



Skills Funding  
Agency

# Phase 3 Application Guidance

July 2013

Of interest to further education colleges

# Project Development Fund Phase 3 Application Guidance

## 1.0 Introduction

1.1 The Autumn Statement 2012 confirmed that £270 million of additional capital funding is available for further education (FE) college capital investment in 2013-14. This will supplement the existing £280 million in 2014-15. The [FE College Capital Investment Strategy](#) (CIS) (December 2012) outlines the Government's capital investment plans for the remainder of this Parliament, sets out key priorities, provides an outline delivery plan, and announces the creation of the College Capital Investment Fund (CCIF).

1.2 On 26 April 2013 the Skills Funding Agency (the Agency) confirmed the outcome of the first round of the CCIF. Out of a total of 183 Expressions of Interest (EoIs) submitted, 53 were successful and eligible to apply for a further round of Project Development Fund (PDF2), to assist in developing these projects to a detailed application stage over the next few months.

1.3 On 17 July 2013 the Agency confirmed the outcome of the second round of the CCIF. Out of a total of 102 EoIs submitted, a further 41 were successful. Nine colleges with successful EoIs also submitted successful detailed applications and it is anticipated that the remaining EoI projects will be further developed to a detailed application stage over the next few months.

## 2.0 Project Development Fund Phase 3

2.1 Following the initial Project Development Fund Phases 1 and 2 (PDF1 and PDF2) allocations, it is recognised that colleges that have successful EoIs may now incur significantly higher expenditure than has been supported to date in developing their capital proposals to the detailed application stage. A third round of PDF funding (PDF3) has therefore been made available to those colleges that have a successful Round 2 EoI.

2.2 PDF3 will be available to cover eligible colleges' external professional costs incurred in the development of detailed CCIF capital project applications to RIBA

stage C or equivalent, so that they can be considered for funding support. PDF3 is to be used for expenditure incurred up to submission of the detailed application including fee support and associated surveys. It is not available for any building works associated with a CCIF application, for example service diversions, temporary accommodation or refurbishment works attributable to a CCIF application. It is also not available for any internal staff costs. Examples of eligible spend include:

- external professional fees for developing the capital project – design team, cost consultants, town planning and procurement, and so on
- undertaking specialist surveys (for example asbestos, services, building condition and structural surveys) required to develop the capital project
- any external costs of developing the capital application for submission to the Agency for grant support
- improving the value for money of the bid.

2.3 VAT should be included within eligible spend where colleges are unable to recover this separately.

### **3.0 Eligibility**

3.1 All colleges with an approved EoI for CCIF Round 2 support and that have not yet received detailed project approval for these projects are eligible for support through the PDF. Note that this includes colleges that were also eligible for PDF2 support where the same college has a further approved EoI (Round 2) for a different project. Annex 1 lists the colleges that are eligible.

### **4.0 Project Development Fund Allocation Arrangements**

4.1 Eligible colleges can receive an allocation of up to £200,000.

4.2 Colleges will normally be expected to make a 50% contribution towards the professional project development fees (that is, 50% Agency funding and 50% college funding).

4.3 Please note that PDF will be deducted from the agreed grant support on approved CCIF projects. Colleges should ensure that all detailed CCIF bids include the expenditure that has been supported by any PDF as part of the overall project costs to be approved within the application.

4.4 The table below sets out the total PDF support that has been made available by the Agency to eligible colleges and the normal eligible match fund required:

Fee support stage	Maximum percentage fee support available for eligible colleges	Normal maximum fee support (£)	Normal minimum eligible total fee expenditure to obtain maximum grant (£)
PDF1	50%	110,000	220,000
PDF2	50%	200,000	400,000
PDF3	50%	200,000	400,000

In cases where a college has identified more than £220,000 of eligible fee expenditure within a PDF1 application, it will normally be possible to include the unmatched balance (that is, the amount of PDF1 spend above £220,000) as match funding for PDF3 support<sup>1</sup>. However, in circumstances where a college has received more than the normal maximum £110,000 PDF1 allocation, it will need to make a case on affordability grounds for any PDF1 eligible spend over the normal £220,000 to be included within its PDF3 application where the overall combined grant for PDF1 and PDF3 exceeds 50%. Colleges wishing to utilise the balance of surplus unmatched PDF1 grant match expenditure should clearly identify this sum within the relevant section of the PDF3 application form. Note that colleges should

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<sup>1</sup> For example if a college has obtained a £110,000 PDF1 allocation based on a planned total fee spend of £500,000 then the college can use the £280,000 surplus matched spend (that is, £500,000 - £220,000) as eligible for PDF3 support, which at 50% support will be £140,000.

not include any expenditure that has been supported as part of a PDF2 application within a PDF3 application.

4.5 Colleges will need to complete a [PDF3 acknowledgement form](#) available on [Capital Funding Page](#) on the Agency website and attached at Annex 2. On the form the college will need to state the following:

- the amount of PDF3 requested
- a description of the fee work to be undertaken and an outline description of the CCIF project
- confirmation that costs will be incurred up to the point of submission of the detailed CCIF application which will be no later than 20 December 2013
- that the costs to be incurred have not been included in an approved application for phases 1 or 2 PDF support, other than those costs that are eligible as outlined in Para 4.4 above
- that the target date for operational completion of the CCIF project, for which PDF3 support is being requested, is expected to be September 2015
- that the project to be submitted for detailed approval will be the same project as for which the EoI approval has been granted and in accordance with the requirements of the [CCIF Detailed Application Guidance](#).

4.6 Colleges that have more than one successful EoI should submit a separate PDF3 application form for each EoI, which separately identifies the fee costs for each PDF and states to which CCIF EoI it relates. Note the maximum PDF3 grant normally available will remain at £200,000 for both projects combined. So if College A has only one successful CCIF EoI, the maximum grant for PDF3 is £200,000. If College B has two successful CCIF EoIs, the maximum PDF3 grant remains £200,000.

4.7 As part of this confirmation, colleges must provide an expenditure plan setting out how they intend to apply the PDF3 funds in the period to the 20 December 2013 or up to the submission of the detailed CCIF application – whichever is the earlier. The form is available on [Capital Funding section](#) of the Agency's website.

4.8 The Acknowledgement Form is included at Annex 2 and is available on the [Capital Funding section](#) of the Agency's website. The form needs to be submitted to the Agency by **1.00pm on 20 August 2013**. The Agency only requires an electronic application and the form, together with supporting information, including spend profile. Email the acknowledgement form, supporting information and spend profile to [the Property Services inbox](#); the Agency will not accept applications exceeding the above deadline and submitted using alternative methods.

4.9 Colleges will be required to submit a use of funds statement by 31 March 2014 to the Agency to confirm the amount of PDF spent up to 20 December 2013 or the date of the detailed bid submission, if earlier, and the outputs achieved. The Interim Chief Executive of Skills Funding will reserve the right to recover funds by clawback from college revenue allocations in the event that project costs (including VAT savings) are less than originally approved, or have not been used for the agreed purposes.

4.10 The Agency will require that colleges' financial statements provided by their auditors, as part of the normal regularity audit opinion, contain confirmation that the PDF funds have been used for the intended purposes.

4.11 Colleges receiving any PDF allocations must have complied with all reporting requirements for previous Agency and/or Learning and Skills Council capital grant support (including post project reviews, use of funds statements/final

cost reconciliations and so on). PDF allocations will not be released to colleges where such information is outstanding<sup>2</sup>.

4.12 The Agency has a policy of prioritising its capital investment to those colleges which have appropriate estate management systems in place to help facilitate the effective running of the estate; the Agency would normally expect colleges intending to apply for capital grant support to use an appropriate estate management benchmarking system such as eMandate. Colleges receiving PDF allocations will be required to have made an eMandate return for 2011/12 (due 31 March 2013) or demonstrate compliance with a similar benchmarking system.

4.13 PDF3 grant support is only available for eligible costs incurred after 6 December 2012 and up to submission of the detailed application.

4.14 Colleges in receipt of PDF3 grant support will be required to submit a detailed application for CCIF grant support in accordance with the agreed [EoI](#) and the [Further Education College Capital Investment Fund \(CCIF\) Detailed Application Guidance](#), which lists three dates for the submission of CCIF detailed applications: 24 May 2013, 18 September 2013 and 20 December 2013. The Agency has also announced an additional CCIF detailed and EoI submission date of 20 August 2013. Colleges which fail to submit a detailed application in accordance with an agreed Expression of Interest by 20 December 2013 will not be eligible for CCIF grant support, and in such circumstances the Interim Chief Executive of Skills Funding reserves the right to claw back any PDF3 grant allocated.

4.15 Colleges should note that eligibility to apply for PDF3 does not guarantee that a detailed CCIF application will be successful. To be successful at the detailed

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<sup>2</sup> Colleges in receipt of any Renewal/Enhanced Renewal Grants and Capital Works Grant funds are required to complete and submit the requisite Use of Funds Statements confirming that the grant has been spent in accordance with the approvals. These forms are available on the [Capital Funding](#) section of the Agency's website.

application stage, colleges must meet the requirements set out in the [CCIF Detailed Application Guidance](#) and meet the CCIF investment criteria.

4.16 Colleges must confirm that they will use the funding in accordance with the above conditions, and that they will spend funding from the Agency by 20 December 2013. The Interim Chief Executive of Skills Funding will reserve the right to claw back any funds that have not been used in accordance with these criteria.



## Annex 1

### Project Development Fund Phase 3 Eligible Colleges

College Name
Abingdon and Witney College
Barnfield College
Brooklands College
Carlisle College
Chesterfield College
College of West Anglia
Craven College
Derby College
Dudley College of Technology
East Durham College
East Kent College
Gloucestershire College
Lakes College West Cumbria
Lambeth College
LeSoCo (Lewisham and Southwark College)
Loughborough College
MidKent College
NESCOT (North East Surrey College Of Technology)
New College Nottingham
North Lindsey College
Northbrook College Sussex
Oldham College
Petroc
Somerset College of Arts and Technology
South Essex College
St Helen's College
Stanmore College
Tameside College
West Herts College
Wiltshire College
Worthing College

## Annex 2

## Project Development Fund Phase 3: Acknowledgement Form

Please complete this form in accordance with the Property Development Fund Phase 3 Application Guidance and return it in electronic format together with the spend profile form and any supporting information to:

[propertyservices@skillsfundingagency.bis.gov.uk](mailto:propertyservices@skillsfundingagency.bis.gov.uk) by **1.00pm on 20 August 2013**.

**NOTE:** Property Development Fund Phase 3 (PDF3) grant support is only available to those colleges that have a successful College Capital Investment Fund (CCIF) Expression of Interest Round 2 application.

<b>College Name:</b>	
<b>College Address:</b>	
<b>College Contact Name and Job Title:</b>	
<b>Contact Telephone:</b>	
<b>Contact Email:</b>	
<b>UPIN:</b>	
<b>PDF3 Capital Grant Allocation sought:</b>	
<b>1. Use of Capital Grant Allocation Details</b>	
<b>Summary of CCIF project for which PDF3 grant is requested:</b>	
<b>Summary of PDF3 project development works/services to be undertaken, including an estimate of fees/costs:</b>	
<b>NOTE: this section</b>	

should include a brief description of each element of the PDF3 works/services to be undertaken.	
<b>2. Identification of Project Costs</b>	
Estimate of total CCIF project costs:	£
Total PDF3 fees cost including unrecoverable VAT:	£
Unrecoverable VAT to be used as match fund:	£
PDF3 grant requested:	£
% of total PDF3 project development costs:	%
PDF3 College contribution:	£
% of total PDF3 project development costs:	%
Does this application include elements of PDF1 expenditure that have previously been supported at less than 50% grant? If so, state the eligible PDF1 match spend included within this application (this will normally be the total PDF1 spend - £220,000).	Y/N
<b>3. Declaration and Signature</b>	
Declaration:	I certify that the information provided in this form is complete and correct to the best of my knowledge. I accept the criteria and conditions for the use of the Agency's capital grant, as outlined in the Project Development Fund Phase 3 Application Guidance.
Signature: (College Principal)	

<b>Print Name:</b>	
<b>Date:</b>	



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