

**AGENDA ITEM 3**

<b>Report to Accountability Board</b>	<b>Forward Plan reference number:</b> FP/AB/046
<b>Date of Accountability Board Meeting: 24<sup>th</sup> June 2016</b>	
<b>Title of report: Skills Capital Equipment Fund Approval</b>	
<b>Report by:</b> Mike Rayner. Skills Lead	
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**1. Purpose of report****1.1. The paper has two purposes:**

- To present recommendations regarding the recent Skills Capital Equipment bidding round to inform the board's decisions about whether or not to accept the applications for funding.
- To present options on how to spend the remaining funding for the accountability board to choose between.

**1. Recommendations**

The Board is asked to:

**2.1. Approve the recommendations from the Assessment Group for the allocation of £1,542,695.50 from the Skills Equipment Fund to the following projects subject to an acceptable technical/financial appraisal by the Skills Funding Agency (SFA). All bids require an SFA assessment:**

**2.1.1. Approval is subject to an acceptable outcome from the full financial assessment and a technical assessment from the Skills Funding Agency (SFA) before an allocation can be made.**

- Hadlow College, Court Lane Horticultural Nurseries – Enhancing Specialist Facilities for Further and Higher Education, £447,000
- Hadlow College, Princess Christian Centre – Enhancing Specialist Facilities for learners with a range of learning disabilities or difficulties, aged 14 through to adulthood, £385,000
- South Essex College, Development of Construction facilities in Basildon to support economic growth and address local and regional skills shortages in construction skills, £366,705

2.1.2. Approval is subject to an acceptable outcome from the technical assessment from the SFA before an allocation can be made.

- North Kent College, Thameside Jetty refurbishment, £64,500
- Chelmsford College, Industry Standard Surveying Equipment and Soil Laboratory for Technical Construction, £57,490.50
- Plumpton College, Science and Engineering for Tree Management, £140,000
- Midkent College - Transport and logistics skills hub, £82,000. The bid requested 65% funding. This was felt to be acceptable according to paragraph 7.2 of the guidance, which allows for “some small flexibility” in match funding if a compelling case is presented (Scoring 130/144) and it receives a clear endorsement from the federated areas. The bid scored 134/144 and received a strong endorsement from Kent. It is recommended that the board accept this.

2.2. Decline, on the recommendation of the Assessment Group due to not meeting the scoring threshold:

- Canterbury College, Constructing Futures, £223,798
- Creative Skills, Touring Technical Theatre Masterclasses, £112,159

2.3. Note that the Kent Skills Commission and the Kent and Medway Economic Partnership (KMEP) did not endorse the following application for £52,510. It was deemed not to have met local priorities.

2.3.1. North Kent College, Technology Advanced Learning Project, £52,510

2.4. The accountability board should consider the options for spending the unallocated funding presented in section 5 and choose the one they consider to be most appropriate.

### **3. Background**

3.1. The South East Local Enterprise Partnership (SELEP) was awarded £22m for skills capital building projects and equipment in 2015. To date the following allocations have been made:

- Round 1 - £16,099,440
- Round 2 - £620,540
- Round 3 - £3,411,405

3.2. £1.868m was available for this funding round.

3.3. The scoring thresholds for bids was:

- Acceptable: 72/144

- Compelling 130/144
- 3.4. The SELEP initiated round 4 of bidding for the capital equipment grant in April 2016. Organisations eligible to bid for the grant were defined as further education colleges and approved training organisations within the SELEP area that are on the Register of Training Organisations and hold a direct contract with the Skills Funding Agency to deliver education and training.
  - 3.5. Bidders were expected to provide 50% match funding of the total cost of the equipment. The guidance allowed for “some small flexibility in this” if a compelling case is presented (Scoring 130/144) and the bid received a clear endorsement from the federated areas.
  - 3.6. Grant sizes were to be normally in the range of £50,000 to £500,000. The guidance allowed for “some small flexibility in this” if a compelling case is presented (Scoring 130/144) and the bid receives a clear endorsement from the federated areas. Bids in excess of £150,000 required an additional financial assessment by the Skills Funding Agency to provide assurance with regard to their financial plan.
  - 3.7. Bidders had to gain endorsement from their federated areas before they could be assessed.
  - 3.8. Bidding for capital equipment has now ended and the bids have been assessed in line with the agreed evaluation process by the Assessment Group; this group consisted of representatives from each Employment and Skills Board.

#### **4. Summary of assessment findings (Full details in Appendix A)**

- 4.1. 10 bids were received totalling £1,931,162. It was therefore not possible to fund all the bids if they met the eligibility and quality criteria, within the funding envelope available under this round.
- 4.2. Of those 10 bids one was rejected by the Kent Skills Commission and KMEP as it did not meet local priorities. It was felt that it focused on upgrading IT facilities rather than bringing benefit to the economy of the SELEP Area. Full details are available in the attached document: Skills Capital Fund – KMEP response. The bid is:
  - North Kent College, Technology Advanced Learning Project, £52,510
- 4.3. A further 2 bids were received that were rejected due to scoring poorly at the final assessment stage:
  - Canterbury College, Constructing Futures, £223,798 – score 36/144. This bid also requested 90% funding which was outside the “small flexibility” in match funding specified in paragraph 7.2 of the guidance.
  - Creative Skills, Touring Technical Theatre Masterclasses, £112,158.50 – score 48/144

- 4.4. 7 Bids have been assessed as acceptable and it is recommended that they should receive their requested allocation. The Skills Funding Agency (SFA) has been unable to complete the technical/financial evaluations in time for the Accountability Board and therefore all allocations will be dependent on their outcome. Some small clarifications and adjustments may be necessary as a result of the SFA evaluations before allocations can be finalised.
- 4.5. Of these 7, 3 have applied for more than £150,000 and will be subject to an additional financial assessment by the SFA:
- Hadlow College, Court Lane Horticultural Nurseries – Enhancing Specialist Facilities for Further and Higher Education, £447,000
  - Hadlow College, Princess Christian Centre – Enhancing Specialist Facilities for learners with a range of learning disabilities or difficulties, aged 14 through to adulthood, £385,000
  - South Essex College, Development of Construction facilities in Basildon to support economic growth and address local and regional skills shortages in construction skills, £366,705.
- 4.6. The Midkent College bid requested 65% funding. This was felt to be acceptable according to paragraph 7.2 of the guidance, which allows for “some small flexibility” in match funding if a compelling case is presented (Scoring 130/144) and it receives a clear endorsement from the federated areas. The bid scored 134/144 and received a strong endorsement from Kent.
- 4.7. The remaining 3 bids have all scored acceptably (72/144 or higher) and only require a favourable technical assessment from the SFA. They are:
- North Kent College, Thameside Jetty refurbishment, £64,500
  - Chelmsford College, Industry Standard Surveying Equipment and Soil Laboratory for Technical Construction, £57,490.50
  - Plumpton College, Science and Engineering for Tree Management, £140,000
- 4.8. The process to evaluate the bids has been robust and in line with the Assurance Framework and advice from the SFA and allocations have been made in line with the agreed evaluation approach.

## **5. Options for spending the unallocated funding**

- 5.1. The board is asked to consider the options below for the allocation of the final £325,000 and decide which they wish to choose:
- A small competition – this would require a lot of capacity to run for a very small amount of money but would be rigorous and transparent.
  - Ask the unsuccessful bidders to resubmit their bids – not all the unsuccessful bids met the eligibility criteria and may not be successful on resubmission.

- Allocate the funding as a contingency for overspend on other projects – this is a large sum to allocate as a contingency and may impact negatively on future Skills Capital Allocations.
- Make the funding available for strong projects coming forward from the ESBs over the next few months without a competition on a first come first served basis. This approach lacks the rigour and transparency of previous rounds but could allow for a strong project to come forward simply.

5.2. Irrespective of which option is selected, the allocation of funding will still be required to adhere to the SELEP the Assurance Framework, in particular the requirement for a value for money assessment by an Independent Technical Evaluator; to date this activity has been undertaken by the Skills Funding Agency.

## **6. Financial Implications**

6.1. SELEP has received a £11m allocation in 2015/16 of Skills Funding as part of the Local Growth Fund and a further £11m has been allocated in 2016/17. Of this total overall amount, £20.131m has been previously allocated and accepted by colleges, leaving a remaining £1.868m to be allocated in the fourth bidding round.

6.2. A total of £1,542,696 is currently requested for approval in this report, some of which is subject to additional requirements being met. This leaves £325,000 of 2016/17 grant unallocated. As with all allocations to date, the outstanding grant will need to be allocated in line with the value for money requirements of the Assurance Framework.

6.3. 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. Legal Implications**

7.1. All approved allocations will be required to enter into a Grant Agreement with the Accountable Body, which contains the obligations for monitoring and reporting, which will allow for updates to be received going forward.

## **8. Staffing and other resource implications**

8.1. Resources will be required to monitor the spend and the targets to be achieved as agreed with the bidders. This will be delivered within individuals current workloads.

## **9. Equality and Diversity implications**

9.1. None

## **10. List of Appendices**

10.1. Skills Equipment bids collated with recommendations

(available at [www.essex.gov.uk](http://www.essex.gov.uk) if not circulated with this report)

## **11. List of Background Papers**

11.1. Full bid documents

11.2. KMEP assessment

**(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)**

<b>Role</b>	<b>Date</b>
<b>Accountable Body sign off</b> Lorna Norris  On behalf of Margaret Lee	16 June 2016

**Appendix A SE LEP Skills Equipment bids collated with recommendations****Scoring Note:**

- Compelling – 130/144
- Acceptable – 72/144

**Bids recommended for approval subject to the results of SFA evaluations**

Organisation	Project	Items purchased/Buildings constructed or refurbished	Amount requested (£)	% of project	Score (/144)	Recommendation/Notes
North Kent College - Thameside Jetty	Thameside Jetty	Refurbishment of jetty with up to date equipment to enable the continuation and development of vocational training for the maritime sector	£64,500.00	50	82	Approve subject to favourable technical evaluation by SFA,
Midkent College	Transport & Logistics Skills Hub	Equipment and small building work to develop a logistics training centre co-located with a local business.	£82,000.00	65	134	Approve subject to favourable technical evaluation by SFA,
Hadlow College (Princess Christian Farm)	Foundation Learning (Princess Christians Farm Campus) – Enhancing Specialist Facilities	Upgrading of equipment and classrooms to enable the continued existence of this facility for learners with a range of learning disabilities or difficulties, aged 14 through to adulthood. It will support deliver of horticulture, agriculture, care and retail.	£385,000.00	40	76	Approve subject to favourable technical evaluation by SFA,
Hadlow College - Court Lane	Court Lane Horticultural Nurseries – Enhancing Specialist Facilities for Further & Higher Education	Classrooms and equipment to develop the delivery of horticultural training.	£447,000.00	45	86	Approve subject to favourable technical evaluation by SFA,

South Essex College	Development of Construction facilities in Basildon to support economic growth and address local and regional skills shortages in construction skills	Conversion of a sports hall into a construction training facility, working in partnership with Redrow homes.	£366,705.00	50	102	Approve subject to favourable technical evaluation by SFA,
Chelmsford College	Industry Standard Surveying Equipment and Soil Laboratory for Technical Construction	Industry Standard Surveying Equipment and Soil Laboratory for Technical Construction	£57,490.50	50	80	Approve subject to favourable technical evaluation by SFA,
Plumpton College	Science and Engineering for Tree Management	Classroom refurbishment and purchase of specialist tree management equipment.	£140,000.00	50	84	Approve subject to favourable technical evaluation by SFA,
Total			£1,542,695.50			

**Bids recommended for refusal due to lack of endorsement by federated area**

Organisation	Project	Items purchased/Buildings constructed or refurbished	Amount requested (£)	% of project	Recommendation/Notes
North Kent College	Technology Enhanced Learning Project	IT equipment to transform teaching practice.	£52,510	50	Refuse – did not meet local priorities or guidance on eligible equipment.
Total			52,510		



**Bids recommended for refusal due to scoring less than the required threshold**

Organisation	Project	Items purchased/Buildings constructed or refurbished	Amount requested (£)	% of project	Score (/144)	Recommendation/Notes
National College for Creative Skills	Touring Technical Theatre Development Masterclasses	Transport and technical stage equipment to facilitate road shows and masterclasses.	£112,158.50	50	48	Refuse – scored less than the required threshold.
Canterbury College	Constructing Futures	Adaptation of premises and purchase of specialist equipment to teach electrical and sustainable construction techniques.	£223,798.00	90	36	Refuse – scored less than the required threshold.
Total			£335,956.50			