

Cylchlythyr | Circular

Welsh Government Department for Education and Skills Capital Funding

Date: 05 October 2012
Reference: W12/29HE
To: Heads of higher education institutions in Wales
Response by: **09 November 2012**
Contact: Name: Chris Cowburn
Telephone: 029 2068 2247
Email: chris.cowburn@hefcw.ac.uk

This circular sets out the procedure, timescale, and assessment criteria that will enable higher education institutions to submit capital investment proposals to the Department for Education and Skills. Approved projects will be supported by funding of up to 50% of the capital cost of the project.

If you require this document in an alternative accessible format, please telephone us on (029) 2068 2225 or email info@hefcw.ac.uk.



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Introduction

1. Following the 40% reduction in capital funding announced in the 2010 spending review, the Welsh Government (WG) has introduced new procedures for the allocation of capital funding which seek to ensure that capital is invested as effectively and efficiently as possible in support of key WG priorities. This circular sets out how in future the Department for Education and Skills' (DFES) capital funding procedures (using the HM Treasury Five Case Business Model¹) which currently apply to schools and further education will be extended to cover higher education. The policy is intended to build on the values and principles set out within the Welsh Infrastructure Investment Plan². This document provides a detailed account of the rationale and the outcomes it is hoped that this new approach will deliver.

Background

2. Existing capital commitments approved by DFES mean that it is unlikely that any of the £100 million per annum capital fund which is available for schools, further education, and higher education will be available to support additional HE developments until 2014-15. However to ensure that capital funding is allocated effectively and to allow appropriate time for the development of projects, DFES wishes to extend the existing process to cover HE.
3. The overriding aim of the process is to ensure that capital projects effectively deliver key DFES priorities and contribute significantly to wider WG aspirations. The profile for the development and implementation of projects will be managed to ensure that capital is fully spent within the allocation period. To achieve this there will need to be a recognition that the timescales and spend profiles for the delivery of projects will be managed to achieve this outcome. It is expected that all projects will demonstrate transformative change in service delivery, and make a positive contribution to delivering improved sustainability and value for money.

Identifying key priorities

4. *For our Future*³ will be the key policy context against which HE projects should be developed. Within this overall context and reflecting on individual institutions' roles within this agenda it is expected that projects will demonstrate:

¹ www.hm-treasury.gov.uk/data_greenbook_business.htm

² new.wales.gov.uk/funding/wiip2012/?lang=en

³ new.wales.gov.uk/topics/educationandskills/publications/guidance/forourfuture/;jsessionid=9qdnQpnTWCcGbNDL8XG6v30RzLjMv4RqGQT3bfXQMFvq2ZK34d92!-2019136225?lang=en

- A clear support for the reconfiguration agenda and or
 - Support for enhanced delivery of research in those institutions where WG/UK Department for Business Innovation and Skills (DBIS) currently provide research capital funding and or
 - Support for an improved student experience- but excluding developments related to the delivery of enhanced or new build student residential accommodation.
5. All proposals submitted should demonstrate consistency with the existing strategic direction outlined in the institutional strategic plan and sub strategies, subject to appropriate alignment with WG priorities. They will also be required to demonstrate improvements to the estate particularly in addressing existing identified issues, as well as demonstrating value for money. Economic, social, or environmental sustainability aspects should also be appropriately considered and reflected upon. All projects will be required to comply with the WG sustainable construction standards.⁴
6. All applications should where possible look to appropriately link to wider WG aspirations particularly;
- Increasing jobs and economic growth
 - The ability to support, enhance, or provide social infrastructure
 - Using assets more effectively
 - Demonstrate increased collaboration across the public sector and service delivery partners.

Application procedure

7. Applications for DFES capital will be managed through three stages;
- i. Initial consideration and endorsement by HEFCW
 - ii. Approval by DFES Capital Investment Panel of investment (subject to further development through the Five Case Business Model)
 - iii. Management and further development as required by the DFES Project Management Board. This will include the development of the project in line with the HM Treasury Five Case Model.
- i. All institutions wishing to submit an application for DFES capital funding must submit an application to HEFCW using the pro forma provided at Annex A to be returned by no later than 9 November 2012. This is intended to provide only a high level outline of the intended project. All projects should have a minimum capital cost of at least £5 million excluding value added tax. The maximum rate of grant support is 50% of total capital cost. All applications received will be considered by HEFCW Council and the Strategic Development Committee and assessed on the basis of the criteria at paragraphs 4 -6, it is intended that this will take place on 7 December

⁴ new.wales.gov.uk/topics/sustainabledevelopment/design/standards/?lang=en

2012 and those applications which are supported will be forwarded to the DFES Capital Investment Panel.

- ii. Applications which are endorsed at stage 1 will be considered by the DFES Capital Investment Panel based on the information submitted at stage 1 together with any additional information that may be required by the panel. The intention is that as far as possible assessment will be made based on the information submitted at stage 1 and the commentary submitted by HEFCW. Applications will be approved, rejected or deferred for a further submission.
- iii. Approved applications will then be managed by the DFES Programme Board who will work with institutions to develop the Five Case Business Model in accordance with the anticipated availability of capital funding. Institutions should note that the availability of capital funding cannot be guaranteed and will be dependent upon future funding decisions by WG and the outcome of the Comprehensive Spending Review.

Timetable

8.

Submission of template by institutions to Chris Cowburn by	9 November 2012
Submission to DFES Capital Investment Panel following consideration by HEFCW	7 December 2012

Further information

9. For further information, contact Chris Cowburn (tel 029 2068 2247 email chris.cowburn@hefcw.ac.uk).

Responses to

10. Institutions should submit their responses to HEFCW by email and signed hard copy. They should be addressed to Chris Cowburn, and emailed to chris.cowburn@hefcw.ac.uk, and posted to Higher Education Funding Council for Wales (HEFCW), Linden Court, The Orchards, Ilex Close, Llanishen, Cardiff CF14 5DZ).

Equality and diversity, and sustainable development implications

We will be carrying out an equality impact assessment (EIA) to help safeguard against discrimination and promote equality. We will also consider the impact of policies on the Welsh language, and Welsh language provision within the HE sector in Wales. The EIA process will also assess the effects of policies on sustainable development and wellbeing. Contact equality@hefcw.ac.uk for more information about EIAs.