

# **Enhanced Renewal Grant and Renewal Grant Phase 2**

**Application Guidance and Information**

**Version 5**

**September 2011**

Of interest to college principals and estate directors

**UPDATED 21 September 2011**

## **Enhanced Renewal Grant and Renewal Grant Phase 2**

### **Application Guidance**

#### **1.0 Introduction**

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

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

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

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

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

## 2.0 Renewal Grant

### 2.1 Funding Criteria

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

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

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

## 2.2 Conditions of Renewal Grant Funding

2.2.1 The Renewal Grant allocations will be paid to colleges in November 2011. This will be subject receipt of written confirmation that eligible colleges will use the funds for the purposes set out above and to confirm that they have the funds available to make the necessary contribution to the project costs<sup>1</sup>. Written confirmation must be received by 26th October 2011. As part of this confirmation, colleges must provide an expenditure plan setting out how they intend to apply the funds in the period to the end of March 2012, and to completion of the project ready for September 2012, in line with the stated funding criteria. In the event that any project for which this funding will be used is likely to exceed current Financial Memorandum limits, it may require a separate consent. Colleges are asked to liaise with their respective Senior Property Managers to clarify whether this is the case.

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

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

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

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

## **3.0 Enhanced Renewal Grant**

### **3.1 Eligibility and Qualification Criteria**

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

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

3.1.3 Proposals are expected to achieve high levels of environmental performance. Proposals will be expected to achieve a BREEAM 'excellent' rating for new build and 'very good' for refurbishments<sup>2</sup>

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

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

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

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

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

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

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

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

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

## 3.2 Application Process and Timescales

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

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

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

[www.skillsfundingagency.bis.gov.uk/propertyservices](http://www.skillsfundingagency.bis.gov.uk/propertyservices)



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

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

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

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

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

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

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

Applications must be submitted to:

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

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

### **3.3 Assessment Criteria**

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

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

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

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

### **3.4 Grant Payments and Project Monitoring**

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

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

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

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

#### **4.0 Post Occupancy Evaluations**

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

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

## **Annex 1 – Eligible colleges**

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

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

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

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



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

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

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

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

## Annex 2

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

#### Condition of estate - Estate need

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

#### Value for money

- Cost/m<sup>2</sup> compared with cost benchmarks
- Project operating savings, in terms of premises savings compared with premises costs over a 20 year period in the investment appraisal for the proposed project.
- Return on investment, in terms of the investment appraisal Net Present Value for the proposed project compared with the base case option.

#### Benefits to learners

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

Additional financial considerations:

- Investment appraisal
- Affordability – Agency Finance team (Provider Financial Management) will undertake a quick, light touch review of the application to ensure colleges can afford their contributions to challenge fund projects
- no 'normal' range of borrowing eg 30-40 per cent of turnover 3<sup>rd</sup> year after completion, in this exercise. Review will look to establish that any proposed borrowing does not put a college at risk of inadequacy

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