



16-19 Capital Fund – 2006-07 Onwards

Consultation Guidance

August 2005

This document is of interest to representative bodies of state sector schools, local authorities, specialist schools, academies, further education institutions, Diocesan Councils and other interested parties in 16-19 Capital Fund.

Responses are requested by 30 September 2005

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Summary

1 This document seeks to consult the representative bodies of state sector schools, local authorities (LAs), specialist schools, academies, further education (FE) institutions, Diocesan Councils and equivalent bodies and other interested parties on the proposed arrangements for the allocation of capital funding towards the cost of capital facilities for new 16-19 school and FE provision, commencing in the year 2006-07. A consultation form requesting answers to specific questions and inviting further comment is also enclosed to be completed and returned to the Learning and Skills Council (LSC) by 30 September 2005.

Introduction

2 This document outlines the proposed arrangements for the allocation and administration of funding for capital facilities for new 16-19 provision in schools, FE institutions, or FE 16-19 Academies. Such funding would commence from 2006-07. This **16-19 Capital Fund** will be administered by the LSC and brings together LSC and Department for Education and Skills (DfES) dedicated 16-19 capital funding. Attached at Annex A, is a consultation form, for those being consulted to provide feedback on the proposed arrangements.

Background

3 The publication of the DfES Five-year Strategy for Children and Learners, amongst other matters, announced the creation of a single capital fund for new 16-19 school and FE provision. Currently capital funding for 16-19 developments comes from a number of different funds:

- funding for new school sixth form places has been administered by the DfES under Basic Need capital funding
- the DfES provides funds for the renewal of sixth form provision within the Building Schools for the Future programme
- the DfES also provides funds for existing school sixth forms under its school modernisation programme
- funding towards the capital costs of new sixth form colleges and new 16-19 centres (usually) in FE colleges is provided by the LSC under the LSC's 16-19 capital rationalisation funds; and

- the LSC provides capital funds as part of its general FE capital funding for the expansion, renewal and modernisation of existing sixth form colleges and sixth form provision within general FE colleges.

4 Under the proposed arrangements, the DfES Basic Need capital funds and the LSC 16-19 rationalisation funds will be combined and administered as a single 16-19 Capital Fund by the LSC. Funding for this budget will be drawn from the spending review outcomes for schools and LSC capital resources for 16-19 provision. Because of commitments and allocations made up to 2005-06, funding from this budget will be available from 1 April 2006. But other funds (as stated above, for example, modernisation) for some categories of 16-19 development will continue to be available through existing routes.

Programme Aims

5 The new 16-19 Capital Fund is being developed in response to better meet the needs of communities and learners. The new fund will:

- bring more coherence to investment decisions on projects requiring investment in new post-16 education and training provision
- facilitate certain joint initiatives across schools and colleges in response to local needs, in the context of 14-19 provision
- remove some of the obstacles that different priorities and timetables for the existing schools and LSC budgets present, including implementing the outcomes of area inspections and Strategic Area Reviews (StARs); and
- reduce the risk that decisions about what type of new provision is made are distorted by the existence of too many different capital funding sources.

Background to the Programme Aims

6 Diversity and choice in learning provision are essential prerequisites to the delivering personalised learning programmes that will meet the needs, aptitudes and aspirations of all young people and support increased participation and attainment. That is why they are central to the Government's vision for 14-19 learning.

7 There is evidence that choice is a powerful lever for driving up quality and participation. Ministers believe that choice is best delivered by providing institutions with greater autonomy in serving their local markets so that successful provision can expand and local strengths be fully exploited. To this end the Department's five-year strategy included:

- measures making it easier for high performing 11-16 specialist schools to open sixth forms
- competitions, decided at local level, where substantial new 16-19 provision is needed; and

- a unified 16-19 capital budget combining school and FE resources to support coherent investment in new 16-19 provision.

8 Ministers are keen for 16-19 Academies to be established. 16-19 Academies should offer considerable benefits to communities adding to the diversity of 16-19 provision. In areas where there has traditionally been low participation and attainment, the involvement of sponsors could bring stronger links with local business and industry. 16-19 Academies should offer a bespoke and innovative solution to young people who otherwise might not stay on in conventional 16-19 provision and help to increase the number of places available to school leavers where there is currently a deficit.

9 The LSC will aim to ensure that the pattern of 16-19 provision supports the delivery of the 14-19 agenda, in assessing local need, through StARs and ensuring that supply is matched to demand. Where a StAR indicates that the existing pattern fails to meet local need – whether this be a need for new places, improved quality, curriculum breadth or learner choice of institution – the LSC will work in partnership with new and existing providers to propose change. This may involve facilitating new ways of working, and accommodating change in demand or supply of 16-19 provision, such as the establishment of new school sixth forms or 16-19 Academies. It may also involve the LSC in commissioning and administering a competition where substantial new 16-19 provision is needed.

Scope of Funds

10 The new budget will be administered by the LSC, consistent with its wider 16-19 remit.

11 Five main scenarios will be covered by the fund. It will address college and school capital projects that lead to a strategic expansion of 16-19 provision and offer a material increase in new 16-19 school or college places (normally at least 50 full-time places) arising from:

- increased participation, in particular, when identified through the LSC StAR process
- area wide reorganisation in response to either StARs or OfSTED Area Inspection outcomes to raise standards and/or promote choice
- proposals for high performing 11-16 specialist schools to add a sixth form
- proposals from 16-19 Academies (with business sponsorship for a significant contribution to the capital costs); and
- proposals from other schools to add new sixth form places where there is a strong case to extend the range of learning opportunities available to learners across the 14-19 phase.

12 The following categories will not be eligible:

- the modernisation needs of sixth forms in schools (this will continue to be covered by formulaic modernisation funding to local authorities and schools)
- the 16-19 elements of schools' projects in the Building Schools for the Future programme (as this is a secondary schools rebuilding programme); and the 16-19 element in 11-19 Academies; and
- FE college modernisation or campus renewal schemes with a 16-19 element not specifically addressing area wide reorganisation or increasing participation (or otherwise identified as high priority outcomes of Strategic Area Reviews or Area Inspections). Such projects continue to be funded from the LSC's FE capital budgets.

Total Amount of Available Funding

13 The following amounts of funding are available:

- £120 million in 2006-07
- £180 million in 2007-08.

Capital Programme Framework

14 It is anticipated that many applications will come forward as a result of the new presumption for new sixth forms to be added to qualifying 11-16 schools, the reorganisation of provision arising from the StAR or other review processes or the 16-19 competition process. The arrangements for this are outlined below.

New Presumption

15 At present it is easier for an FE college to open a sixth form centre than for an 11-16 school to open a sixth form. Measures are being introduced, therefore, to make it easier for high performing specialist schools to open new sixth forms and equalise the position. The DfES guidance for local decision makers (School Organisation Committees and Adjudicators) is being amended to introduce a presumption to approve a proposal from a school that meets the published criteria for high performing specialist school status and which opt for a vocational specialism. The definition of high performing specialist schools and the criteria relating to the presumption may be subject to change year on year. For further details please refer to the DfES guidance relating to the organisation of 16-19 provision.

16 Under the presumption, if a school meets all the necessary criteria for the creation of a new sixth form then the school will receive funding from the capital fund. The timing of the release of capital funds will depend on the overall demand for funds within each financial year.

Area Reviews and 16-19 Competitions

17 StARs have identified gaps in 16-19 provision that new and existing providers could help fill. In areas requiring substantial new provision or a different mix of provision to meet local needs, competitions may be held to improve choice and bring in new providers – including high performing specialist schools and colleges. Competitions for new 16-19 provision will enable parents' groups and others to promote schools, including smaller schools and new college provision.

18 The StAR processes ended in March 2005. However, review activities will continue at local LSC level as part of the LSC's ongoing Business Cycle and response to market developments.

19 On the trigger for competitions and other processes leading to the development of substantial new 16-19 provision, the LSC believes that its reviews of local provision – particularly StARs or other local LSC needs analysis – should be the starting point. These reviews would conclude with a broad outline of what was needed in an area in terms of 'new' provision defined as:

- either 'additional' provision to meet increased learner numbers
- 'different' provision such as adjusting the vocational/academic balance; and
- 'better' provision in terms of quality; or a combination of these.

20 Although funding may be available from other sources capital outcomes of the 16-19 competitions will be funded from the 16-19 Capital Fund. This will be taken account of in the budgeting for, and the planning of, the competition process. It will be subject to the competition outcomes recommending projects that meet the threshold and other criteria for entry to the 16-19 Capital Fund and the availability of capital funds from year to year.

Arrangements for the Processing of Applications in the First Year of the Fund

21 The invitations for the first set of applications for capital funding for new 16-19 places in schools and colleges will be issued in October 2005. It is anticipated that decisions on approving the establishment of new sixth forms should be made during 2006.

22 Within the first year, the allocation of funds may be limited by the need to fund projects already in the pipeline. In these circumstances the LSC may decide to invite a further round of applications later in the year and either alter the timetable for approvals or make adjustments to the budget and timing of actual payments for 2006-07.

23 In parallel with this consultation process local LSCs will consult providers and other stakeholders on the likely timing, number and cost of potential proposals. This will help in finalising the formal arrangements for the administration of the 16-19 Capital Fund and the phasing of applications and the approval process.

24 Applications can be for both the construction of new buildings, and for the extension and adaptations of existing buildings. All proposals would have to meet appropriate cost and value for money criteria.

25 As now applications for school projects will normally exclude land acquisition costs as local authorities are generally expected to make land available (unless there are exceptional circumstances) in line with current DfES practice.

Assessment Procedure

26 Once an application has been submitted it will be subject to the assessment criteria outlined in Annex B. This will include education-based criteria, to be reviewed initially by the relevant local LSC based team assisted by LSC regional property advisors and regional finance directors, and moderated at regional level, following consultation. The relevant local LSC will be fully involved in overseeing applications. LSC regional property advisors, in particular, will be available to liaise with LAs, schools and colleges as to the LSC's requirements and criteria prior to and after the submission of applications.

Applications – Additional Information

27 An application form and other supporting documentation will be required. This will include:

- investment appraisals, affordability/funding analysis and forward financial forecasts
- plans and drawings of the proposed new buildings usually up to the Royal Institute of British Architects design stage D (formal guidance is to be published in October)
- an elemental breakdown of the cost of the proposal; and
- other project-related information.

28 Formal application for a capital development that has already been worked up to a relatively detailed design, is required to minimise the risk of approving proposals and awarding grants to projects that upon award of the building contract, fall outside of the originally approved budget.

Level of Grant Support

29 The percentage level of grant support available under this fund will vary depending on the circumstances of each application. Where an application is approved:

- as now funding will be at the rate of up to 100 per cent for community, voluntary controlled and foundation schools, and up to 90 per cent for voluntary aided schools (if no other resources are available). This is more

likely to be the case with proposals for a new sixth form facility within an existing school

- new sixth form centres within existing FE colleges will be subject to the LSC's usual affordability criteria and may receive a lower percentage level of grant support if there are other capital sums available to help fund the development, or there is an opportunity for some of the costs to be paid for by borrowing; and
- the level of the LSC's capital grant contribution for new FE 16-19 Academies will not usually be more than 35 per cent, the balance is dependent on the amount of third party sponsorship that has been obtained, and will be drawn from the Academies Programme budget.

30 Further details on the determination of grant levels will be provided with the application guidance.

Capital Criteria

31 Applications will be assessed against the categories of capital projects criteria listed in Annex B. Further threshold rankings may be introduced to use in deciding which applications should be funded where the demand for funds is greater than the available supply of funds in any single year, and the LSC has to prioritise applications.

Payment of Grant

32 The grant will usually be paid during the period of project expenditure. Projects approved within the first year of approval will be paid over a two-year period. Therefore the grant for a project approved in April 2006 would usually be paid in 2006-07 and 2007-08. The triggers for payment have yet to be decided and will depend on the outcome of the consultation. The main options would be a claims-based system similar to that currently operated by the LSC where the grant is paid to the applicant on submission of evidence of expenditure once certain threshold costs have been achieved. Alternatively, the grant could be paid on profile with regular reconciliations against expenditure incurred.

Approval Procedure

33 Once an application has been assessed as meeting the project criteria then it will proceed to the approval process. All capital proposals will be subject to a two-stage approval process. Firstly, the relevant local LSC Council, made up of local LSC members, will assess the proposals having regard to the Competitions process if applicable. Secondly, the proposals will be considered and determined by a committee of the National LSC. The committee will comprise members of the LSC National Council and co-opted members.

Appeals

34 There will be no formal appeals process. However, if an applicant does not accept the decision of the local LSC the proposal may, exceptionally, be reconsidered by the LSC capital committee.

Eligibility of Providers

35 Applications will be accepted from individual schools, LAs, diocesan and equivalent authorities, higher education institutions and colleges either individually or as leaders of consortia. Such consortia may include any or all of these categories of provider and other private sector providers such as those in the private school sector or work-based training sector.

14-16 Provision

36 Applications should be for the development of new 16-19 places. Such places may also be made available for 14-16 purposes as long as such use is ancillary to the delivery of 16-19 provision.

Timetable

37 The proposed indicative timetable for the publication of guidance, submission, assessment and determination of applications for the first year of the fund is shown below:

30 September 2005	End of consultation period
Late October 2005	Publication of the final guidance and application form
1 November 2005 – 31 March 2006	Period for the submission of the first year of applications for 2006-07
1 April 2006 – 31 May 2006	Formal assessment of first year of applications
30 June 2006	Final date for the determination of all first year applications
August 2006	Start of the construction period for projects approved in year one of the fund
August 2006	Start of the first year's payment to projects approved in year one of the fund
1 July 2006 – 30 September 2006	Period for the submission of the second year of applications for 2007-08
1 October 2006 – December 2006	Formal assessment of second year of applications
31 January 2007	Final date for the determination of all second year applications
August 2007	Start of the second year's payment to projects approved in year one of the fund
31 December 2007	All first year projects to have been completed by this date at the latest
31 March 2008	All payments for first year projects to have been made by this date

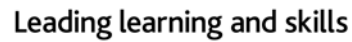
Consultation

See Annex A

Criteria

See Annex B

16-19 Capital Fund 2006-07 Consultation Paper



- by mail (Learning and Skills Council, Cheylesmore House, Quinton Road, Coventry CV1 2WT)
- by fax (024 7682 3219); or
- by email (craig.weaver@lsc.gov.uk).

Name
Role/Title
Organisation
Address
Postcode

For Providers

1 Will your institution(s) be planning to submit an application to the new
16-19 Capital Fund in the next two years? Yes ☐ No ☐

Comments

If Yes:

2a Will the application be as a result of the new presumption for 11-16 schools to create a new sixth form? Yes ☐ No ☐

Comments

2b Will the application be as a result of the StARs and/or 16-19 Competition process? Yes ☐ No ☐

Comments

3 How many applications for projects are you planning to submit?

Comments

4 What is the estimated total project cost of each application?

Comments

6 In which year (first, second, or later) will the application(s) be submitted?

Comments

Part B

General Consultation

1 Do you agree that the fund should be administered on an application-based system?

Yes ☐ No ☐

Comments

2 What major issues are there around the proposed timescales for the preparation and submission of an application?

Comments

3 Do providers have the resources (and funding if applicable) available to complete an application-based project submission?

Yes ☐ No ☐

Comments

4 Do you think it would be preferable for the grants for school sixth form provision (from the new fund) for non-voluntary aided schools to be paid directly to schools, or through the local authority?

Comments

5 Do you think the payment of the capital grant should be based on a claims-based system with payment being made on receipt of evidence of expenditure?

Yes ☐ No ☐

Comments

6 Do you think that the approval criteria as listed in Annex B are appropriate?

Yes ☐ No ☐

Comments

Annex B

16-19 Capital Fund 2006-07 Criteria Paper

Criteria for the Approval of Applications

1 Listed below are the criteria to be used in assessing and prioritising applications for 16-19 capital funding. The criteria can be divided into three categories: education, property and finance. The education criteria will relate to those applications that come forward as a result of the 16-19 competitions process, those that come forward under the presumption for a new sixth form and those coming forward under other routes. Further details on the criteria will be included within the final guidance paper to be published in October 2005.

Education Criteria

2 All applications seeking capital funds from the 16-19 Capital Fund will all be assessed against the same educational criteria. These can be considered at two levels:

3 Firstly, four key principles for new 16-19 provision are proposed which applications to the new 16-19 Capital Fund must address either individually or in combination:

- a need for additional places
- a need to reconfigure provision to improve choice and raise standards, participation or attainment to meet local, regional and national targets
- a need for a better balance of provision to improve choice; or
- a combination of any or all the above.

4 Secondly, in particular applications should demonstrate how the proposal will:

- ensure effective collaboration with existing providers and complement existing provision as part of a locally coherent system
- reflect the aims and findings of relevant StAR and other reviews undertaken by local LSCs and OfSTED area inspection outcomes
- help ensure a broad range of sustainable provision
- meet the basic need for additional 16-19 learners

- increase levels of participation among 16 and 17 year olds in full-time education and/or increase attainment at Level 3 by age 18
- enhance institutional and curriculum choice
- raise standards.

16-19 Competitions

5 Those applications that come forward as a result of being successful in the 16-19 Competitions process will have previously been assessed and ranked against such criteria.

Presumption for a new sixth form

6 Those applications that come forward as a result of approval by the School Organisation Committee will already have been assessed against such criteria.

Other eligible developments

7 It is expected that most applications will be driven by either the 16-19 Competitions or the presumption for new sixth forms. This may differ within the first year, in which case the education criteria set out in the 16-19 competitions guidance will be applied.

Property Criteria

8 Applications will be assessed against a range of property criteria based on those already in use for college and school capital applications by the LSC and DfES. These aim to ensure quality and value for money on both a project and whole life basis. Criteria will include:

- consistency with the LSC Regional Capital Strategy. These strategies are unlikely to be in place at the time of the first round of applications so this criteria will only be applicable for later applications
- development costs and value for money with the cost of the project assessed against detailed building cost criteria
- design quality criteria. As well as meeting the normal statutory criteria for new buildings or the refurbishment of existing buildings, applications will also have to meet minimum cost and design criteria in accordance with advice issued by the LSC. Priority will be given to proposals which address sustainability. Consideration will also be given to projects judged to have an innovative design
- the efficient utilisation of floor space, judged by whether the proposal meets appropriate school or college floorspace utilisation criteria

- that appropriate arrangements are in place for the procurement of the project and project administration
- the stage reached by the applicant in obtaining planning permission for the development. Applications where at least outline planning consent has been obtained are likely to be given a higher priority; and
- the proposed programme for the construction of the project.

Finance

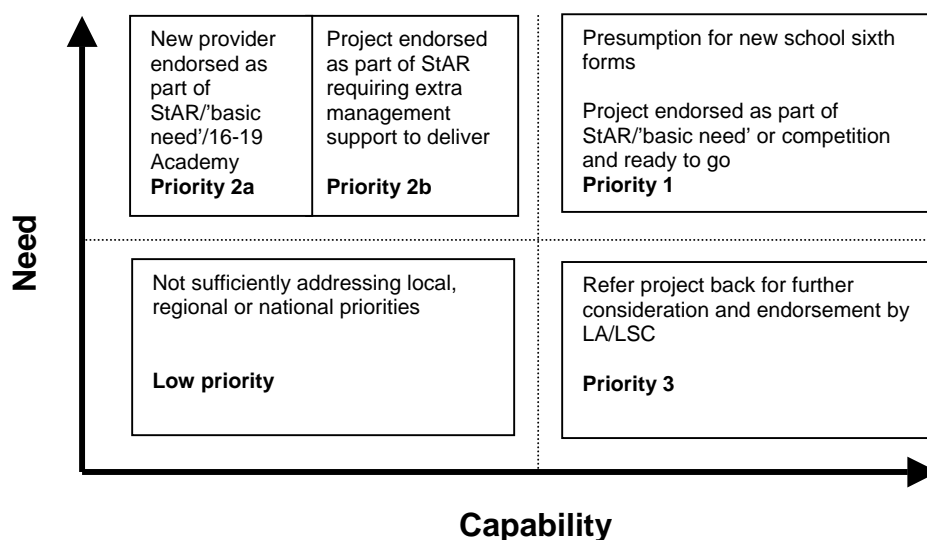
9 Financial criteria will be applied to ensure the project proposal will be affordable to the provider in terms of the initial capital cost, ongoing revenue expenditure, and the Government's requirements for the appraisal of publicly funded projects. In particular:

- all applications will have to include an investment appraisal in order to comply with Treasury guidelines. Priority may be given to those applications with the highest ratio, of net present value to LSC capital grant
- as part of the selection process for those applications that come forward under the 16-19 competitions route it is assumed that alternative options will have already been considered prior to the outcome of the competition process
- for those applications requiring only a proportion of grant funding, confirmation will be required that the remainder of the funding has been secured
- applications from existing FE colleges will be subject to the LSC's affordability criteria in determining the proportion of grant support that may be offered; and
- in all cases applicants will need to provide evidence that the project can be financed over the construction period.

Ranking Criteria

10 In assessing applications the LSC will have regard to exercise the funds available and in most cases will weight applications for ranking against local and regional priorities and national targets and objectives set by government.

11 Based on the above criteria the LSC is developing a matrix of priorities assessing projects for approval against need and the capability (see below):



12 Under this model the highest priority would be given to projects resulting from the exercise of a presumption for a new school sixth form, are part of an area plan or competition outcome and, are being proposed by organisations or consortia able to demonstrate a track record of educational and project delivery.

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