



South East Local Enterprise Partnership Skills Capital Fund 2015-16 and 2016-17 Application Guidance Round 4

1. Introduction

1.1 The South East LEP has launched its latest round of its Skills Capital Fund (SCF). The skills set of our residents and that within our businesses is vital to the growth ambitions of the area. The skills capital funding will be utilised in a way that supports the delivery of training and qualifications that respond to economic need and serve learners and employer alike. The LEP has a particular focus on supporting science, technology, engineering and mathematics (STEM) based disciplines that underpin our growth sectors. However, in supporting employment more widely the LEP also wishes to see increases in those skilled for and progressing in sectors where there is growing employment demand, such as the health and social care sectors and other sectors named in the LEP's Strategic Plan.

1.2 The main areas of focus for the LEP are –

- a) Improving the talent pool in support of priority sectors, particularly higher level skills
- b) Increasing participation of young people in work, education and training, with a focus on supporting priority sectors and skills gaps
- c) Improving the basic skills and employment of our residents to boost productivity and growth

Skills Capital Funding will be particularly geared at supporting a) and b) and these are more fully articulated in the South East LEP Skills Strategy (Annex B of this document). The South East LEP will also prioritise applications which support delivery in LEP priority sectors as set out in the Strategic Economic Plan

(http://www.southeastlep.com/images/uploads/resources/SECTION_2_South_East_LEP_-_Growth_Deal_and_Strategic_Economic_Plan_WEB-2%281%29.pdf) and local plans produced by member Local Authorities.

1.3 This round of Skills Capital funding is available for either capital (refurbishment/remodelling of buildings) or specialist equipment.

The South East LEP is now inviting the submission of applications to the Skills Capital (SCF) from eligible organisations – see 2.1 and 2.3 below. Submitting an application to the SCF does not guarantee that organisations will be awarded funding.

1.4 Involvement of Employment and Skills boards (ESBs)

In round 4 it will be the responsibility of ESBs to bring forward projects for the Skills Capital Fund. This is to ensure best fit with local priorities. **Providers should therefore engage with their ESBs before developing any projects.** ESBs should

- Engage with colleges and training providers in their areas to generate the bids.
- Provide a clear set of priorities/criteria for bidders.
- Prioritise projects locally and ensure that bids are submitted to the LEP.

The division of funds will be as follows:

Kent and Medway	44%	£894,080
Greater Essex	43%	£873,760
East Sussex	13%	£264,160

The overall amount may change as the capital programme develops and there may need to be some flexibility to accommodate as many bids as possible.

Bids will not be considered if they do not come via the relevant ESB.

2. Eligibility to bid

2.1 The SCF is available only to organisations located within the LEP's geographic area of the political geographies of East Sussex, Essex, Kent, Medway, Southend-on-Sea and Thurrock.

2.2 Eligible organisations are defined as FE colleges and approved training organisations that are on the Register of Training Organisations and hold a direct contract with the Skills Funding Agency to deliver education and training.

2.3 Applications for equipment can only be submitted from eligible organisations although eligible organisations may choose to work in partnership and use any award made under this Fund to deliver contractual targets. The asset must remain the property of the applicant.

2.4 Applications are only eligible if the organisation applying can contribute match funding.

2.5 Any application(s) received from an organisation that fails to meet these eligibility criteria will not be considered under any circumstances.

3. Project Eligibility Criteria

3.4 Applications can include:

- the purchase of specialist equipment.
- work to improve delivery and efficiency through digital technologies, including steps to improve technological infrastructure and service resilience. (For clarity, projects in this category should relate to elements such as infrastructure improvements, as opposed to the purchase of computers, electronic tablets and so on.
- enhancing (refurbishment or remodelling) specialist facilities – especially those reflecting LEP priority sectors where an urgent need exists.
- A combination of the above options i.e.: the purchase of specialist equipment and enhancing specialist facilities.

3.6 Applicants are reminded that the LEP will not in any circumstance provide increased capital grant should project costs exceed the approved amount.

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

3.8 Eligibility of proposed capital works – the project should meet the usual Agency criteria, for example, exclude revenue items and meet the LEP's requirements regarding tenure, including any proposed leasehold arrangements. These include a minimum lease period of normally 20 years with no break clause and the permitted capitalisation of normally 10 years' rent (excluding revenue items such as business rates, service charges and insurance). Applicants should discuss the eligibility of proposed costs with the LEP before submitting funding applications.

4. Definition of Specialist Equipment

4.1 The aim of this Fund is to invest in specialist equipment and is not therefore to be used for standard items that may be provided/replaced from revenue costs. Eligible equipment is defined as any item that an eligible applicant is able to "capitalise" in its year-end accounts. Examples of eligible equipment are:

- Robotics lab
- Large pieces of equipment to deliver industry related courses
- IT equipment for specialist courses but not generic laptops/tablets/desktops etc. for general purposes.

4.2 In addition, all purchased equipment which receives SELEP grant support is to be used solely or mainly for the delivery of publicly funded education and training. This includes education and training that the Skills Funding Agency and Education Funding Agency fund.

4.3 SELEP will only pay costs of equipment and will not pay for the costs of, for example, procurement of such equipment (i.e. no revenue costs) or related ongoing costs.

5. Skills Capital Funds available

5.1 Approximately £x of Skills Capital funding is available across the 2016/17 financial year.

5.2 Where demand exceeds available grant support, we will prioritise projects based on overall score, with consideration given to budget implications. Should we have sufficient funds to cover all bids, they will still have to meet the criteria as set out in the guidance.

5.3 Grant funding is currently not available beyond financial year 2016/17 and therefore organisations must ensure sufficient project expenditure within the financial years 2015/16 and 2016/17 to draw down the requested level of grant support.

6. Minimum and Maximum Grants Available

6.1 The minimum grant value for SCF consideration will be £50,000

6.2 The maximum grant value for SCF consideration will be £500,000

6.x Grants outside this range will not be considered

6.3 SELEP reserves the right to negotiate maximum grant values with organisations, according to demand and budget availability.

6.4 Where an applicant is requesting a grant of more than £150,000 and/or the project costs more than £1m a financial plan must be completed. See Annex B for guidance and relevant documents.

6.5 Eligible organisations with more than one site may submit one application per site/geographic location. Applications would not be accepted from different sites within the same locality that are part of the same provider e.g. multiple departments of a provider in different buildings in the same town.

6.x If an organisation submits more than one bid, the total value must be considered when deciding whether or not a financial plan is required, not the amounts of individual bids.

7. Match Funding

7.1 Normally, we will expect organisations to provide a minimum funding contribution equivalent to one half of project value. That is, for every £1 from SCF, organisations should normally invest an additional £1. Where organisations are unable to provide the required match funding, this should be clearly stated.

7.2 Organisations unable to meet the minimum funding contributions are required to demonstrate a compelling business case (Scoring 85/96 or higher in Benefits to learners/Economic benefits) for enhanced public subsidy. 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 Local 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 realistic and achievable.
- How the organisation will work to achieve these targets/benefits, with clear references to how the project will support this.

8. Assessment information

8.x While bids are generated by the ESBs they will still have to be assessed by a panel of LEP representatives and score acceptably. The panel will consist of one representative of each ESB. It is likely that these representatives will be business representatives. This will be supported by a member of staff from the Skills Funding Agency (Subject to availability) and the LEP Skills Lead. Only the ESB reps will have rights to score.

Scoring Thresholds:

- Acceptable: 72/144
- Compelling 130/144

8.1 We will assess each application on the basis of the information that organisations provide on the application form. Organisations should not assume that the assessor will have any specific knowledge of the establishment and its locality. Assessors will review all assessments at an internal moderation panel to ensure the consistent application of the assessment process. Depending on the demand for the SCF and the quality of the applications submitted, SELEP may decide to adopt one or both of the following: declining some applications or potentially reducing the requested funding allocations to individual projects.

8.2 Applications will need to pass a gateway relating to eligibility, project value threshold, eligibility of project components. This will be assessed by the Skills Funding Agency. Should they pass the gateway; the final decision will be based on their scores in the sections:

- Benefits to Learners and Employers
- Supporting Economic Growth

Other sections are not scored but inform the understanding of the bid and ensure an accurate assessment.

Should the fund be oversubscribed we will also consider the scores from the gateway questions. To ensure that all applications are treated equally, the same criteria will be applied to capital and equipment bids

8.3 We will assess the relative strengths of each proposed project against the criteria summarised in 8.4. All projects will also need to demonstrate how they support the priorities listed in the LEP Skills Strategy (Annex A).

To score strongly, we would expect applications to contain

- A succinct outline of the issue, identified where appropriate by employers and stakeholders, including the Local 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 realistic and achievable.
- How the organisation will work to achieve these targets/benefits, with clear references to how the project will support this.

8.4 We will rank/prioritise projects according to the overall number of points scored against the assessment criteria. We would normally expect successful applications to score strongly in each of the following areas

i) Benefits to Learners and Employers (25% weighting) The 6 criteria in this section will score 0, 2, 4 or 6 The maximum score for the section is 36.

ii) Supporting Economic Growth (75% weighting) The 6 criteria in this section will score 0, 6, 12 or 18. The maximum score for the section is 108.

Scoring will be at 4 levels for each criteria:

- 0 points – no or very poor evidence against criteria.
- 2/6 – what you intend to do but little reference as to how this will achieve the desired outcomes. Inadequate data to fully demonstrate the point. Increases in provision not quantified.
- 4/12– what you intend to do with some evidence of how this will meet your objectives supported by data. Any increases in numbers mainly quantified. Most aspects of the criteria met.

- 6/18 – what you intend to do and how this will meet your objectives well supported by data. Any increases in numbers fully quantified showing a current base level and detailing the projected increase against this. All aspects of the criteria fully met.

Applicants must write their case against each criterion. They should not rely on evidence presented elsewhere in the document to demonstrate their case. It would be better to repeat information under each heading than assume those assessing the document will make connections with evidence presented elsewhere.

The technical/financial/capital gateway questions will be assessed by the SFA and will be scored red, amber or green. Any red scores will mean that a bid will not be considered. Should the fund be oversubscribed the number of green and amber scores will be considered as part of the decision making process.

9. State Aid

9.1 For organisations not covered by the Further and Higher Education Act (1992) there may be State Aid implications. State aid is a European Commission term referring to forms of assistance from a public body or publicly-funded body which is given to organisations engaged in economic commercial activity on a selective basis, with the potential to distort competition and affect trade between Member States of the European Union. State Aid rules are designed to regulate subsidies, and to provide a framework to assist public authorities in ensuring that scarce public resources are targeted where they are most required in an efficient and effective manner.

9.2 An overview of State Aid can be found at

http://ec.europa.eu/competition/state_aid/overview/index_en.html

State Aid is financial support that is provided by the State to business organisations and State Aid rules exist to avoid public funded interventions distorting competition within the European Union. Generally State Aid is prohibited and unlawful. However there are number of exemptions, which if they apply, render the State Aid lawful and permitted.

The relevant exemption in respect of this application is De Minimis Aid. For your application to be successful it must fall within the De Minimis Aid criteria. The relevant regulation is the Commission Regulation (EC) No 1998/2006 (De Minimis Regulations).

Under the De Minimis Aid criteria there is a De Minimis Threshold. Where an applicant, parent company or subsidiary receives aid, over a three year period that exceeds the threshold, they will not be entitled to De Minimis Aid.

To decide whether your application is eligible for De Minimis Aid we need to know if you or any company in your group of businesses have received state aid in the previous 3 financial years or expect to receive state aid in the next 3 financial years.

The De Minimis Threshold is €200,000 (approximately £167,000) over the 3 financial years. If some aid has been received by the undertaking in previous years but this does not exceed the De Minimis Threshold then funding may be granted up to the De Minimis Threshold level. The threshold applies to all aid received by a parent company/group of businesses rather than just a subsidiary.

Where the de minimis aid has been applied incorrectly then recovery will be for the full amount of the aid regardless of whether only part of it exceeds the threshold.

De Minimus Aid cannot be given in certain circumstances, these include:

- Aid to enterprises in road haulage operations for the acquisition of road freight transport vehicles.
- Towards the same costs that are being supported under another block exemption or notified scheme. It is unlawful to provide De Minimis Aid for costs being funded under the State Aid cover of an exemption or notified scheme, if it means the specific allowable aid intensity will be exceeded.
- Aid to enterprises in the agriculture sector (with the exception of those active in processing and marketing of agricultural products);
- Aid to enterprises active in the coal sector;
- Aid to undertakings in difficulty;
- Aid for export-related activities, namely aid directly linked to the quantities exported, to the establishment and operation of a distribution network or to other current expenditure linked to the export activity.

You also need to be aware that if the European Commission considers that you are not eligible for De Minimis Aid the amount of aid awarded will be recoverable from you; with interest. It is therefore important that you are confident that you meet the De Minimis Aid criteria.

The following is not a comprehensive list of all possible forms of State Aid. However, it should give you an indication of common forms of State Aid which you may have been given over the past three years. If you are in any doubt as to whether previous assistance received would constitute State Aid, please raise your concerns with us as soon as possible.

- Business rate reliefs on properties elsewhere in England
- State grants
- Interest rate relief
- Tax relief
- Tax credits
- State guarantees or holdings
- Direct subsidies
- Tax exemptions

9.3 Applicants are responsible for taking their own advice as to State Aid implications and must provide evidence to the LEP that State Aid restrictions will not apply to their applications. This is not an eligible cost as part of the application to the SCF

STATE AID DECLARATION

All organisations will be required to submit the state aid declaration found in the form. They should choose the appropriate declaration, copy it on to headed note paper and sign it.

10. Grant payments and project monitoring

10.1 Applicants with projects approved for the SCF will receive a letter from the LEP confirming the funding in relation to the project and setting out the conditions of the grant.

10.2 Applicants will be required to indicate acceptance of the terms by signing and returning a copy of the funding letter within two weeks of receipt.

10.3 Arrangements for payment of the SCF grant and evidence requirements will be confirmed on award of grant. Payment will be made in arrears.

10.4 The LEP will require successful applicants to comply with such funding conditions as it may impose and will undertake random site visits to ensure all conditions are followed.

10.5 The LEP will reserve the right to recover funds in the event that project costs (including VAT savings) are less than originally approved, or have not been used for the agreed purposes.

10.6 We expect applicants to provide updates on the project as requested to the LEP or their nominated representatives

11 Applying for Skills Capital Funding

11.1 Projects must be endorsed by the ESB before bids are made to SE LEP. Once this endorsement has been received, bidding organisations must submit their bids directly to the LEP rather than via the ESBs. The application form and related documentation is available on the LEP website (www.southeastlep.com).

11.2 Applicants will need to submit robust project information, covering:

- the rationale for the proposed project and the impact/benefits it will deliver;
- an explanation of how the project will deliver against the priorities listed in the LEP Skills Strategy (Annex A); and the ESB specific priorities/criteria (Annex C).
- evidence that the project represents value for money and the necessary matched funding requirements will be met;
- Before submitting an SCF application, organisations will need to develop proposals up to the stage where they can identify and cost their extent properly. Organisations must be able to commit to a firm budget and demonstrate relevant certainty and ability to deliver the project to timescale. Organisations are reminded that the LEP will not in any circumstance provide increased grant should project costs exceed the approved amount or fall outside the specified LEP financial year. We also expect capital development projects to achieve high levels of environmental performance and to achieve a Building Research Establishment Environmental Assessment Model (BREEAM) 'excellent' rating for new build and 'very good' for refurbishments.

Applicants **must** adhere to the word limit; we will not consider information provided over and above the word limit. Applicants are advised to provide focused and succinct responses, supported by robust, quantifiable and achievable information.

12. Application Process

12.1 The application comprises two forms:

- i. **Form A** relates to projects which comprise solely the acquisition of specialist equipment.
- ii. **Form B** relates to projects which comprise capital development works (refurbishment and remodelling) and can also contain equipment. If applicants have any doubts regarding the correct form to use, they should email the LEP at the following email address: mike.rayner@kent.gov.uk.

12.1 The table below summarises the timescales for the application, submission, assessment and approval processes for SCF SE applications:

Date	Action
	Make initial contact with the Local Employment and Skills Board representative.
	Submission of form to local ESB
	Presentations/discussions with local ESB subgroup.
	Endorsed providers to submit bids to SE LEP for independent evaluation process.
	Final decision by SE LEP accountability board.
	Target date for announcement of decision.

ESB contacts:

- Kent Skills Commission xxxx
- Essex ESB xxxx
- Skills East Sussex xxxx

See Annex C for ESB criteria for funding documents.

13. SCF Application Requirements

13.1 The SCF application requirements comprise completion and submission of the following items:

- **Application form** – guidance on how to complete the application form is included with the form itself, with applicants required to over-write and delete application guidance information. Incorporate all information into the application form, with the exception of the information requested below. Taking into account the limited time available to carry out assessments and approvals of the applications, applicants are required to keep answers brief and to the point – the application form contains guidance for length of responses (word limits apply to help keep the process manageable). When forms are submitted, a copy in Microsoft Word format must be included to facilitate the production of papers for the assessment process. You may wish to include a PDF for security purposes.
- **Programme** – planned completion date of the project.
- **Building cost breakdown analysis form [For capital development projects only]** – the application will need to include one form for the overall project but applicants should provide separate forms to support this where more than one set of building works is proposed. Where projects are in excess of the Agency's cost benchmark, (see SFA's cost model on the SFA's LEP support Page) applicants must provide a detailed explanation to justify the additional costs and to demonstrate that the project still represents value for money. The LEP will **not** provide the SCF to projects which are more than 5% in excess of the SFA's cost benchmark, unless applicants provide adequate justification of the additional costs.
- **Financial Plan/Forecast – required for bids requesting more than £150,000 and/or where the project costs more than £1m**
 - FE colleges – colleges should submit a financial plan using the latest college version which is available to download from the LEP Support page on the SFA's website. The financial plan should be for at least two years after project completion.
 - Non-FE colleges – non-college providers should submit a financial plan using the 'Simplified Financial Plan Template for non-college training organisations' (for completion by those providers applying for capital grant support and that do not submit a financial plan annually), which is available to download from the LEP support page on the SFA's website. The financial plan should be for at least two years after

project completion. This plan is also included in Annex B of this document and there is also a link to some guidance for completing it.

- **Investment appraisal template – for projects over £1 million** – the application will need to include investment appraisals in respect of both the base case (do minimum) and preferred option using the SFA's latest template, which is available to download from the LEP support page on the [SFA's website](#).
- **For projects including “in kind” grant contributions** – applicants should have early discussions with the LEP regarding the use of “in kind” contributions:
 - Donations of specialist equipment – applicants should provide appropriate auditable evidence to confirm the value of the specialist items before the project starts.
 - Waiver of rent – applicants must clearly identify and substantiate the tangible “in kind” contribution. The LEP's stance will be to allow the capitalisation and use of no more than five years of rent as an “in kind” contribution. Applicants cannot include any rent-free periods that would constitute a normal market concession as part of the contribution. Applicants must submit robust supporting evidence, including written confirmation of the contribution and an independent market valuation which identifies the normal incentives (such as rent-free periods) that the market offers, an open-market rental value and the average annual market rent, net of incentives.

13.3 Assessment of applications will be based only on the information submitted in the required format.

13.4 To be eligible for the SCF, organisations must meet the submission requirements set out below:

Applicants must return electronic copies of the signed and completed application form (Word and PDF format) and the required supporting information to Mike Rayner at South East Local Enterprise Partnership lep@essex.gov.uk and ensure that it is received by xxxx at 12noon. Please also cc mike.rayner@essex.gov.uk . If you have any difficulties sending the email please contact Mike Rayner on 07540 671663.

Please direct any enquiries to Mike Rayner, SELEP Skills Lead (Tel: 07540 671663, email: mike.rayner@essex.gov.uk)

In addition applicants must also ensure that the LEP receives **one** hard copy of the signed and completed application form at the following address by 10th December 2015

Lucy Payne
South East LEP Secretariat
c/o Essex County Council
D205, County Hall
Market Road
Chelmsford
CM 1 1QH

Without exception, we will **not** consider as eligible for the Skills Capital Fund Specialist Equipment any applicants that fail to submit both an electronic copy and hard copy of a signed and completed application in accordance with the submission requirements set out in the South East LEP Skills Capital Funding Specialist Equipment guidance document. Applicants must use the correct application form downloaded from the LEP website (www.southeastlep.com) and templates published by the SFA (links to which have been included in the relevant sections of the guidance document and application form).

Annex A

South East Local Enterprise Partnership Skills Strategy



SELEP Skills strategy
02 12 14.pdf

Annex B

Financial Plan documents

Financial plan and guidance for colleges available at:

<https://www.gov.uk/government/publications/financial-planning-handbook>

Financial plan for non-college providers:



Simplified_Financial_
Plan_template.xlsx

Guidance for non-college providers available at:

<https://www.gov.uk/government/publications/sfa-capital-funding-support-for-leps/sfa-capital-guidance-for-completing-simplified-financial-plan-template>

Annex C

ESB criteria for funding

Kent and Medway

Greater Essex

East Sussex