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Transition grants guidance: area reviews of post-16 education and training institutions

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This guidance is for all post-16 education and training institutions involved in [area reviews](#), particularly further education and sixth form college chairs, boards and principals.

About the transition grants

The [Minister for Skills](#) announced that he had agreed grants of up to £100,000 to support each significant change resulting from an area review. This was in recognition of the challenges associated with implementing recommendations effectively.

The grants are to ensure providers can access the best change management skills and have the capacity to make the changes at the pace required. This will improve the likelihood of success of the significant changes.

The grants will only be available for a time-limited period following the conclusion of an area review.

Amount of transition grant funding available

A successful application will receive a grant of up to £100,000 in the case of:

- a closure of a college
- a merger of more than 2 institutions or of 2 institutions with a combined turnover of more than £25 million
- establishment of a multi-academy trust of 2 or more colleges

A grant of up to £50,000 will be provided for:

- single sixth form college conversion to a 16 to 19 academy
- merger of 2 institutions with a combined turnover of less than £25 million or
- a significant rationalisation or other significant change at a college or colleges where this change is reasonably expected to have significant upfront costs

A significant rationalisation or change might include:

- significant curriculum rationalisation
- set up of a shared services arrangement or
- the establishment of a joint venture

The Education Funding Agency (EFA) and Skills Funding Agency (SFA) will identify options which may be in scope as a significant change, and the amounts that may be claimed for them. This will be done during the latter stages of the area review process and will be subject to later consideration of formal applications.

Funding conditions

One grant per significant change

Only one grant can be provided for each significant change arising from the recommendations of an area review. Each application will be required to confirm that:

- it is the only request for transition grant funding relating to that proposed change
- it has the full support of any other organisation that would be a party to that proposed change, for example a partner organisation in a proposed merger

Available to colleges only

Only colleges can make applications for transition grant funding. However, a college may apply on behalf of itself and / or on behalf of any other organisation which will incur eligible costs relating to the agreed relevant significant change. For example, an organisation could be carrying out due diligence on a different college in connection with a proposed merger with the college claiming the funding.

Where a college applies on behalf of any other organisation, it will be accountable for its own compliance with the funding conditions and that of the other organisation. All payments of transition grants will be made by the EFA to the applicant college. The applicant college will be responsible for transferring funding to any other organisation on whose behalf it has applied.

Limited eligible costs

The grant and college contribution must be spent within 1 year of the final steering group meeting.

You can only spend funding on relevant skills (through externally procuring advice or by temporarily bringing in additional staff) or services. Relevant skills are defined as:

- project management
- legal
- finance
- commercial
- estates
- turnaround

Relevant services can include:

- due diligence
- asset or liability valuation

We're working on creating a standard due diligence framework which is expected to be available by June 2016. If your application for a transition grant includes due diligence costs then you will be expected to take account of this framework once available.

If you hire or procure any additional staff or service providers using the grant funding you should be certain that they have relevant experience in your required area of specialism.

Although knowledge of the further education sector may be desirable, this is not expected to be essential as that will already exist within the college. The people and firms already active in the sector are unlikely to be able to deal with this short-term increase in work. The focus must be on ensuring the people or firms have strong commercial skills.

No additional amounts of transition grant funding will be provided in relation to any VAT which may be payable on eligible costs.

College contribution required

Funding will be provided for up to 75% of eligible costs. There is a mandatory 25% contribution from the college(s) and this must be spent on eligible costs and be provided in cash, not in kind.

In complex cases the total eligible costs are likely to be higher than the total grant and leverage. Additional costs will be met by the college or other organisation incurring them. Where necessary, applications for other funding can be made to the restructuring facility in line with the published guidance.

Evidence required

You must provide evidence of expenditure on eligible costs to the SFA/EFA within 30 days of the final amount of the grant funding being spent, or at the latest within 30 days of the first anniversary of the final steering group.

You must provide a brief summary to the SFA/EFA of:

- what you spent the transition grant on
- how effective the transition grant was (for example, in enabling a college to work towards benchmarks set out in the updated area review guidance)

This may also form part of your application to the restructuring facility.

This will ensure that lessons are learnt and shared. We welcome your views on how to improve quality and minimise cost for the sector as a whole (including further sharing of outputs and experience) to enquiries.efa@education.gsi.gov.uk with the title 'Transition Grants'.

How to apply

Complete an [application form \(Word, 71KB\)](#) and send it to enquiries.efa@education.gsi.gov.uk with the title 'Transition Grants'.

You can only make one application in relation to each significant change arising from an area review. You should use one application form for each significant change.

Requests for this funding should be made within 2 months of the date of the final steering group meeting. Later applications will be considered in exceptional circumstances.

Applications will be managed by the SFA and EFA central intervention team. SFA and EFA will contact applicants using the details they have provided within one month of application.

Payment and repayment of funding

EFA will provide funding as a single grant payment alongside their usual monthly payments. They will issue a funding agreement schedule for this purpose.

The grant will become repayable (through a future reduction in funding) if:

- the funding is not spent
- the funding is not spent on eligible costs
- it is not match funded in line with 25/75% split required

- if reports on outcomes and expenditure are not submitted
- the significant change (or a variant of it agreed with SFA/EFA) is not delivered within the planned timescale

We will review the use of the grants and the conditions attached to them. We reserve the right to change the approach to better meet the overall objective.

Making best use of the funding

If your proposal involves creation of a new or newly merged institution, it is likely to be beneficial for the skills or services to be made available directly to the leadership (including interim or shadow arrangements if relevant) of the new institution. You should consider the implementation section of the [area review guidance](#).

Implementing the recommendations of area reviews may create significant demand for individuals or organisations with relevant skills in the short to medium term. Implementing significant changes is likely to require additional leadership and relevant restructuring expertise, which is different to that required to lead a college in a 'steady state'. We are continuing to work with partners to increase skills and expertise in this area. This includes working with sector bodies to ensure they can support the sector.

You should scope clearly any services that you intend to procure externally. This will ensure acceptable outcomes for all parties (this may include lenders).

Further information

If you have any enquiries about the transition grant funding or the content of this guidance please contact enquiries.efa@education.gsi.gov.uk, your email should be titled 'Transition Grants' to ensure that they are directed to the right team at the EFA.

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