

Greater Manchester Skills Capital 2017-2020 Programme

Round 3

Commissioning Prospectus

November 2019

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Greater Manchester Skills Capital Prospectus 2017-20

1 Introduction

This Prospectus outlines Greater Manchester's approach to commissioning its Skills Capital budget for the period 2017-20. Its purpose is to set out the context, priorities and process for applications seeking Skills Capital funding in order to deliver projects that will help meet the skills needs of Greater Manchester.

The Prospectus highlights the key investment principles and economic priorities which underpin delivery and provides the starting point for applicants to bring forward their propositions for capital investment demonstrating how they will contribute to Greater Manchester's Work and Skills Strategy and Priorities.

It also gives details of funding, eligibility and support available together with the bidding timeframe the Greater Manchester Combined Authority intends to follow.

2 Background

Industry-standard learning facilities have a major role to play in delivering the supply of skilled individuals needed to meet the changing needs of the Greater Manchester labour market as set out in the Local Industrial Strategy. They can help to secure greater employer and learner participation, acting as a catalyst for improved curriculum design and delivery, while also contributing to local regeneration and productivity.

Skills Capital investment is a key component of Greater Manchester's devolved responsibilities and will be used to develop facilities which demonstrate responsiveness to the needs of local business and increase overall investment in training. The Greater Manchester Strategy, Greater Manchester Work and Skills Strategy and Priorities, and Local Industrial Strategy provide the strategic basis for the future configuration of institutions, facilities and curriculum.

Successful deployment of Skills Capital will support skills development across Greater Manchester and continue to reduce NEET and unemployment, increase the number of Apprenticeships and support labour market progression for those in work. It will also make a significant contribution to developing centres of excellence for higher level skills in sectors critical to the growth and productivity of the GM economy. In essence, it will ensure that the current further education estate remains fit for purpose and focus investment on those sectors, geographies and client groups where the greatest impact and return on investment can be achieved.

The GM Combined Authority, which is now responsible for the strategic allocation of these funds, already approved over £75m of projects throughout rounds 1 & 2 of Skills Capital. There are 13 capital projects either completed or in progress at present.

An additional round totalling £1.78m is now being made available to skills providers. Further applications are now being sought from Further Education colleges, together with eligible skills providers and their partners. There are two strands that will focus on specific strategic priorities and also estate upgrades relevant to strategic priorities.

3. Strategic Overview

Our vision is to make Greater Manchester one of the best places in the world.

- *A place where all children are given the best start in life and young people grow up inspired to exceed expectations.*
- *A place where people are proud to live, with a decent home, a fulfilling job, and stress-free journeys the norm. But if you need a helping hand you'll get it.*
- *A place of ideas and invention, with a modern and productive economy that draws in investment, visitors and talent.*
- *A place where people live healthy lives and older people are valued.*
- *A place where all voices are heard and where, working together, we can shape our future."*

Our People; Our Place: The Greater Manchester Strategy 2017

To deliver the above vision, young people will leave the education system with the knowledge, skills, and attributes needed to succeed in the labour market. Working age adults who are out of work and /or who have low levels of skills, will have access to the skills and wider support needed to enter and sustain employment and there will be an offer for all adults to up-skill and progress their careers.

Greater Manchester Independent Prosperity Review recognises GM has some world-class strengths, particularly in Advanced Materials and Health Innovation as identified in the 2016 Cheshire East and Greater Manchester Science and Innovation Audit. These are supported by other high productivity sectors, which, if not nationally unique, remain important strengths and include: manufacturing, digital and creative industries and professional services. **These sectors are the focus for Greater Manchester's Local Industrial Strategy** and therefore will be of particular interest to the allocation of Skills Capital funding.

The Local Industrial Strategy represents a strong partnership between local leaders and government, setting out an ambitious plan to achieve the aspirations of the national Industrial Strategy and to continue to contribute to Greater Manchester's prosperity. It has been developed from the ground up with local and national stakeholders, including business and social enterprises, trade unions, universities and colleges, and community and voluntary organisations.

Please see chapter 10 of this prospectus for a list of all background strategic documents that will help to support applications.

4. Skills Capital Delivery Criteria for Greater Manchester

It is against this strategic backdrop that GM seeks to deploy its skills capital delivering against a key priority to ***Develop Greater Manchester's work and skills infrastructure to meet the needs of the economy*** and to respond to the ambitions identified in the Local Industrial Strategy.

This should ensure that in GM there is:

- An offer that meets each area's educational and economic needs
- Sufficient access to high quality and relevant education training for all
- Providers with strong reputations and greater specialisation :
- Provision which reflects changes in government funding priorities and future demand
- Institutions which are financially viable, sustainable, resilient and efficient, and deliver maximum value for public investment

5. The Commissioning Process

Following devolution of Skills Capital, the GMCA through the GM Skills Executive has refined the application process to incorporate increased commissioning against broader strategic requirements. This will ensure that skills capital is not just deployed to provide localised high quality facilities, but also as a key enabler in the delivery of Greater Manchester's wider inclusive growth and skills agenda. Hence the intention to have a far greater alignment to the strategic objectives outlined in the Greater Manchester Work and Skills Strategy.

At its heart is the desire to achieve the most effective use of skills capital in terms of leverage of further investment by targeting those sectors and geographies where the most benefit for individuals and the economy can be derived.

6. Eligibility

Applicants can be those Further Education Colleges or other approved training organisations that are hold a grade 3 or above OFSTED rating. In exceptional circumstances, however, GMCA may look at applications from non-traditional training organisations including employers, or consortia offering learning and training as part of a wider infrastructure or regeneration development.

For sector specific projects, applicants will be expected to demonstrate a track record of high quality provision in that sector with a focus on Level 3 provision and above. Projects with employer commitment and which support the creation of technical pathways that support the Government Skills Plan policy are encouraged.

Where funding is sought solely for an estate renewal or to support collaboration or merger, applicants will still need to demonstrate how the project meets the strategic, economic, commercial, financial and management cases outlined in the application forms.

GMCA will not consider as eligible proposals involving:

- Work that would normally constitute the usual summer works, or planned maintenance and redecoration, including fulfilment of statutory duties
- Improvement to, or addition of, temporary or modular type buildings.

7. Key Investment Principles

To ensure GM Skills Capital investment can best support the implementation of the Work and Skills Strategy, the following skills capital priorities and key investment principles have been identified.

Skills capital applicants will be expected to demonstrate in their submissions how their proposed project would meet these priorities and principles and this will be a key element of the scoring framework.

All projects should:

- **Provide excellent high quality learning Facilities to support GM Work and Skills priorities** including high growth and high employment sectors critical to Greater Manchester growth as set out in the Local Industrial Strategy.
- Clearly evidence **the impact and benefits of the educational and economic case** including **quality improvement and outcomes**
- **Deliver value for money:** positive return on investment in terms of net present value compared to 'do nothing', appropriate building costs, savings and efficiencies.
- **Secure match funding** As a benchmark a 2:1 ratio (applicant: public) for match investment particularly from employers – (ability to vary in specific circumstances) See specific investment Strand)
- Deliver significant **improvement to the condition of the FE estate**
- Demonstrable **evidence of need/demand in sector and location** chosen including **market gaps and** potential impact on other existing facilities
- Where possible, demonstrate **effective employer engagement** with named and confirmed employers. Proposals that demonstrate joint investment with employers or substantial employer sponsorship will score highly.
- Demonstrate **innovative approaches** including 'live learning environments' to facilitate entry to, and up-skilling of the workforce.
- **Collaborative and partnership** proposals between providers or between providers and employers will be encouraged and prioritised particularly removing duplication, driving value for money for costly equipment and ensuring niche training is available.
- Explain how any previous skills capital funding has impacted their establishment and **lessons learnt.**
- Demonstrate the project has support from their **Local Authority.**

8. Skills Capital Investment Strands

There will be two strands of skills capital investment. (More details in Annex 1)

Strand 1: Priority Sectors and redevelopment projects

This strand is designed to provide new or upgraded facilities to support Greater Manchester's priority sectors including growth and high employment sectors. (See GM Work and Skills Strategy and Priorities, GM Local Industrial Strategy) It will, in general, focus on Level 3 and above but will also support technical pathways as per the National Skills Plan from 2019, have

significant employer investment and/or contribute to providing centres of excellence across Greater Manchester. Total project size will be a minimum of £1m with an intervention rate of 33%. This may be modified in exceptional circumstances dependent on the individual case. Consortia bids including employers and other stakeholders are welcome e.g. Local Authorities, Further Education; Higher Education.

Strand 2: Smaller Investment Projects

- **Up to date industry standard equipment**
GMCA recognises 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. This is particularly important to provide 'live' working environments for learners.
- **Pilot Projects and Refurbishment**
From time to time there will be requirements for smaller refurbishment projects to ensure that further education facilities continue to be fit for purpose, efficient and provide a safe environment for learners. This can also be used to provide specialist provision for a specific cohort or sector or support new models of delivery. Refurbishment projects will still be expected to demonstrate a strategic need.

Allocations

Indicative allocations for the two strands are:

Strand 1:	[£1m]
Strand 2:	[£0.78m]
Total	[£1.78m]

It is recognised, however, that virement between the strands may occur depending on demand and changing skills priorities.

9. Application Process and Timing

Application Process

The Combined Authority has developed a process for selection, allocation and project management for its Skills Capital allocation which not only aligns to GMs strategic skills objectives but is also fair, transparent and accountable. It builds on the experience of the ESFA and is set within the framework of the Treasury Green Book requirements and the wider capital projects delivered through the Greater Manchester Core Investment Team. The ambition is to ensure successful delivery of the capital programme in GM, but without creating an unnecessary burden of bureaucracy on either the applicants/providers or GMCA.

Communication and guidance

Throughout the process, GMCA will work as closely as possible with all potential and existing applicants to ensure that it secures the best possible skills capital projects in GM. At all stages applicants will be informed through briefings and regular communication about where the

process is up to, what further details will be required from them, proposed scoring and allocation system and an indication of the future timetable for delivery. This will be undertaken by specialists in the Work and Skills Policy team. Applicants will also have access to an on line Question and Answer facility.

Call for Projects and timescale

GMCA is planning to launch this round for applications on 1st November 2019 with the decisions made by 28th February 2020. These are expected to be projects already well advanced and ready to go, there is also a need for the project to be significantly delivered by March 2021.

Projects already receiving Skills Capital from rounds 1 or 2 will not be considered, however applicants already receiving funding are welcome to submit a new project.

There will be a two stage process for all Strands

Stage 1 – Expression of Interest leading to an ‘in principle’ decision about whether the application should proceed or not to full application

Stage 2 – Full Application leading to final decision on whether the project can go ahead.

The table below summarises the timescales for the application, submission, assessment and approval processes for the Skills Capital Fund 2017-20:¹

Date	Round 3 Milestones
1 st November 2019	Launch of Round 3 – <ul style="list-style-type: none"> • Prospectus distributed • Partnership development
Nov 2019	<ul style="list-style-type: none"> • Call for Expressions of Interest
5pm 29 th November 19	Deadline for Expressions of Interest
20 th December 19	<ul style="list-style-type: none"> • Assessment, moderation and decision • Applicant notified of decision with summary feedback
Jan - Feb 20	<ul style="list-style-type: none"> • Bid development process for those invited to progress to Full Application • Deadline for detailed proposals
13 th March 2020	<ul style="list-style-type: none"> • Assessment, moderation and outline decision.

¹ Where necessary, and appropriate, flexibility will be built into the timetable to enable the Combined Authority and providers to react to changing events and move more quickly where the situation demands. For example, where a project is also dependent on funding from the Government’s Transaction Unit, timescales will be aligned, wherever possible.

Mar - Apr 20	<ul style="list-style-type: none"> • Applicant Notified of decision plus summary feedback including conditions of Grant • Final approval from LEP and GMCA
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Stage 1 - Expressions of Interest

In general, Expressions of Interest (Eoi) will be required outlining the key criteria necessary for a skills capital bid. These will be relatively light touch to be turned around within 3-4 weeks but give sufficient information upon which a decision can be made as to whether it should be worked up into a full application. Given the level of funding is a lot less than previous rounds, decisions may be prioritised for those areas which haven't received previous rounds; clear need and support from Local Authority and employer links for the area. Also this funding will not be used to top up current projects that are over spending.

In particular, GMCA will want to see a clear outline of the project and how it contributes to the Greater Manchester Local Industrial Strategy with an awareness of how it fits with other existing provision. A clear rationale for the project will need to be given and why this is the most appropriate option. An outline of total costs and deliverability in terms of financial viability and timescale will also be required. Given the emphasis on Level 3+, sector specific or support of technical pathways and greater geography of delivery, partnership with other providers is likely to be a critical aspect of the Eoi. An Eoi form together with guidance will be issued.

Stage 2 – Assessment of Expressions of Interest

Assessment of Eoi's will be undertaken by the Work and Skills Executive supported by GMCA specialists in Work and Skills and at the Core Investment team. Recommendations about whether applications should go to full application will be delegated to Lead Chief Exec/Policy Lead and Treasurer.

There is no guarantee of funding for projects going forward to full application and **all** final decisions on funding will be taken by GMCA following the rigorous process outlined below.

In addition to the details put forward in the Eoi, decisions on which projects will be taken forward will be made taking into account various factors, some examples include:

- Condition of the current estate
- Geographic location of project
- How the project links to future delivery
- Any receipt of skills capital in rounds 1 & 2 of the programme.

Stage 3 - Full Application

If an Eoi application is approved, the shortlisted project will be required to complete a more detailed application form. This will build on the Eoi but require more detailed information on:

- **The Strategic Case** including
 - Rationale for intervention
 - SMART objectives

- Alignment to GM strategic skills needs
- Quality improvement both in terms of teaching and overall Ofsted grading
- An awareness of how it fits with other existing provision
- Increase in learner numbers
- Benefits to learners , employers and local community
- Improvement in condition of estate including areas of new build/ refurbishment/ demolition
- Collaboration and partnership
- Social value
- Contribution to other growth measures
- **The Economic Case**
 - Review of options
 - Value for money based on ESFA model
 - Detailed investment appraisal based on ESFA template
- **The Commercial Case**
 - Technical requirements including RIBA design information
 - Procurement strategy
 - Physical build requirements and Value for Money options.
 - Deliverability and project risk
 - Milestones and delivery dates
- **The Financial Case**
 - Sources of project funding and finance
 - Expenditure profile
 - Track record
 - Due diligence and state aid
- **The Management Case**
 - Project team
 - Project Roles
 - Post project reviews and evaluation
 - Contingency

This is lighter-touch application form than used in rounds 1 & 2 of the commissioning. Up to eight weeks will be given to applicants to work up detailed applications which should be sufficient and necessary to put together the detailed project plans which also incorporate full costings, planning issues and professional advice. Costs of this are at the applicants risk but can subsequently be claimed if the application is successful.

Stage 4 - Assessment

Initial assessments of the detailed applications will be carried out by specialists in the Work and Skills Policy Team for the Strategic Case and with technical input from the GM Core investment team. Skills capital and building specialists may be called in to support for significant scale projects or those of a highly technical nature. An application assessment matrix, using a scored version of the key criteria – based on a balanced scorecard approach - will be used. The key elements of this, including any weighting, will be shared with applicants prior to submission.

Assessment Criteria

Assessment of project applications will take place against five cases.

- **Strategic case** – how the project meet the skills priorities set out within this prospectus in particular its contribution to GM Work and Skills Strategy and Priorities with a strong quality offer (Annex 1)
- **Economic case** – How the project is the best option to meet current gaps in learning provision and or improve the quality of the learning experience for learners and employers
- **Commercial case** – including technical specifications, building regulations compliant, fit for purpose buildings, quality/standard of building, value for money, deliverability, rationalisation of estate and relevance to the overall property strategy of the organisation and ABR
- **Financial case** – How the project demonstrates value for money, reduces dependency on public funding, does not use Skills Capital as substitute funding, sustainability, evidence of affordability and necessary match funding
- **Management Case** - Programme management, contracting, evaluation, risk and contingency

Stage 5 - Capital Allocations and Decision making

Based on the initial assessments an Assessment Panel, drawn from GMCA research, legal and investment teams and with skills support from the Work and Skills policy lead, will make recommendations for funding to the CXIG, Wider Leadership Team, Greater Manchesters Local Enterprise Partnership board and then GMCA for agreement. These recommendations will take into account any necessary prioritisation, information of the assessment process undertaken so far, the outcomes and any project risks. Technical input will be provided at all stages from Core Investment Team experts and members of the Work and Skills Policy team. Any potential conflicts of interest will be declared.

Final recommendations will be made to GMCA who will decide on the final allocations of skills capital funding within GM, before announcements are made to applicants.

Stage 6 – Offer letters and contracting

Contracts will then be drawn up by GMCA's Legal Team in conjunction with the Work and Skills Policy Team and Core Investment Team highlighting any pre contract conditions including satisfactory due diligence and state aid requirements. Applicants will be responsible for responding to all these pre contract conditions before funding is agreed.

All projects will be procured in compliance with procurement law.

Project Delivery

Project management will lie with the Assistant Director Skills Policy, Strategy and Delivery supported by specialists from the executive and GM Core Investment Team who will prepare and organise communication, ITTs, appraisals and all governance documentation. Where appropriate, specialist expertise will be brought in to ensure all technical aspects are adequately covered and or provide additional specialist support to manage the programme.

Project Governance

The skills capital process will be embedded within the wider governance structure of GMCA. All final decisions will be made by GMCA but based on recommendations which have first been approved through GMCA's internal approval board and the Greater Manchester Local Enterprise Partnership board.

Monitoring and Evaluation

Monitoring of projects will be undertaken by specialists in the Core Investment Team with support from the Work and Skills Policy team. Each project will have a project manager designated by the successful applicant who will be the key point of contact and be responsible for completing GMCA's Post Occupation Project Review analysis at specific points through the project development.

Evaluation of the projects is necessarily long term as the impact on learners and the economy is likely to take some time to come through, a programme has been devised by GMCA and government to ensure that each project is reviewed as well as a regular and robust evaluation of the commissioning, application and allocation process is undertaken; this is a two part evaluation to take into account physical build and learner impact. GMCA's Local Growth Fund Programme Manager will be responsible for monitoring the projects throughout their application, project delivery and post project monitoring.

10. Forms, Guidance and Strategic Documents

- Expression of Interest Application Form and Guidance
- Detailed Application Form Strands 1 and 2
- Detailed Guidance Notes for Detailed Application
- Other key strategic documents
 - Greater Manchester Strategy Our people; our place:
 - Greater Manchester Work and Skills Strategy
 - GM Skills Analysis
 - GM Independent Prosperity Review.
 - GM Local Industrial Strategy
 - GM Deep Dive Skills reports

All application forms, guidance and strategic documents can be found at <https://www.greatermanchester-ca.gov.uk/what-we-do/work-and-skills/>

For additional questions please contact GMSkillsCapital@greatermanchester-ca.gov.uk

Annex 1 - Skills Capital Investment Strands

Strand 1 Priority Sectors and redevelopment over £1m

This strand is designed to provide new or upgraded facilities to support Greater Manchester's priority sectors including growth and high employment sectors identified in the Local Industrial Strategy. It will, in general, focus on Level 3 and above, have significant employer investment and contribute to providing centres of excellence across the city. Total project size will be at least £1m with an intervention rate of 33% %. This can be modified in exceptional circumstances

- Based on high productivity/growth e.g. Advanced manufacturing/materials, Digital and creative, Finance and professional, Health innovation including health and Social care.
- Key high employment sectors: Construction, Logistics, Retail, Hospitality & tourism
- Cross sectoral initiatives particularly Digital skills
- Linked to clustering of centres of excellence across colleges/providers
- Focus on Level 3 and above
- Employer investment required
- Intervention rate 33% unless exceptional circumstances
- Min project size £1m

Examples could be

- *Innovative Collaboration and co-investment with employers and key stakeholders (Universities, UTCs etc.) e.g. Technical pathway in key sectors*
- *Specialist innovative provision to meet emerging requirements or significant infrastructure investment e.g. HS2/3 Academy, Metrolink extension, Airport expansion etc.*
- *Upgrade of facilities for higher level or specialist training within manufacturing or other growth sectors*
- *Expanding provision to meet emerging markets e.g. digital skills*
- *Upgrade of science and technology laboratories, engineering workshops to industry standards*
- *Facility improvements in vocational work environments e.g. high tech life sciences industry*

Strand 2 - Smaller investment Projects up to £1m

This strand will support small capital investment projects for purchase of industry standard equipment or refurbishment and maintenance of existing buildings.

a. Up to date industry standard equipment

The GMCA recognises 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. This is particularly important to provide 'live' working environments for learners.

- Purchase of major equipment to deliver learning in priority sectors
- Development of 'Live environments'
- Consortia bids

- Min grant £100k (smaller grants will be considered if a strong case is made)
- Total project cost min £300,000 –max £1m
- Intervention rate up to 33%

Examples could be;

- *Updating items of equipment or facilities to meet industry standards in growth sectors e.g. new or refurbishment of technical laboratory, engineering and digital equipment or machines*
- *Purchase of equipment to deliver new forms of training demanded by employers and not currently available within GM*
- *Purchase of equipment allowing employer needs to be met via collaborative working to provide a shared asset across providers*

b. Refurbishment and maintenance

From time to time there will be requirements for smaller refurbishment projects to ensure that further education facilities continue to be fit for purpose, efficient and provide a safe environment for learners.

- Include refurbishment
- Total project cost min [£100k - max £1m]
- Intervention rate up to 33% (unless exceptional circumstances)

Examples could be

- *Major items of maintenance work on FE College or private provider learning facilities (rather than routine pre-planned maintenance)*
- *Better utilisation of classrooms and community space for the benefit of learners*
- *Major improvements to lighting, ventilation, and heating for the benefit and safety of learners*