
17 June 1999

CIRCULAR

**THE
FURTHER
EDUCATION
FUNDING
COUNCIL**

**Capital Project Support
Arrangements 1999-02**

Cheylesmore House
Quinton Road
Coventry CV1 2WT

To

Principals of colleges

Circular type

Information

Summary

Response to consultation; revised capital project support arrangements, fee support for PFI and large rationalisation capital projects, amendments to the capital projects criteria, residential and other projects improving facilities and access for students with learning difficulties and/or disabilities; confirmation of post-project review arrangements; PPP/PFI conference arrangements; rationalisation fund.

Reference number: 99/26

Enquiries:

Assistant director and head of
property services

Regional property advisers

Website <http://www.fefc.ac.uk>

99/26

Capital Project Support Arrangements 1999–02

Introduction

1 This circular confirms revised arrangements for colleges wishing to apply for capital project support and other property-related matters.

Background

2 The Council has consulted the sector on proposed changes to the capital project support arrangements following the government's comprehensive spending review (CSR) and the decision to restore to the Council a separate capital expenditure line. The consultation exercise and property-related information was included in Circular 99/06, *Capital Project Support: Consultation on possible new arrangements and other property-related matters*.

Responses to consultation

3 Most respondents supported the main proposal that capital project support should be calculated and payable as grant rather than on the previous notional 'loan support' basis. A majority of respondents also agreed with all of the other related proposals. A detailed summary of the consultation responses is provided at annex A.

4 The capital programme group considered the responses and the proposed revised arrangements. At its meeting on 24 March 1999 the Council supported the recommendations of the capital programme group and agreed changes to the capital project support arrangements as set out below.

Revised Arrangements 1999–02

Summary

5 The Council has agreed changes to the capital project support arrangements. Colleges are invited to prepare and forward applications for capital project support under these revised arrangements which are summarised as follows:

- capital project support for new projects approved by the Council from 24 March 1999 onwards will be payable as grant towards the costs of projects estimated to cost £100,000 or more

- the grant for new projects will be calculated on the basis of a lump sum of £50,000, plus 35% of eligible project costs above £100,000 and will be payable over three years to 31 March 2002 against appropriate evidence of expenditure
- colleges with existing projects that have yet to claim capital project support that has previously been approved may instead be eligible for grant support. This will be calculated as the net present value of the support previously agreed and will be offered as a grant to those colleges payable over three years to 31 March 2002
- for projects being market-tested on a private finance initiative (PFI) basis, the value of capital project support indicated to colleges seeking in-principle determination of their applications for capital project support will be maintained, if more favourable than the arrangements current when the detailed application is determined
- fee support of up to £100,000 on a matched (£ for £) expenditure basis may be available to support the consultancy fee costs incurred by colleges necessarily undertaking feasibility studies for large public-private partnership (PPP) and rationalisation projects where capital costs are estimated at £5 million and over
- the proposed amendments to the capital project criteria set out in Circular 99/06 will apply to all applications
- colleges with capital projects to develop, improve or remodel residential facilities for students with learning difficulties and/or disabilities will be considered for capital project support for the Council under these revised arrangements
- £12 million will be allocated over the period 1999-2000 to 2001-02 specifically for the purposes of improving access and facilities for students with learning difficulties and/or disabilities. Colleges are invited to apply for grants of up to £50,000 towards the costs of eligible works on a matched expenditure basis for projects or works costing up to £100,000.

For projects likely to cost more than £100,000, the usual capital project support arrangements will apply.

6 The revised arrangements described in this circular will apply to all applications for capital project support determined on or after 24 March 1999. Further details are provided below.

How to apply for capital project support

New projects

7 Colleges may apply for capital project support under the revised arrangements towards the cost of new projects with estimated eligible project costs of £100,000 or more. Capital project support will be payable as grant in the proportions set out in table 1 against colleges' claims for payments supported by architects or contract administrator's certificates, receipts and such other evidence of expenditure the Council may agree as appropriate. For projects estimated to cost £500,000 or more, colleges may also make interim claims on a four-monthly basis (or as the Council may otherwise agree) during the first year of the project implementation period. The timing of grant payments in these circumstances will be such that the amount of grant will not exceed the project expenditure by the college at the time the grant is paid. The Council reserves the right to bring forward payments against eligible expenditure should funds permit. The government has not confirmed the allocation of capital funds beyond 2001-02. The Council cannot undertake at this stage to meet claims beyond 31 March 2002.

8 Colleges will be required to demonstrate that capital project support payable by the Council will be used, as appropriate, to reduce the amount of any borrowings necessary to finance project proposals and, as appropriate, the rentals and accommodation charges payable on property leasing and PFI projects respectively.

9 Colleges are encouraged to discuss any new project proposals that they may wish to submit under these revised arrangements with the Council. Applications for capital project support should use the project application form (with explanatory notes) which was issued as a supplement to Circular 99/06 and should address the revised projects criteria (see paragraph 16 below). Further copies of the application form can be obtained from the appropriate Council regional office or by telephoning Selvy Kasparis at the Council's Coventry office

(tel: 01203 863211). Procedures for claiming capital project (grant) support, together with advice on the calculation of eligible costs for property leasing and PFI projects are explained at annex B to this circular, and a claim form is provided at the appendix to annex B.

10 Many college projects incorporate the demolition/sale or vacation of buildings in addition to capital works. The Council reserves the right to withhold a proportion of its support until the completion of the project as a whole and the production of a satisfactory post-project review (see annex F).

Table 1. Proposed level of grant payments for new capital projects approved on or after 24 March 1999 with claims commencing in 1999-2000 (year ending 31 March 2000)

<i>Financial year (ending 31 March)</i>	<i>Grant payable</i>
1999-2000	£50,000 plus 10% of eligible project expenditure in excess of £100,000
2000-01	12.5% of eligible expenditure in excess of £100,000
2001-02	12.5% of eligible expenditure in excess of £100,000

Existing approved projects for which claims have yet to be made

11 Colleges which have yet to claim capital project support towards the costs of projects but where their applications have previously been approved by the Council may be offered grant-based capital project support under the revised arrangements agreed by the Council. A grant calculated on the basis of the net present value of the support previously agreed calculated over 15 years will be offered to these colleges. Grant calculated on that basis will be payable over three years to 2001-02 in three equal instalments, subject to the receipt of satisfactory fully completed claims for the project. The discount rate used to calculate the net present value will be that used by the Council to calculate the support offered under the previous arrangements. For the avoidance of doubt those colleges which may have submitted such claims but

which have not had those claims agreed by the Council before 24 March 1999 or included in the March 1999 payment runs may benefit from these arrangements. Colleges able to benefit from these arrangements will receive a revised formal offer of grant from the Council during June 1999 and should use the claim form at the appendix to annex B and follow the claims procedures and explanatory notes set out in that annex. Colleges benefiting from these revised arrangements should, if possible, use the grant received to reduce any borrowings or the rentals and accommodation charges payable on property leasing and PFI projects respectively. For projects estimated to cost £500,000 or more for which the main construction contract(s) had not been let as at 24 March 1999, colleges may also make interim claims on a four-monthly basis (or as the Council may otherwise agree) during the first year of the project implementation period. The Council reserves the right to bring forward payments against eligible expenditure should funds permit. The government has not confirmed the allocation of capital funds beyond 2001-02. The Council cannot undertake at this stage to meet claims beyond 31 March 2002. The timing of grant payments in these circumstances will be such that the amount of grant will not exceed the project expenditure by the college at the time the grant is paid.

Approval in principle

12 In annex D to Circular 99/06, the Council confirmed the arrangements agreed with the government's PFI Treasury taskforce whereby colleges should seek in-principle approval for PFI projects before formal market-testing and in the *Official Journal of the European Communities* (OJEC). Annex E to Circular 99/06 also contains advice as to the type of project and levels of project value at which PFI market testing may be appropriate. The Council has also advised colleges that they may wish, on a voluntary basis, to submit large capital project proposals to the Council for determination on an in-principle basis. Colleges are reminded that for projects with an estimated cost of £10 million or more, PFI testing on a design, build, finance and operate (DFBO) basis is likely to be mandatory.

13 The Council has now agreed that, for PFI projects that may have an extended procurement programme, the value of capital project support

indicated to colleges seeking an in-principle determination of their applications will be maintained, if more favourable than the arrangements that apply when the detailed application was determined. This will be calculated by comparing the net present value of the amount of support indicated when the in-principle application was determined with the net present value of the support payable under the revised arrangements, using appropriate discount rates (usually the Treasury test discount rate of 6%). For projects which have already been, or will be, considered by the Council on an in-principle basis, this will be without prejudice to the Council's determination of a detailed application in due course. The Council will also take into account the extent to which the procurement timescale may have been delayed by factors other than the PFI market-testing process when considering whether or not capital project support should be calculated under more favourable arrangements than those currently available. Colleges should normally bring forward detailed proposals for approval no later than 12 months after the in-principle application was determined. The Council in exceptional circumstances may agree an extension to this timetable.

Fee support for feasibility studies

14 Colleges undertaking feasibility studies for essential rationalisation capital projects estimated to cost £5 million or more, and PFI projects may apply to the Council for financial support towards the fee costs of employing consultants. Such consultants would be employed to undertake studies to determine the financial and educational feasibility of undertaking the project proposal and, in particular, the procurement and financing routes most likely to offer the best value for money and also to assist the college to prepare an in-principle application to the Council. 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.

15 To qualify for fee support, the project proposal would have to have been previously identified in the college's accommodation strategy. Procurement should not yet have reached the tender stage or have been advertised in OJEC. The prior agreement of the Council would be required to 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. The Council's detailed requirements and procedures colleges should follow when applying for fee support are set out at annex C to this circular. The Council has agreed to make £2 million available on a pilot basis initially and will consider further allocations following a review of the pilot scheme at the end of this calendar year, or earlier, depending upon the rate of applications for such funds. Colleges benefiting from these arrangements will normally be expected to seek an in-principle determination of their project proposals from the Council (see paragraphs 12 and 13 above). Copies of the actual studies when completed should be forwarded to the Council's regional property adviser.

Revisions to the capital projects criteria

16 The Council's capital projects criteria appear in their final form, following consultation, at annex D to this circular. These will apply to all applications for capital project support determined in 1999-2000 and thereafter until further notice.

Facilities for students with learning difficulties and/or disabilities

Residential facilities

17 The Council has agreed that it may, in future, support applications for capital project support from sector colleges towards the costs of capital projects to develop or remodel residential facilities for the exclusive use of students with learning difficulties and/or disabilities. Such projects have to meet the Council's stage 1 and stage 2 projects criteria, but would not necessarily have to meet the Council's stage 3 projects criteria thresholds for space utilisation or economy/value for money (see annex C to Circular 99/06). For such projects to qualify for capital project support, colleges should be able to demonstrate that:

- residence by the students concerned is essential to the delivery of the course(s)
- the college is or will be unable to recoup the costs of financing such provision from residential accommodation charges to students or organisations sponsoring or otherwise providing financial support to such students. This might be, for example, the local authority social services department

- the project's procurement and financing would offer value for money of the use of public funds
- such facilities will be exclusively available to students undertaking FEFC- or HEFCE-funded courses during normal term-time.

18 Colleges considering proposals to make residential provision should contact their regional offices to discuss other Council requirements, which will include inspectorate assessment of the suitability of facilities and the expertise of staff.

19 Except as indicated above, the Council's capital projects criteria will apply. Applications should be submitted using the Council's capital project support application form previously circulated as an annex to Circular 99/06.

Improving access and facilities

20 The Council has agreed to allocate £12 million over the period 1999-2000 to 2001-02 specifically for the purposes of improving access and facilities for students with learning difficulties and/or disabilities. Colleges are invited to apply by 31 July 1999 for the first round of grants for works estimated to cost up to £100,000 on a matched expenditure basis towards the costs of qualifying works. Colleges with projects or works estimated to cost £100,000 or more must apply for capital project support as described above under the revised arrangements set out in this circular. The Council may not accept applications where it believes the projects or works have been artificially disaggregated.

21 The Council expects to allocate at least £4 million for these purposes in 1999-2000 but will review this against the availability of funds and the take-up rate by colleges later in the year. The Council's detailed criteria and application procedures for accessibility improvement grants are set out at annex E to this circular.

Post-project Review Arrangements

22 Arrangements for colleges to meet the requirements of the financial memorandum between the Council and colleges to complete post-project reviews were confirmed in Circular 99/06. Colleges with new projects approved after 31 March 1997 were asked to complete such reviews and return them to the Council by 30 April 1999.

23 In response to requests from colleges for additional time, such reviews should not now be completed and returned to the Council until 31 July 1999 along with those required for projects completed by 31 July 1998. Thereafter, post-project reviews should be carried out by colleges within 12 months of the practical completion of their projects. A form and explanatory notes to assist colleges in completing these returns is attached at annex F.

Rationalisation

24 Capital projects estimated to cost £100,000 or more resulting from merger, together with other forms of rationalisation, will be dealt with through the Council's capital project support arrangements as described in this circular. The ring-fenced sums of £7 million a year over the next three years (see Circular 99/06) are the minimum amounts available during this period and the Council will consider supplementing this amount from its capital grant.

25 Funds of up to £50,000 towards the costs of premises-related small works costing up to £100,000 will be allocated through revenue funds and will be subject to a simplified application and approval procedure. Such funds will only be available towards works intended to support rationalisation and collaboration between two or more sector colleges. A list of examples of eligible works, selection criteria and an application form for such funds are included in Circular 99/15, *Rationalisation Fund 1999-02*.

26 Funds allocated towards the costs of feasibility studies and project development for rationalisation proposals between two or more colleges under the provisions of Circular 99/15 will be subsumed by and deducted from any further financial support a college may seek under the arrangements set out in paragraphs 14 and 15 above.

27 Applications from colleges for capital project support towards the costs of projects estimated to cost less than £1 million will usually be determined under delegated authority within six weeks of the Council's receiving a fully detailed application which meets the Council's capital projects criteria. Applications for projects likely to cost more than £1 million will be determined by the capital programme group or the Council itself. Applications for such projects must be received by the following

dates for consideration during the Council's meeting cycles for 1999.

Council cycle	Receipt of application
September	31 Jul 99
November	30 Sep 99
December	31 Oct 99

28 Colleges are reminded to provide fully detailed applications. The need for further information and analysis or clarification of parts of the application may delay the project's assessment and its determination by the capital programme group or the Council.

PPP/PFI Conference

29 The Council is holding a further conference to promote project opportunities in the sector through the government's PPP and PFI programmes. The conference, 'Opportunities in Further Education' will be held on 13 July 1999 at the Queen Elizabeth II Conference Centre, Westminster, London. It is aimed at investors, developers and their professional advisers and colleges considering implementing large capital projects. Booking and further information are available from Jay Conference Services (tel: 01702 231268).

Further Information

30 Colleges seeking further advice on the matters addressed in this circular should contact their regional property adviser in the first instance.



Summary of Consultation Responses to Circular 99/06

<i>Proposal</i>	<i>Support</i>	<i>Do not support</i>
1 Do colleges agree with the proposal for capital project support to be payable by way of grant rather than as loan support under the present arrangements?	276	7
2 If the answer to question 1 is yes, should the Council:		
i. allocate the proportion of funds indicated in Circular 99/06;	175	26
ii. support a larger proportion of project costs for fewer projects;	48	95
iii. support a lower proportion of project costs for more projects?	93	71
3 In order to provide proportionately more help with smaller projects, should all qualifying projects receive a single payment in addition to the agreed percentage of capital grant support? If so, should the minimum payment be:		
i. £30,000;	63	83
ii. £40,000;	36	92
iii. £50,000?	135	63
4 Do colleges agree with the proposal that the new arrangements should apply retrospectively to those colleges with projects where capital project support has yet to be claimed?	183	97
5 Do colleges support the proposal to make funds available towards the costs of studies to determine the feasibility of major college capital rationalisation projects and PPP/PFI procurement?	180	100
6 Do colleges support the amendments proposed to projects criteria as stated in annex B to Circular 99/06?	252	27
7 Would colleges be likely to make a proposal to the Council for financial support towards a capital project in 1999-2000 or 2000-01 under these new arrangements?	245	26
8 Would colleges agree that the Council should support projects to develop or remodel residential facilities for students with learning difficulties and/or disabilities?	188	80

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 on or after 24 March 1999 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 will be calculated on the basis that the Council will pay £50,000 of first £100,000 of the total eligible project cost and 35% of the balance of that cost.

4 Payments will be made over a three-year period to 31 March 2002 with up to the first £50,000 and 10% of eligible project expenditure above £100,000 paid in year 1. A single annual payment will be made, at a date to be agreed with the Council, except in the case of projects with a total project cost of over £500,000 where the Council will pay the grant due in year 1 in three (usually) equal instalments.

5 In years 2 and 3, the college can claim the remaining grant in two equal payments of 12.5% of eligible project costs a year.

6 In terms of the grant payable by the Council, the college will therefore receive £50,000 plus 30% of balance of the grant in year 1 and a further 35% of the grant in each of years 2 and 3, subject to the

receipt by the Council of properly evidenced claims. This is further expanded in the examples below.

Existing projects

7 Colleges which have yet to claim capital project support towards the costs of projects, but where the Council has previously approved their applications, may also apply for grant-based capital project support. The net present value of the support on the basis previously agreed calculated over 15 years will be offered to these colleges, subject to the receipt by the Council of properly evidenced claims. The grant will be payable over three years to 31 March 2002 in three equal annual instalments except in the case of projects with a total project cost of £500,000 or more and for which the main construction contract(s) had not been let by 31 March 1999. In these circumstances, the Council may pay the grant due in year 1, subject to the receipt of claims evidencing eligible expenditure, in three equal instalments. The discount rate used to calculate the net present value will be that used by the Council to calculate the support offered under the previous arrangements. For the avoidance of doubt, colleges which have already applied for and begun to receive capital project support payments for existing projects under the previous arrangements **will not** be able to apply for grant-based support for that particular project under the revised arrangements.

Procedures for Payment

8 The payment system will usually be on a matched funding basis for the first £50,000 lump sum payment. Thereafter, further funds will be paid against evidence of expenditure. This means that to claim the first £50,000, colleges need to send the Council £100,000 worth of eligible invoices.

9 In year 1 (to 31 March 2000) a college will be required to provide sufficient evidence of expenditure to cover the first £100,000 of expenditure together with invoices up to the value of 30% of the balance of the total project cost to claim the remainder of the first year grant. By year 2 (to 31 March 2001), the college will 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 (ending 31 March 2002), 100% of the total project cost.

10 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 1 May 1999, it will be paid on or around 20 June 1999. Examples of typical claims profiles appear below:

Examples

a. Projects estimated to cost £500,000 or less

For projects estimated to cost £500,000 or less, the Council's grant support payments will be staged over three years to March 2002. For example, for a project estimated to cost £500,000, the following payments will be made following receipt of appropriate claims from the college:

	£
£50,000 of the first £100,000	50,000
From the remaining grant of £400,000, 35% will amount to £140,000	
In year 1 (31 March 2000) (£140,000 x 10/35) (Invoices to total £220,000)	40,000
In years 2 and 3, the college will be able to claim the balance of grant, that is, 35% in each year (that is £140,000 x 12.5/35)	50,000*
Total received (In year 2, invoices to total £357,000 and in year 3 invoices to total £500,000) <i>*in each year</i>	190,000

b. Projects estimated to cost £1 million

Where the eligible project cost is £1 million, the payment will be staged over three years to 31 March 2002 in up to six payments.

When invoices of £100,000 have been received	50,000
From the remaining £900,000, a grant of 35% will amount to £315,000 over three years	
In year 1 (£315,000 x 10/35) (Invoices to total £357,000)	90,000
This will be paid in three payments of £30,500 (Additional invoices to total £86,000 for each stage)	

In years 2 and 3, the college will be able to claim the remaining 12.5% in each year (that is £315,000 x 12.5/35)

(In year two invoices to total £679,000 and in year three invoices to total £1,000,000)	112,500*
Total received <i>*in each year</i>	365,000

c. Projects of £5 million

Where the project cost is £5 million, the claim will be staged over three years to 31 March 2002

When invoices of £100,000 have been received	50,000
From the remaining £4,900,000, a grant of 35% will amount to £1,715,000 over three years	
In year 1 (£1,715,000 x 10/35) (Invoices to total £1,500,000)	490,000
This will be paid in three instalments divided into three payments of 163,333 (Additional invoices to total £467,000 for each stage)	
In years 2 and 3, the college will be able to claim the balance of the grant, that is, 35% in each year (£1,715,000 x 12.5/35)	612,500*
(In year 2 invoices to total £3,250,000 and in year 3 invoices to total £5,000,000)	
Total received <i>*in each year</i>	1,765,000

d. Subsequent project in the same year estimated to cost £1 million

Where the college has sent two or more projects for Council grant support within the same year, the college will be unable to claim the £50,000 lump sum grant for the second and subsequent projects submitted in that year.

In these cases the Council will pay 35% of costs over three years. For a project of £1 million, the following payments will be made.

A total of £350,000 to be paid over three years	
– 10/35 in year 1 (Invoices to total £286,000)	100,000
– 12.5/35 in year 2	125,000

	£
(Invoices to total £650,000)	
– 12.5/35 in year 3	125,000
(Invoices to total £1,000,000)	
Total	350,000

e. Previously approved projects where capital project support has not yet been paid

Against a net present value of the support previously payable on an annual basis, for example, of £300,000 supported by appropriate evidence of eligible expenditure the following amounts will be payable over three years to 31 March 2002.

In year 1 – one single payment of	100,000
In year 2 – one single payment of	100,000
In year 3 – one single payment of	100,000
Total	300,000

(Subject to the process of paragraph 11 in Circular 99/26.)

Claim Form

11 The format of the capital project support claim form has been changed to take account of revised arrangements described above and in the main body of the circular as follows:

- sections (a), (d), (e) and (f) are the same as in the previous form
- section (b) outlines the level of payment for colleges at each stage. It is intended 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. The total Council support should include the initial £50,000 lump sum payment for new projects where applicable. Details of the project cost to date should be included, together with the evidence of expenditure.

12 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.

13 Colleges are reminded that the government has not confirmed the allocation of capital funds beyond 2001-02. The Council can not undertake at this stage to meet claims beyond 31 March 2002.

Property leasing and PFI projects

14 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 Circular 98/30, *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 regional property adviser, an allowance for equipment costs if an appropriate proportion is not included in the PFI or lease agreement.

15 Where colleges wish to enter into a PFI scheme, the college will be able to claim support for the capital costs of the scheme. Rental payments for 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.

16 Payments will be made over a three-year period to 31 March 2002 with up to the first £50,000 and 10% of eligible project expenditure above £100,000 paid in year 1. In years 2 and 3, the college can claim the remaining grant in two

equal payments of 12.5% of eligible project expenditure above £100,000.

17 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 Council's regional finance director if they require any further advice or clarification on this point.

Grant Support Claim Form

(Reference Circular 99/26)

Please photocopy, complete and return to Selvy Kasparis in the property services team at the Council's Coventry office.

**THE
FURTHER
EDUCATION
FUNDING
COUNCIL**

College name (please print)

College code

Project title

FEFC project reference number

Cheylesmore House
Quinton Road
Coventry CV1 2WT

Telephone 01203 863000
Fax 01203 863100

a) Project cost details		Approved (£)*	Actual (£)	For Council use only	
Land purchased	_____	_____			Ref no.
Building(s) purchased	_____	_____			
New build	_____	_____			Date
Refurbishment cost	_____	_____			
External works	_____	_____			Account code
Furniture and equipment	_____	_____			
Professional fees	_____	_____			
VAT	_____	_____			
Total	_____	_____			
* as in investment appraisal/application form					
b) Claim details				Staged payment amount	
Please refer to offer letter for payment breakdown					
Initial claim of £50,000 received	<input type="checkbox"/>	Date received	___ / ___ / ___		
Year 1	<input type="checkbox"/>	Year 2	<input type="checkbox"/> £ _____		
Stage 1	<input type="checkbox"/> £ _____	Year 3	<input type="checkbox"/> £ _____		
Stage 2	<input type="checkbox"/> £ _____				
Stage 3	<input type="checkbox"/> £ _____				
c) Payment details				Checked by RSO	
Total Council support (including £50,000 where applicable)	£	_____			
Project cost to date	£	_____			
Amount already paid in previous claim	£	_____			
Amount due this claim	£	_____		Checked by finance for borrowing	
d) Supporting documentation sent with this claim				Authority 1	
(Please tick as appropriate)					
Certificate of practical completion		<input type="checkbox"/>		Date	
Architect's or equivalent certificate of expenditure incurred		<input type="checkbox"/>			
Invoices/receipts		<input type="checkbox"/>		Authority 2	
Other (please specify) _____		<input type="checkbox"/>			
Please provide a summary of attached invoices/receipts with clear referencing				Date	

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 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 set out in annexes D and E to Circular 99/06. The Council has agreed to make £2 million available on a pilot basis initially and will consider further allocations following a review of the pilot scheme at the end of this calendar year or earlier, depending upon the rate of applications for such funds. 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 accommodation 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 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 updating of the college's strategic plan and accommodation strategy in support of the proposal, including where appropriate 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.
- the Council's regional 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 and be incurred in the year ending 31 March 2000 for projects in the first round of applications
 - for projects involving collaboration with one or more other colleges or education providers, evidence of support on 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.

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 accommodation 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

8 The selection and appointment of consultants are considered in the Good Practice Guides produced by the Council in association with the National Audit Office. These include *Estate Management in Further Education Colleges*; *Effective Facilities Management* and also *Procurement*. A further good practice guide, *Professional Advice and Services*, is due for publication in summer 1999. Further details of these publications can be found on the Council's website (<http://www.fefc.ac.uk>).

9 Colleges are advised to discuss their proposals with the Council's regional 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. These should be returned to:

Selvy Kasparis
Property support team
Further Education Funding Council
Cheylesmore House
Quinton Road
Coventry CV1 2WT
Tel. 01203 8633221 Fax 01203 863100.

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

Application Form for Fee Cost Support for Capital Project Feasibility Studies

THE FURTHER EDUCATION FUNDING COUNCIL

(Reference Circular 99/26)

Please photocopy, complete and return to Selvy Kasparis in the property support team at the Council's Coventry office.

Cheylesmore House
Quinton Road
Coventry CV1 2WT

Telephone 01203 863000
Fax 01203 863100

College name *(please print)*

FEFC 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 ___/___/___

Amount of financial support towards fee costs requested £ _____

Date of letter from Council's property adviser confirming that the accommodation strategy is a satisfactory basis for an application for capital project support ___/___/___

Reference to proposed project in accommodation 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.

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's property adviser confirming that the accommodation 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 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.

Capital Projects Criteria

Stage 1: Validation Criteria

1 Before making an application to the Council for support, each college will apply the following validation criteria to its own proposals.

Consistency with strategic plan and accommodation strategy

- 2 Each college should be able to demonstrate how its proposals assist its overall plan for:
- accommodating its students and activities
 - curriculum areas requiring specialist provision
 - new provision.

Necessary steps in preparing and reviewing a college accommodation strategy were set out in the supplement to Circular 97/19, *Guidance on Accommodation Strategies*.

Confirmation of college contribution

3 Given the scarcity of capital funds, each college will be expected to contribute as much as it reasonably can to the costs of its projects. A college would normally be expected to contribute a sum towards projects costs at least equivalent to the costs of fees and equipment associated with its project.

4 In 1998-99, the Council's maximum contribution towards the costs of a project will be the value of any college's unspent Hunter priority 1a) and 1b) allocations that will be commuted into capital project support towards the costs of the project plus capital project support calculated on the basis set out at paragraphs 10 and 11 of Circular 99/06. The sector will be notified of new arrangements for 1999-2000.

5 The figure should be confirmed with the appropriate regional finance director before proposals are finalised. Under the stage 3 criteria, preference will be given to colleges applying for less than the maximum available Council support. The Council will consider waiving these limits where warranted by exceptional circumstances. Examples of project financing and the calculation of the Council's contribution towards project costs are provided in the supplement to this circular.

Financial viability

6 Each college should be able to demonstrate that it is financially viable after taking account of its contribution to the project, has no major weaknesses in its financial systems and could make satisfactory arrangements to manage the project.

Planning requirements

7 Each college should be able to demonstrate that appropriate planning permission for the proposal will be or has been obtained.

PFI and PPP

8 Colleges will be required to demonstrate that they have examined whether better value for money might be obtained by private sector investment and participation in the provision and subsequent management of the assets to be created and in the delivery of relevant services.

Stage 2: Application to the Council

9 The kind of factors that an institution is advised to consider in developing a capital project proposal are illustrated below. Not all the factors listed will be equally relevant to each case and there may be other factors which may attain significance in certain cases. In addition, there may be different outcomes for the same factor in different projects. The Council will wish to be assured that a particular outcome is appropriate for the project in question.

Strategic plan

10 The following factors apply to the college strategic plan:

- that the project is consistent with the college strategic plan
- that the strategic aims of the project have been set out in a measurable form to enable a satisfactory post-project implementation review to be conducted
- the extent to which the project relates to specialist provision
- whether the student number projections for the college are soundly based

- whether the project would help to serve the needs of the college's normal recruitment area and, in particular, contribute to securing sufficient and adequate provision
- whether there is under-utilised space in colleges serving the same market and the extent to which that should be taken into account
- to what extent the project might jeopardise the financial viability of neighbouring colleges and the extent to which these colleges have been consulted about the project
- whether appropriate collaborative ventures have been considered and, where appropriate, whether the development has been considered in terms of the local planning of provision
- where a merger/potential merger is likely, the rationale must include the impact of the development on the merged institution
- the project should not engender wasteful competition, for example, a duplication of expensive facilities within a locality or a replication of courses resulting in uneconomic learning groups.

Colleges putting forward projects should seek the endorsement of their local lifelong learning partnerships to reinforce their evidence that the project will not promote wasteful competition.

Quality

11 The following factors apply to quality issues:

- whether the existing provision has, at least, a balance of strengths and weaknesses
- how the project might enhance the quality of the provision.

Property indicators

12 The following factors apply to the college property. Colleges should consider whether:

- the project improves the quality of the college buildings
- the proposed building is of an appropriate type
- the building design enables access by people with physical disabilities

- the building is energy-efficient
- the gross/net floor area is appropriate
- listed buildings are involved
- health and safety issues have been considered
- there will be continuity of provision for students during construction
- opportunities are being taken for site and premises rationalisation and for their more cost-efficient operation.

Economic appraisal

13 The following factors apply to the economic appraisal. Colleges should consider whether:

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

Borrowing appraisal

14 The following factors apply to the borrowing appraisal:

- whether the college overall borrowing will exceed the permitted levels set out in the Council financial memorandum with the college
- the nature of the loan
- whether there are onerous conditions attached to the loan
- whether the interest rate is reasonable.

Financial health

15 The following factors apply to the college's financial health:

- whether there appears to be any current risk to the financial health of the college
- whether the project creates a risk to the financial health of the college
- whether appropriate risk analysis and sensitivity studies have been conducted.

16 Software has been developed by the Council which assists with the calculations required in the economic appraisal, the borrowing appraisal and the appraisal of financial health. The software is available to all colleges and may be obtained by writing to the relevant regional finance director.

Stage 3: Selection of Proposals by the Council

17 The Council will consider each proposal which has passed the first two stages of the process against the following seven selection criteria described at paragraphs 18–24.

Sufficiency and adequacy of facilities

18 The Council will have available, as appropriate, the view of the relevant regional committee on the contribution each project would make to ensuring that there are sufficient and adequate facilities for further education in the region and in the light of its advice on sixth form proposals and mergers in progress.

Quality assessments

19 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 on inspection as having more weaknesses than strengths (grades 4 or 5 on the inspection grading scale) unless the college were 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 the 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.

Economy

20 The Council will compare the cost per m² of the net added space of each proposal with that of similar constructions in the same area of the country.

Value for money

21 A measure of value for money will be calculated for each proposal by dividing the NPV to the United Kingdom economy of the proposal at the Treasury test discount rate by the value of the proposed Council contribution. This indicator is specifically recommended by the Treasury for situations in which decisions about rationing capital need to be made. It will be weighed against the other selection criteria in reaching a decision on any proposal.

Space utilisation

22 The Council will require evidence in support of a project proposal that the college concerned has fully addressed the efficient use of floorspace and facilities in its accommodation strategy. (For further advice, see Circular 97/37, *Guidance on Floorspace Management* and annex C to Circular 99/06.)

Hunter programme

23 The Council will give preference to projects with evidence of a significant amount of remaining Hunter priority 1a), 1b) and 2 works, and specifically:

- other health- and safety-related works on buildings to be retained
- other legally required works such as those required, for example, under the *Disability Discrimination Act 1995*
- works intended to widen participation by those attending the college and, in particular, to improve access and facilities for students with learning difficulties and/or disabilities.

Financing

24 The Council will give preference to firstly PFI or PPP projects and secondly loan-financed projects.

How to Apply for Accessibility Improvement Grant

Introduction

1 This annex confirms arrangements whereby colleges can apply for accessibility improvement grants.

Background

2 The Council has allocated £12 million over the period to 31 March 2002 for the purposes of improving access and facilities for students with learning difficulties and/or disabilities. Colleges are invited to apply for the first round of grants for works estimated to cost up to £100,000 on a matched expenditure (£ for £) basis (that is, the Council will contribute up to £50,000 towards eligible costs) by 31 July 1999. Depending upon the rate of applications the Council may invite applications for second and third rounds later in the year.

Assessing the need

3 Colleges should investigate the extent to which and how their accommodation can offer improved access and facilities to students with learning difficulties and/or disabilities in response to the requirements of the *Disability Discrimination Act 1995* and other relevant legislative requirements. When updating their accommodation strategies, colleges should undertake an accessibility survey of all of their buildings to include a building-by-building breakdown and a college-wide report. 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 students, such as learning and resource centres, lecture theatres, refectories and student social spaces as well as teaching areas.

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 wishing to apply for an accessibility improvement grant may wish to consult their regional property adviser in the first instance. After the initial consultation, colleges will be asked to submit their proposal to the Council for approval using the application form at appendix 1 and the supplementary information form at appendix 2 to this annex. These should be returned to Selvy Kasparis at the Council's Coventry office.

6 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. Colleges are reminded that the application form in Circular 99/06 should be used for projects with an estimated cost of £100,000 or more.

Completion of application forms

7 Under section 1 of the form at appendix 1 to this annex, 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 provide a 50% grant up to a maximum of £50,000 for projects costing up to £100,000.

8 In section 2 of the form at appendix 1, 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 appendix 2 of this annex 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 accommodation 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 regional property adviser if they require any additional information.

Accessibility Improvements Grant Application Form

(Reference Circular 99/26)

Please photocopy, complete and return this form to Selvy Kasparis in the property support team at the Council's Coventry office by 31 July 1999.

**THE
FURTHER
EDUCATION
FUNDING
COUNCIL**

Cheylesmore House
Quinton Road
Coventry CV1 2WT

Telephone 01203 863000
Fax 01203 863100

College name *(please print)*

FEFC college code

College address

Postcode

Telephone no.

Contact name *(please print)*

Area of accessibility improvement

1 Project details

Total project cost (maximum £100,000)

£

Less other sources of funds

Less college contribution

Total estimated amount to be paid by the Council (maximum £50,000)

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

2 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 etc). If necessary, please provide further details on an attached sheet.

Total estimated project cost

3 Declaration

I certify that the details given in this application are correct to the best of my knowledge. 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.

Accessibility Improvement Grant – Supplementary Information

**THE
FURTHER
EDUCATION
FUNDING
COUNCIL**

College name *(please print)*

College code

Cheylesmore House
Quinton Road
Coventry CV1 2WT

Telephone 01203 863000
Fax 01203 863100

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** _____

Ramps

Already provided _____
To be provided _____ **Cost of additional ramps** _____

Powered/automatic doors

Already provided _____
To be provided _____ **Cost of additional powered doors** _____

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** _____

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** _____

3 Teaching areas

Induction loops

Number already provided _____ Location(s) _____

Number to be provided _____ **Cost of additional induction loops** _____

Wheelchair spaces

Already provided _____ Location(s) _____

To be provided _____ **Cost of additional wheelchair spaces** _____**Total teaching area improvement costs (£)** _____

4 Other areas

Please include other areas that could have been or will be improved by the college to improve accessibility under those stated above. Examples of these may include widening doors, stair lifts, improved signage, and removal of fixed seating near entrance areas, installation and/or reinstallation of fixed equipment.

<i>Area of Improvement</i>	<i>Cost to College (£)</i>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

(please continue on a separate sheet if necessary)

Summary

Floor space currently accessible	_____ m ²
Floor space – accessibility improved	_____ m ²
Additional floor space to be made accessible	_____ m ²
Total floor space	_____ m ²
Total cost of improvements (£)	=====

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

**THE
FURTHER
EDUCATION
FUNDING
COUNCIL**

(Reference Circular 99/26)

Please complete this post-project review form and the checklist and send it to the regional director at the appropriate regional office.

Cheylesmore House
Quinton Road
Coventry CV1 2WT

Telephone 01203 863000
Fax 01203 863100

College name (*please print*)

College contact

Telephone no.

Project description

Project cost

Council project reference

Consent date ____ / ____ / ____

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.

Please send three copies of this completed post-project review form to the regional director. Each copy 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
 - 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, that is, those greater than 10% of the total project cost, within the commentary

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 in the attached commentary

3 a. what was the original estimated life of the asset?
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 (>10%) changes to the sources of project financing

6 Please indicate in the commentary if the loan (if any) has been fully drawn

Financial implications

7 Please indicate in the commentary if the project has 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 FEFC income 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 |
| | | ____ / ____ / ____
<i>(date)</i> | |
| 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 physical 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? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| | a. if yes, please indicate whether these have now been re-evaluated | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| | b. if yes, do the resources now meet health and safety policy? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| <hr/> | | | |
| 18 | Your commentary should detail the following.
Please give the relevant references | | |
| | a. have any space utilisation changes, projected before the project, been achieved? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| | b. did the project meet quality targets in all areas? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| | c. were late changes necessary and were they integrated into the project? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| <hr/> | | | |
| 19 | How would the college use its learning experiences from this project to improve the management of the next project? | | |
| <hr/> | | | |
| 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 in the timeframe detailed in paragraphs 22 to 23 in Circular 99/6. 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 variances, greater than 10% of the original project cost, between the original preferred option of the project and the outturn.

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 borrowing amount, please detail what amount is available for future use and when this is likely to happen.

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 students met?
- e. if any other income not previously accredited to the project has been received (for example, hiring of 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 student 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 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?

