

Stoke-on-Trent & Staffordshire LEP Skills Equipment Fund Guidance

1.0 Introduction

1.1 Stoke-on-Trent and Staffordshire LEP (the LEP) is inviting organisations across the Stoke-on-Trent and Staffordshire LEP area to submit an application and associated appendices to access a Skills Equipment Fund (SEF). The SEF allows local employers and training institutions to submit bids to secure funding for state of the art equipment to enable the delivery of high quality and high level training programmes to support the growth in the Stoke-on-Trent and Staffordshire's priority economic sectors.

1.2 The 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.

1.3 The government has put skills at the heart of its industrial strategy. Poor performance in basic and technical skills is seen to be key in the UK's persistently lower levels of productivity compared with other advanced economies. Apprenticeship aside, technical education for those not pursuing the academic path has fallen behind. Raising skill levels is an important way to drive higher income levels over the long term.

1.4 The development of education and skills amongst all age groups will be crucial for the successful future economic prosperity and competitiveness of Stoke-on-Trent & Staffordshire. Good links between institutions and employers is important as a skilled workforce is one of the main drivers of economic growth. This is particularly important in terms of the ambition to develop certain industrial sectors within the area for two main reasons:

- Without an appropriately skilled local workforce, potential inward investors will not move into the area.
- Business start-ups within desired sectors will only occur if the local product on offer matches the need of the sector, one key aspect of this being the skills of local residents.

1.5 The SEF will support local employers and training institutions in the LEP's priority sectors. The LEP's focus is on advanced manufacturing & engineering and the priority sectors include:

- Energy Generation: building on the long standing presence of Alstom in Stafford, ABB, Siemens Wind Power, GE Power Conversion and the sustainable energy programme centred around Stoke-on-Trent and beyond, to meet growing local and international demand by diversifying into geothermal, anaerobic digestion, biomass and energy-from-waste.
- Auto-Aero: capitalising on the supply-chain opportunities emerging from global businesses such as JCB, Michelin, Jaguar Land Rover, Moog, and Zytec in our patch.
- Medical Technologies: in which Keele University and its Science Park are internationally recognised leaders.
- Agri-Tech: drawing on our agricultural back-drop and Harper Adams University on our border to capitalise on an increased global focus on food security and the agri-plant capacity at JCB.
- Applied Materials: building upon our recognised heritage in metals and ceramics in both Stoke-on-Trent and Staffordshire to exploit opportunities in polymers, ceramics, glasses and composites.

1.6 These sectors are complimented by the LEP's priority to strengthen the following sectors:

- Tourism: national attractions such as Alton Towers and Drayton Manor book-end a series of offers which can draw in day visitors and help retain

families living locally such as Cannock Chase, the National Forest, and the Peak District.

- **Business/Professional Services:** the growth ambitions for our urban centres, and in Stoke-on-Trent in particular (including by creating a new central business district with a strong professional services offer), will draw in a growing base of professionals looking to support our indigenous businesses and capitalise on our excellent connectivity North to Liverpool & Manchester and South to Birmingham & London.
- **Digital & Creative:** there have recently been a number of success stories within this sector, with local companies growing significantly and quickly. This is largely being driven by young, local talent being taught at our local universities, and our close proximity to the new BBC centre at Salford and the wider MediaCityUK development.

1.7 Increasing the proportion of the local population with high level skills will undoubtedly be important in increasing the productivity of the local economy through developing a greater number of high value-added industries.

1.8 The priority economic sectors are detailed in the Education Trust Skills Strategy 2016-2020 <http://www.stokestaffslep.org.uk/wp-content/uploads/2015/04/82528-ET-SKILLS-STRATEGY-JULY-2016.pdf>

1.9 Although the LEP is now inviting the submission of applications to the SEF from eligible organisations, submitting an application to the SEF does not guarantee that the organisation will receive funding.

1.10 This document summarises the key principles of the SEF, provides guidance on the submission of detailed SEF applications together with key application and determination dates.

2.0 Key Principles of SEF

2.1

- **Provider financial contributions** - Providers will be expected to maximise their financial contribution to projects through, for example, asset disposals, even if these occur after the project is complete. Providers will be expected to provide a minimum funding contribution equivalent to 50% of the total project value. That is, for every £1 from the SEF, an additional £1 invested. While Providers will not be permitted to use capital funding from other government bodies as part of its funding contribution, Providers are encouraged to explore all

possible sources of funding. We will determine the level of grant support following an affordability assessment.

- Project completion requirements - projects must be complete and operational by 31st March 2019. Sectional completion of parts of larger projects due to be completed beyond this timescale will **not** normally be considered eligible unless they are stand-alone subprojects that will be fully operational in the required timescale.
- Procurement of consultants and contractors - in all cases procurement must be in accordance with European Commission (EC) Procurement Directives.

3.0 Eligibility to bid

3.1 The SEF is available only to organisations located within the LEP's geographic area.

3.2 Eligible organisations are defined as HE institutions, FE colleges and private training organisations, including employer providers that deliver in-house Apprenticeship programmes that are on the Register of Training Organisations and/or the Register of Apprenticeship Training Providers and hold a direct contract with the Education Skills Funding Agency to deliver education and training. Or employers delivering Apprenticeship provision on site through a contract with an organisation that meets the former criteria.

3.3 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.

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

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

4.0 Project Eligibility Criteria

4.1 Applications for the capital grant can include the purchase of specialist equipment and associated minor adaptations to accommodate the equipment, to support the growth in the LEP's priority economic sectors.

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

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

4.4 Eligibility of minor adaptations – Minor adaptations are only eligible for funding if they are specifically required to house the specialist equipment and the value of the adaptations does not exceed 20% of the grant request.

5.0 Definition of Specialist Equipment

5.1 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 and has an extended lifetime of 5 years or more. Examples of eligible specialist 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.

5.2 All purchased equipment which receives the LEP 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 Education Skills Funding Agency fund.

5.3 In addition, all purchased equipment which receives the LEP grant support is to be recorded on an Asset Register.

5.4 The LEP 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), consumables or related ongoing costs.

6.0 Skills Equipment Funds available

6.1 Approximately £630K for the 2018/19 financial year.

6.2 Where demand exceeds available grant support, we will prioritise projects based on overall score, with consideration given to budget implications and may also consider allocating a lesser value than the grant requested in the application. Should we have sufficient funds to cover all bids, they will still have to meet the criteria as set out in the guidance.

7.0 Minimum and Maximum Grants Available

7.1 The minimum grant value for SEF consideration will be £50,000

7.2 The maximum grant value for SEF consideration will be £500,000

7.3 Some small flexibility in this may be considered if a compelling case is presented and it passes the gateway review. The final allocation will be at the discretion of the LEP City Deal & Growth Deal Programme Management Board as the LEP wishes to fund the best package of projects for the area.

7.4 The LEP reserves the right to negotiate maximum grant values with organisations, according to demand and budget availability.

7.5 Where an applicant is requesting a grant of more than £100,000 and/or the total project value is more than £1m, a financial plan must be completed. See Annex 2- Colleges and Annex 4-Non-Colleges for guidance and relevant documents.

7.6 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 localities that are part of the same provider e.g. multiple departments of a provider in different buildings in the same town.

7.7 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.

8.0 Match Funding

8.1 The LEP will expect organisations to provide a minimum funding contribution equivalent to 50% of the total project value. That is, for every £1 from SEF, organisations to invest an additional £1.

8.2 The final allocation will be at the discretion of the LEP Executive Board as the LEP wishes to fund the best package of projects for the area.

9.0 Assessment information

9.1 The applications will be assessed on the basis of the information that the organisations provide on the application form. Organisations should not assume that the assessor will have any specific knowledge of the applicant and its locality. Staffordshire County Council (The Council) acting as the Accountable Body of the LEP will review and moderate all assessments at the Skills Capital Board to ensure the consistent application of the assessment process.

Applications will need to pass a gateway relating to eligibility, project value threshold, eligibility of project components, value for money and affordability.

9.2 Should the application pass the gateway the final decision will be based on its scores in the scored sections:

- 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 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

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

Should the fund be oversubscribed we may also consider the review of the gateway questions.

9.4 New projects that clearly demonstrate added value and increased economic impact will receive higher scores. To score strongly, we would expect applications to contain:

- Significant growth in Apprenticeships
- A succinct outline of the issue, identified where appropriate by employers and stakeholders, including the 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. Increases in delivery should be made clear by including current baseline and projected numbers after the project.

- How the organisation will work to achieve these targets/benefits, with clear references to how the project will support this.

9.5 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 sections below. A minimum score of 9 in each section is required for the overall bid to be considered. Should the scores be tied we will seek to allocate an indicative grant award proportionately based upon the score awarded.

9.6 A grant award will be subject to a satisfactory conclusion to a contract clarification process.

10.0 State Aid

10.1 As funding is being provided to organisations from the public purse, 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.

One of the tests of State Aid is whether assistance is being given to one or more undertakings over others. An “undertaking” has been defined by Department for Business, Innovation & Skills, as any organisation engaged in economic activity. This is about activity rather than legal form, so non-profit organisations, charities and public bodies can all be undertakings, depending on the activities they are involved in. Support to an organisation engaged in a non-economic activity isn’t State Aid.

If the activity qualifies as non-economic activity in accordance with State Aid regulations, the organisation must meet all of the following criteria:

1. The organisation has public service obligations to discharge and these are clearly defined;
2. The funding does not exceed what is necessary to cover all or part of the costs incurred in the discharge of the organisations public service obligations; and
3. The organisation has provided all relevant financial information and has the ability to complete the project as detailed within the application form.

Organisations must disclose any State Aid granted to them or any company in their group of businesses during the previous 3 financial years (this being the

current financial year and the previous two financial years), or over the next 3 financial years.

10.2 An overview of State Aid can be found at

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

Generally State Aid is prohibited and unlawful, unless permitted under an approved EU mechanism or approved by the EU Commission. There are a number of exemptions, which if they apply, can render the State Aid lawful and permitted. For example, if you are an organisation covered by the Further and Higher Education Act 1992, i.e. a college, you may be exempt from State Aid.

10.3 Exemptions

Below is some guidance regarding the exemptions that may apply, however each organisation/company should seek its own independent advice, including legal advice.

Further and Higher education bodies need to ensure that the overarching project, of which this application forms part, complies with the State Aid regulations and does not involve undertaking “economic activity” but as detailed by the EU Commission is carrying out a public service task, and is not seeking to engage in gainful activity, but is fulfilling its duties in the social, cultural and educational fields. The EU Commission has provided in previous cases that the nature of the activity is not affected by the fact that pupils or their parents must sometimes pay teaching or enrolment fees in order to make a certain contribution to the operating expenses of the system.

If the exemption in respect of further and higher education bodies is not applicable, the relevant exemption may be De Minimis. 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, currently €200,000 (approximately £167,000). 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. 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.

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. However, even if you have not been provided with any De Minimis Aid please provide details of any aid provided and the relevant exemption.

Where a finding is made that illegal State Aid has been granted, recovery will be for the full amount of the aid regardless of whether only part of it exceeds the threshold,

plus interest and any financial penalty imposed by the European Commission and/or central government.

De Minimis 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 enterprise 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.

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 initially contact the body from which the assistance was received:

- Grants from public bodies
- Loans from public bodies at favourable rates
- Loan guarantees from public bodies
- Grant from an investment trust (including charities) which may themselves have received the funds from public bodies
- Investment formal apart publicly funded venture capital fund
- Publicly administered funds, even if the funds were originally not public such as the national lottery
- Monopoly licences or guarantees of market share
- Purchase of public land or property at less than market rate
- 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
- Training provided for free or at a reduced rate

- Consultancy advice provided for free or at a reduced rate
- Benefitting from the provision of infrastructure where your organisation was pre-identified as a beneficiary

10.4 This guidance is for information only and must not be relied upon as legal advice on State Aid. Applicants are advised to take their own legal advice as to State Aid implications and 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 SEF.

STATE AID DECLARATION

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

11.0 Grant payments and project monitoring

11.1 Applicants with projects approved for the SEF and following contract clarification will receive a grant agreement from the LEP confirming the funding in relation to the project and setting out the conditions of the grant.

11.2 Applicants will be required to indicate acceptance of the terms by signing and returning a copy of the grant agreement within two weeks of receipt.

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

11.4 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.

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

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

12.0 SEF Application Requirements

12.1 The SEF 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).
- **Planned Expenditure profile (see Annex 1)** – for the period from the project start date to the planned completion date of the project
- **Programme** – planned completion date of the project.
- **Room plan** – showing the proposed location of the specialist equipment. **(Only for applications for projects requiring additional minor adaptations to accommodate the specialist equipment)**
- **Financial Plan/Forecast - for projects with a total value or cost of over £1 million or requesting grant in excess of £100,000**
 - FE colleges – colleges should submit a financial plan using the version **Annex 2 (also see Financial Planning Handbook Annex 3)**. 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 'Financial Plan Template' (for completion by those providers applying for capital grant support and that do not submit a financial plan annually) – **see Annex 4 & 5**.
The financial plan should be for at least two years after project completion.
- **Investment appraisal template – For projects with a total value or cost of over £1 million only** the application will need to include investment appraisals in respect of both the base case (do minimum) and preferred option using the Agency's latest template, **(Annex 6)**.
- **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.

12.2 The table below provides a checklist of the documents that need to be submitted:

Documents	Submitted <input checked="" type="checkbox"/>
SSLEP SEF Application v3	
Planned Expenditure Form (Annex 1)	
Room plan (Applications for projects requiring additional minor adaptations to accommodate the specialist equipment)	
Financial Plan (for projects with a total value or cost of over £1m and/or requesting a grant in excess of £100,000 only) (Annex 2- Colleges), (Annex 4 Non-FE College Providers)	
Investment Appraisal (Annex 6) (For projects with a total value or cost of over £1m only)	
State Aid Declaration	

We will assess applications only on the information submitted in the required format. We cannot guarantee that we will consider any additional information that applicants provide at the assessment stage.

Please complete this application in accordance with the SSLEP Skills Equipment Fund guidance and return an electronic copy of the application form to skills@staffordshire.gov.uk by close of business 10.08.2018

If you have any enquiries regarding the SEF application process or if you wish to have a pre-application discussion, please contact David Poole, Skills & Employability Team, tel. 01785 854058. david.poole1@staffordshire.gov.uk

13.0 Application Process and Timescales for the SCF

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

Date	Action
29.6.2018	Launch of the Skills Equipment Fund
10.08.2018	Deadline for receipt of final application
17.09.2018	Applications reviewed, recommendations for funding approved, communicated outcome of review to SEF applicants
19.10.2018	Contract clarification stage completed
26.10.2018	Grant agreements issued to successful applicants