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| Report to Accountability Board | Forward Plan reference number: FP/AB/050 |
| Date of Accountability Board Meeting: 16 th September 2016 | |
| Title of report: Skills Capital Fund Approval | |
| Report by: Adam Bryan, Managing Director | |
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1. Purpose of report

- 1.1 To present recommendations regarding three projects submitted under the auspices of the Skills Capital Building Projects and Equipment fund. As requested by board members at the special Accountability Board on 24th June 2016, two projects were resubmitted for consideration. A third project, erroneously overlooked during the last bidding round, has also been subject to assessment.

2. Recommendations

- 2.1 On the recommendations of the Assessment Group and the independent appraisal, the Board is asked to:
- 2.1.1 Approve the allocation of £116,783 from the fund to the Harlow College, E-Hub - for supporting Enterprise and Entrepreneurship
 - 2.1.2 Approve the allocation of £223,798 from the fund to Canterbury College, Swale Campus Construction Extension – to meet local and regional skills needs around the construction sector; subject to an acceptable outcome from the completion of an independent technical/financial appraisal of the project.
 - 2.1.3 In considering approval of 2.1.2 above, the board is asked to note the following:
 - 2.1.3.1 The bid does not meet the match funding requirement of 50% as it is requesting funding at 90% of the total cost; and
 - 2.1.3.2 The bid does not meet the minimum score required for a compelling case of 130/144 with a score of 82.
- 2.2 The Board is also asked to agree that any overspend arising from an over-allocation of the Skills Capital pot is funded by headroom in the broader Local Growth Fund programme and managed as part of the overall approach to LGF capital programme management. It should be noted that an approval of 2.1.2 to the amount requested will result in an over-allocation of the fund of £14,661.
- 2.3 Decline the application for funding of £112,159 by the Creative Skills, Touring Technical Theatre Masterclasses on the basis of it not meeting the minimum scoring threshold for funding of 72, with a score of only 18 out of 144.

3. Background

3.1 The South East Local Enterprise Partnership (SELEP) was awarded £22m for skills capital building projects and equipment in 2015 as part of the wider Local Growth Fund (LGF). To date the following allocations have been made, and are summarised in Appendix A:

- Round 1 - £16,099,440
- Round 2 - £620,540
- Round 3 - £3,411,405
- Round 4 - £1,542,695
- Total - £21,674,080

3.2 Therefore, £325,920 is as yet unallocated. Board members will notice the discrepancy between the £340,581 requested above and this available figure. There is a small amount of working headroom in the broader SELEP LGF programme and it is recommended that this proposed over allocation (£14,661) is funded from this headroom in the LGF programme. The headroom, however, is not in the current financial year, and as such it is intended that this is managed as part of SELEP's capital programme management procedures, which report regularly to the Accountability Board and are fully in Government's sights, to ensure that funds available in the current year are not overcommitted.

3.3 Bidding has now ended and the bids have been assessed in line with the agreed evaluation process by the Assessment Group. The group consisted of representatives from each Employment and Skills Board.

4. Assessment Findings

4.1 Two bids were re-submitted on the advice of the Accountability Board on 24th June 2016. These bids had previously been supported by the federated areas and had previously been reviewed by the SFA. These were the Creative Skills bid and the Canterbury College bid, the latter bid now using a different and more descriptive project name to reflect adaptations to the project undertaken in light of feedback from the previous round.

4.2 A third bid, from Harlow College, was submitted to the Assessment Group and was subjected to an additional independent technical appraisal of its financial case and its overall business case. This bid was previously submitted to the fourth round of the Skills Capital Fund but was not assessed due to an administrative error on SELEP's part. It is therefore correct that it is subject to the same process as the other bids submitted as part of the April call for projects.

4.3 The Assessment Panel assessed the bids as below:

| Organisation | Details | Requested | % of project | Score* (/144) | Recommendation/Notes |
|------------------------------|---|-----------|--------------|---------------|--|
| Harlow College: <i>E Hub</i> | Facility focused on development of entrepreneurship and e-skills needed for growth economy. One stop shop for business start-up and business planning support as well as mentoring. Links to Chambers and | £116,783 | 50 | 114 | Approve – subject to final independent appraisal which has subsequently taken place and scored acceptably. |

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|--|--|----------|----|----|--|
| | Harlow Enterprise Zone. | | | | |
| Canterbury College: <i>Swale Campus Construction extensions</i> | 153m2 of extended constructions skills facilities, enabling provision in bricklaying, carpentry, multi-trades and sustainable techniques to meet local and regional skills needs | £223,798 | 90 | 82 | Approve – subject to final independent appraisal |
| Creative & Cultural Skills: <i>Touring Technical Development Masterclasses</i> | Touring masterclasses providing advice, taster sessions and industry insights for technical careers in music and theatre industries. | £112,158 | 50 | 18 | Refuse – scored less than the required threshold |

* Acceptable: 72+/144, Compelling 130+/144

- 4.4 Two bids have been assessed as acceptable and it is recommended that they should receive their requested allocation. The Skills Funding Agency has not been able to undertake a full review of the re-submitted Canterbury College application, so a fully independent financial review is currently being undertaken and may be available in time for the Accountability Board meeting. The bid from Harlow College has already been subject to a separate independent assessment of its financial aspects and it scored acceptably.
- 4.5 Canterbury College have offered 10% match funding for their project, when the expectation in the agreed process was for 50%; to receive a greater than 50% funding level, bids were expected to score sufficiently to meet the minimum agreed threshold for a compelling case of 130/144, however, the bid only scored 82. The Assessment Panel were minded to recommend it for funding on the basis of the clear need for that facility for Kent-based learners and the urgent requirements of the construction sector to which the project clearly responds. It also demonstrated a step-change from the original bid and a striking cognisance of local skills challenges, including NEET levels and the precise positive impact that the project would have here.
- 4.6 While not scoring to an acceptable level for SELEP skills capital funding and therefore not recommended for funding, the Creative Skills bid clearly had merit in its own field and the Assessment Panel were firmly of the mind that it would be a strong candidate for other types of funding. The Assessment Panel recommended that SELEP should work to support the applicant in seeking funding from elsewhere, given the obvious merits of the project and its alignment with a key sector of activity.
- 4.7 The robust process to evaluate the bids has been taken in line with the Assurance Framework, previous advice from the SFA and with the help of an independent technical evaluation. Allocations have been made in line with the previous approach adopted by the Accountability Board, though the Canterbury College project's request for 90% funding should be discussed by the board given its relative score and the availability of funding.

5. Financial Implications

- 5.1 A total of £340,581 is currently requested for approval in this report, some of which is subject to additional requirements being met. The potential overspend arising from this (£14,661), as set out in Appendix A, will be managed within SELEP's overall LGF Programme Management, according to the requirements of the Assurance Framework and the expectations of Government.
- 5.2 In the first instance, the over-programming will be offset by underspend on the 2016/17 skills allocation where this occurs. If this does not occur, the overspend will be offset by any slippage against the rest of the capital programme and accommodated by the headroom on the fund in future years. Any requirement for transfer of funding to balance this will be reported to the Accountability Board and may be subject to approval by the Government.

6. Legal Implications

- 6.1 Grant approved as part of this report will be transferred to the respective college under a grant agreement from the Accountable Body; this agreement will ensure that the requirements for utilising the grant for new capital expenditure in line with the respective bids, and the match funding and other requirements are adhered to as appropriate.

7. Staffing and other resource implications

- 7.1 Resources will be required to monitor spend and the achievement of targets as agreed with the bidders. This will be delivered within individuals' current workloads.

8. Equality and Diversity implications

- 8.1 None

9. List of Appendices

- 9.1 None; included in body of report.

(available at www.essex.gov.uk if not circulated with this report)

10. List of Background Papers

- 10.1 Full bid documents

(Any request for any background papers listed here should be made to the person named at the front of the report who will be able to help with any enquiries)

| Role | Date |
|---------------------------|----------|
| Accountable Body sign off | |
| Lorna Norris | 9/9/2016 |

Appendix A

Skills Projects funded from the Local Growth Fund

| Total Available LGF | | LGF Allocation | Match Funding | % Match Provided |
|--|----------------------|-----------------------|----------------------|-------------------------|
| £22,000,000 | | £ | £ | |
| Approved Capital Development Schemes | | | | |
| Harlow advanced manufacturing and engineering centre of excellence | Harlow College | 2,500,000 | 5,000,000 | 67% |
| Hadlow College Group - Ashford College, Kent | Hadlow Group | 9,800,000 | 6,858,523 | 41% |
| STEM training at Braintree College, Essex | Colchester Institute | 3,640,000 | 1,960,000 | 35% |
| Refurbished science facilities - Sussex Downs College, East Sussex | Sussex Downs College | 159,440 | 323,142 | 67% |
| Total | | 16,099,440 | 14,141,665 | |
| Approved Capital Equipment Schemes (Round 1) | | | | |
| Science Hub | Writtle College | 38,806 | 78,788 | 67% |
| AMEC - Equipment | Harlow College | 346,572 | 703,645 | 67% |
| Centres for Excellence for Advanced Industrial Technologies and Engineering Manufacture | South Essex College | 73,475 | 149,176 | 67% |
| STEM Skills Training Equipment | Colchester Institute | 161,687 | 161,687 | 50% |
| Total | | 620,540 | 1,093,296 | |
| Approved Capital Equipment Schemes (Round 2) | | | | |
| Extension to construction facilities in Folkestone | East Kent College | 1,360,000 | 118,000 | 8% |
| Specialist Equipment for STEM Centre | Sussex Downs College | 74,914 | 74,914 | 50% |
| North Kent Dealership Centre | North Kent College | 141,850 | 141,850 | 50% |
| Digital Labs for the Construction, Health and Social Care and Science Sectors | Harlow College | 350,000 | 350,000 | 50% |
| Raising Essex STEM Skills to Higher Levels | Colchester Institute | 52,304 | 52,304 | 50% |
| Growing apprenticeship and skills training in engineering | Plumpton College | 88,474 | 95,848 | 52% |
| Advanced Construction, Infrastructure and telecomms | Procat College | 306,421 | 309,422 | 50% |
| Creating a Centre of Excellence for logistics | South Essex College | 27,407 | 27,407 | 50% |
| Science to support the Health Professions | South Essex College | 148,972 | 148,972 | 50% |
| Specialist Equipment Ashford phase 1a | Hadlow Group | 427,500 | 522,500 | 55% |
| Health Science Laboratory, Medway | Mid Kent College | 235,063 | 235,062 | 50% |
| Engineering Skills Growth Hub (Swale Skills Equipment) | Mid Kent College | 198,500 | 198,500 | 50% |
| Total | | 3,411,405 | 2,274,779 | |
| Round 4 | | | | |
| Industry Standard Surveying Equipment and Soil Laboratory for Technical Construction | Chelmsford College | 57,490 | 57,491 | 50% |
| Court Lane Horticultural Nurseries – Enhancing Specialist Facilities for Further & Higher Education | Hadlow Group | 447,000 | 373,000 | 45% |
| Foundation Learning (Princess Christians Farm Campus) – Enhancing Specialist Facilities | Hadlow Group | 385,000 | 580,000 | 60% |
| Transport & Logistics Skills Hub | Mid Kent College | 82,000 | 45,000 | 35% |
| Thameside Jetty | North Kent College | 64,500 | 64,500 | 50% |
| Science and Engineering for Tree Management | Plumpton College | 140,000 | 140,000 | 50% |
| Development of Construction facilities in Basildon to support economic growth and address local and regional skills shortages in construction skills | South Essex College | 366,705 | 366,705 | 50% |
| | | 1,542,695 | 1,626,696 | |
| Total allocated to date | | 21,674,080 | 19,136,435 | 47% |
| Total Unallocated to date | | 325,920 | | |
| New Funding Requests | | | | |
| E-Hub - for supporting Enterprise and Entrepreneurship | Harlow College | 116,783 | 116,783 | 50% |
| Swale Campus Construction Extension | Canterbury College | 223,798 | 24,866 | 10% |
| Total Funding Requested | | 340,581 | 141,649 | |
| Funding Shortfall | | - 14,661 | | |