

The Skills Equipment Fund Grant Recommendations

1. Project title and proposing organisation

Project Title: Skills Equipment Fund (SEF)
Lead Organisation: Staffordshire County Council,
Contact: Tony Baines, County Commissioner Skills & Employability, SCC

2. Decision date

19th April 2018

3. Decision summary: Recommendation

To seek approval for the recommendation to award a grant award of £380,313 (£760,626 including match) to Staffordshire University.

3.1 The grant award and associated match for Staffordshire University.

Organisation	Grant	Match Funding	Total Project Value	Approved by LEP Exec.
Staffordshire University	£380,313	£380,313	£760,626	

3.2 The learner participation and growth target for Staffordshire University.

Organisation	Apprenticeship Baseline	Apprenticeship Growth	Other learners Baseline	Other learners Growth	Total Participation Dec 19
Staffordshire University	213	387	0	0	600

4. Options appraisal

The LEP funded £3.5m (£1.76m Growth Deal, £1.76m match) Skills Equipment Fund (SEF) was launched on 31.10.2017 following approval of the business case by the LEP Executive Group on 15.9.2017. The SEF allowed local employers and training institutions to submit bids to secure funding to purchase state of the art equipment and fund minor adaptations to accommodate the equipment, to enable the delivery of high quality and high level training programmes to support the growth in Stoke-on-Trent and Staffordshire's priority economic sectors.

The SEF investment will enable local employers and training institutions to more readily respond to local training needs that support the need for equipment to up skill and reskill people in the LEP priority sectors. This will enable the delivery of the following key activities:

- The expansion of a work based talent pool of skills across the priority sectors by facilitating increased demand in apprenticeships and traineeship opportunities following the introduction of the Apprenticeship Levy.
- Support the upskilling of the existing workforce particularly at levels 3 & 4.
- Upskilling and retraining the unemployed and NEET young people to meet current opportunities in the priority sectors.
- Responsive provision by developing a network of local providers and employers so that they are able to respond to employer training needs through the use of specialist industry standard equipment.

A suite of application documents for the SEF had been prepared including an application form, guidance document & appendices and review form. The applicants had to provide details of its 'strategic fit' to LEP priority sectors; details of the equipment to be purchased; and the match and projected outcomes to be achieved from the capital investment.

Six applications were received by the deadline receipt date of 5.1.18. On 15.2.18 the LEP Executive Group approved a recommendation to issue a grant award of £1,135,880 (£2,305,226 including match) to 5 applicants with conditions placed upon 3 of the 5 and request 1 applicant, Staffordshire University, to resubmit its application as its grant request exceeded the maximum £500k permitted within the fund.

The conditions placed upon Lucideon Ltd., Newcastle & Stafford Colleges Group and Perkins Engines have been fully met. A grant agreement is being prepared and will be issued to all applications.

The resubmitted application from Staffordshire University passed a gateway relating to eligibility, project value threshold, eligibility of project components, value for money and a financial plan appraisal and it is recommended that a grant of £380,313 is awarded.

The recommendation for funding is based on the scores in the scored sections as below:

- Responding to skills shortages and gaps in the LEP's priority economic sectors.
- Upskill and retrain the unemployed and NEET young people in order to gain employment in the LEP's priority economic sectors.
- Provide growth in the number of Apprenticeships.
- Increase employer engagement.
- Provide specialist facilities and training to meet employer needs.
- Improving the quality of teaching and learner success.
- Contribution to other growth measures.

Each section has a score of 18 and the applicants needed to score at least 9 in all questions to be considered for a grant. The application from Staffordshire University scored at least 9 in all questions.

The Skills Capital Board, previously established to review the £6.9m Local Growth Funded Advanced Manufacturing & Engineering Hub projects oversaw the review of the applications and approved the recommendations for grant award. The Skills Capital Board is chaired by Tony Baines, County Commissioner Skills & Employability and consists of council officers representing Skills (David Poole, Giuliano Montinaro), Property (Stuart Lane, Jason Wilkinson) Finance (John Broad) and Legal (Sophie Mcfie-Hyland) and a representative from Stoke-on-Trent City Council (Alison Hough). Each officer had a role to review and score their respective sections of the SEF application.

Appendix 1 provides details of project values and outputs, RAG ratings, comments following review of the application from Staffordshire University.

5. Financial Case

5.1 Total Project Value Funding Profile

Project	18/19 qtr.1 £	18/19 qtr.2 £	18/19 qtr.3 £	18/19 qtr.4 £	Total £
Staffordshire University					
Grant	15,000	22,500	22,500	320,313	380,313
Match	15,000	22,500	22,500	320,313	380,313
Total	30,000	45,000	45,000	640,626	760,626

If the SEF Grant is to be clawed back or returned to the LEP due to a specific breach of its terms and conditions then the grant will need to be repaid back by the grant recipient on a sliding scale based on a 5 year straight line basis depreciation methodology for equipment (i.e. at 20% p.a.), e.g. if the grant repayment is made by the grant recipient after 1 year then 80% of the grant awarded will need to be repaid; after 2 years 60% repayment of the awarded grant etc.

6. Management case

The senior responsible owner is Tony Baines, Commissioner for Skills & Employability.

The grants issued to the successful applicants will include the details of the required reporting arrangements to the SSLEP and a set of KPIs. It will also include a clause that requires the grantee to provide the required monitoring reports for a period of 5 years from the grant issue date. The grantees will be required to report progress against the KPIs on a quarterly basis. Upon receipt of the reports the council skills officers will collate and report to the SSLEP Boards.

7. Resource and VFM analysis

A cost benefit analysis has been completed using the New Economy Manchester Cost Benefit Analysis tool, to determine the economic and fiscal value of the collective additional learner qualifications profiled by the SEF applicants. The table below shows the economic and fiscal value against each project approved to date (subject to a condition as detailed) and Staffordshire University over a 10 year period.

7.1 SEF Applicant cost benefit analysis

Project	Total project value	Economic Value per year	Economic Value per 10 years	Fiscal Value per year	Fiscal value per 10 years
Staffordshire University	£760,626	£2,891,248	£28,912,480	£1,011,352	£10,113,520

*For every £ of LEP funding invested the programme will return £4.41 additional economic value annually.

Note

Source: New Economy Manchester Cost Benefit Analysis tool <http://neweconomymanchester.com/our-work/research-evaluation-cost-benefit-analysis/cost-benefit-analysis/cost-benefit-analysis-guidance-and-model>

Economic value- The net increase in earnings or growth in the local economy

Fiscal value- The costs or savings to the public sector as more individuals are likely to be in work i.e. reductions in government expenditure where payments for Jobseeker's Allowance are reduced or reductions in demand for a service which means less of that service needs to be commissioned or provided.

The LEP has identified a management fee of 1.29% of the £1.76m LGF Skills Capital Fund allocation (i.e. £22,700) to account for legal and programme management costs. An

additional management fee of up to 4% of the £1.76m LGF Skills Capital Fund allocation (i.e. £70,400) is necessary to fund functions including: project management, finance review, property review and legal support.

8. Legal analysis

A representative from the Council's legal team will attend the Skills Capital Board and provide legal advice as appropriate.

From the information provided by the applicants the Council considers that the organisations will not be undertaking an 'economic activity' for the purposes of state aid because they are providing education and skills training and are not placing goods or services on the market. For there to be a market there must be an element of competitive supply. Support to an organisation not undertaking an economic activity is not state aid. The Council has also considered other exemptions including de minimis exemption that may apply for the different organisations depending upon the level of grant for which they have applied. Due to the nature of state aid the Council cannot give a definitive view, but the Council will include provisions within the grant agreement to require the grant funding to be repaid with interest including any fines imposed where a finding is made that the funding is state aid.

9. Consultation process

The SEF featured in the LEP Growth Deal 3 application to Government. A business case to launch the SEF was submitted and approved by the SSLEP Executive Group on 15.9.2017.

10. Delivery

Staffordshire County Council's Skills & Employability team has a strong track record of delivering similar projects including the £3m City Deal Advanced Manufacturing & Engineering Hub Phase 1 project and the £10m Local Growth Deal Phase 2 project.

The delivery of the project will be managed by the skills capital board and the board will report to the respective council and LEP Governance Boards. The Skills Capital Board is currently in place to manage the delivery of the Advanced Manufacturing & Engineering Hub projects and will extend its remit to cover the SEF project. The Board is chaired by Tony Baines and includes council officers from Skills, Finance, Property, Legal and Communications.

11. Timetable Application Process and Timescales for the SEF

The table below summarises the timescales for the application, submission, assessment and approval processes for SEF detailed applications:

11.1 SEF process timeline

Indicative Date	Action
20.03.2018	Communication of awards to Staffordshire University
31.03.2019	Project completed

12. Author

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13. Decision details

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