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Driving economic growth together

Coast to Capital
Skills Capital Fund
First Stage Application Guidance

October 2014

Of interest to Further Education Colleges and registered Skills Providers

Application Guidance

1. Introduction

Applicants must be a Further Education (FE) college or approved training organisation that is on the Register of Training Organisations and who expects to hold a contract with the Skills Funding Agency (SFA) to deliver education and training for 2016/17.

- 1.1.** This document sets out the arrangements for the allocation of the Coast to Capital Skills Capital Fund and invites skills providers to submit First Stage Applications for projects to be completed by September 2017.
- 1.2.** The Growth Deal announcement by the Government in July 2014 confirmed that £21 million of Skills Capital Funding had been made available for allocation by the Coast to Capital LEP for the period 2015 to 2017. Which included £11 million already allocated for projects in 2015/16. This document invites providers to submit First Stage Applications for the £10 million of Skills Capital Funding available for 2016/17. The key priorities for the funding are outlined in detail in Chapter 6 of the Coast to Capital Strategic Economic Plan.
- 1.3.** The objectives of the Skills Capital Fund are to enable the provision of good quality accommodation and specialist equipment to make a direct contribution to the economic growth in the Coast to Capital region, support education and training and helping learners reach their potential. Capital investment in the sector will aim to improve efficiency; enhance learner and employer engagement, and support growth and social cohesion.
- 1.4.** Coast to Capital have secured the support of the Skills Funding Agency (SFA) to advise on the capital funding processes and also to undertake the initial property, financial and educational assessment and scoring of applications. This process will be similar to the previous arrangements for capital funding applications although the funding priorities, criteria and scoring will be in accordance with the decisions of the Coast to Capital Board.
- 1.5.** Coast to Capital will expect providers who apply to the Skills Capital Fund to have consulted with other bodies such as the Education Funding Agency (EFA), Local Authority, and Local Authority planning department, as appropriate, where their support for the project will be required.

- 1.6. Coast to Capital intend to develop a robust process for reviewing the outcomes of projects supported through the funding including achievement of key objectives such as learner number growth outlined in the educational case.

2. Skills Capital Funds Available

- 2.1. Grant support of £10 million is available to the Coast to Capital LEP through the Growth Deal in the financial year 2016-17. Coast to Capital has no end-of-year budget flexibility and therefore providers will need to develop projects and grant support applications accordingly.
- 2.2. The Coast to Capital Skills Capital Fund is available on a competitive basis to all skills providers (not Higher Education (HE)) that deliver in our region. Coast to Capital recognises that some providers may have more than one project that meets the criteria and, in recognition of this, providers may submit more than one First Stage Application. Providers submitting more than one First Stage Application need to prioritise the applications clearly. In the first instance the LEP will consider First Stage Applications that each provider gives the highest priority, and will then move on to assess applications given a lower priority, if the budget allocation allows.
- 2.3. There will be no minimum or maximum project value for applications to the Skills Capital Fund. The total funding available for 2016/17 is £10 million therefore total grants will not exceed this figure.
- 2.4. Providers will be expected to maximise their financial contribution to projects through, for example, asset disposals, even if these occur after the project is complete. Coast to Capital will not permit providers to use public funding from other Government-funded bodies as part of their private/college funding contribution.
- 2.5. Normally, Coast to Capital will expect applicants to provide a minimum funding contribution equivalent to two-thirds of project value. That is, for every £1 from the Skills Capital Fund, providers should normally invest an additional £2. However, Coast to Capital is aware of the current difficulties regarding availability of loan finance and so will consider proposals for a higher level of grant funding. Where providers feel they will be unable to provide the required match funding, they should identify this with any evidence in the First Stage Application.

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

- i) Economic Drivers (Supporting Economic Growth, Benefits to Learners and Coast to Capital Strategic Priorities)
- ii) Excellent Learning Facilities

With respect to point i) Coast to Capital would typically expect most of the underpinning investment criteria outlined in Annex 1 to be met through the provision of, for example:

- A succinct outline of the issue, identified where appropriate by employers, stakeholders (including the LEP) and including 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 will be sense-checked by Coast to Capital.
- How the provider will work to achieve these targets / benefits, with clear references to how the project will support this.

2.7. Coast to Capital would normally expect providers intending to apply for capital grant support to be using an appropriate estate management benchmarking system.

3. Eligible Projects

3.1. Coast to Capital will require projects to meet the key underpinning priorities identified in Annex 1.

3.2. Projects must be complete and operational by September 2017, ready for the 2017/18 academic year. Coast to Capital 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 providers have any doubts regarding the

potential eligibility of a project, they should discuss this with Coast to Capital.

- 3.3.** Coast to Capital will consider eligible, the acquisition and refurbishment / remodeling 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 provider has insufficient space and is operating efficiently. The LEP will not normally consider eligible new leasehold acquisition, unless premises are to be held on 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.
- 3.4.** Coast to Capital will **not** consider as eligible proposals involving work that would normally constitute planned maintenance and redecoration.
- 3.5.** In all cases, providers must procure consultants and contractors in accordance with European Commission (EC) Procurement Directives.
- 3.6.** Coast to Capital will not normally consider as eligible any proposals involving improvement to, or addition of, temporary or modular type buildings.
- 3.7.** Providers may apply for projects involving capital works or for acquisition of specialist equipment.
- 3.8.** All projects will need to demonstrate that the proposal is State Aid compliant. All applicants need to take steps to ensure that any grant funding requested under the Skills Capital Fund does not amount to incompatible State Aid. Before applicants receive any grant they will need to provide Coast to Capital with a formal written State Aid opinion from a solicitor, regulated in England and Wales who specializes in the EU State Aid rules, confirming in detail how the project complies with the EU State Aid rules, or a declaration to show that the grant is compatible State Aid as it is to be provided as De Minimis Aid in compliance with the De Minimis Regulations.

4. Applying for the Coast to Capital Skills Capital Fund

4.1. The Skills Capital Fund is available on a competitive basis. The application and assessment process is in two stages:

- i) **Stage one:** submission of the First Stage Application, which Coast to Capital will assess with support provided by the SFA and which will be considered by a new moderation panel, the make-up of which will be published on our website. The necessary information to be provided for the First Stage includes:
- The rationale for the proposed project and the impact / benefits it will deliver.
 - An explanation of how the project will meet the core capital investment criteria (see Annex 1).
 - Evidence that the project represents value for money and the necessary matched funding requirements will be met.
 - Evidence that the Skills Capital Fund monies will have been spent by the end of March 2017 and the project will be open by September 2017.
 - Project priority, if a provider is submitting more than one First Stage application.

Following assessment, 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, providers will need to submit robust information. For information on the submission of detailed applications, please see separate guidance.

4.2. The First Stage Application Form is available on the Coast to Capital website. The sections in the submission form align with the criteria that the LEP will use to assess which applications proceed to stage two.

4.3. Coast to Capital will assess First Stage Applications only on information submitted in the required format, but may validate it against information that the LEP, SFA or EFA already holds. Coast to Capital will only consider information provided on the submission forms, supplementary information will not be considered.

- 4.4.** The First Stage Application form states the permitted words allowed in each section. Applicants must adhere to the word limit; the LEP will not consider information provided over and above the word limit. Providers are advised to provide focused and succinct responses, supported by robust, quantifiable and achievable outputs, evidence and information (particularly in the benefits to learners, employers, local community and supporting economic growth sections).
- 4.5.** Providers must return **one** electronic copy of the signed and completed First Stage application form and any supplementary information to Ron Crank, Chief Executive, Coast to Capital at skillscapitalfund@coast2capital.org.uk and ensure that it is received by **midday on 28th November 2014**.

Additionally, providers must submit **one** hard copy of the completed application form and supplementary information by **midday on 1st December 2014** to:

Ron Crank (Chief Executive)
Coast to Capital
Arun House
Hurst Road
Horsham
West Sussex
RH12 2DN

5.0. Assessment Information

- 5.1.** Coast to Capital and SFA will assess each First Stage Application on the basis of the information provided on the template. The LEP will judge the relative strengths of each proposed project against the underpinning criteria outlined in Annex 1 and summarised below. A moderation panel will review the project assessments and will make recommendations to the Coast to Capital Board.

Stage one – Criteria for assessing First Stage Applications

- 5.2.** Coast to Capital will assess the First Stage Applications against the criteria highlighted in Annex 1, and summarised below. The submission form provides further guidance.
- i) **Supporting Economic Growth and Benefits to Learners** – for all providers the proposed project needs to support economic growth and be of a tangible benefit to learners, employers and local communities.

The application needs to explain how the project meets the key priorities set out in the Coast to Capital Strategic Economic Plan.

ii) **Excellent Learning Facilities – Property, Estate and Equipment Needs** – the proposal should demonstrate the extent to which the project addresses key issues, including:

- Renewal and modernisation of the estate through the reduction of floor space in poor/inadequate building condition.
- Rationalisation and Efficiency: improving space or equipment 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 or Estates Strategy: projects should be driven by the strategic objectives of the provider and be part of a clear adopted estates strategy for the organisation.

iii) **Financial Value for Money and Affordability** – all applicants will need to demonstrate that the proposed project represents value for money and that it is affordable. Providers 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 a base case (do minimum) option.
- The anticipated spend profile in the financial years 2015/16 and 2016/17. Providers 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 LEP has available to allocate in 2016/17.
- The efficiency savings that the proposed project will deliver.

5.3. Providers 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 subsidy. A compelling case requires the project to achieve high scores in the benefits to learners, employers, local community and supporting economic growth section, and renewal and modernisation of

estates. Providers requesting more than one-third funding are required to provide a full three year financial plan with commentary in order that affordability can be fully assessed.

Stage two – Criteria for assessing detailed project applications

- 5.4.** Coast to Capital will invite providers that have submitted successful First Stage Applications to submit detailed Second Stage Applications. Guidance on the submission of detailed applications will be made at that time.

6.0. Prioritisation of First Stage Applications

- 6.1.** To be successful, all First Stage Applications need to pass an initial gateway relating to clearly addressing the Coast to Capital priorities and underpinning criteria outlined in Annex 1, project deliverability and project eligibility. Coast to Capital will then rank/prioritise all projects passing the initial gateway according to the overall number of points scored against the stage one First Stage Application criteria. Details of the scoring criteria are included in Annex 2.
- 6.2.** The moderation panel will agree the minimum number of points required for a successful First Stage Application. As stated above, providers 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, together with a two year financial plan with commentary.

7.0. Timescales for the Coast to Capital Skills Capital Fund

- 7.1.** The table below summarises the timescales for First Stage Application submissions, assessment and approval processes:

Date	Action
1 st Oct 2014	Launch of Coast to Capital Skills Capital Fund
21 st Oct 2014	Skills Capital Applicants' Workshop, Horsham
28 th Nov 2014	Deadline for submission of First Stage Applications.
30 th Jan 2015	Publication of First Stage Application decisions.

Mid April 2015	Deadline for submission of detailed applications to the Skills Capital Fund.
End June 2015	Target date for confirmation and announcement of detailed projects approved for the Skills Capital Fund.

- 7.2.** Applicants are reminded that all projects must be complete and operational by September 2017, ready for the 2017/18 academic year

Annex 1 Underpinning Criteria

To maximise the impact and benefit of Government capital investment applications for Capital Grant support will be assessed against key criteria which include:

Economic Drivers- Supporting Economic Growth (including Benefits to Learners)

Such projects make a direct contribution to the economic growth in the Coast to Capital region, enabling the achievement of skills objectives in relation to the priority sectors and research specialisms set out in Chapter 6 of the Coast to Capital Strategic Economic Plan. The elements of this criteria include:

- i) Skills shortages/Growth industries as outlined in the Coast to Capital Strategic Economic Plan: enabling training geared towards delivery to address skills shortages and/or growth industries and sectors, by providing training to equip individuals with the skills needed to get back into employment or by supporting the up-skilling of employees. Understanding and meeting skills shortages and the development needs of local communities - having a positive impact on employers;
- ii) Responsiveness and securing added value for agreed local priorities and action plans: alignment and links with local stakeholder plans and identified needs in the Coast to Capital Strategic Economic Plan. Contribution to the priorities and outcomes in this Plan are clearly demonstrated and measurable;
- iii) Contribution to the priorities and outcomes in the above plan and priorities are clearly demonstrated and measurable. Demonstrates links with plans for tackling specific local issues and challenges, including those affecting rural and remote areas and plans which support regeneration. Demonstrates added value/cost reduction or increased impact benefits for the outcomes and priorities set out within these plans and priorities;
- iv) Impact on unemployment and people not in employment, education or training (NEET): enabling a variety of teaching methods and technologies to engage with and retain hard to reach young people such as NEETs, making a positive impact on youth unemployment, and providing essential skills for jobs, including numeracy and literacy support;

- v) Apprenticeships: supporting the expansion of 16-18 and 19-24 Apprenticeships, supporting other work place provision, and providing clear routes to higher level training including higher level Apprenticeships;
- vi) Benefits to classroom-based students: inspiring and transforming teaching and learning experiences, using industry standard equipment and environments for vocational courses, including learning technologies; providing a resource base which is able to flex to the needs of 16-18 and adult learners;
- vii) Improving quality: supporting improvements in the quality of teaching, learning and assessment, learner success and, where relevant, addressing inadequate curriculum areas and provision falling below minimum quality standards;
- viii) Offers pathways and opportunities that engage the educational and training needs of students and support the business and skills requirements of employers and sectors;
- ix) Other growth measures: including widening participation by creating improved opportunities for learners with learning difficulties and disabilities (LLDD), offering more flexible routes and opportunities to Higher Education.

B. Excellent Learning Facilities – Property and Estate Considerations

Other parts of our economy, such as the Visitor Economy, Food Production, Care and Construction, continue to be a rich source of local employment, and it is vital that our learning environment is of sufficient and significant quality to enable the delivery of high quality learning, and of providing excellent and inspiring facilities to assist learners in realising their ambitions. The elements of this criteria include:

- i) Renewal and Modernisation of the estate: reducing the amount of floor space in poor/inadequate building condition thereby improving classroom and workshop based learning environments, improving quality, learner satisfaction and success rates;
- ii) Rationalisation and Efficiency: addressing 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;

- iii) Sustainability and Carbon Reduction: strategic engagement with the Government's Sustainability and Carbon Reduction agenda. Linking capital projects to formally recognised initiatives such as ISO14001 and other environmental management, energy cost reduction and carbon reduction programmes leading to reduced carbon emissions;
- vi) Building Research Establishment Environmental Assessment Method (BREEAM) rating: targeting relevant BREEAM ratings (at least Very Good) to ensure appropriate environmental and sustainability issues are incorporated into projects;
- v) Relevance to Property/Estates Strategy: projects should be driven by the strategic objectives of the provider and be part of a clear adopted estates strategy for the organisation.

C. Value for money

Elements of this criteria include:

- i) Building Costs: meeting the SFA's cost benchmarks;
- ii) Positive return on investment: demonstrating a positive return on investment in terms of investment appraisal / net present value (NPV) for the proposed project compared with the base case (do the minimum) option;
- iii) Project operating savings: implementing projects which result in lower premises costs (£/m²) over an investment period of 20 years.

Annex 2 Scoring Criteria for First Stage Applications

First Stage Applications must meet eligibility and minimum financial requirements and achieve a minimum score of 3 against each criteria to be shortlisted.

Criteria and Scoring Framework

Criteria	Description	Score	Weighting
Eligibility and minimum requirements	Project must demonstrate its eligibility for funding and must meet the minimum requirements (see eligibility section above).	Y/N	N/A
Strategic fit with LEP priorities	Assessment of the strategic fit with Coast to Capital priorities as outlined in the Strategic Economic Plan and the Skills Strategy – “Skills for Growth”.	0-5	30%
Benefits	The extent to which the project will deliver tangible and measurable outputs and benefits and contribute to wider Coast to Capital strategic objectives.	0-5	30%
Value for money	Assessment of value for money of the Proposal.	0-5	20%
Deliverability	Affordability and deliverability within timescales.	0-5	20%
Key documents	Projects must provide key documents required to qualify for consideration.	Y/N	N/A

Scoring

Y/N	Projects will either be provided with a 'Yes' or a 'No' where information has not been provided or eligibility criteria has not been met the bid will not qualify for further assessment.
1	Proposal doesn't meet requirements, insufficient or no relevant information provided.
2	Unsatisfactory response, an attempt has been made to address the evaluation criteria but case insufficiently demonstrated to warrant funding.
3	Unsatisfactory response, an attempt to address the evaluation criteria has been made and could be developed with considerable additional time and work.
4	Satisfactory response at this stage of the application process but additional work required prior to any approval.
5	Good response, the proposal meets the evaluation criteria.
6	Excellent response, proposal meets evaluation criteria to a very high standard.

Annex 3 Guidance note: Submission of Skills Capital Fund First Stage Applications

Organisations wishing to submit a First Stage Application for the Coast to Capital Skills Capital Fund must submit both electronic and hard copies of their application. Detailed guidance for this is set out below.

The deadline for submitting an electronic copy is by **midday on 28th November 2014**, and a **hard copy by midday on 1st December 2014**.

Please return the hard copy of the completed detailed application form and supporting information to:

Ron Crank (Chief Executive)
Arun House
Hurst Road
Horsham
West Sussex
RH12 2DN

Hard copy applications should be submitted in A4 format (ring-binder/lever- arch). Any supplementary information should be submitted in the same format.

Electronic applications must be submitted to Ron Crank, Chief Executive at, skillscapitalfund@coast2capital.org.uk Electronic applications and supporting information should be an exact copy of the hard copy submission.