BLOCK GRANT AUTHORITY
SEMINAR 2016

Monday, 24 October 2016
Welcome to the 2016 Block Grant Authority Seminar for applications for grants in 2017 for construction in 2018 – Jenni Paynter, Chair BGA Finance sub-committee.

How the process works and what is new – John Wilson, Executive Officer BGA.
SA Independent Schools Block Grant Authority

What Is It?

- Not For Profit Incorporated Association
- Appointed by the Commonwealth Minister for Education under the *Australian Education Act 2013*...
- ...to manage the **Capital Grants Program** for the Independent Sector in SA
- Reports to Department of Education and Training
  - Capital Funding Team
  - Schools Assurance Branch
- Usually referred to as ... **the BGA**
- Governance is by the **BGA Committee**
SA Independent Schools Block Grant Authority

Who is it?

- Barry Kahl – Chairman - former Director Lutheran Schools SA/WA/NT
- Don Orchard – former BGA Chairman – retired senior public servant
- Jenni Paynter – retired - former Business Manager Walford
- John Proeve – Director Lutheran Schools SA/WA/NT
- Dean Lambert – retired senior public servant
- Russell Eley – Principal King’s Baptist Grammar
- Stephen Rosier – Business Manager Trinity College Administration
- Graeme Brown – GM Asset Management Department of PT&I
- Toshi Umehara – Business Manager Temple Christian College
- Mandy Hore – Deputy Principal Walford Anglican School for Girls
- Carolyn Grantskalns – ex officio – Public Officer - Chief Executive AISSA

Staff

- John Wilson – Executive Officer – 0.6 FTE
- Jane Pike – Finance Officer – 0.5 FTE
Capital Grants Program

- Purpose
  ...to assist non-government primary and secondary school communities to improve capital infrastructure where they otherwise may not have access to sufficient capital resources

*CGP Operating Manual S.9*
Capital Grants Program

Key Objectives

1. Provide and improve school capital infrastructure, particularly for the most educationally disadvantaged students

2. 2.1 Ensure attention to refurbishment and upgrading of capital infrastructure for existing students
2.2 Make provision for needs arising from new demographic and enrolment trends

3. Pursue the Commonwealth’s other priorities and objectives:
   - Supporting quality teaching
   - Supporting parental and community engagement
   - Supporting safety for the school community
   - Supporting the curriculum

CGP Operating Manual S.10 & Attachment 4
What can be funded?

- Investigating the need for
  - schools in particular areas, or
  - schools of particular kinds in particular areas, or
  - buildings or other facilities (or parts of buildings or other facilities), or equipment;
- purchasing land, with or without buildings (or parts of buildings);
- planning for the erection, alteration, extension, demolition or refurbishment of a building or other facility (or part of a building or other facility);
- developing or preparing land for building or other purposes;
- [Other possible funding areas can be mentioned here if desired.]
What can be funded? (cont.)

- erecting, altering, extending, demolishing or refurbishing a building or other facility (or part of a building or other facility);
- installing or upgrading water, electricity or any other services;
- providing equipment, including information technology (as part of a broader capital project unless special circumstances exist);
- providing furniture (as part of a broader capital project unless special circumstances exist);
- providing library materials or obtaining services and goods for cataloguing a library (or part of a library) (as part of a broader capital project unless special circumstances exist);
What can’t be funded?

- facilities which have religious worship as a principal purpose;
- facilities in a co-educational school where those facilities will not, as far as practicable, be equally available to male and female students at the school;
- where retrospective approval is sought (generally after a contractual arrangement to commence the project has been entered into);
- projects proposed to be undertaken solely by parents and friends;
What can’t be funded? (cont.)

- facilities where the majority of the use will be by full fee paying overseas, or other unfunded students attending a ‘for profit’ section of the school;

- facilities that are principally for pre-primary education, i.e. for students below the prescribed state/territory school starting age or where the facility is not in a formal school setting (for example, a school’s attached Early Learning Centre would not be eligible for CGP funding).
Each year there are a number of projects which cannot be supported because of lack of funds.
Capital Grants Program

Five Key Steps

1. Test eligibility
2. Rank by Educational Need
3. Allocate available funds by Financial Need
4. Recommend Grants to the Minister for approval
5. Pay Grants ensuring accountability and acquittal
Capital Grants Program

- 2 Key measures
  - Educational Need
  - Financial Need
- Requires a mixture of objective measurement and subjective gut feel and judgement
- Schools need to put their case for both measures
There’s been some changes...........(BDNPFL)

- The AISSA started it...
- Better information for indicative grants

- Logo
- Now 4 stages
- Renamed stages
- Revised Standard Costs and Area IDs
- Revised content and timing
- New website .................... (look for Betsy)
BGA Process

2016
- OCT: BGA Seminar
- NOV: Stage 1 Notice of Intent due
- DEC: Stage 2 Briefing for Schools
- FEB: Stage 2 Initial Application due
- MAR: School Visits

2017
- APR: Stage 3 Financial Information due
- MAY: Stage 4 Briefing for Schools
- JUL: Stage 4 Final Documentation due
- SEP: Recommendations to DET
- DEC: Ministerial Approval

2018
- JAN: Project Commences
## Timeline for Round 2018 Capital Grants

<table>
<thead>
<tr>
<th>Stage</th>
<th>Details</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stage 1 – Notice of Intent</td>
<td>Due COB Friday 18 November 2016</td>
<td></td>
</tr>
<tr>
<td>Stage 2 - Initial Application - Briefing</td>
<td>Tuesday 6 December 2016</td>
<td></td>
</tr>
<tr>
<td>Stage 2</td>
<td>Due COB Friday 3 February 2017</td>
<td></td>
</tr>
<tr>
<td>Initial consideration</td>
<td>February 2017</td>
<td></td>
</tr>
<tr>
<td>Visits to Schools</td>
<td>March 2017</td>
<td></td>
</tr>
<tr>
<td>Stage 3 – Financial Information</td>
<td>Due COB Thursday 13 April 2017 (end Term 1)</td>
<td></td>
</tr>
<tr>
<td>Invitation to Proceed + Indicative Grant</td>
<td>4 May 2017</td>
<td></td>
</tr>
<tr>
<td>Stage 4 - Final Documentation – Briefing</td>
<td>Tuesday 9 May 2017</td>
<td></td>
</tr>
<tr>
<td>Stage 4</td>
<td>Due COB Friday 7 July 2017 (end Term 2)</td>
<td></td>
</tr>
<tr>
<td>Recommendations to Committee</td>
<td>August 2017</td>
<td></td>
</tr>
<tr>
<td>Recommendations to Minister</td>
<td>30 September 2017</td>
<td></td>
</tr>
<tr>
<td>Ministerial approval likely</td>
<td>Late November to early December 2017</td>
<td></td>
</tr>
</tbody>
</table>
Stage 1 - Notice of Intent

- Initial Eligibility Questions
- Status of Asset Management Plan
- Scope of Proposed Project
- Estimated cost and level of grant required
- Educational Purpose
- Consistency with Master Plan

- Lutheran school NOIs sent to LSA for review
- BGA may follow-up with discussion and/or school visit
- Still a fillable PDF for return by email
Stage 1 – Notice of Intent

Schools are responsible for the maintenance of existing and future facilities and must have in place an Asset Management Plan to ensure government-funded facilities are properly maintained.

Funding will not be provided for projects that are considered as maintenance, except where there is a genuine refurbishment as a result of changes within the school curriculum.

An active Asset Management Plan that feeds into maintenance budgets is a condition precedent for obtaining a Grant (checked at School Visits).

Schools are required to provide evidence of appropriate insurance facilities, if requested.

Information on website regarding Asset Management

ASSET MANAGEMENT PLAN
Stage 2 – Initial Application

Components

- Other Eligibility matters
- Meeting Program Objectives
- Enrolment History and Forecast
- Minimum Viable Project re Area Guidelines & Standard Costs
- Funding of School Contribution
- Financial Needs Forecast
- Site Map and Plans

**Application Agreement** – to be signed

- Lutheran Schools summarised to LSA for review
- No separate Lutheran Application Agreement
- Web form with upload option, auto submission
Stage 2 – Initial Application

Minimum Viable Project

In negotiating with applicants the nature of each project to be recommended for funding, BGAs should aim for a minimum viable project that:

a) Is based on sound enrolment projections for the period closely following project completion (Area Guidelines)

b) Is consistent with sound educational planning

c) Avoids design features (e.g. inefficient position of buildings) that make no significant educational contribution and that may increase construction, or operating costs (Standard Costs)

d) Takes appropriate account of the contribution which aesthetically pleasing design and good quality materials can make to school morale and to the care with which students treat their environment
Stage 2 – Initial Application

Area Guidelines

- For a proposed project to be eligible for a Capital Program Grant, area guidelines should not be exceeded after the completion of the project
  - Primary 7.5 m² and Secondary 12 m² per student

- Any project funded under the BER is excluded from area calculations if it is a new facility

- The BGA will give due consideration to Schools which have self-funded large area facilities such as gymnasiums and multi purpose halls from their own resources prior to the BER
Stage 2 – Initial Application

Standard Costs and Functional Area IDs

- Standard Costs have been fully revised, and embedded in Stage 2 forms
- Functional Area IDs have been fully revised by:
  * retaining Primary/Secondary distinction for Art and Halls only
  * expanding range to suit modern design
  * adding descriptors

- Covered Outdoor Learning Areas (COLA) - unenclosed
- GLA for Common Learning Area
- GLA for multi purpose learning area
- Computer lab/Business studies/IT Hub
- Plant rooms
- Staff Amenities
- Veranda/Balcony/Outdoor Learning (attached)
- Canteen
Stage 2 – Initial Application

Financial Need Forecast

- Why do you need BGA funds?
- Possibly current and projected cashflows, and what is shaping them
- Possibly current and future capex plans
- Possibly Master Plan considerations

- Grant Year + 3 more years
- No prescribed format – put the argument
- Can be reinforced at the School Visit
- Can be updated at Stages 3 & 4
Process – School Visits

BGA panels will visit all applicant schools in March to:

- Get a better sense of the school, its history, vision and management
- Understand the physical context of the proposed project, its special features and costing issues, and options
- Hear the arguments for Educational Need and Financial Need
- Test the assumptions behind the Initial Application
- Assess whether CGP Objectives are being met
- Inspect Master Plans and Asset Management Plans
- Answer questions about the decision process
- Where possible, enjoy a simple refreshment, possibly with a biscuit…
Stage 3 – Financial Information

Components

- Audited Financial Statements for the previous year
- Financial data to calculate various KPIs (e.g., Debtors/fees, EBIDA)
- Capex budget for current and further 4 years
- Current and future loan movements
- Updated Financial Need Forecast (if applicable)
- Funding of the school contribution
- Financial plans and bank relationship

- Web form with upload option, auto submission
Process

The BGA Finance sub-committee will

- Assess the impact the proposed project might have on the school
  - Its level of debt
  - Its ability to manage that debt
- Determine whether the school is maximising its contribution, and negotiate this with the school if necessary
- Seek further information from the school to ensure it properly understands its financial position

- Make recommendations to the BGA Committee on applicants’ relative financial need
Process – Initial allocation of Funds

- School Visit reports are used to rank applicant schools by Educational Need
- Financial Information is used to rank applicant schools by Financial Need and allocate available funds as Indicative Grant amounts
- Schools receiving Indicative Grants are invited to prepare Stage 4 – Final Costings, Plans and Funding
- These schools are required to indicate whether they will proceed
- Schools not receiving Indicative Grants are advised
Stage 4 – Final Documentation

Components

- Final Costings based on QS or equivalent
- Final Plans
- Maximised School Contribution with updated Financial Need Forecast (if amended)

- Web form with upload option, auto submission
Process – Finalisation of Grants

- Stage 4 submissions are reviewed and queries resolved with schools
- BGA Committee finalises grant recommendations over August and September
- Grant recommendations are submitted to DET by 30 September
- Ministerial approval received sometime mid-November to early December
## Timeline for approved 2018 Capital Grants

<table>
<thead>
<tr>
<th>Event</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant Acceptance Agreement signed by BGA &amp; Schools</td>
<td>As soon as practical after Minister’s Approval</td>
</tr>
<tr>
<td>Tender /Project Management Submitted</td>
<td>A School cannot commence work until Tender is approved</td>
</tr>
<tr>
<td>Tender/Project Management Approval</td>
<td>Verbal approval by Executive Officer followed by written confirmation</td>
</tr>
<tr>
<td>Notification of Contract signing &amp; project commencement</td>
<td>Projects must commence prior to 31 December 2018</td>
</tr>
<tr>
<td>Monthly Expenditure Statements (MES) submitted</td>
<td>Monthly even if there has been NIL expenditure</td>
</tr>
<tr>
<td>BGA Grant Payments</td>
<td>The BGA withheld 10%-15% of the total grant from the first grant payment until the project is completed.</td>
</tr>
<tr>
<td>Final MES and Architect’s Statement submitted</td>
<td>Grant retention paid</td>
</tr>
<tr>
<td>Accountant’s Certificate</td>
<td>Signed by independent Auditor to acquit project</td>
</tr>
<tr>
<td>Recognition Requirements</td>
<td>Plaque and Opening Ceremony</td>
</tr>
<tr>
<td>Completion of Project</td>
<td>Must be before 31 December 2019</td>
</tr>
<tr>
<td>Australian Government Acquittal</td>
<td>Audited reports submitted annually by 30 June</td>
</tr>
</tbody>
</table>
Capital Grants Program

Administration Guidelines for the Tendering Processes are on our website

Public tender is not required but Schools must submit at least three competitive tenders

Project Management and Design-Construct projects are not required to submit tenders costs for the whole project. The Project Manager will be responsible for the individual tender of sub-contractors within the total project

An independent Quantity Survey must be provided to the BGA for all projects using Project Management or Design Construct

Schools must seek BGA approval to use a Project Manager or Design Construct builder, verifying no conflict of interest.
Grant payments to Schools

- Submission of a Monthly Expenditure Statement (MES)
- Payment of Grant instalments up front
- Grant retention
  - Grants >$250K – 10%
  - Grants < $250K – 15%
- Retention is paid on receipt of Architect’s Statement of Final Cost with final MES

- Accountant's Certificate and a copy of the invitation to the Minister to attend an Opening Ceremony, if applicable, must be provided to finalise accountability.
Capital Grants Program

Grant payments to Schools (cont.)

- Grant payments for larger projects can be split over two years
- MES are required from the commencement of the project until completion **whether or not there is expenditure to claim**
- MES enable the BGA to track the progress of the project and enable schools to manage the expenditure trail of the project

- Savings in projects must be used to reduce the CGP Grant to the project. That is, the school is required to pay its school contribution to the project first!

*MES will be a web form with auto submission*
Capital Grants Program

Right of repayment

- The Australian Government has the right of repayment of any grant over $75,000
- Triggered if a funded facility or school ceases to be used for the educational purposes of the CGP
- Need to calculate the Designated Use Period (DUP)
- Prior to Round 2009, DUP is 20 years with pro rata amortisation

- From Round 2009 liability varies with the grant value and DUP, and can exist for up to 20 years
- Details of the Right of Repayment for large capital grants are in the Grant Acceptance Agreement each successful applicant school signs with the BGA
- **Contingent liability** that should be included in Annual Financial Statements
The calculated portion of the funding (i.e., the amount repayable to the Commonwealth) will be calculated in accordance with the following table which is included in the GAA:

<table>
<thead>
<tr>
<th>Total Funding Amount</th>
<th>Designated Use Period</th>
<th>Recoverable Portion</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>$75,001 to $500,000</td>
<td>2 years plus one additional year for each $50,00 over $100,000 (Rounded to the nearest full year)</td>
<td>Full amount will be recoverable up to half way through the Designated Use Period, then reduced by equal proportions of the total amount over the remaining period.</td>
<td>Funding amount $475,000: retain interest for 2 years plus 7.5 years (total rounded up to 10 years), full amount recoverable up to 5 years then the amount to be recovered would be reduced by 20% of the total amount each year until $0 is recoverable after the 10 years from the date of the commencement of the Designated Use Period.</td>
</tr>
<tr>
<td>$500,000 to $1.5M</td>
<td>10 years plus additional year for each $100,000 over $500,00 (Rounded to the nearest full year)</td>
<td>Full amount will be recoverable up to half way through the Designated Use Period, then reduced by equal proportions of the total amount over the remaining period.</td>
<td>Funding amount $1M: retain interest for 10 years plus 5 years (total 15 years). Full amount recoverable up to 7.5 years then would reduce by 13.33% of the total amount each year until the end of 15 years.</td>
</tr>
<tr>
<td>Over $1.5M</td>
<td>20 years</td>
<td>Full amount will be recoverable up to half way through the Designated Use Period, then reduced by equal proportions of the total amount over the remaining period.</td>
<td>Funding amount $2M: retain interest for 20 years. Full amount recoverable for 10 years and then would reduce by 10% of the total amount each year until the end of 20 years.</td>
</tr>
</tbody>
</table>
Capital Grants Program

Leasehold land and/or buildings

- For Schools under a lease arrangement, the BGA will require evidence of a lease term or guaranteed right of renewal that covers accumulated DUPs (subject to DET approval).

- If a School is built on leased land, the BGA may seek to have the proprietor of the land guarantee repayment of the Australian government's residual interest in a capital grant in the event of school closure and the School defaulting on such a request.
Capital Grants Program

Other Compliance Matters

- Where possible projects with total cost over $500k would be staged over two years
- Projects cannot be funded retrospectively. Schools must not enter into any agreement or begin a project until they have been notified by the Minister/ local Member / BGA that their grant has been approved.

- Schools must receive BGA approval of preferred tender BEFORE signing any contracts
Capital Grants Program

Recognition requirements

- Notify the community of the Commonwealth’s Grant, usually in a newsletter or on the website.
- If the Grant is \( \geq \$100k \), an official opening with invitation to the Minister for Education and Training or representative (often the local government Member or Senator).
- If the Grant is \( > 50\% \) of the total project cost the Minister (or rep) **must** open the project.
- If the BGA Grant is 50\% or less the Minister (or rep) **must** be invited to give a speech.
Capital Grants Program

Recognition requirements (cont.)

- If a School with a grant of less than $100k decides to hold an opening, DET should be informed and the Minister invited
- An appropriate plaque must be placed on every project – wording must be approved by DET
- The detailed Recognition Requirements are on the website
Capital Grants Program

Environmental Sustainable Design (ESD)

- Schools should consider elements of environmentally sustainable design in their planning.
- Benefits are easily demonstrated with long term cost savings as well as improved learning outcomes for a small additional up-front cost of the order of 2.5% to 4%.
- Submissions should include explanation of ESD impact if relevant.
Applications for Projects that are a Stage of a current Master Plan have an advantage.

CGP Grants are available for schools to develop, upgrade, extend Master Plans.

Similar principles of Educational and Financial Need, and accountability apply to Master Plan Grants.

Grants of 50% of cost up to a maximum of $10k are available, and are considered by the Committee at its February and August meetings.

Submission of a Master Plan to the local Council can often expedite future applications for building.
Capital Grants Program - Master Plan

Grants

A Resource to consider …

- Learning Environments Australasia (formerly CEFPI) SA Chapter – www.a4le.org.au
- Brings together architects, designers and educationalists
- Not endorsed by the BGA but worth a look
- List of current members available from BGA
Capital Grants Program

Matters for Schools

- Obtaining Local Council planning and building approvals (only BER projects were exempt)
- Tender process
- Progress of project
- Requests for payment – Monthly Expenditure Statements (MES)

- Documentation on the completion of the project – architect certificate, accountant certificate
- Official opening for projects with a grant of $100k or more
- Plaque for all projects
Capital Grants Program

Key Points

- The BGA Timeline – some 14 months before building can start

- Application Process – Stage 1 - NOI >> Stage 2 Initial Application >> Stage 3 – Financial Information >> Stage 4 – Final Application

- Key dates

- Strong Rationale for Educational Need & Financial Need

- Accountability and Compliance requirements

- Importance of Master Planning

- Administrative processes
Today...

Paper based

Time consuming
The Future...

- An intuitive BGA application process
- More automated and streamlined process
- Almost paperless and a move towards being green
Features for You...

- Easy online forms to fill and submit to BGA
- Quick tips to fill any complicated fields using Hovers
- Simplified online registration for seminars or briefings
- Searchable FAQs to find your answers quicker
- Access information easily using the BGA Search box
- Easy to find contact information on the footer of every page
Sneak Peek of the New Portal…

On AISSA website, you’ll need to scroll and click the BGA box.
The New Landing page...

Top menu enables you to learn more about BGA, the different types of grants and browse through some FAQs.

Login here to access more information about applying for the grant.
After you login – Your World

Quick Links to help you know what is new with BGA

A calendar to tell you when is the next briefing or seminar, or form due
Knowing Important Information

Click to know more about:
• Timelines
• Eligibility Criteria
• Submitting an Application
• Area and Cost Guidelines
• Success Criteria
• Master Plan
• Registration for an Information Session
Applying for Grants

- Stage 1 - Notice of Intent
- Stage 2 - Initial Application
- Stage 3 - Financial Documentation
- Stage 4 - Final Documentation

Click each stage to know more.
## Notice of Intent

1. **Does your school receive recurrent funding from the Australian Government?**  
   - Yes  
   - No

2. **Is your school registered for the levels of education relevant to this application?**  
   - Yes  
   - No

3. **What is the ownership status of your project site?**  
   - Leased  
   - Owned  
   - Other

4. **Does your school have a current facilities management plan?**  
   - Yes  
   - No
   
   **NOTE** – BGA committee would like to see the facilities management plan at the time of school visit.

5. **Will the project adversely affect the national state value of a place in the Register of the National Estate?**  
   - Yes  
   - No
Submission of Forms

13. Is this NOI belongs to any school?
   - Yes
   - No

14. Would you like to apply for another Notice of Intent?
   - Yes
   - No

What happens next? The BGA will confirm receipt of this Notice of Intent, invite you to register for the Stage 2 Application Briefing or contact you to discuss aspects of your Notice of Intent.
Questions?