



Lancashire Enterprise Partnership

Skills Capital Fund Round 2 Investment 2016 - 2017

Guidance Note

1. Introduction

Lancashire Enterprise Partnership (LEP) is now looking to invest in skills capital projects for delivery in 2016-17. This is the second round of a £30m Skills Capital Programme which was secured as part as the Lancashire Growth Deal, whereby the LEP has a direct responsibility for setting the strategic direction for skills capital investment within Lancashire. Round 2 of the programme will seek to allocate the remaining £14m to projects which will improve Lancashire's skills infrastructure. The priorities for investment, as outlined in the prospectus, align firmly with the Lancashire Strategic Economic Plan (SEP). The focus is to invest in state-of-the-art training facilities and equipment which will demonstrably contribute to the economic growth of the county, ensuring Lancashire training providers have the capacity and capability to provide a workforce which is relevant and meets future labour market and business needs.

The skills ambition of the Lancashire Enterprise Partnership is to ensure our future workforce has the skills which will enable businesses to grow. The LEP believes that by taking a strategic approach to the allocation of skills capital funds, investment will be in those facilities that are able to demonstrate a local economic and business need. By investing in state of the art facilities and equipment, Lancashire businesses will not only have access to a skilled workforce entering the labour market, but also access to a more responsive and flexible skills system which can provide up to date training for their existing workforce thus encouraging more investment in training. This will result in improved business performance, job creation, an increase in new businesses starting up and a reduction in unemployed and young people who are NEET (Not in Education, Employment, or Training).

The Prospectus and the application process has been developed in partnership with the Skills Funding Agency (SFA) to advise eligible skills providers and colleges within Lancashire on the key priorities, the application process and the assessment criteria for Round 2 of the Skills Capital Fund for Lancashire.

Applicants are advised to read carefully the Lancashire Skills Capital Fund prospectus, this guidance document and review other strategic documents referenced within this document via the web links before submitting a project at the Expression of Interest stage.

2. Skills Capital Funds Available

A total of £30m Skills Capital Funding (SCF) was available through the Lancashire Growth deal over a two year period. £14m of the funds remain to be allocated for 2016-17 financial year. The LEP has no end-of-year budget flexibility and therefore providers will need to develop projects and grant support applications accordingly. Where demand exceeds available grant support, we will prioritise projects based on overall score, with consideration given to budget implications. Grant funding is currently not available beyond 2016-17 and therefore colleges must ensure sufficient project expenditure within the financial year 2016-17 to draw down the requested level of grant support.

The SCF is available to all skills providers located within the LEP's geographic area on a competitive basis. The LEP recognises that some providers may have more than one project that meets the criteria and, in recognition of this, each eligible provider may submit more than one Expression of Interest. Colleges submitting more than one Expression of Interest need to prioritise the applications clearly. In the first instance the LEP will consider Expressions of Interest that each applicant gives the highest priority, and we will then move on to assess Expressions of Interest given a lower priority, if the budget allocation allows.

The minimum project value will normally be £1m for the SCF. However the Lancashire Enterprise Partnership will accept projects below this amount if the project relates to the purchase of equipment. A separate Expression of Interest from will be available for projects below £1m. There is no upper limit on project value. **IS THIS OK TO SAY???**

We will expect all applicants to maximise their financial contribution to projects through, for example, asset disposals, even if these occur after the project is complete. We will not permit providers to use public funding from other government-funded bodies as part of their private/organisational funding contribution.

Normally, we will expect providers to provide a minimum funding contribution equivalent to two-thirds of project value. That is, for every £1 from SCF, providers should normally invest an additional £2. Where it is not feasible to provide the required match funding, this should be identified at the Expressions of Interest stage.

Applicants unable to meet the minimum funding contributions are required to demonstrate a compelling business case for enhanced public subsidy. A compelling case requires the project to achieve high scores in:

- i) the renewal and modernisation of the college estate; and
- ii) the benefits to learners, employers, local community and supporting economic growth section.

In the case of the former, this equates to the removal of more than 1,000m² or 5% of total floorspace in condition category C/D (whichever is the lesser). Renewal and modernisation is also applicable to purchasing equipment. With respect to point ii) the LEP would typically expect most of the underpinning investment criteria to be met through the provision of, for example:

- A succinct outline of the issue, identified where appropriate by employers and stakeholders, including the Lancashire Enterprise Partnership (LEP), and clear baseline data.
- An explanation of how the project will address the issue, including clear and quantified targets / benefits / measures as appropriate. These should be achievable and the LEP will carry out a sense-check.
- How the applicant will work to achieve these targets / benefits, with clear references to how the project will support this.

3. Overall Eligibility Criteria

To be eligible to make an application to the Lancashire Skills capital Fund, the following criteria must be met.

Applicants must be:

A Further education College or private training provider that is on the Register of Training Organisations **and** have in place a funding agreement with the Skills Funding Agency to deliver education and training for 2016 / 2017 and who are expecting to hold a contract in 2016 /2017.

3.1 Eligible Projects

Projects must be complete and operational by September 20xx, ready for the 201x/1x academic year. **DO WE WANT TO INCLUDE THIS??** We will **not** normally consider as eligible sectional completion of parts of larger projects due to be completed beyond this timescale, unless they refer to stand-alone sub-projects that will be fully operational in the required timescale. If colleges have any doubts regarding the potential eligibility of a project, they should discuss this with the LEP.

We will consider eligible the acquisition and refurbishment/remodelling of new freehold space where this can be shown to replace and rationalise space that is in poor/inoperable condition or evidence is provided to demonstrate that the college has insufficient space and is operating efficiently. **DO WE WANT THIS IN??** We will not normally consider eligible new leasehold acquisition, unless premises are to be held on a new 99-year+ ground lease (that is, at 'peppercorn' or very low rent) or, in the case of assignment, unless 50 years of the term remains unexpired.

We will **not** consider as eligible proposals involving work that would normally constitute the usual summer works, or planned maintenance and redecoration.

In all cases, providers must procure consultants and contractors in accordance with European Commission (EC) Procurement Directives.

We will not normally consider as eligible any proposals involving improvement to, or addition of, temporary or modular type buildings.

Colleges that are the subject of merger proposals will be individually eligible where the Skills Minister's formal approval has not already been given at the time of formal launch of this grant allocation process (that is, August 2015). Similar arrangements will apply to any college that may be seeking to redesignate itself as a sixth-form or FE college.???

The LEP reserves the right to delay assessment of application(s) where it is aware of any issues that could impact on the delivery/potential outputs of the capital project for example, but not limited to, where a college may subject to or be undertaking a Structure and Prospects Appraisal with a view to possible dissolution and/or merger with another provider.

4. Applying for Skills Capital Funding

The SCF is available on a competitive basis. The application and assessment process is in two stages:

- i) **Stage one:** submission of Expressions of Interest, which the LEP will assess with support from the Skills Funding Agency. The necessary information includes:
 - the rationale for the proposed project and the impact/ benefits it will deliver
 - an explanation of how the project will meet the needs of the local economy and contribute to the economic ambitions of the Lancashire Strategic Economic Plan
 - evidence that the project represents value for money and the necessary matched funding requirements will be met
 - evidence that the SCF grant will have been spent **by the end of March 2017** and the project will be open by September 2017. ???
 - project priority, if a training organisations is submitting more than one Expression of Interest.

Successful applicants will proceed to stage two.

- ii) **Stage two:** submission and assessment of detailed project proposals leading to the award of a capital grant. At this detailed application stage, colleges will need to submit robust project information. For more information on the submission of detailed applications, please refer to the Lancashire Enterprise Partnership website www.lancashirelep.co.uk

Organisations can complete Expressions of Interest using the Expressions of Interest submission form available from the LEP website **???**. The sections in the submission form align with the criteria that the LEP will use to assess which Expressions of Interest proceed to stage two.

We will assess Expressions of Interest only on information submitted in the required format, however it may be validated against financial and estates related information already held by the Agency. The LEP cannot guarantee that it will consider at the assessment stage any information provided which is in addition to that listed above.

The Expression of Interest application form states the permitted words allowed in each section. Colleges **must** adhere to the word limit; we will not consider information provided over and above the word limit. Colleges are advised to provide focused and succinct responses, supported by robust, quantifiable and achievable information (particularly in the benefits to learners, employers, local community and supporting economic growth sections).

To be eligible for the SCF, organisations must meet the following submission requirements:

- Applicants must return **one** electronic copy of the signed and completed Expression of Interest form and the required supporting information submitted to Andy Walker at Lancashire County Council and ensure that it is received by **1:00pm on XXXXXXXX**. (Please compress files to less than 5Mb or send several emails. If you have any difficulties sending the email(s) please call Andy Walker **and**
- In addition applicants must also ensure that the Lancashire Enterprise Partnership receives **one** hard copy of the signed and completed application form and the required supplementary information at the following address by **1:00pm on?????**:

Andy Walker

Head of Business Growth and Innovation

Christchurch Precinct

Lancashire County Council

Preston

PR1 8XJ

Without exception, we will **not** consider as eligible for the Skills Capital Fund any applicants that fail to submit both an electronic copy and hard copy of a signed and completed Expression of Interest form together with supplementary information in accordance with the submission requirements set out in this guidance document.

Applicants must submit Expressions of Interest and supplementary financial information using the correct application forms and templates downloaded from the LEP's website.

5. Appraisal Criteria

Lancashire Enterprise Partnership will use the following criteria to ensure applications align to local economic growth opportunities and the educational needs of learners as set out in the prospectus.

5.1 Gateway Criteria

As an essential requirement for an application to progress beyond the gateway, all proposed projects submitted for consideration must as a minimum demonstrate to Lancashire Enterprise Partnership's satisfaction that it is:

- Able to meet the eligibility criteria set out in the guidance note at Section 3;
- Provides sufficient information for the application to be assessed, in line with Project Estate need; Project Business Case (Educational and Economic), and Project Funding and Finance sections of the guidance note and application form.

Applicants must address the above two gateway criteria with their application to be considered for grant assessment under the Fund.

Applicants must qualify any assumptions made in terms of learner volumes and quantify any proposed outcomes, including information on how they will be achieved.

Supporting evidence you may wish to include would be for example:

- Any letters of support from employers, including detail on how they will benefit from the proposed project;
- Independent survey reports regarding the need for major maintenance works;
- Appropriate supporting learner feedback from the satisfaction surveys regarding required improvements to the quality of the learning environment;
- Feedback from Ofsted on improvements required to existing learning environments to help improve results
- Clear gap and competitor analysis of how the project will address genuine market opportunities for skills delivery on a Lancashire level;
- Reference to any relevant statistical information and information on current learner performance – success and achievement rates – where appropriate;

5.2 Main Appraisal Criteria

Each Expression of Interest will be assessed on the basis of the information that is provided on the Expression of Interest template. It should not be assumed that those assessing on behalf of the LEP will have any specific knowledge of the provider and its locality.

The LEP will judge the relative strengths of each proposed project against the criteria outlined below. The LEP will be supported by the Skills Funding Agency with its assessments and provide technical assessments relating to estate need, value for money and affordability. Depending on the demand for the SCF and the quality of the Expressions of Interest submitted, the LEP may decide to adopt one or more of

the following: declining some Expressions of Interest, potentially reducing the requested funding allocations to individual projects, and/or exploring opportunities to change funding year profiles.

Stage one – Criteria for assessing Expressions of Interest

The Expressions of Interest against the criteria highlighted below. The Expression of Interest application form provides further guidance.

- i. **Project Estate Need** – the proposal should demonstrate the extent to which the project addresses key issues, including:
 - Renewal and modernisation of the FE estate through the reduction of floor space in poor/inadequate building condition.
 - Renewal and modernisation of equipment to ensure facilities are continuing to provide training relevant to the changing and evolving workplace;
 - Rationalisation and Efficiency: improving space which is inefficient and unfit for purpose, reducing operating costs, driving efficiencies and creating space which is versatile, fit for purpose and tolerant to change.
 - Relevance to Property Strategy: projects should be driven by the strategic objectives of the college and be part of a clear adopted property strategy for the institution.
- ii. **Project Business Case - Benefits to Learners, Employers, Local Community and Supporting Economic Growth** – the proposed project needs to be of tangible benefit to learners, employers, local communities and support economic growth. The application needs to explain how the project meets the key criteria as outlined in this document.

The project will be scored according to the extent to which each proposed project will a) benefit learners and b) support economic growth. It is up to each college how it presents the required information, but to a maximum word limit of 750 words.

Within this section, a maximum of three points will be allocated to how the projects will impact upon each / show evidence of:

- Benefits to learners including impact on unemployment and NEETs
- Benefits to employers including evidence of co-investment, sponsorship. Support
- Supporting economic growth including alignment with the LEP priority sectors, evidence of skills shortages
- Supporting apprenticeships in particular demonstrating how the project can increase apprenticeships with a focus on higher level apprenticeships
- Evidence of collaboration or complementarity with other projects and existing provision

- iii. **Financial Value for Money and Affordability** – applicants will need to demonstrate that the proposed project represents value for money and that it is affordable.

Organisations need to confirm:

- How they intend to fund the proposed project, for example through loan finance, disposal proceeds and cash reserves.
- That the project has a better net present value (NPV) than an alternative option.
- The anticipated spend profile in the financial years 2016-17 and 2017-18. Applicants need to make this information as accurate and robust as possible, as the LEP will rely on this information when assessing the demand for grant against the amount of grant funding the Agency has available to allocate in 2016-17.
- The efficiency savings that the proposed project will deliver.

Organisations are reminded that if they are unable to meet the minimum two-thirds funding contribution they are required to demonstrate a compelling business case for enhanced public subsidy. A compelling case requires the project:

- To achieve high scores in the benefits to learners, employers, local community and supporting economic growth section. The required score will be graduated according to the Grant To Value sought
- To achieve no less than 10 points in the financial assessment

Stage two – Criteria for assessing detailed project applications

Organisations that have submitted successful Expressions of Interest will be invited to submit detailed capital applications. If an organisation has sufficiently developed detailed proposals, they may submit a detailed application **alongside** an Expression of Interest. In these circumstances, the LEP will review the Expressions of Interest alongside all other Expressions of Interest and, if successful, the LEP will then review the detailed application. Guidance on the submission of detailed applications will be available on the LEP's website **?????**.

6. Prioritisation of Expressions of Interest

To be successful, all Expressions of Interest need to pass the gateway appraisal. Projects will then be ranked/prioritised against all projects passing the gateway according to the overall number of points scored against the stage one Expressions of Interest criteria (a - estate need; b - benefits to learners, employers, local community and supporting economic growth; and c - financial value for money and affordability).

The LEP would normally expect successful Expressions of Interest to score highly in the following three areas:

- i) Benefits to Learners
- ii) Supporting Economic Growth
- iii) The estate need section.

There will be a set minimum number of points required for a successful Expression of Interest. As stated above, organisations requesting grant support in excess of one-third will be required to submit a compelling business case with high scores in the three sections listed above.

7. Timescales for the Submission of Skills Capital Funding Applications

The table below summarises the timescales for Expressions of Interest submissions, assessment and approval processes:

WE CAN PUT THIS IN ONCE SAM'S TIMELINE HAS BEEN AGREED

Date	Action
xxxxxxx	<p>Deadline for colleges to submit Expressions of Interest for SCF.</p> <p>Deadline for those colleges with sufficiently developed detailed proposals to submit a detailed application for SCF alongside an Expression of Interest.</p>
xxxxxxx	Target date for confirmation and announcement of outcomes of SCF Expressions of Interest and concurrent detailed applications
xxxxxxx	Deadline for submission of detailed applications for the SCF
xxxxxxx	Target date for confirmation and announcement of outcomes of SCF detailed applications submitted xxx.
xxxxxxx	Deadline for submission of SCF detailed applications
xxxxxxx	Target date for confirmation and announcement of outcomes of SCF detailed applications submitted by xxxxx.

Applicants are reminded that all projects must be complete and operational by September 2017, ready for the 2017/18 academic year. This deadline is absolute and will not change.