



Department
for Education

Further education capital transformation fund allocation

Methodology

March 2023

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Introduction

The further education capital transformation programme (FE CTP) is providing £1.5 billion to FE colleges over 6 years ending in March 2026.

In 2020, the first phase of funding of the FE CTP of £200 million was allocated to FE colleges as the further education capital allocation (FECA). This allocation was calculated based on revenue funding amounts, to support all FE colleges to carry out immediate remedial works to upgrade the condition of their estate.

Building on this first allocation, DfE has also been working in partnership with 16 colleges to design and deliver capital projects to address some of the worst condition sites in the country. In addition, following a bidding process, we also announced funding of up to £410 million, across 74 capital projects. Colleges are now working to take forward these projects. A further two condition improvement projects have also been announced where colleges are involved with Education and Skills Funding Agency (ESFA) specialist restructuring.

The further education transformation fund allocation (FE CTF allocation) is the final stage of the FE CTP and will allocate £286 million of funding.

Eligible institutions

Institutions are eligible to be considered for an allocation if they are:

- institutions established as a further education corporation under section 17(1) of the Further and Higher Education Act 1992 (FHEA 1992) as amended (FE corporations); and
- designated institutions for further education established under section 28 of FHEA 1992.

These FE colleges and designated institutions will be referred to collectively as FE colleges for the purposes of this note.

The fund is not open to sixth form college corporations (as established under FHEA 1992), schools, academies, higher education providers or any other provider of further education or training, not constituted as an FE corporation or designated institution under FHEA 1992.

Not all institutions that satisfy the above criteria will receive an allocation. Some institutions will be ineligible based on the previous FE CTP funding they have received. See the 'Previous FE CTP funding' section for full details.

Changes to FE College Structures

The allocations take account of all changes to FE college structures that took place before 2 March 2023. Changes to college structures include mergers and closures of FE colleges, and transfer of sites between FE colleges.

Changes to FE college structures are taken into account in the data in the following ways:

- For FE colleges which have undergone changes to college structures (including mergers and transfers of individual sites) since the Further Education Condition Data Collection (FECDC), condition need on each site has been assigned to the college which currently operates the site.
- For FE colleges which have undergone mergers since the calculation of ESFA revenue funding in 2021 to 2022, the funding of predecessor colleges has been combined with that of successor FE college.

Allocation methodology

The FE CTF allocation aims to target investment to FE colleges with sites that have some of the poorest condition across the FE estate and that have not yet received funding through this programme, excluding the FECA in 2020 which all colleges received.

The factors that determine an FE college's allocation are:

- A weighting for learner numbers, as an estimate for size of college. This is calculated from revenue funding amounts previously received by FE colleges.
- Condition need on the estate, as measured by the FECDC. This takes into account the level of poor condition need on each site that was surveyed in the FECDC, so that funding is targeted at FE colleges with the greatest condition need.
- Funding received in previous stages of the FE CTP, excluding the FECA. This allows funding to target colleges with sites with some of the poorest condition that have not yet received funding through the FE CTP (other than the FECA). This is to ensure that funding is targeting the remaining poorest condition need across the estate.

This allocation therefore uses a different methodology from the FECA, as it accounts for condition need and previous funding awarded through the FE CTP, in addition to revenue funding amounts.

For each FE college, we calculate an overall allocation weighting as follows:

FE college weighting = condition band weighting x learner numbers weighting

The formula allocates funding between FE colleges in proportion with their college weighting. The total funding that can be received by any college at £15 million across the FE CTP, excluding the FECA, is £15m. Where this proportional allocation takes a college over the £15 million threshold across the FE CTF bidding round and this allocation, the formula caps their allocation to £15 million of funding across the bidding round and this allocation.

Learner numbers weighting

The learner numbers weighting element of the allocation is based on FE colleges' ESFA revenue funding in 2021 to 2022. This includes the following revenue funding streams:

- 16 to 19 revenue funding (core programme funding)
- Adult education budget (allocated):
 - Adult skills
 - Community learning
 - National Skills Fund – level 3 offer
 - 19 to 24 traineeships
- Apprenticeships carry in
- 16 to 18 traineeships, including bursary funding
- Advanced learning loans bursary
- Adult education budget devolved data

The formula includes adjustments so that FE colleges in devolved adult education budget areas receive their full allocation.

The formula calculates each college's learner numbers weighting as the proportion of the total amount of revenue funding each eligible FE college received in 2021 to 2022. This is calculated as the college's revenue funding divided by the total revenue for all eligible institutions.

FECDC Condition need

The FECDC survey collected condition data on all FE colleges and designated institutions between April and December 2019¹. A full explanation of how FECDC data was collected can be found at [Further Education Condition Data Collection: Guidance for FE Colleges](#). The purpose of the FECDC survey was to gather building condition data to improve our understanding of the condition of the further education college estate in England (excluding private sector providers), and to provide the evidence base to support future decision-making about FE capital funding.

¹ Colleges which do not appear in the FECDC survey are not included in the dataset but are included in the formula through being assigned to condition band A.

We have calculated relative condition need in each FE college using the modelled condition need graded C or D in critical elements², as identified by the FECDC survey data. These category C and D critical building elements are used as a proxy to identify and target remaining funding to the most acute condition improvement need across the FE estate. We then adjusted for previous funding already awarded through the FE CTP (see next section for details), and divided by the gross internal floor area of the FE college, to give the relative condition need per square metre for each FE college. FE colleges have been placed in funding condition bands according to their relative condition need per square metre.

Each condition band is assigned a weighting, based on the median condition need per square metre for the colleges in that band, as set out in Table 1. The lowest band, containing the colleges with the lowest amount of condition need per square metre, is band A. The highest band, containing the colleges with the highest amount of condition need per square metre, is band I. The condition band weighting is one of the elements of the formula that contributes to the share of the allocation funding each college receives. A college in relatively poor condition will attract a greater share of the allocation funding than one in average condition, which in turn will attract a greater share than one in good condition.

FECDC condition band	Weighting
A	1
B	3
C	4
D	6
E	8
F	10
G	15
H	22
I	36

Table 1: FECDC condition bands and the weightings associated with them.

Colleges that do not appear in the FECDC data are assigned to condition band A.

² Critical elements are: roof; external windows, walls and doors; mechanical services; electrical services

Previous FE CTF funding

The aim of the FE CTF allocation is to target investment to FE colleges and sites with some of the poorest condition across the FE estate that have not yet received funding through this programme. The allocation formula therefore takes into account funding that FE colleges have already been awarded through previous stages of the FE CTF (not including the FECA).

Previous funding awarded through the FE CTF (other than the FECA) is taken into account in the allocation in two ways:

- Total funding amount FE colleges have already been awarded through FE CTF
- FE college sites that have been awarded funding

Total funding amount already awarded to FE colleges through FE CTF

The 16 FE colleges selected in August 2021, where the department is working in partnership to take forward capital projects to address some of the worst condition sites in the country, will not receive further funding in this allocation ([Sixteen colleges to benefit from next phase of fund to transform facilities - GOV.UK \(www.gov.uk\)](#)).

FE colleges which have been awarded at least £15 million of funding from the FE CTF bidding round ([Further Education Capital Transformation Fund: stage 2 awards and further support - GOV.UK \(www.gov.uk\)](#)) are also not eligible to receive a further allocation.

To ensure FE colleges which are eligible for the FE CTF allocation do not receive more than the £15 million eligibility threshold, the formula caps total funding that can be received by any college at £15 million across the FE CTF, excluding the FECA.

FE college sites that have already been awarded funding through the programme

In the FE CTF bidding round, colleges were awarded funding to deliver projects to address condition improvement on specific sites on their estates. As they have already been awarded funding for condition improvement projects for these sites, the sites will not be included in the condition element of the formula when calculating the college's condition need band.

As a result, when all of an FE college's sites that have critical elements in C and D condition, as measured by the FE CDC, have already been awarded funding in the FE CTF bidding round, they will not be eligible to receive the FE CTF allocation even if the funding awarded was less than £15 million.

To ensure all FE colleges receive some funding, in addition to the FECA, those that have only received funding through the FECA to date will still be included in the FE CTF

allocation, even if they do not have any sites with critical elements in C and D condition. These FE colleges will be placed in the condition band A.



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