

July 2006/27

Core funding/operations
Invitation to apply for funds

Proposals should be submitted by
Tuesday 31 October 2006

This document sets out the arrangements for an additional allocation of learning and teaching capital for higher education institutions for 2006 to 2008. It invites HEIs to submit proposals for use of these capital grants. Indicative allocations are at Annex A.

Additional capital funding for learning and teaching

2006-08

Alternative formats

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Additional capital funding for learning and teaching 2006-08

To	Heads of HEFCE-funded higher education institutions
Of interest to those responsible for	Senior management, Finance, Estates, IT
Reference	2006/27
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Executive summary

Purpose

1. This document sets out the arrangements for an additional allocation of learning and teaching capital for higher education institutions (HEIs) for 2006 to 2008. It also invites HEIs to submit proposals for use of these capital grants.

Key points

2. We have allocated £95 million of learning and teaching capital grant to English HEIs.
3. We will distribute the funding by formula. Funding allocations are conditional on us receiving a satisfactory proposal from the institution on how it is to be used. The conditional allocations are at Annex A.
4. The additional capital grants will be available to HEIs from July 2006 (see paragraph 30).
5. The allocations incorporate capital allocations to HEIs that have student numbers for franchised programmes. They also include student numbers allocated to further education colleges (FECs) that are members of HEFCE-recognised funding consortia led by an HEI.
6. Directly-funded FECs will receive an allocation of capital funding via a separate announcement, to be issued by HEFCE later this summer.

Action required

7. HEIs should submit their proposals electronically by **Tuesday 31 October 2006**. Details of how to access the new application system and helpdesk will be e-mailed to existing capital contacts shortly.

Background

8. Since 2000 we have provided funding to address the capital requirements of learning and teaching and IT.

9. Our publication 'Capital funding for learning and teaching, research and infrastructure' (HEFCE 2005/08) announced formula-based allocations of capital funding for learning and teaching of £550 million for 2006-07 and 2007-08. The HEFCE Board also decided in January 2005 to allocate an additional £33 million of capital funding to be allocated formulaically to all institutions in 2005-06 to support their e-learning activities and, in particular, to accelerate implementation of HEFCE's e-learning strategy.

10. In June 2006 the HEFCE Board reviewed the split of learning and teaching capital funding between formula-based allocations and project-specific funding through the Strategic Development Fund. The outcome is an additional amount of formula-based learning and teaching capital totalling £100 million. Of this we are allocating £95 million to HEIs via the established learning and teaching capital programme and £5 million to directly-funded FECs.

11. Further details of the £5 million additional allocation to directly-funded FECs, including eligibility criteria, will be announced later this summer.

Funding available

12. These funds are available to support learning and teaching activity undertaken by institutions, taking account of the priorities listed in paragraph 16.

13. We have allocated funding to HEIs by formula, on the same bases as used for the 2006-08 learning and teaching capital round. These bases are:

- HEFCE 2004-05 standard teaching resource and widening participation allocations
- Training and Development Agency for Schools teacher training resource.

14. Annex A shows the funding allocated to each institution. The first column shows each institution's total allocation, the second shows separately the amount for franchised provision that is included, as appropriate, within an institution's allocation.

Invitation to apply for funds

15. We invite HEIs to submit proposals on their intended use of the conditional allocations of learning and teaching capital.

16. The priorities for the use of these additional capital funds are:

- a. To enhance existing projects funded via the main learning and teaching capital allocation, either by extending the scope of these projects or by supporting improvements in quality.
- b. To invest in equipment, including IT-related equipment, used in learning and teaching, and particularly in e-learning.

17. We urge institutions to consider using these additional funds for equipment rather than new construction projects due to the relatively small sums of money involved and the March 2008 funding deadline.

18. For HEFCE project capital funding to HEIs, including this additional allocation, the total contribution by HEFCE must not exceed 90 per cent of total project costs, with institutions making up the remainder from their own funds. We believe this provides an incentive for HEIs to identify their real priorities and to secure value for money. However, we will waive this requirement for 10 per cent institutional contribution where projects are collaborative. For this purpose, a project is considered collaborative where:

- a. The minority partners contribute at least 33 per cent of the total costs of the collaborative project.
- b. There is a formal agreement between the HEIs involved.

- c. The total costs for the project exceed £500,000.
19. HEIs will be expected to confirm that:
- a. They have followed good practice guidance and other information such as that listed in Annex B so that value for money will be secured.
 - b. Proposals are affordable, both in terms of the initial capital costs but also in terms of annual operating and maintenance costs over the life of the asset or activity.
 - c. Issues of sustainability have been addressed, where appropriate.

Assessment information

20. We will aim to run the assessment process so that funding can be confirmed as early as possible and with the minimum administrative burden to institutions.
21. Institutions will be asked to submit information via an online form. Details of how to apply will be e-mailed to the learning and teaching contact details provided to HEFCE for the HEFCE 2005/08 allocation. The assessment will be based on the areas set out in paragraphs 22 to 25 of this document.
22. HEFCE regional consultants will consider the extent to which:
- a. The proposed activity supports the delivery of the institution's strategic aims and objectives.
 - b. The proposed activity addresses requirements of the region.
 - c. The proposed activity will also benefit, where applicable, indirectly-funded students in franchise colleges or funding consortia.
23. HEFCE financial advisers will consider whether the proposed activity is affordable as described.
24. HEFCE estates advisers will consider the implications of new construction projects. Institutions that intend to use these funds to undertake a new construction project should complete and return the form at Annex C and indicate in the appropriate text box on the online

application form that they have done so. (For the reasons given in paragraph 17, we encourage institutions to submit proposals for equipment-related rather than building projects).

25. Institutions that intend to use these funds to extend existing HEFCE-funded work will not be asked to submit the procurement information usually requested for capital funding. Where new work is planned, this should be indicated on the online application form; we will contact the institution regarding our information needs. In all cases, we will examine:

- a. How the institution will manage the procurement process.
- b. How value for money in the procurement of equipment will be achieved by the institution.

Co-ordination

26. For this allocation of additional capital we will use the same institutional co-ordinator as was identified for the HEFCE 2005/08 capital allocations.

Payment of funds

27. We will pay 100 per cent of capital grants through payments that match the profile of project expenditure that we agree with each HEI. Funding is conditional on receiving a satisfactory project completion statement. HEIs are required to follow Assurance Practice Note 1/2004 (on the web at www.hefce.ac.uk under Finance & Assurance/Assurance service/Internal and external audit/Guidance). A sample of the project completion statements will be audited.

28. Where HEIs are unable to provide satisfactory project completion statements, or do not do so by 30 September 2008, or the project completion statements do not provide the necessary assurance over the use of funds, we will seek to reclaim all of the funding provided for such projects.

Evaluation

29. We will evaluate the outcomes of this capital funding alongside the evaluation of the HEFCE 2005/08 allocations. This will identify specific

examples, or case studies showing how the funds as a whole have improved the quality or quantity of learning and teaching that have been delivered.

Timetable

30. The timetable is as follows:

31 July 2006	Conditional allocations and proposal process published
July 2006	First available start date for agreed extensions to existing projects
31 October 2006	Deadline for new project proposals or significant changes to programmes to be received by HEFCE
30 November 2006	Confirmation by HEFCE of acceptance of proposals
November 2006 to 31 March 2008	Funding available to new projects
31 March 2008	Capital programme ends
30 September 2008	Deadline for receipt by HEFCE of project completion statements

Annex A

Additional learning and teaching capital allocations 2006-08

This annex can be downloaded from the HEFCE web-site under Publications.

Annex B

Information on good practice

The following publications provide information on good practice. The list is not exhaustive. Institutions are expected to be able to demonstrate they have followed good practice guidance so that value for money will be secured.

Building Research Establishment Limited

BRE Environmental Assessment Method (BREEAM)

<http://products.bre.co.uk/breeam>

Chartered Institute of Building

‘Code of practice for project management’

www.constructionbooksdirect.com

Construction Industry Research and Information Association

‘Sustainable construction procurement: a guide to delivering environmentally responsible projects’, 2001, Ref C571.

www.ciria.org under Bookshop

Department of Trade and Industry

‘Sustainable construction brief’ 1 and 2

‘Building a better quality of life: a strategy for more sustainable construction’

<http://www.dti.gov.uk/sectors/construction/sustainability/page13691.html>

HEFCE

‘Investment decision making – a guide to good practice’, HEFCE April 2003/17

www.hefce.ac.uk under Publications

Office of Government Commerce

Achieving Excellence in Construction, guidance documents covering:

- improving standards of design in the procurement of public buildings
- sustainability in construction procurement.

Achieving Excellence Guides covering:

- design quality

- health and safety
- improving performance
- initiative into action
- procurement and contract strategies
- project organisation
- project procurement lifecycle
- risk and value management
- the integrated project team
- whole-life costing.

http://www.ogc.gov.uk/sdtoolkit/reference/ogc_library/achievingexcellence/index.html

Proc-HE

Guidance documents on procurement covering:

- benchmarking
- business case guidance notes
- competitive tenders
- electronic OJEC notices
- selecting best value
- whole-life costing.

www.proc-he.ac.uk under Guidance

Research Equipment Affinity Group

Guidance documents on research and other equipment.

www.proc-he.ac.uk under Groups/REAG/Model documentation toolkit

Universities UK

‘Procurement guidelines for higher education: building and engineering projects’

www.universitiesuk.ac.uk under Publications/Management guides & codes of practice

Annex C

Additional learning and teaching capital allocations 2006-08: form for new construction projects

Please complete this form and send it to the address below.

This form should be completed **only** where additional construction projects are proposed. Note that due to the timescale and funding levels available we suggest institutions do not consider new build-projects (see paragraph 17).

Estates contact name.....

Position

Tel..... E-mail

Names & locations of buildings.....

Description of works (word limit 100)

Estimated start date..... Estimated completion date

Percentage of floor space to be used for Research.....

Costs base date

Special factors affecting costs (word limit 200)

Justification of additional space (word limit 200)

Type of work

New-build or adaptation/refurbishment (delete as appropriate)

Build cost £

Contingencies £

Specialist works (word limit 100)

Professional fees £

Fitting out £

Increased cost allowance £

VAT £

RIBA stage

Gross floor aream²

Net floor aream²

Building type (see table below)

Building types for capital round 2006-08

Building type	Space type	Project type (example)
1	Complicated highly serviced space with special facilities	Research laboratories
2	Highly serviced space	Subjects allied to medicine, teaching laboratories
3	Moderately serviced, acoustically sensitive, or heavy floor loading space	Engineering, lecture theatres, library/learning resource centre, music
4	Basic space, lightly serviced	Administration, art & design, drama, general teaching, social/dining, sports
5	Other	Maintenance workshops

When completed please return this form no later than 31 October 2006 to

Stuart Cross
Estates Advisor
HEFCE
Northavon House
Coldharbour Lane
BRISTOL
BS16 1QD

e-mail s.cross@hefce.ac.uk
tel 0117 931 7348

Do not complete this form unless you are submitting a proposal to use HEFCE project capital funds for a new construction project.



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