



LOCAL GROWTH FUND SKILLS CAPITAL PROJECTS 2017/18 PROSPECTUS

Guidance for applicants
seeking Local Growth Funds
for Skills Capital Projects



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INTRODUCTION

1. The Strategic Economic Plan (SEP) for Thames Valley Berkshire (TVB) was submitted to government in 2014. It stresses TVB's dependence on the quality of its workforce, the overarching priority being to *secure better access to talented people and bright ideas, and to use both more effectively*.¹
2. The SEP is clear that the economic potential of our area must not be restricted by the supply of skilled labour or skills shortages. Its submission resulted in the LEP securing Local Growth Funds (LGF) via two Local Growth Deals (GD) worth £107m (capital). GD1 (July 2014) commits £2.3m LGF for the purposes of:

Investing in the 'Solutions Labs' with local Further Education partners [which] will drive the skills development of the local workforce and complement the services of the Thames Valley Berkshire Business Growth Hub.

3. GD2 (January 2015) commits £1.7m LGF for the purposes of:
Providing STEM and training facilities for young people across TVB.
4. Thames Valley Berkshire LEP is committed to ensuring that investment in skills capital projects helps to address the skills challenges faced by local businesses now and in the future.
5. This prospectus therefore invites applications for skills capital funding now that the Thames Valley Area Review of Post-16 Training & Education is complete and a proposal for a third Growth Deal in Thames Valley Berkshire has been submitted to government.
6. The LEP is seeking to invest in Skills Capital Projects (SCP) that will be delivered in 2017 – 2018.

PURPOSE

7. The purpose of this prospectus is to set out the context, priorities and process for applications seeking Local Growth Funds in order to deliver capital projects that will help meet the skills needs of Thames Valley Berkshire.

FUNDING AVAILABLE

8. **Appendix A** sets out the detail of the GD commitments and investment made so far. The LEP submitted its proposal for a third GD in July 2016 (though the profiling of these funds has become increasingly blurred since the advent of GD3).
9. **£1,855,001** is therefore available for investment in SCPs from 1 March 2017 to 31 March 2018.
10. The SCF is available to all FE Colleges and publicly-funded skills providers located within the LEP's geographical area, on a competitive basis.

¹ Thames Valley Berkshire Strategic Economic Plan 2015/16 to 2020/21



11. The minimum project value will normally be £50,000. However, the LEP will consider applications below this amount if they relate to the purchase of equipment. (see 35.)
12. The calls on this budget will increase if SCPs are not funded through GD3, confirmation of which is expected around the time of this year's Autumn Statement (mid-November).
13. Where demand exceeds the available allocation we will prioritise projects according to their deliverability within FY 2017/18 and the principles of investment at **Appendix B**.

KEY INVESTMENT PRINCIPLES

14. The LEP's intention is to deploy funding for SCPs that align with the economic evidence drawn from the Skills Priority Statement (SPS, second edition pending, which will include updated skills and training data from the 2015 UK Employers Skills Survey (published by UKCES, 2016) and a new section examining the supply of technician level education and training provision within TVB), the SEP and Thames Valley Area Review of Post-16 Training & Education, in particular its skills conclusions. This is summarised at 16. to 29. below and in Appendix B.
15. In all cases, applications must address the "key priorities" set out in the SPS and focus on *priority job families* in the first instance.

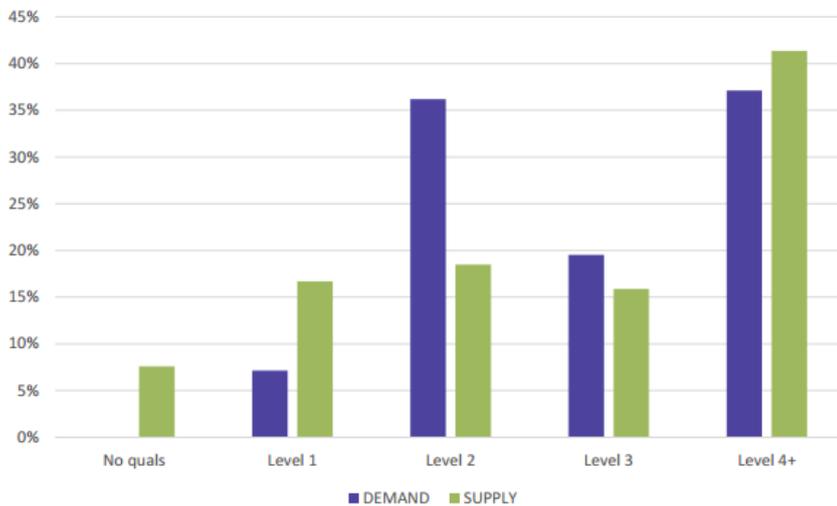
ECONOMIC CONTEXT – THE SKILLS CHALLENGE

16. Thames Valley Berkshire has the highest economic output per head of population of all English sub-regions outside of London and has England's most productive workforce.² Residents across the Thames Valley have higher levels of education than is the case nationally, and significant growth is projected in jobs and productivity.³
17. However, skills shortages are more acute in Berkshire than across England as a whole and are a barrier to growth and innovation for many local businesses.⁴
18. The amount of training that Berkshire employers provide to their staff is also lower than the national average². Although there is an appetite for training, with 47% of employers wanting to provide more, the main barriers to doing this are: lack of funding and difficulties sparing staff time². Of all 39 LEP areas, TVB has the 7th highest proportion of its workforce with skills gaps (6%).²
19. The graph below illustrates the supply (highest qualification held by individuals) and employer demand for skills by level in TVB:

² Thames Valley Berkshire Skills Priority Statement, Thames Valley Berkshire LEP, November 2015

³ Thames Valley Area Review of Post-16 Training & Education

⁴ Thames Valley Area Review of Post-16 Training & Education (Conclusions)



Source: EMSI Analyst (based on the Business Register and Employment Survey 2014 and Labour Force Survey 2014, ONS) and Census 2011, ONS

ECONOMIC CONTEXT – PRIORITY OCCUPATIONS

20. The Thames Valley Berkshire Skills Priority Statement (SPS) 2015/16 identified the following job families as those where skills deficits are proving to be a barrier to economic growth within Berkshire and where public intervention at a local level is likely to have the greatest impact in terms of addressing these deficits. Combined, they are classified as STEM roles:

- Digital Technologies
- Science and Engineering

Digital Technology jobs

21. The digi-tech sector is a growth sector in terms of both economic output and employment. The number of digi-tech specialist jobs in Berkshire is projected to increase by 12% between 2014 and 2022. 14% of the TVB workforce currently work in the sector (compared with just 4% nationally), and 15% of all business units in TVB operate in the sector (compared with 7% nationally). This concentration, along with the sector's high productivity rates, means that it contributes nearly a quarter (23%) of TVB's economic output (Gross Value Added - GVA), compared with only 7% nationally. Many employers, SMEs in particular, struggle to recruit digi-tech specialists and believe that there needs to be more local training provision². Looking specifically at Level 3 digi-tech occupations, the evidence suggests an under-supply of IT engineers and technicians. Employers seeking to fill these roles currently tend to look for applicants with a degree-level qualification.³

Engineering and Science jobs

22. Engineering and Science roles are prevalent in three of Thames Valley Berkshire's priority sectors: Life Sciences and Healthcare; Construction and the Built Environment; and Energy and



Environment; along with the Advanced Manufacturing sector, which although relatively small, is an important contributor to the local economy. According to the UK Commission's Employer Skills Survey 2013, 43% of vacancies for professionals working in engineering and science are hard to fill due to skills shortages.

23. There is evidence to suggest that the challenge of recruiting people with STEM skills in Berkshire is leading to international companies focusing future growth in their non-UK operations, where there are larger pools of skilled labour that can be drawn on cost-effectively. Looking specifically at Level 3 engineering and science roles, the evidence suggests an under supply of engineering and planning/process/production technicians; mechanical technicians; standards/regulations inspectors/ health and safety; with further education (FE) being the level of education preferred by most employers for these roles.³

THE ROLE OF APPRENTICESHIPS

24. Apprenticeships can play a key role in equipping individuals with the necessary skills to drive growth in the Thames Valley Berkshire economy. Currently, approximately 17% of Apprenticeships started in Thames Valley Berkshire are in STEM subjects, compared with 18% nationally. Central Government has set a target for the UK to support 3 million Apprenticeships by 2020. This would require an approximately 40% increase in the numbers of Apprenticeships being undertaken in Berkshire, an increase of 2,300 Apprenticeship starts. Based on current proportions, this will mean at least an additional 400 STEM Apprenticeship starts per year.

SKILLS CAPITAL PRIORITIES

25. Funding for SCPs will therefore focus on:

STEM-related skills

26. There is an on-going need for skills in STEM subjects from levels 2 to 4 and beyond (especially over level 3) to enable further growth of the priority sectors in Thames Valley Berkshire, which are critical to its competitiveness and productivity growth.

- Digital technologies
- Financial, professional and business services
- Life sciences and healthcare
- Construction and the built environment
- Logistics
- Energy and Environment

27. In particular, skills that equip people for technician-level Digital Technology and Engineering and Science roles, such as:

- IT engineers and technicians
- Engineering and planning/process/production technicians
- Mechanical technicians



- Standards/regulations inspectors/health and safety roles

Increasing the number of apprenticeships

28. Research undertaken as part of the Thames Valley Area Review of Post-16 Training and Education found that the two main areas in which there appear to be gaps in Apprenticeship provision in TVB are Engineering & Science and Construction.⁵
29. To facilitate these Apprenticeships, there is a need for greater collaboration between schools/colleges and employers to ensure a ready supply of young people coming forward to fulfil the roles offered. These Apprenticeships are vital to equip the next generation with the necessary skills to drive growth in the TVB economy. For instance, there is currently an up-skilling of Slough's residents to take advantage of any new employment opportunities that could result from the expansion of Heathrow Airport.

APPLICATION TIMELINE AND PROCESS

30. This prospectus invites *Expressions of Interest* (EoI) for skills capital projects to be submitted by 28 November 2016. By this time, it is anticipated that the Growth Deal 3 awards will have been announced at the Autumn Statement, providing clarity on the full amount of LGF available for SCPs.
31. EoI will be assessed by the LEP Executive Board on 13 December 2016 against the following criteria:
- The rationale for the proposed project and the impacts/benefits it will deliver
 - An explanation of how the project addresses the principles in Appendix B
 - Evidence that the project represents value for money and the necessary matched funding requirements are met
 - Compliance with State Aid regulations
- If the EoI passes this stage, applicants will then be asked to complete a detailed business case, which will be assessed independently to ensure value for money.
32. Thereafter, the *indicative* timelines are:
- Applicants informed if EOI progressing to full application by 16 December
 - Closing date for full applications 31 January 2017
 - Independent assessment by external agents, by 28 February 2017
 - Applicants informed of decision by 1 March 2017
 - Work to be completed by 31 March 2018
33. An EoI proforma is available at **Appendix C**.

⁵ Apprenticeships in Berkshire 2016, Thames Valley Berkshire LEP, June 2016



ELIGIBILITY

34. This process is open to publicly-funded skills providers (subject to them meeting State Aid regulations). Collaborations between organisations are encouraged. Organisations must be located within the LEP's geographic area.
35. Investment is available for the purchase of equipment; specialist software/hardware; remodeling or extension of current facilities; and new build facilities. The minimum project value will normally be £50,000 although the LEP will consider applications below this amount if they relate to the purchase of equipment.

CONDITIONS OF LGF

36. Successful applicants will be issued a capital grant offer letter; this will stipulate a number of conditions that come with LGF, e.g. responsibility for all aspects of the design, risk management, insurance, procurement, construction and implementation of the scheme; progress reports on the implementation of the capital scheme; any changes in the size, scope or specification of the scheme; and any substantial savings against the scheme budget whether achieved by such changes to the size, scope or specification of the scheme, or through procurement, or through the efficient implementation of the scheme.
37. In particular, successful applicants will be expected to give due regard to the Public Services (Social Value) Act, particularly through the employment of apprentices across the scheme supply chain, where appropriate.
38. The scheme promoter will be required to provide accurate, timely, verified and quality assured monitoring data, which relate to defined output and outcome indicators agreed between TVB LEP and government as a condition of the Growth Deal, and to make progress reports on outputs to the LEP. Details will be provided at full application stage but priority outputs will include:
 - STEM Apprenticeships Level 2 - 4
 - STEM Qualifications Level 2 - 4
 - STEM Traineeships
 - Sq m new/refurbished/rationalised training/learning floor space
 - Jobs created
39. Where agreed, selected applicants will also be required to participate in an evaluation as set out in the LEP's Growth Deal Monitoring and Evaluation Plan.
40. Applicants will also be expected to acknowledge the financial contribution made to their scheme through LGF by following LEP Communication Guidelines that will be provided and which comply with national LGF Communication Guidelines.



APPENDIX A – GROWTH DEAL COMMITMENTS AND INVESTMENT TO DATE

Growth Deal 1 Commitment

“Solutions Labs will provide a supply chain to the new Thames Valley Science Park and secure better access to talented people and bright ideas.

In order to realise its growth ambitions, Thames Valley Berkshire needs more of its young people to be equipped for the job opportunities that are emerging through local tech-based businesses. In this context, this scheme brings together businesses to work with the area’s FE Colleges to shape curricula so that they are aligned – as far as possible – with the changing needs of tech-based businesses (particularly at technician levels). This project will refurbish existing buildings within the FE Colleges to create Solutions Labs.

These Labs will provide the wherewithal for early stage prototyping. They will be used both as a state-of-the-art setting for teaching students (including Higher Level Apprentices), and as a resource which is available (on a commercial basis) to micro and small businesses across the area. The Solutions Labs will differ from each other in terms of their technological focus.”

Growth Deal 2 Commitment

“Providing STEM and training facilities for young people across TVB.”

Investment

£383,333 LGF has been invested in SCP during 2015/16 and £1,761,066 ring fenced for STEM Solutions Labs and HE projects that have been independently assessed and approved by the LEP.



APPENDIX B – PRINCIPLES OF INVESTING LGF INTO SCP

On 20 May 2016 the LEP Forum agreed the following **PRINCIPLES** to underpin a new policy on the investment of LGF into skills capital projects. Principles **A** and **B** are in priority order:

- A. In all cases, applications must address the “key priorities” and/or “priority job families” set out in the SPS and focus on *priority sectors* in the first instance.
- B. Applications for projects that will contribute to a STEM-based Institute of Technology will be prioritised according to a STEM skills strategy and action plan (to be published subject to ESIF outcomes).
- C. The cash match ratio is 1:1 and up-front commitments are sought from applicants ahead of the assessment of their applications.
- D. ‘Contributions in kind’ are *ineligible* as match funding, *except* for the donation of land and buildings. All donations must be evidenced in writing and supported by independent valuations appropriate to the nature and timescale of the donation. It will be necessary to demonstrate that the land or building (or relevant part) will be dedicated exclusively for use for the delivery of the project either: for the project lifetime; for the economic life of the building; or another appropriate period.
- E. Application guidance will be based firmly on the extant Skills Funding Agency (SFA) processes. Assessments of all final skills capital applications will be conducted independently and include a value for money appraisal.
- F. The cost of independent assessments will be capitalised (as agreed with the LEP Accountable Body) and found from the final LGF grant settlement.



APPENDIX C – EXPRESSION OF INTEREST PROFORMA

Project summary and overview

1. Name of project
2. Lead organisation – and contact details (name, email, telephone numbers)
3. Partner organisations (which are involved in, and committed to, the project)
4. Location of the project
5. Brief description of the project and the main activities within it

Rationale for the project and strategic fit

6. How will the project contribute to the delivery of Thames Valley Berkshire's Strategic Economic Plan?
7. What is the rationale for the project; and what market failures will it address?
8. What are the main outputs that the project will deliver? Its intended impact and benefits?
9. How will the project meet the principles of investment in skills capital projects, i.e.:
 - Address the “key priorities” and/or “priority job families” set out in the SPS and focus on *priority sectors* in the first instance
 - Contribute to a STEM skills strategy and action plan (to be published)
 - Be matched in cash 1:1 or through the donation of land and buildings for the project lifetime
 - Provide value for money

Resourcing and deliverability

10. In ball-park figures, what will be the call on resources from the Local Growth Fund?
11. What are the other main components of the overall funding package; and how secure are these?
12. If funding is secured from LGF (which could be drawn down from March 2017):
 - a) when could delivery commence?
 - b) what are the principal risks/uncertainties linked to the timing of delivery?
13. How will you evidence compliance with State Aid regulations?