



Lancashire
Enterprise Partnership

Lancashire Skills and Employment Board

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Growth Deal Skills Capital - Round 1 Update, Round 2 Overview and Social Value Update (Appendices 'A' and 'B' refer)

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Executive Summary

The paper provides a progress up-date on Growth Deal Skills Capital Round 1 and Round 2, and an up-date on the development of a Social Value toolkit which will apply to all Growth Deal funded projects (Skills Capital and other).

A total of 8 schemes were support in Growth Deal Skills Capital Round 1. Of the 8, 7 have Grant Funding Agreements (GFAs) in place, are now active, and are currently rated as green in relation to their delivery by the Growth Deal programme team. The one remaining scheme has been resubmitted under Round 2 due to a funding shortfall resulting from delays in the launch of the European Structural Investment Funds (ESIF) programme.

The second round of Growth Deal Skills Capital funding was launched on 14th September 2015. Expression of Interest (EOIs) were sought by 2nd November 2015 to allocate the remaining £12.6m of Skills Capital Funds. 10 EOIs have been received totalling £8.92m, 8 are progressing to full business case and 2 EOIs are being resubmitted.

The level of interest from skills providers was lower than anticipated which is understood to be due to the imminent Area Based Review (ABR) of the College infrastructure. The LEP Board approved the recommendation that any unallocated Skills Capital funding be reserved to support the outcome and implementation of the

ABR in Lancashire, whilst also enabling the use of unallocated Growth Deal funding to support priority LEP schemes.

An up-date on the development of a social value toolkit is also provided; the toolkit will be used with *all* Growth Deal projects. The outcomes in the toolkit align with the Lancashire Skills and Employment Strategic Framework.

Recommendations

The Skills and Employment Board are asked to note the progress updates for Growth Deal Skills Capital Round 1 and Round 2 and are invited to comment on the development of the Social Value toolkit.

1 Background

- 1.1 A total of £30m funding was allocated to Skills Capital in Lancashire's Growth Deal Programme. The funds were profiled to be spent over a two year period, ending March 2017.
- 1.2 £17.4m has been allocated to-date (Round 1). A tendering process for the remaining £12.6m was launched on Monday 14th September (Round 2).

2 Growth Deal Skills Capital Round 1 progress up-date

- 2.1 A total of 8 schemes were awarded funding in Round 1 of the programme:
 - Runshaw College – Science and Engineering Centre;
 - Blackpool and Fylde College – Energy HQ (National College for Oil & Gas);
 - Blackpool and Fylde College – M&E Bispham Campus;
 - Blackpool and Fylde College, Nautical College – Maritime Engineering Facility;
 - Fleetwood Fire Training Centre (phase 2);
 - Training 2000 – Advanced Manufacturing and Engineering Centre (equipment);
 - Nelson & Colne College – Advanced Engineering and Manufacturing Innovation Centre; and
 - Myerscough College – Food & Farming Innovation & Technology Centre.
- 2.2 Of the 8 schemes, 7 have GFAs with Lancashire County Council, as accountable body, and are progressing in accordance with the timescales set out in the GFAs. The schemes are currently rated green in relation to their delivery by the Growth Deal programme team.

- 2.3 Of the 8 schemes, one has been re-modelled and resubmitted under Round 2, due to a shortfall in funding caused by the delay in the launch of the European Structural and Investment Funds (ESIF) programme and thus ability to secure European Regional Development Funds (ERDF).

3 Growth Deal Skills Capital Round 2 progress up-date

- 3.1 10 EOIs were received and the total funding requested was £8.92m. Three of the projects submitted also included a fast-track business case.
- 3.2 Of the 10 projects, 8 were approved for progression to full business case and 2 were requested to resubmit their EOIs by the LEP Board, in accordance with the recommendations from the Skills and Employment Board.
- 3.3 As per the previously agreed timetable in Appendix A, the fast-track full business cases will advance to appraisal and consideration by the Skills and Employment Board (part II) on the 27th January 2016 and the LEP Board on the 2nd February 2016. Applicants who submitted EOIs only will be required to submit full business cases by 16th February 2016 for appraisal and consideration, as per the timetable attached.
- 3.4 Round 1 of Skills Capital received 51 EOIs. It is suspected that the smaller number of EOIs submitted for round 2 is due to:
- 1) Greater clarity in relation to the criteria;
 - 2) Projects requested to spend by the end of March 2017 and be operational by September 2017, ready for the 2017/18 academic year; and
 - 3) Most significantly the imminent Area Based Review (ABR) of the College infrastructure (which may have deterred Colleges from committing to projects with significant financial spend).
- 3.5 The ABRs, driven by Government and the FE Commissioner, will review the College infrastructure across England with view to delivering institutions which are financially viable, sustainable, resilient and efficient with an offer that meets each area's educational and economic needs. This includes focusing on specialisms and the development of an Institute of Technology (IoT) in each LEP area, and ensuring sufficient access to high quality and relevant education and training for all which reflects changes in Government funding priorities and future demand.
- 3.6 All reviews will be completed by March 2017, and it is expected that Lancashire will be reviewed in Wave 4, commencing in September 2016. Clearly the options and outcomes of the ABR in Lancashire may include strategic capital requirements.
- 3.7 In relation to the unallocated funding, there were two options: 1) release another tender; or 2) retain the money to support the outcomes of the ABR by

pushing forward funds to 2017/18 and 2018/19. BIS were supportive of the latter, recognising that the ABRs were announced mid-way through the Growth Deal Programme. As per the agreement at the Skills and Employment Board (part II) in December option 2 was recommended to the LEP Board.

- 3.8 The LEP Board agreed option 2 to enable strategic investment. It was also agreed that a proportion of unallocated Growth Deal Skills Capital funding may be used to support priority LEP schemes with view to future underspends being allocated to Skills Capital to enable investment in future years to support the outcomes of the ABR.

4 Social Value

- 4.1 At the September Skills and Employment Board a paper was discussed in relation to the embedding of social value in procurement processes and the potential to align 'added value' outcomes with the Lancashire Skills and Employment Strategic Framework.
- 4.2 Since the meeting, in agreement with the Growth Deal Management Board (GDMB), a working group was established, chaired by Graham Cowley (chair of the GDMB), with the Lancashire Skills Hub and LCC Officers to develop a draft toolkit. The proposed outcomes in the toolkit align with the framework.
- 4.3 The **draft** toolkit is provided in Appendix 2 for comment. The toolkit has been developed to be a pragmatic tool to be used with organisations benefiting from Growth Deal funding. Further work is required to populate the section 'Sources of Support' and to expand the number of case studies. The sources of support are aimed at supporting the organisation to engage with partners who can help the organisation to fulfill commitments to social value outcomes.
- 4.4 The toolkit is to be tested with 2 projects by the Growth Deal programme team (LCC Officers) over the next month; with an existing scheme (for which the GFA is in place and the project active) and a scheme in development (the business case is currently in development). At this point in the programme it is recognised that some schemes will be signed off and in delivery, so less opportunity to influence, and that some schemes are at business case stage and so commitments can be integrated into the GFAs.

5 Summary

- 5.1 Committee members are asked to note the progress up-dates for Growth Deal Skills Capital Round 1 and Round 2 and are invited to comment on the development of the Social Value toolkit.