

LIVERPOOL CITY REGION COMBINED AUTHORITY

To: The Metro Mayor and Members of the Combined Authority

Meeting: 12 April 2019

Authority/Authorities Affected: All

EXEMPT/CONFIDENTIAL ITEM: No

KEY DECISION

REPORT OF THE DIRECTOR OF COMMERCIAL DEVELOPMENT AND INVESTMENT, THE PORTFOLIO HOLDER FOR INCLUSIVE GROWTH, ECONOMIC DEVELOPMENT, DIGITAL AND INNOVATION AND THE PORTFOLIO HOLDER FOR EDUCATION, EMPLOYMENT, APPRENTICESHIPS AND SKILLS

LIVERPOOL CITY REGION SKILLS CAPITAL PROSPECTUS 2019

1. PURPOSE OF REPORT

- 1.1 This report presents an updated Skills Capital Prospectus for circa £18m investment and plans for a call for projects through the Combined Authority's Strategic Investment Fund.

2. RECOMMENDATIONS

- 2.1 Liverpool City Region Combined Authority is recommended to:-

- (a) Approve the updated Skills Capital Prospectus (set out in Appendix One);
- (b) Agree the Skills Capital investment strands and indicative allocations proposed (see Section 4); and
- (c) Note the timescale for investment (see Section 5).

3. BACKGROUND

- 3.1 Liverpool City Region successfully secured £41.1m of Local Growth Fund (LGF) monies in 2014 to support skills capital investments as part of our Growth Deal with Government and a further £8m from LGF Round 3 in 2017. Circa £18m of this ring-fenced funding remains uncommitted within the Strategic Investment Fund (SIF).

- 3.2 This paper sets out plans for the third Liverpool City Region specific Skills Capital call for submissions. The first Skills Capital Prospectus operated from February 2015 to March 2017 and the Combined Authority invested £19.3m in 32 Skills Capital projects, including 11 major refurbishment and/or new build projects. The Combined Authority has committed a further £11.9 million from the second Skills Capital prospectus launched in December 2016 for 9 refurbishment and/or new build projects.
- 3.3 Skills Capital funding devolved within the Growth Deals was previously dedicated to Further Education (FE) Colleges only at the national level. With devolution the eligibility criteria has been broadened to meet local needs, however, local skills capital funding remains the only route by which FE Colleges can access capital funding for the majority of learning.

4. PRIORITIES FOR INVESTMENT

- 4.1 The Combined Authority will continue to use the SIF to make co-investments in skills capital projects in line with the following investment principles:
- Funding awards will prioritise support towards capital investment that encourages learning and training in the identified City Region growth sectors; in sectors where there is a high volume of replacement demand, job generation and/or significant named employer support in the Liverpool City Region for a proposal;
 - Funding to be awarded on a competitive basis to ensure that the skills priorities including the impact on growth for the area can be met;
 - Funding awards to be prioritised to support proposals that clearly evidence the impact and benefits of the educational and economic case across the Liverpool City Region area and in addressing market gaps and local growth opportunities;
 - FE Colleges with evidence of poor building conditions and inefficient estates that need to be addressed will be prioritised within the programme;
 - All projects should demonstrate high value for money, offer scalability to addressing estate needs and consider and manage delivery risks; and
 - Applicants will be encouraged to lever in private sector investment to improve value for money.
- 4.2 Eligible applicants are limited to those with access to post 16 skills revenue funding to ensure adequate return on investment and assurance that investments will support learners in the short, medium and longer term.
- 4.3 Skills Capital investment is open to individual or consortia applications led by the following organisations based within the constituent six Local Authority areas within Liverpool City Region:
- General Further Education (FE) Colleges;
 - Sixth Form Colleges (and academies formerly designated as Sixth Form Colleges);
 - Liverpool City Region devolved Adult Education Budget providers;

- Liverpool City Region based Education and Skills Funding Agency (ESFA) funded Independent Training Providers with direct contracts for Apprenticeships, Traineeships or 16-18 study programmes;
- Universities (in relation to the delivery of Higher/Degree Apprenticeships);
- Employer Providers who offer Apprenticeships (listed on the Register of Apprenticeship Training Providers); and
- Liverpool City Region based training providers who are in receipt of European Social Fund contracts.

4.4 As set out in Table A there are five separate skills capital strands proposed for investment:

Table A: Skills Capital Investment Fund Summary		
Investment Strand	Indicative Allocation	Description
1. Sites and Premises	£8.0m	For large construction and refurbishment projects, with a focus on innovation to support economic growth sectors and high volume employment including apprenticeships. Min £0.500m grant and Max £2.0m grant
2. Improved Facilities	£3.5m	For improvements in conditions of facilities/learning environment where skills training is delivered. Min £0.100m grant and Max £0.500 grant
3. Equipment	£2.0m	Investment in equipment to ensure training environments are up to modern industry standards, with a particular focus on advanced manufacturing, digital, logistics, health and construction sector skills needs.
4. Maintenance of Further Education Facilities	£3.5m	Maintenance of existing FE Colleges delivery facilities, with a particular emphasis on those with an inadequately maintained estate.
5. Low Carbon Reinvestment Fund	£1.0m	A fund for FE Colleges to invest in their plant and facilities to reduce their carbon impact.
Total	£18.0m	

4.5 The Combined Authority is recommended to agree the proposed investment strands and indicative allocations. A short summary of each strand and the design principles are set out below.

4.6 ***Investment Strand 1: Sites and Premises***

Strand 1 (Sites and Premises) is for large construction and refurbishment projects, to improve buildings with a focus on innovation to support economic growth sectors, high volume employment and apprenticeship growth. Funding awards will prioritise growth sectors, and sectors where there is a high volume of job generation and/or significant named employer support in the City Region for a proposal.

4.7 ***Investment Strand 2: Improved Facilities***

Strand 2 (Improved facilities) is focused on smaller scale capital development or re-configuration projects to improve skills and learning facilities. Funding awards will prioritise improvements that: support demonstrable apprenticeship growth and reasonable adjustments to engage under-represented learners e.g. those with learning difficulties and/or disabilities including autism and enhance facilities to widen the accessibility and support diversity and life chances. Proposals involving work that normally constitute the usual 'summer works' or planned maintenance and redecoration will not be considered eligible.

4.8 ***Investment Strand 3: Equipment***

Strand 3 (Equipment) is to enable the purchase of major equipment to deliver learning within an educational setting. It is designed to ensure equipment being used by FE Colleges and skills and learning providers is up to modern industry standards and responsive to employer demand and Liverpool City Region skills priorities to support economic growth.

4.9 ***Investment Strand 4: Maintenance of Further Education Facilities***

This stand is ring-fenced to Liverpool City Region General FE Colleges using an allocations methodology. The rationale for this is to ensure there is scope within the programme to address delivery facilities with a particular emphasis on those with an inadequately maintained estate to ensure it continues to be fit for purpose and local community assets continue to be maintained.

4.10 ***Investment Strand 5: Low Carbon Re-investment Fund***

This stand is open to Liverpool City Region General FE Colleges for innovation in sustainable technology and becoming a zero-carbon by 2040. The Growth Deal provided capital funding for the creation of a skills Low Carbon Fund to increase energy efficiency across colleges. A key outcome will be to reduce carbon impact and re-invest savings for learners

- 4.11 Skills Capital investment strands 1-3 are open to all eligible applicants listed above (see Section 4.2). Investment strands 4-5 are for Liverpool City Region based General FE colleges to address maintenance and low carbon investment needs.
- 4.12 For Skills Capital investment strands 3 and 4, the Combined Authority will adopt a programme approval methodology with sub-project decisions delegated to the SIF Investment Panel. In terms of this approach, the SIF Investment Strategy states in its “Principles and Priorities” section that the Combined Authority will support *“programme facilities that set common requirements and expectations of recipients (in consultation with the Combined Authority’s Policy team), enable streamlined decision making and allow for coherent monitoring and evaluation.”*

5. NEXT STEPS

- 5.1 Subject to agreement by the Combined Authority, the Skills Capital prospectus will be launched in early May 2019. The call for projects will remain open until 31 August 2019.
- 5.2 Call documentation will set out the nature of the projects desired and the minimum criteria being applied per the assurance framework.
- 5.3 The Combined Authority expects projects to be capable of launching by 1 December 2019 with, where applicable, building works scheduled to commence by Summer 2020 at the latest.

6. RESOURCE IMPLICATIONS

6.1 Financial

This request for submissions is for capital investment of up to £18m in aggregate, in projects which will support inclusive growth through skills.

6.2 Human Resources

There are no direct issues as a result of the recommendations set out within this report.

6.3 Physical Assets

There are no direct issues as a result of the recommendations set out within this report.

6.4 Information Technology

There are no direct issues as a result of the recommendations set out within this report.

7. RISKS, ISSUES AND MITIGATIONS CONSIDERED IN IMPLEMENTATION

- 7.1 The SIF assurance framework, agreed by the Combined Authority at its meeting in January 2019, will be adopted for Skills Capital governance. This will mitigate against risks of non-compliance with HM Government's requirements in managing devolved funding. The application assessment process will follow that agreed by the Combined Authority for the SIF.
- 7.2 Potential conflicts of interest will be avoided by adopting the Combined Authority governance structures for decision making and existing conflicts of interest policies and procedures.
- 7.3 Risks to delivery will be mitigated against by the inclusion of investment strands for smaller scale maintenance and equipment projects that can deliver quickly. Larger project submissions will also be considered for their readiness to deliver as part of the outline and business case appraisal process to save time in development and management of undeliverable schemes.
- 7.4 To ensure value for money and alignment with local skills priorities and added value from investments judgements against these criteria will be made as the assessment process. The Combined Authority is not setting any specific requirement for match funding due to new financial regulatory measures and requirements in the FE sector. However 100% financing of any proposed project is likely to be in exceptional circumstances.

8. EQUALITY AND DIVERSITY IMPLICATIONS

- 8.1 The assessment process for submissions to the Skills Capital projects will take account of equality and diversity including any potential impact on learners.
- 8.2 The proposed investment strands include specific reference to those with learning difficulties and/or disabilities including autism and supporting diversity and life chances.

9. COMMUNICATION ISSUES

- 9.1 Consultation on the updated Skills Capital prospectus has taken place with Liverpool City Region Local Authority Officers and Colleges during February and March 2019, the Greater Merseyside Learning Provider Federation and Local Enterprise Partnership sector managers.
- 9.2 The updated Skills Capital prospectus, outline submission form and guidance notes will be published on the Combined Authority's website.

10. CONCLUSION

- 10.1 This report has presented an updated prospectus for Liverpool City Region Skills Capital investments for Combined Authority approval as part of remaining uncommitted devolved skills capital funding granted to the Combined Authority as part of previous Growth Deals.

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Appendices:

Appendix One – Liverpool City Region Skills Capital Prospectus 2019