GM LOCAL ENTERPRISE PARTNERSHIP BOARD

SUBJECT: Update on GM Skills Capital 2017 – 2020 Programme

DATE: Monday 15 January 2018

FROM: Simon Nokes

PURPOSE OF REPORT

The purpose of this report is to update members on the Skills Capital Programme and the process followed for the appraisal of the Stockport Trafford Merger application for Skills Capital funding. The appraisal of this application has been accelerated to ensure alignment with the College’s parallel application to the ESFA’s Transaction Unit (TU).

RECOMMENDATIONS

Members are asked to review and approve information contained within the report, in particular:

- Delegate the LEP decision for Stockport & Trafford Merger to the Chair, in conjunction with the GMCA if a decision is needed before the next LEP cycle.
- Approval of Programme Management funding

CONTACT OFFICERS

Gemma Marsh (Gemma.Marsh@greatermanchester-ca.gov.uk)

BACKGROUND PAPERS

Agenda item 13: https://www.greatermanchester-ca.gov.uk/meetings/meeting/470/greater_manchester_combined_authority

1. INTRODUCTION

1.1 The purpose of this report is to update members on the Skills Capital process of and the specific appraisal of the Stockport Trafford Merger application for Skills Capital funding. This appraisal has been brought forward by a month as a special circumstance in order to align with the timescale of the institution’s parallel application to the ESFA’s Transaction Unit (which provides restructuring monies for Further Education colleges).
2. BACKGROUND

2.1 Skills Capital investment is a key component of GM’s Growth Deal devolved responsibilities and successful deployment of this funding will support further education Skills Capital projects across the region. There is £71m earmarked for this investment for delivery between 2017 and 2021.

The agreed Skills Capital programme is made up of 3 strands:

- **Strand 1: Large Redevelopment of Further Education (approx. £40m)**. This strand focuses on the need to enhance, improve or extend FE facilities particularly estate re-configuration or new build arising from the ABR process, strategic need or merger / collaboration proposals.

- **Strand 2: Priority Sectors (approx. £25m*)**. This strand is designed to provide new or upgraded facilities to support GM’s priority sectors including growth and high employment sectors. It will, in general, focus on L3+ but will also support technical pathways as per the National Skills Plan from 2019, have significant employer investment and contribute to providing centres of excellence across the city. *Includes the £2m Digital Skills Fund allocation.

- **Strand 3: Smaller Investment Projects (approx. £3m)**. This strand will support small capital investment projects including:
  - **Up to date industry standard equipment**, recognising the importance of ensuring that the further education sector needs to have industry standard up to date equipment and specialist machinery if it is to deliver its technical and vocational training successfully (particularly important to provide ‘live’ working environments for learners).
  - **Pilot Projects and Refurbishment**, recognising that from time to time there will be requirements for smaller refurbishment projects to ensure that FE facilities continue to be fit for purpose, efficient and provide a safe environment for learners.

Note that the figures allocated to each strand are approximate and, depending on bids received, funding may be reallocated between the strands. In addition that £3m is set aside for contingency and for some project management, monitoring and evaluation.

2.2 **Recommendation**: The LEP are asked to approve this element of funding to ensure a robust & specialist infrastructure, and appropriate contingencies, are in place to appraise and programme manage these and other LGF projects.
3. **Update**

3.1 Following the launch of the programme in September 2017, Expressions of Interest (EOI) were received from 16 organisations. A rigorous ‘Green Book’ appraisal and moderation process was undertaken as set out in the LGF process; to ensure that projects that offer value for money, return on investment and benefit to learners / economy were taken forward to the next application phase (full detailed application). Feedback was given to all applicants if they weren’t at the stage of progressing to full application stage on how to strengthen their bids and potential re submit in the 2nd round.

3.3 An indicative timetable for the EOI and full detailed application phase is outlined below:

<table>
<thead>
<tr>
<th>Date</th>
<th>Milestone</th>
</tr>
</thead>
<tbody>
<tr>
<td>6th Oct</td>
<td>Round 1 EOI deadline</td>
</tr>
<tr>
<td>9th – 31st Oct</td>
<td>EOI appraisal and moderation</td>
</tr>
<tr>
<td>W/C 30th Oct</td>
<td>Notification of EOI outcomes (to successful and unsuccessful bidders)</td>
</tr>
<tr>
<td>20th Dec</td>
<td>Stockport Trafford Application submission (special case)</td>
</tr>
<tr>
<td>31st Jan</td>
<td>Deadline for Round 1 full detailed applications</td>
</tr>
<tr>
<td>Feb / March</td>
<td>Appraisal and moderation of detailed applications</td>
</tr>
<tr>
<td>March / April</td>
<td>Final approval by LEP &amp; GMCA and notification of successful applications: Note we also need to build in GMCA Scrutiny into this process.</td>
</tr>
</tbody>
</table>

4. **Stockport Trafford Merger application (Special Case)**

4.1 One of the applications was submitted by Stockport College as part of the planned Stockport Trafford Merger and relates to a significant redevelopment of the existing Stockport College site. It was agreed at the Chief Executives Investment Group on 6th November 2017, that the EOI received was well enough advanced to be invited to submit a full business case application. It was also made clear that this application must be in line with the timescale for the college’s current application to the TU due to financial pressure of Stockport College and impact on learners. Therefore, it was agreed that in this instance, the application should be submitted before the original deadline of 31st January 2018, in order to be appraised and if approved by LEP and GMCA, for a decision to be made by the end of January.

4.2 The project is an integral part of the merger between Stockport & Trafford colleges proposed by the FE Commissioner in 2017. Together with the application to the TU, the proposal seeks not only to ensure a sustainable long-term future of FE provision in Stockport through improved campus facilities, but also provide economies of scale and
greater alignment of curriculum to the skills needs of the South Manchester sub region.

3.3 The specific Skills Capital grant requested will be used to upgrade the poor condition of the current campus in Stockport and increase utilisation, lower maintenance and provide high quality facilities for a range of lower level provision, as well as a specialised curriculum at Level 4+ consistent with GM priority sectors.

3.4 It is important to note that, as stated in the guidance for applicants throughout this process, the request for match funding is stated as 2:1 (applicant:public), equivalent to Skills Capital accounting for 33% of the total project cost. However, the application submitted is outside of this tolerance then a special case is required which will be set out in the appraisal application.

4. **APPRAISAL PROCESS**

4.1 The college submitted their full application on 20th December 2017 and this has been subjected to a rigorous ‘Green Book’ appraisal and moderation. This was carried out by GMCA Work & Skills Team (Gemma Marsh, Assistant Director of Skills), GMCA Research Team (David Morris, Principal - Evaluation and Use Cases) and GMCA Core Investment team (Rob Edwards, Transaction Manager).

4.2 In addition, given the scale of this project and the request of significant Skills Capital funding, the internal appraisal has been supplemented by independent external assessment. This has been arranged through TfGM (Chris Barnes, Interim Head of Programme Management Services) and carried out by Jacobs who already undertake similar independent reviews for other major Growth Deal schemes in GM.

4.3 A further update will be given at the meeting on the status of the appraisal outcome and seek agreement to delegate the LEP decision for Stockport & Trafford College to the Chair, in conjunction with the GMCA if a decision is needed before the next LEP cycle.