



Skills Funding
Agency

Further Education College Capital Investment Fund Expressions of Interest Application Guidance Round 2

May 2013

Of interest to further education colleges.

Application Guidance

1.0 Introduction

1.1 This document sets out the arrangements for the allocation of Round 2 of the Further Education (FE) College Capital Investment Fund (CCIF) and invites FE colleges to submit Expressions of Interest. Expressions of Interest for Round 1 of the CCIF closed on 1 March 2013.

1.2 The Autumn Statement 2012 confirmed that £270 million of additional capital funding had been made available for FE college capital in the financial year 2013-14. This will supplement the existing £280 million in 2014-15. The [FE College Capital Investment Strategy](#) (December 2012) outlines the Government's capital investment plans for the remainder of this Parliament, sets out key priorities and an outline delivery plan, and announces the creation of the CCIF. The Government proposes to give an early indication of capital funding availability over the next spending review period at the earliest opportunity.

1.3 The objective of the CCIF is to provide capital grant support for renewal, modernisation and rationalisation of the FE college estate. It will also enable the provision of good quality accommodation and specialist equipment to support education and training, which promotes growth and helps learners reach their potential. We will target the CCIF at those colleges in the greatest need of capital investment:

- colleges with buildings in poor condition and inefficient estates
- those that demonstrate high value for money
- those that can support growth in the economy.

Capital investment in the FE sector will improve efficiency; enhance learner and employer engagement, and support growth and social cohesion.

2.0 College Capital Investment Funds Available

2.1 Agency grant support of £184 million is available in the financial year 2013-14 and £269 million in 2014-15. The Agency has no end-of-year budget flexibility and therefore colleges will need to develop projects and grant support applications accordingly.

2.2 The CCIF is available to all FE colleges in England on a competitive basis. The Agency recognises that some colleges may have more than one project that meets the criteria and, in recognition of this, each college may submit more than one Expression of Interest. Colleges submitting more than one Expression of Interest need to prioritise the applications clearly. In the first instance the Agency will consider Expressions of Interest that each college gives the highest priority, and we will then move on to assess Expressions of Interest given a lower priority, if the budget allocation allows.

2.3 The minimum project value will normally be £3 million for the CCIF. In exceptional circumstances colleges can submit applications for projects with a minimum value of £1.5 million. However, the Agency expects colleges to provide a robust and compelling justification explaining why these projects should be eligible for CCIF. There is no upper limit on project value, although the maximum grant support will normally be £10 million (inclusive of any Project Development Fund allocation), unless the college can make an exceptional case for additional grant support.

2.4 We will expect colleges to maximise their financial contribution to projects through, for example, asset disposals, even if these occur after the project is complete. We will not permit colleges to use public funding from other government-funded bodies as part of their private/college funding contribution.

2.5 Normally, we will expect colleges to provide a minimum funding contribution equivalent to two-thirds of project value (inclusive of any Project Development

Fund allocation). That is, for every £1 from the CCIF, colleges should normally invest an additional £2. Where colleges are unable to provide the required match funding, they should identify this at the Expressions of Interest stage.

2.6 Colleges unable to meet the minimum funding contributions, or requesting more than the normal £10million grant limit, are required to demonstrate a compelling business case for enhanced public subsidy. A compelling case requires the project to achieve high scores in:

- i) the renewal and modernisation of the college estate; and
- ii) the benefits to learners, employers, local community and supporting economic growth section.

In the case of the former, this equates to the removal of more than 1,000m² or 5% of total floorspace in condition category C/D (whichever is the lesser). With respect to point ii) the Agency would typically expect most of the underpinning investment criteria to be met through the provision of, for example:

- A succinct outline of the issue, identified where appropriate by employers, stakeholders (including the LEP) and including clear baseline data.
- An explanation of how the project will address the issue, including clear and quantified targets / benefits / measures as appropriate. These should be achievable and will be sense-checked by the Agency.
- How the College will work to achieve these targets / benefits, with clear references to how the project will support this.

2.7 The Agency has a policy of prioritising its capital investment in those colleges which have appropriate estate management systems to facilitate the effective running of the estate; the Agency would normally expect colleges intending to apply for capital grant support to use an appropriate estate management benchmarking system such as eMandate.

3.0 Eligible Projects

3.1 We will require projects to meet the key underpinning investment criteria identified in Annex A of the *FE College Capital Investment Strategy* (reproduced in Annex 1 of this document).

3.2 Colleges that have started the implementation of an approved ERG2 or ERG3 project, or a project that received Agency consent before 1 April 2012 and is still in progress, may propose these projects for the CCIF, but they must demonstrate that they are proposing additional works (with additional benefits) directly linked to the original project. In these circumstances, colleges can apply for a grant up to the value of the additional works, subject to a maximum value of one-third of the overall project costs and a cap of £10 million. To clarify, the Agency will consider projects to have started once contracts have been let for construction/works (for example the main contractor, enabling works). For more information on eligible additional works and associated funding match requirements, see Annex 2.

3.3 Projects must be complete and operational by September 2015, ready for the 2015/16 academic year. We will **not** normally consider as eligible sectional completion of parts of larger projects due to be completed beyond this timescale, unless they refer to stand-alone sub-projects that will be fully operational in the required timescale. If colleges have any doubts regarding the potential eligibility of a project, they should discuss this with the Agency's Capital Team (initial contact should be made through the Agency's Relationship Team).

3.4 We will consider eligible the acquisition and refurbishment/remodelling of new freehold space where this can be shown to replace and rationalise space that is in poor/inoperable condition or evidence is provided to demonstrate that the college has insufficient space and is operating efficiently. We will not normally consider eligible new leasehold acquisition, unless premises are to be held on a

new 99-year+ ground lease (that is, at 'peppercorn' or very low rent) or, in the case of assignment, unless 50 years of the term remains unexpired.

3.5 We will **not** consider as eligible proposals involving work that would normally constitute the usual summer works, or planned maintenance and redecoration.

3.6 In all cases, colleges must procure consultants and contractors in accordance with European Commission (EC) Procurement Directives.

3.7 We will not normally consider as eligible any proposals involving improvement to, or addition of, temporary or modular type buildings.

4.0 Applying for the College Capital Investment Fund

4.1 The CCIF is available on a competitive basis. The application and assessment process is in two stages:

- i) **Stage one:** submission of Expressions of Interest, which the Agency will assess and a new national moderation panel comprising representatives nominated by the Association of Colleges (AoC) will moderate, in line with the tried and tested ERG processes. The necessary information includes:
 - the rationale for the proposed project and the impact/ benefits it will deliver
 - an explanation of how the project will meet the core capital investment strategy criteria (see Annex 1)
 - evidence that the project represents value for money and the necessary matched funding requirements will be met
 - evidence that the CCIF grant will have been spent by the end of March 2015 and the project will be open by September 2015

- project priority, if a college is submitting more than one Expression of Interest.

Successful colleges will proceed to stage two.

- ii) **Stage two:** submission and assessment of detailed project proposals leading to the award of a capital grant. At this detailed application stage, colleges will need to submit robust information similar to that required under the previous ERG process. For more information on the submission of detailed applications, please see the [Agency's website](#).

4.2 Colleges can complete Expressions of Interest using the [Expressions of Interest submission form](#) on the Agency's website. The sections in the submission form align with the criteria that the Agency will use to assess which Expressions of Interest proceed to stage two.

4.3 We will assess Expressions of Interest only on information submitted in the required format, but we may validate it against information that the Agency or Education Funding Agency already holds. The Agency will only consider at the expression of interest stage information provided on the submission form; supplementary information will not be considered.

4.4 The Expression of Interest application form states the permitted words allowed in each section. Colleges must adhere to the word limit; we will not consider information provided over and above the word limit. Colleges are advised to provide focused and succinct responses, supported by robust, quantifiable and achievable information (particularly in the benefits to learners, employers, local community and supporting economic growth sections).

4.5 Colleges must return **one** electronic copy of the signed and completed Expression of Interest form and any supplementary information to the Provider Gateway and ensure that we receive it by **midday on Friday, 24 May 2013**.

Additionally, colleges must submit **one** hard copy of the completed application form and supplementary information by **midday on Friday 24 May 2013** to:

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

4.6 Without exception, we will **not** consider as eligible for the CCIF any colleges that fail to submit an electronic copy of a signed and completed Expression of Interest form to the Provider Gateway by midday on Friday, 24 May 2013.

4.7 Additional information on how to upload the submission form and supplementary information can be found at Annex 3.

5.0 Assessment Information

5.1 We will assess each Expression of Interest on the basis of the information that colleges provide on the Expression of Interest template. The Agency will judge the relative strengths of each proposed project against the criteria outlined below. A moderation panel, including two representatives that the AoC nominate, will review the project assessments. The Agency will make recommendations to the Chief Executive of Skills Funding (Interim). Depending on the demand for the CCIF and the quality of the Expressions of Interest submitted, this may include: declining some Expressions of Interest, potentially reducing the requested funding allocations to individual projects and/or exploring opportunities to change funding year profiles.

Stage one – Criteria for assessing Expressions of Interest

5.2 We will assess the Expressions of Interest against the criteria highlighted in Annex 1, and summarised below. The submission form provides further guidance.

- i. **Estate Need** – the proposal should demonstrate the extent to which the project addresses key issues, including:
 - Renewal and modernisation of the FE estate through the reduction of floor space in poor/inadequate building condition.
 - Rationalisation and Efficiency: improving space which is inefficient and unfit for purpose, reducing operating costs, driving efficiencies and creating space which is versatile, fit for purpose and tolerant to change.
 - Relevance to Property Strategy: projects should be driven by the strategic objectives of the college and be part of a clear adopted property strategy for the institution.

- ii. **Benefits to Learners, Employers, Local Community and Supporting Economic Growth** – the proposed project needs to be of tangible benefit to learners, employers, local communities and support economic growth. The application needs to explain how the project meets the key criteria set out in Annex A of the FE College Capital Investment Strategy (reproduced at Annex 1 for ease of reference).

Using the above criteria we will score the extent to which each proposed project will a) benefit learners and b) support economic growth. It is up to each college how it presents the required information, but to a maximum word limit of 750 words.

- iii. **Financial Value for Money and Affordability** – applicants will need to demonstrate that the proposed project represents value for money and that it is affordable. Colleges need to confirm:
- How they intend to fund the proposed project, for example through loan finance, disposal proceeds and cash reserves.
 - That the project has a better net present value (NPV) than an alternative option.
 - The anticipated spend profile in the financial years 2013-14 and 2014-15. Colleges need to make this information as accurate and robust as possible, as the Agency will rely on this information when assessing the demand for grant against the amount of grant funding the Agency has available to allocate in 2013-14 and 2014-15.
 - The efficiency savings that the proposed project will deliver.

5.3 Colleges are reminded that if they are unable to meet the minimum two-thirds funding contribution, or they are requesting more than the normal £10 million grant limit, they are required to demonstrate a compelling business case for enhanced public subsidy. A compelling case requires the project to achieve high scores in the benefits to learners, employers, local community and supporting economic growth section, and in renewal and modernisation of the college estate.

Stage two – Criteria for assessing detailed project applications

5.4 We will invite colleges that have submitted successful Expressions of Interest to submit detailed capital applications. If colleges have sufficiently developed detailed proposals, they may submit a detailed application **alongside** an Expression of Interest. In these circumstances, the Agency will review the Expressions of Interest alongside all other college Expressions of Interest and, if successful, the Agency will then review the detailed application. Guidance on the submission of detailed applications can be found on the [Agency's website](#).

6.0 Prioritisation of Expressions of Interest

6.1 To be successful, all Expressions of Interest need to pass an estate gateway relating to minimum project size, deliverability and project eligibility. We will then rank/prioritise all projects passing the estate gateway according to the overall number of points scored against the stage one Expressions of Interest criteria (a - estate need; b - benefits to learners, employers, local community and supporting economic growth; and c - financial value for money and affordability).

6.2 The Agency would normally expect successful Expressions of Interest to score in the following three areas:

i) Benefits to Learners

ii) Supporting Economic Growth

iii) the estate need section.

6.3 The moderation panel (comprising two representatives nominated by the AoC) will set the minimum number of points required for a successful Expression of Interest. As stated above, colleges requesting grant support in excess of one-third will be required to submit a compelling business case with high scores in the three sections listed above.

7.0 Timescales for the College Capital Investment Fund

7.1 The table below summarises the timescales for Expressions of Interest submissions, assessment and approval processes:

Date	Action
24 May 2013	Deadline for colleges to submit Expressions of Interest for CCIF Round 2 to the Agency. Deadline for those colleges with sufficiently developed detailed proposals to submit a detailed application for CCIF Round 2 alongside an Expression of Interest.
By 19 July 2013	Agency confirmation of Round 2 Expressions of Interest decisions and outcome of the detailed application funding round.
18 September 2013	Deadline for submission of detailed applications for the CCIF.
By 15 November 2013	Target date for confirmation and announcement of detailed projects approved for the CCIF.
20 December 2013	Deadline for submission of detailed applications for the CCIF.
By 27 February 2014	Target date for confirmation and announcement of detailed projects approved for the CCIF.

7.2 Colleges are reminded that all projects must be complete and operational by September 2015, ready for the 2015/16 academic year. This deadline is absolute and will not change, irrespective of whether colleges submit detailed applications in May 2013, September 2013 or December 2013.

Annex 1

Extract from *FE College Capital Investment Strategy Annex A: Delivery Plan: Underpinning Criteria*

1. To maximise the impact and benefit of Government capital investment applications for capital grant support will be assessed against key criteria which include:

Benefits to learners/Supporting Economic Growth

- i. Skills shortages/ Growth industries: enabling training geared towards delivery to address skills shortages and/or growth industries and sectors, by providing training to equip individuals with the skills needed to get back into employment or by supporting the up-skilling of employees. Understanding and meeting skills shortages and the development needs of local communities - having a positive impact on employers;
- ii. Responsiveness and securing added value for agreed local priorities and action plans: alignment and links with local stakeholder plans and identified needs including, where appropriate, Local Enterprise Partnership (LEP), City Deal strategies, Enterprise Zones or other published strategies setting out local priorities for action. Contribution to the priorities and outcomes in these plans are clearly demonstrated and measurable and agreed with these partners;
- iii. Contribution to the priorities and outcomes in the above plans and priorities are clearly demonstrated and measurable and agreed with these partners. Demonstrates links with plans for tackling specific local issues and challenges, including those affecting rural and remote areas and plans which support regeneration. Demonstrates added value / cost reduction or increased impact benefits for the outcomes and priorities set out within these plans and priorities;
- iv. Impact on unemployment and people not in employment, education or training (NEET): enabling a variety of teaching methods and technologies to engage with and retain hard to reach young people such as NEETs, making a positive impact on youth unemployment, and providing essential skills for jobs, including numeracy and literacy support;

- v. Apprenticeships: supporting the expansion of 16-18 and 19-24 Apprenticeships, supporting other work place provision, and providing clear routes to higher level training including higher level Apprenticeships;
- vi. Benefits to classroom-based students: inspiring and transforming teaching and learning experiences, using industry standard equipment and environments for vocational courses, including learning technologies; providing a resource base which is able to flex to the needs of 16-18 and adult learners;
- vii. Improving quality: supporting improvements in the quality of teaching, learning and assessment, learner success and, where relevant, addressing inadequate curriculum areas and provision falling below minimum quality standards;
- viii. Offers pathways and opportunities that engage the educational and training needs of students and support the business and skills requirements of employers and sectors;
- ix. Other growth measures: including widening participation by creating improved opportunities for learners with learning difficulties and disabilities, offering more flexible routes and opportunities to higher education.

Property and Estate Considerations

- x. Renewal and Modernisation of the FE estate: reducing the amount of floor space in poor/inadequate building condition thereby improving classroom and workshop based learning environments, improving quality, learner satisfaction and success rates;
- xi. Rationalisation and Efficiency: addressing space which is inefficient and unfit for purpose, reducing operating costs, driving efficiencies and creating space which is versatile, fit for purpose and tolerant to change;
- xii. Sustainability and Carbon Reduction: strategic engagement with the Government's Sustainability and Carbon Reduction agenda. Linking capital projects to formally recognised initiatives such as ISO14001 and other environmental management, energy cost reduction and carbon reduction programmes leading to reduced carbon emissions;

- xiii. Building Research Establishment Environmental Assessment Method (BREEAM) rating: targeting relevant BREEAM ratings to ensure appropriate environmental and sustainability issues are incorporated into projects;
- xiv. Relevance to Property Strategy: projects should be driven by the strategic objectives of the college and be part of a clear adopted property strategy for the institution.

Value for money

- xv. Building Costs: meeting the Skills Funding Agency's cost benchmarks;
 - xvi. Positive return on investment: demonstrating a positive return on investment in terms of investment appraisal / net present value (NPV) for the proposed project compared with the base case (do the minimum) option;
 - xvii. Project operating savings: implementing projects which result in lower premises costs (£/m²) over an investment period of 20 years.
2. Consideration will also be given to past return on investment and the extent to which previous projects have delivered on intended outcomes. This will have the benefit of ensuring that rigorous post project evaluations are undertaken and appropriate lessons learnt.

Annex 2

Eligibility of existing projects and related match-funding issues

1. Any project where consent has not previously been given under any previous or current Financial Memorandum requirements is eligible provided that, as at the CCIF launch date of 5 December 2012, no contracts have been let for construction or associated works (that is, the main contractor or any enabling works).
2. For projects that do **not** meet this requirement, colleges can, if the project is still underway, put forward an Expression of Interest for additional, associated works to the existing project. In these circumstances, colleges can apply for the full value of the additional works up to the maximum £10 million limit, inclusive of any Project Development Fund allocation, provided that the full value of the whole project is valued at a minimum of three times the value of the grant applied for.

Note:

- We will only consider as eligible additional works where those works are additional to an existing project; that is, a project that will not be complete as at 5 December 2013. Colleges must demonstrate that additional works are directly relevant to the existing project.
- For additional works proposed to an existing ERG2 or ERG3 project, those works must not compromise the ability of the existing project to meet the funding conditions applied to it.
- The Agency's usual affordability assessment criteria will apply in circumstances where a college considers that it cannot afford to provide the match-funding.

Annex 3

Guidance note: Submission of College Capital Investment Fund (CCIF) Round 2 Expressions of Interest and Detailed Applications

Colleges wishing to submit an expression of interest for CCIF Round 2 must submit both electronic and hard copies of their application. Detailed guidance for this is set out below and will be available on the [Agency's website](#).

- 1 The deadline for submitting both completed electronic and hard copy applications is **midday** on 24 May 2013.

- 2 Please return one hard copy of the completed detailed application form and supporting information to:

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

- 3 Hard copy applications should be submitted in A4 format (ring-binder/lever-arch). Any supplementary information should be submitted in the same format.

- 4 Electronic applications must be submitted through the [Provider Gateway](#). Electronic applications and supporting information should be an exact copy of the hard copy submission.

- 5 All colleges already have access to the Provider Gateway. Information about how to access the Provider Gateway, in particular the **Introductory tutorial** and the **Document Exchange tutorial** can be found on the [Provider Gateway](#).

6 The CAPITAL folder in the Document Exchange on Provider Gateway is currently open. After logging in use the menu on the left to go to: Document Exchange > Document List > CAPITAL. Click on the CAPITAL folder and follow instructions to upload document.

7 Please do not embed supplementary information within the electronic version of the detailed application. This information should be supplied as separate annexes in both the electronic and hard copy version of the detailed application.

8 A check-list page must be included in the submission listing all documents that have been submitted and the number of documents.

9 The electronic application and all supporting documents must be 'zipped' (using Winzip) into **one folder** before upload to the Provider Gateway. Should colleges wish to make any amendments or updates to their detailed applications prior to the submission deadline, please submit **all application documents in one folder** to replace the previous zipped folder.

10 The zipped folder should be named according to the following naming conventions:

- For Expression of Interest: **College name_CCIF_ EoI Round (please insert relevant number e.g. 2_2013).**
- For Detailed Application: **College name_CCIF_ Detailed Round (please insert relevant number e.g. 2_2013).**

Please ensure both Expressions of Interest and Detailed applications are submitted separately, they are NOT to be merged into one submission.

11 Electronic applications **must** be signed.

12 The Provider Gateway is a secure network so no password or encryption is necessary to the folder or its contents.

13 Once a submission is complete a screen will appear on the Provider Gateway to indicate the bid has been successfully uploaded. We suggest that colleges should take a copy/print of the screen for record keeping.

14 At the end of the electronic submission process colleges are required to email the [Agency's Capital Team](#) to confirm the application has been successfully uploaded on to the Provider Gateway. Please do not include a copy of the submission file in this email.

15 Any problems or issues encountered with using the Provider Gateway should be logged with [the service desk](#) / telephone: 0870 267 0001.



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