the financial viability of the project proposal and value for money
- the prospects for rationalising and improving the quality of college accommodation and provision and collaboration with one or more other further education providers
- the educational case and justification for the proposal
- the procurement and financing options (including the comparison of PFI and PPP proposals against conventional procurement and financing options) most likely to provide value for money and such informal market-testing as may be necessary
- space utilisation studies using specialist skills and software
- the statutory planning context for the proposal and the likelihood of a satisfactory planning consent being obtained
- the assessment of the disposal prospects of redundant property assets integral to the project proposal

- for PFI projects in particular, to redefine on an indicative basis colleges' requirements for premises, specialist services (for example, information technology services) and facilities management in terms of the services that the college will seek to purchase and the services that developers/operators/contractors could be required to provide
- such other services as the Council may, at its discretion, agree as relevant and appropriate.

Selection criteria

7 To receive consultancy fee support, college applications must meet the following criteria:

- apply to a project proposal previously identified within the college's current strategic plan or property strategy and be likely to be affordable by the college if implemented
- apply to capital project proposals likely to exceed £5 million estimated capital cost and lead to a significant and effective rationalisation of the college's premises either individually or through collaboration or merger with other providers; or alternatively, for the provision on a PFI basis of a significant service or services (for example information technology, sports/leisure facilities, catering etc)
- the services for which the fee costs will be incurred must be provided by firms (or exceptionally individuals) able to demonstrate appropriate expertise
- the Council's area property adviser must have been consulted in advance on the basis of selection, the proposed fee arrangements and the terms of the appointments; and the college will be asked to certify that the appointments are made in accordance with the colleges' financial regulations
- total qualifying fee expenditure should be likely to exceed £20,000
- for projects involving collaboration with one or more other colleges or education providers, evidence of support or endorsement from the relevant local lifelong learning partnership
- agreement by the college to share the results of the feasibility study including draft and final reports from the consultant(s) with the Council.

8 The selection and appointment of consultants are considered in the good practice guides produced by the FEFC in association with the National Audit Office. These include '*Estate Management in Further Education Colleges*'; '*Effective Facilities Management*' and also '*Procurement and Professional Advice and Services*'.

9 Colleges are advised to discuss their proposals with the Council's area property adviser before making an application for fee support. Failure to do so may delay consideration of the application.

Application

10 Colleges seeking financial support towards the costs of employing consultants to assist with the preparation of feasibility studies, and in-principle applications to the Council for capital project support on the basis set out above, are invited to complete the application form and checklist contained in appendices 1 and 2 respectively to this annex. Two copies should be returned to the college's local LSC. The third should be returned to the local Council's Area Property Adviser at the following address:

**Property services team
Learning and Skills Council
Cheylesmore House
Quinton Road
Coventry CV1 2WT**

11 Fully completed applications with all supporting documentation and information will normally be determined within 30 working days of their receipt.

Annex 2 to Form C: Explanatory Notes and Checklist

Project description

1 Colleges should provide a brief description of the proposed project and such additional information as may be necessary to confirm:

- its location
- whether new build or refurbishment or both
- whether the proposed project is already the subject of an application to the Council for financial support
- the estimated capital cost to include all site acquisition (if any), building costs, fees and ancillary costs and the source of these cost estimates
- that the project is likely to be affordable by the college if implemented
- the amount of financial support towards the fee costs of employing consultants to assist with the publication of a feasibility study and an in-principle application to the Council for capital project support
- the date of the letter from the Council confirming that the property strategy is considered to be a satisfactory basis for an application for capital project support
- the proposed programme to project completion
- project aims in terms of rationalisation, improving quality and so on.

Description of PPP/PFI testing proposals

2 Colleges should confirm the extent of PFI testing to date (if any), and such further testing as may now be proposed in terms of:

- informal and formal feedback from investors, developers, facilities managers and so on
- consultants' recommendations to enable the college to comply with the Council's PFI testing requirements
- programme for PFI testing.

Consultancy firms approached

3 Each firm appointed or to be appointed should be entered, together with a brief summary of the terms of appointment and fee details. Colleges wishing to claim financial support towards their costs should also enclose:

- a description of the selection procedures identifying the firms approached and the criteria against which the firm(s) to be appointed were considered
- a copy of the tender report or such other formal recommendation as may have been made to the college's governing body recommending the appointment
- a copy of the proposed letter of appointment consultancy contract to include the terms of reference for the assignment, fees payable and arrangements for ongoing monitoring and measuring performance
- individual or team within the college to which the consultant(s) will report as client.

Form D: Accessibility Improvements Grant Application Form

Cheylesmore House www.lsc.gov.uk
Quinton Road info@lsc.gov.uk
Coventry CV1 2WT

(Reference Circular 01/06, 02/20 and 03/13)

Please photocopy, complete and return one copy of this form to the local Learning and Skills Council and another copy to the area property adviser in the Infrastructure and Property Services Division at the Council's national office in Coventry.

College name *(please print)*

College code

College address

Postcode

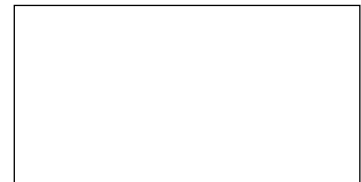
Telephone no.

Contact name *(please print)*

Area of accessibility improvement



Learning+Skills Council



1 Project details

Total project cost (maximum £1,000,000)

£

Less other sources of funds

Less college contribution

Total estimated amount to be paid by the Council (maximum £750,000)

(75%)

Estimated start on site ___/___/___ to estimated completion date ___/___/___

2 Additional project related details

Does this project form part of a larger capital bid?

YES/NO

If yes, please provide the following capital bid details:

• Capital bid project number _____

• Project description/title _____

• total Project cost £ _____

• date approved ___/___/___

3 Access audit information

Please provide details of any DDA access audit undertaken by the college.

- are the works proposed in this application recommended as a result of a recent access audit? YES/NO _____
- name of consultants who carried out latest access audit _____
- date of latest/most recent access audit ____/____/____

4 Summary of proposed works

Cost £

Please itemise and provide an estimated cost together with the source of the estimate (consultants cost estimate, bids/tenders received, plans showing the area's to benefit from the works proposed etc). If necessary, please provide further details on an attached sheet, providing sufficient detail for a value for money assessment to be made. In particular, Annex 1 to this form must be provided in every case.

Total estimated project cost _____

5 Declaration

I certify that the details given in this application are correct to the best of my knowledge and that the grant support proposed will be used to support expenditure by the college to meet the requirements of the Disability Discrimination Act 1995 and the Special Educational Needs and Disability Act 2001. I also confirm that the amount claimed is to be applied for the purpose for which the funds have been made available

Signature _____

Name (*please print*) _____

Position _____

Date _____

Telephone no. _____

Annex 1 to Form D: Accessibility Improvement Grant – Supplementary Information

Cheylesmore House
Quinton Road
Coventry CV1 2WT

www.lsc.gov.uk
info@lsc.gov.uk

(Reference Circular 01/06, 02/20 and 03/13)

College name *(please print)*

College code



Learning+Skills Council

1 Outside of and entry to main building(s)

Disabled parking spaces

Already provided _____

From a total of _____ parking spaces

To be provided _____

Cost of additional spaces _____

Cost per space _____

Ramps

Already provided _____

Cost of additional ramps _____

To be provided _____

Cost per ramp _____

Powered/automatic doors

Already provided _____

Cost of additional powered doors _____

To be provided _____

Cost per door _____

Area accessible currently _____ m²

Area accessible after ramps/doors installed _____ m²

2 Within college buildings(s)

Lift(s) to DA specification

Already provided _____

Cost of upgraded lifts _____

To be provided _____

Cost of additional lifts _____

Cost per lift _____

Area accessible currently _____ m²

Area accessible after lift(s) installed _____ m²

Toilet(s) for disabled people

Already provided _____

Location(s) _____

To be provided _____

Cost of additional toilets for disabled people _____

Cost per toilet _____

Annex 2 to Form D: How to Apply for Accessibility Improvement Grant

Introduction

1 These notes confirm arrangements whereby colleges can apply for accessibility improvement grants to help the college meet the requirements of the *Disability Discrimination Act Part 4* as amended by the *Special Educational Needs and Disability Act 2001 (DDA Part 4)*.

Background

2 The Council has allocated £40 million in the financial year 2003/04 for the purposes of improving access and facilities for learners with learning difficulties and/or disabilities. Colleges are invited to apply for grants for works estimated to cost up to £1,000,000 on a 75% – 25% basis (that is, the Council will contribute up to £750,000 towards eligible costs) for 2003/04. Further rounds will follow in 2004/05 and 2005/06.

Assessing the need

3 Colleges will have undertaken an accessibility survey of all of their buildings to include a building-by-building breakdown and a college-wide report following the funding provided in 2002/03 for that purpose. When preparing the survey, colleges and their consultants should look at ways to improve accessibility to buildings that are considered to provide facilities that are essential to all learners, such as admissions, toilets, learning and resource centres, refectories and student social spaces as well as teaching areas. Colleges should ensure that the requirement in DDA Part 4 for equipment for learners with a disability (eg. induction loops) is met by September 2003.

Grant arrangements

4 Colleges wishing to apply for accessibility improvement grant must be able to demonstrate that the scheme preferred by the college has the following characteristics:

- need: that is, material improvements are required, (for example to meet legal requirements)
- effectiveness: that is, it should achieve the objective of improving accessibility to the college

- measurability: that is, the overall area accessible should be measurably higher or improved upon completion of the scheme
- auditability: that is, the application, subsequent claims and any payments that relate to it should be verifiable to a subsequent audit check
- value for money: that is, a more economical option can not be found.

5 Colleges are requested to submit their proposal to the Council for approval using the application form at Form D and the supplementary information form at annex 1 to this form. One copy should be returned to the local LSC with a second copy to the relevant area property advisers at the Council's national office in Coventry.

6 50% of the grant will be paid once the application for grant is agreed and the reminder of the accessibility improvements grants will be paid upon completion of the works, subject to proof of project expenditure by way of receipts, architects' certificates or other appropriate evidence. A claim form will be issued when approval of the grant application is confirmed. Payment will be made with the monthly recurrent allocation to colleges with applications that have been approved by the Council following receipt of a substantiating claim.

Completion of application forms

7 Under section 1 of Form D, colleges are asked to provide project details and estimated total project costs associated with the accessibility improvement, less any other sources of funding. Colleges should remember that the Council will currently provide a 75% grant up to a maximum of £750,000 for projects costing up to £1,000,000 but that such projects can also form part of larger capital projects.

8 In section 4 of Form D, colleges are asked to provide a brief description of the works which the accessibility improvement grant will help fund and an itemised summary of proposed expenditure and the source of the estimate.

9 The supplementary form at annex 3 of this form should also be completed by colleges making accessibility claims. Colleges should note that the breakdown of possible works listed is not a definitive list. Colleges should use the items contained within the report as a guideline to works that could be undertaken.

10 Colleges that are not intending to make a claim in the current year are reminded to include the supplementary information with their update to the property strategy.

11 The Council may use this information in any future study on the accessibility of sector colleges.

Further information

12 Colleges should contact their area property adviser if they require any additional information.

Annex 3 to Form D: Accessibility Improvement Grant Support Claim Form

(Reference Circular 03/13)

Please photocopy, complete and return to the property team at the Council's National office.

Cheylesmore House www.lsc.gov.uk
 Quinton Road info@lsc.gov.uk
 Coventry CV1 2WT



Learning+Skills Council

College name *(please print)*

College code

Project title

LSC project reference number

a) Project cost details			For Council use only
	Approved (£)*	Actual (£)	
Cost of works	_____	_____	
Professional fees	_____	_____	
VAT	_____	_____	
Total	_____	_____	
<i>* as in application form</i>			Ref no.
b) Claim details			Account code
Please refer to offer letter for payment breakdown			Date
First payment of 50% agreed support received <input type="checkbox"/> Date received ___ / ___ / ___			Staged payment amount
c) Payment details			Checked by ASO
Total eligible cost*	£ _____		Authority 1
75% cost	£ _____		Date
Amount already paid in previous claim	£ _____		Authority 2
Amount due this claim	£ _____		Date
<i>* the lower of approved or actual</i>			
d) Supporting documentation sent with this claim <i>(Please tick as appropriate)</i>			
Previously provided		<input type="checkbox"/>	
Certificate of practical completion		<input type="checkbox"/>	
Architect's or equivalent certificate of expenditure incurred		<input type="checkbox"/>	
Invoices/receipts		<input type="checkbox"/>	
Other <i>(please specify)</i> _____		<input type="checkbox"/>	

e) Declaration

I certify that the amount claimed is to be applied for the purpose for which the funds have been made available. I also declare that the above expenditure has not formed part of any other claim.

Signature

Name (*please print*)

Position

Date

Telephone no.

Form E: Post-project Review Form for Capital Project Support under the Provisions of the Financial Memorandum

(Reference Circular 01/06, 02/20 and 03/13)

Please complete this post-project review form and the checklist and send two copies to the appropriate local Learning and Skills Council, with a further copy to the area property adviser at the Council's national office in Coventry.

College name (*please print*)

College contact

Telephone no.

Project description

Project cost

Council project reference

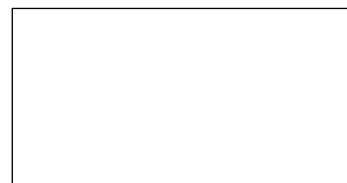
Consent date ____ / ____ / ____

Cheylesmore House
Quinton Road
Coventry CV1 2WT

www.lsc.gov.uk
info@lsc.gov.uk



Learning+Skills Council



The completion of the post-project review form after reading the guidance notes will:

- enable colleges to compare the actual outcomes of the project with original expectations
- enable the Council to confirm that the corporation has considered project outcomes.

Each of the three copies (distribution as above) should be signed by the principal and accompanied by:

- an investment appraisal of the project (in the Council's standard appraisal format) which reflects the actual capital costs and updated revenue cash inflows and outflows. Please also provide a borrowing schedule showing all project and liquidity borrowing of the college at the date of 31 July 2003.
- a commentary of the outcome of the project
- minutes of the governor's meeting confirming consideration of the post-project review.

Post-project Review

A Project consent

1 Please confirm the date that the project reached the stage of practical completion Date ____ / ____ / ____

Please enter here references to the post-project review commentary

Page(s): Section(s):

B Project outcomes

Capital costs

(tick box)

1 a. was the project completed within the original cost estimates? Yes No

b. if no, please set out the reasons for significant variances, and advise final total costs £ _____

2 a. were any additional works undertaken subsequent to the Council's consent for the project? Yes No

b. if yes, please indicate the additional works and costs in the attached commentary £ _____

3 a. what was the original estimated life of the asset? Yes No

b. has this changed? Yes No

c. if so, what is it now?

4 Please indicate if there has been any change in the estimated future refurbishment costs of the asset or the year for which it is planned

Financing

5 Please indicate if there have been any significant changes to the sources of project financing

6 Please indicate in the commentary if the loan (if any) has been fully drawn and if not the level of loan drawn down

Financial implications

7 Please indicate in the commentary if the project caused any short-term cashflow difficulties

8 Your commentary should provide explanations and/or justifications as appropriate and detail the following. Please give the relevant references.

a. has the projected level of construction, refurbishment and external works costs been exceeded? Yes No

B Project outcomes (Cont.)

Please enter here
references to the
post-project review
commentary

Page(s): Section(s):

(tick box)

- | | | | |
|----|--|------------------------------|-----------------------------|
| b. | has the projected level of staffing costs/savings been achieved? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| c. | have other costs been maintained within budget? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| d. | has the projected level of FE income from all sources been generated? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| e. | has any other income not originally projected been generated? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| f. | has the projected level of additional or loss of fee income been achieved? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

Educational aspects of the project

- | | | | |
|----|---|------------------------------|-----------------------------|
| 9 | Were the capital works undertaken as a result of issues raised in an inspection report? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| a. | if yes, please indicate whether the general resources or the curriculum area delivered has been reinspected and the date of the reinspection | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| | | ____ / ____ / ____
(date) | |
| b. | if yes, have the general resources or curriculum area grades been changed? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 10 | What changes have resulted to the curriculum that is being offered by the college? | | |
| 11 | Have there been any changes to the method of delivery for the curriculum now being offered? | | |
| 12 | What changes to the location of the curriculum being delivered have been made? | | |
| 13 | Please detail the improvements that have been made in making the college more accessible to those with special educational needs and disabilities | | |
| 14 | Please indicate what the effect on specialist provision has been (if applicable) | | |
| 15 | Please provide details on student numbers for the programme areas affected by the capital works | | |
| 16 | a. what have been the positive aspects of the project? | | |
| | b. what have been the negative aspects of the project? | | |

B Project outcomes (Cont.)

Please enter here references to the post-project review commentary
 Page(s): Section(s):

Property aspects relevant to the project

(tick box)

- 17 Were the capital works undertaken as a result of health and safety issues? Yes No
- a. if yes, please indicate whether these have now been re-evaluated Yes No
- b. if yes, do the resources now meet health and safety policy? Yes No

- 18 Your commentary should detail the following. Please give the relevant references
- a. have any space utilisation changes, projected before the project, been achieved? Yes No
- b. did the project meet quality targets in all areas? Yes No
- c. were late changes necessary and were they integrated into the project? Yes No

19 How would the college use its learning experiences from this project to improve the management of the next project?

20 Please give a full description of any user surveys undertaken.

Declaration

I certify that the information provided above and in the college's detailed post-project review is complete and correct.

Signature (Principal)

Name (please print)

Date

Post-project Review Guidance Notes

Introduction

1 Post-project reviews should be initiated within 12 months of the practical completion of the project and/or occupation of the premises by the college or as soon as possible thereafter. The purpose of these guidance notes is to set down general areas to be included in a post-project review. Detailed below are questions that should be considered when reviewing the project. These are not exhaustive and each project will require an individual review strategy.

2 The following guidance is given to help colleges complete the post-project review form. Please note that the numbers in black boxes refer to those used on the review form.

Post-project Review Form

3 Areas where information is to be added are shown as shaded boxes. The post-project review form:

- enables colleges to review the expectations of their preferred option against the actual outcomes arising from the project
- provides information for the Council.

4 **1** The college should list all significant variances, from the original project cost, between the original preferred option of the project and the outturn. Please also advise the total outturn cost.

Capital costs

5 **2** The college should confirm if there were any works undertaken on the project that were not submitted to the Council with the original submission. The college should also confirm how these impacted on costs and how they were evaluated.

6 **3 & 4** The college should detail any changes in their assumption of the useful life of the asset or the estimated refurbishment costs. This should include details of how the original parameters were established and why the change was considered necessary.

Financing

7 **5** The college should detail any changes to the project financing. This should include any interest rate changes if borrowing was at a fixed rate, any changes to the terms and conditions of finance, any change in finance provider and any alteration in the financing mix.

8 **6** The college should indicate if all the borrowing has been received. If the college has only received part of the loan amount, please detail reasons for this.

Financial implications

9 **7** The college should detail any short-term cashflow difficulties experienced not previously anticipated and include if possible the reasons for this outcome.

10 **8** The college should consider the following:

- a. if the predicted level of construction costs were achieved. If there was a variance, why did the variance occur and what measures were put in place to monitor costs?
- b. if the predicted level of staffing costs/savings have been achieved. If there was a variance, why did the variance occur and how was the actual achievement evaluated?
- c. if the predicted level of other costs (planning, disposal, restructuring) were achieved;
- d. can the increase/decrease in student numbers be directly attributed to the project and verified? Were the original funding assumptions for additional learners met?
- e. if any other income not previously accredited to the project has been received (for example, hiring out of the building);
- f. if the projected level of additional (or loss) of fee income been achieved and how this has been evaluated.

Educational aspects

11 **9** The college should detail what the original inspection grades were when the reinspection took place and what the grades have been changed to.

12 **10 to 12** Colleges should consider the impact that the capital works has had on the curriculum that the college is offering.

13 **13** Colleges should detail what improvements have been made in the capital works to physical access. This should include the percentage accessible both before and after the project.

14 **14** Colleges should state how specialist provision (if applicable) has been affected.

15 **15** Colleges should detail learner number information, both before and after the project.

16 **16** Please report on any complaints or adverse publicity generated as a result of this project. This should include full details of the complaint and of the college's response. Please detail any awards or commendations received as a result of this project.

Property aspects

17 **17** If the capital works were undertaken as a result of health and safety issues please indicate whether these have now been re-evaluated, and if so, whether the resources now meet health and safety requirements.

18 **18** The college should consider and detail the following:

- a. were forecasted improvements in floor space utilisation achieved and if so how have these been quantified;
- b. has the project met quality targets in all areas including construction materials, finishes, planning, documentation and so on;
- c. how were any necessary late changes integrated into the project?

19 **19** The college should comment on the performance of professional advisers. Did they add value to the project? Did they bring expertise with them that was not available at the college? Would you invite tenders from these advisers for future projects? What would the college change if doing a similar project in future?

20 **20** Have user surveys been completed and, if so, what were the results? How were the surveys undertaken? Did the college follow a formal procedure?

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