Capital Specialisation Funds

Guidance Note for Completing the Detailed Application

Introduction

This guidance note sets out the capital project information needed for the assessment of all applications for LSC Capital Specialisation Funds – including the Regional Skills Capital Development Fund (RSCDF), the national Skills Capital Projects Fund (SCPF) and National Skills Academies (NSAs).

These funds provide capital support to a wide range of providers. The guidance below and the accompanying detailed application form have been designed to keep things as simple as possible for you, and also to provide us with the essential information we need to ensure that capital funds are invested to get the greatest possible benefit for learners and employers.

We will accept applications only from organisations the LSC has invited to submit applications. The application form is an Excel spreadsheet.

You need to answer all questions fully and accurately. You may be required to supply additional documents, as set out in the guidance below.

We will review your application along with the information you submitted previously (e.g. Expression of Interest, NSA Business Plan). The LSC will assume that the information you supplied previously is still current. You will be asked to include your original information on the application form.

The chart below (Figure 1) sets out the steps you will need to follow in order for your Detailed Application to be considered.

If you have any questions at any step, or suggestions to improve the process while enabling us to acquire the needed information, please contact your LSC director, manager or advisor.
<table>
<thead>
<tr>
<th>Stage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>You have received a letter from the LSC accepting your Expression of Interest (EoI) or Business Plan (BP) and inviting you to submit a Detailed Application (DA)</td>
</tr>
<tr>
<td>2</td>
<td>Provider discusses DA preparation with LSC manager and Regional Property Advisor, and agrees what information the DA will require.</td>
</tr>
<tr>
<td>3</td>
<td>Provider submits DA to its LSC manager by the expected date, as explained in your letter.</td>
</tr>
<tr>
<td>4</td>
<td>LSC acknowledges receipt of DA, and notifies when a decision is likely to be reached.</td>
</tr>
<tr>
<td>5</td>
<td>LSC assesses DAs and recommends projects for support to Capital Committee. Capital Committee confirms recommendations or returns DA(s) for further information or development.</td>
</tr>
<tr>
<td>6</td>
<td>LSC confirms outcome with applicants.</td>
</tr>
<tr>
<td>7</td>
<td>Provider receives grant letter from LSC and commences on the work.</td>
</tr>
<tr>
<td>8</td>
<td>Provider reports quarterly to LSC partnership / account manager on project progress during regular review meetings with LSC. Provider submits claims to LSC for payment of work undertaken.</td>
</tr>
<tr>
<td>9</td>
<td>On completion of project, provider submits annual reports against the measures and outcomes agreed in the proposal.</td>
</tr>
<tr>
<td>10</td>
<td>LSC compiles information from all projects for reporting to Regional Councils, National Capital Committee, National Council, DIUS and the Secretary of State</td>
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</table>
Section-by-Section Guidance

Each section below refers to the worksheet of the same name in the accompanying Excel file. For example, ‘Applicant Information’ is the first section below and corresponds to the first worksheet in the Excel file (‘Detailed Application Specialisation Capital’).

1 Applicant Information

Detailed instructions are in the Margin Notes. It is very important that all information is accurate and current. At the end of this section you need to accurately state the revenue the LSC has allocated you for 2009-10.

In most cases we would expect at least 50% of your annual income to be in the form of LSC recurrent mainstream funding. This is to ensure that LSC provision is a significant part of the organisation’s work. If this is not the case then you will need to explain why your application should be considered, having previously been discussed with the LSC Partnership Manager.

In some cases the LSC may vary this requirement. For example, a Third Sector organisation or employer may qualify if its LSC income is lower than 50% of its annual turnover, but where it has a strong educational case and receives sufficient learning-related annual income to demonstrate that the proposal is sustainable and that the main purpose of the proposal is to support LSC-funded provision and learners. The LSC will review unusual applications case-by-case.

2 Educational Case

Please explain the in a narrative form the information listed below. You should draw on the information you supplied in the Expression of Interest.

- the main aim of the project – what you hope to achieve, including the specific curriculum areas that will benefit; why the project is needed;
- what you hope the project will achieve; describe the strategic aims;
- increasing participation – identify the types of learners, their ages, the provision (i.e. which programmes – E2E, Apprenticeships …) – and how the project will attract and retain more learners;
- improving progression pathways for learners of all ages, as part of a network of specialist providers working in partnership with others such as schools, colleges, universities, local authorities and employers;
- supporting plans and actions, including those led by other organisations, which aim to reduce socio-economic deprivation and improve social cohesion through co-ordinated regeneration work;
- improving opportunities for disadvantaged learners, in terms of all aspects of access, teaching methods, learning styles, learning support and learner support (part of the proposal will include a full impact assessment which will include impact on learners of the provider, impact on learners of other providers and impact on the community-at-large); and
- how the project addresses the LSC regional commissioning priorities.
Follow the instructions in the Margin Notes. It is extremely important to have the learner data in the correct cell, so please note the following:

- Use Standard Learner Numbers (SLNs) wherever possible. SLNs are essential for most provision. Some provision (e.g. 14-16) does not use SLNs, so please calculate learner FTEs for that provision. For the purposes of your project planning and for this application, we will accept total learner FTES for 14-16 provision and some adult provision. Contact your manager if in doubt.

- If you have several types of learners, please ensure you count a learner only once in the most relevant cell. Normally this would be the cell that describes the main funding that the learner generates for the provider. Count separately learners who progress from one programme to another – for example from E2E to Work-based Learning, or from nextsteps IAG to Adult Learner Responsive.

- Only enter your total SLNs for 16-18 LR (Learner Responsive). The total will include E2E (Entry to Employment) and will exclude Apprenticeships (which are included in ER).

- You only need to enter your total ER (Employer Responsive) SLNs. Your total will include some or all of:
  - 16-18 Apprenticeships
  - 19-24 Apprenticeships
  - Apprenticeships of Adults
  - Train to Gain

- You only need to enter your total ALR (Adult Learner Responsive) SLNs. This total will include:
  - Fully-funded and part-funded ALR and Adult Priority Learning

- You only need to enter your total ASL (Adult Safeguarded Learning) SLNs. This total will include:
  - ASL
  - Personal and Community Developmental Learning (PCDL)
  - Neighbourhood Learning for Deprived Communities (NLDC)

4 Confirmations

You need to confirm the following information. You should have already done this on the EoI. Reconfirmation is required in case your situation has changed.

- No other capital funding: You need to declare that your project is not eligible for any other LSC, DIUS, DCSF or HEFCE capital funding, except for contributions identified. This is to ensure that your project is funded only once from one source.

- No quality or financial impediments: You need to declare that there is no Notice to Improve, Minimum Level of Performance notice, qualified LSC
Provider Financial Assurance report, or audit, or any other quality concern for the area of specialisation under consideration.

- Your business plan: Confirm that the project is included in your business strategy and/or plan.

- Evidence of Need: Identify the strong evidence of the need for the project, validated or supported by its market analysis, employers, Sector Skills Agreements, inspections, Multi-Area Agreements, Local Area Agreements and/or other relevant organisations;

- Commitment to staff development: Confirm that your organisation has signed the Skills Pledge, or its equivalent, and is actively implementing a staff development programme;

- Explain how your organisation helps people in deprived communities raise skills levels to improve their employability; and

- Employer Responsiveness: State whether you have achieved, or has applied for, the Training Quality Standard, where the proposal develops specialist employer responsive provision. Some providers that focus on other specialist areas, such as engaging adults in learning away from the workplace, may propose other relevant standards which support the quality of their work with other organisations.

5 Cost and Funding

You will need to have agreed with your LSC director / manager the level of LSC support for which you are applying. Grant support amounts and percentages cannot exceed those specified in the Capital Skills Prospects for the fund to which you are applying.

Provide confirmation that the non-LSC funding for the project is available.

If relevant, provide details of all proposed loans for the project: type of loan, repayment period, interest rate(s), annual cost, status (secured/unsecured). Provide details of any proposed security and conditions required by the lender. Please attach any letter of intent from proposed lender(s).

If relevant, provide details of any financing arrangements (lease/rental payments/lease term/other main terms of proposed arrangements). Please attach any letter of intent from lenders, or potential private investors as appropriate.

6 Space Utilisation

Depending on the size and scope of your project, you may not need to supply this information. If in doubt, you will need to agree with your LSC manager if this information is needed. Floor plan information is required for all proposals for funding buildings and building improvements. Building improvements may result in a reduction of floor space, as a result of improved organisation and better use of technology. Projects are not required to show an increase in space; reductions are valid changes and can show improved efficiency.

The purpose of this section is to summarise the changes to your floor plan, and to ensure the proposed new building is appropriate for the number of learners and type of provision and that the proposal meets the LSC space allowances.
7 Cost Breakdown

This is the estimate of the cost of each of the elements of the works. If there is more than one building within the proposal then a separate form needs to be completed for each building.

Project applications will be assessed to ensure that they have sought to maximise value for money by competitively tendering projects and by taking appropriate advice on the form of contract and these issues in general. Projects will be assessed to make sure that the overall estimate of project cost (including fees) and the elemental cost breakdown are commensurate with schemes of a similar nature elsewhere and are likely to offer value for money both in the initial procurement and in the subsequent management and operation of the resulting asset.

If the project only consists of the purchase and installation of equipment and does not relate to the construction, remodelling or refurbishment of a building then this section does not need to be completed.

8 Equipment

Please provide a list of all the equipment included within the proposal and the estimated cost of each item of equipment. Note whether the equipment is to be purchased or donated (see Margin Notes).

9 Project Management

The project application should confirm arrangements for:

- project oversight;
- dedicated project administration;
- availability of adequate professional expertise, including legal advice as appropriate;
- appropriate financial control;
- appropriate supervision of works including compliance with the Construction (Design and Management) Regulations 1994 (CDM) and the Control of Asbestos at Work Regulations 2002 (CAW) and other relevant legal requirements;
- how continuity of provision for learners will be maintained.

Efficient project administration and control arrangements are essential if proposals are to avoid cost over-runs and operational difficulties caused by the late completion of projects. It is vital that a clear project administration and management structure is identified and adopted at the outset.

State the proposed or actual form of project procurement/building contract (for example management contracting, design and build, Partnering etc).

Explain the reasons for the choice of procurement route.

Confirm the source of professional advice, which led to the choice.

In assessing project applications the LSC will check that the proposed or actual method of procurement and form of contract documentation is appropriate to the building project and procurement programme proposed. It will also check that the provider has taken appropriate professional advice in establishing the method of
procurement and the appropriate form of contract documentation. This applies to larger projects; for smaller projects in-house expertise may suffice, but you need to explain how you have reached your decisions.

Provide a copy of the programme of works for the building contract, if appropriate.

Providers are reminded of the need to comply with the procurement directive issued by the European Commission which requires the advertisement of qualifying building projects and consultancy appointments in the Official Journal of the European Union (OJEU) before tenders are invited and contracts let or consultants appointed. As at January 2008, the tender threshold for works above for which advertisement in the OJEU is mandatory is approximately £3.49 million and approximately £139,000 for consultancy appointments.

Complete the table entitled Pre-Contract and Construction Programme. The contract programme should give information on the pre- and post-contract periods, including the anticipated start on site and completion dates.

Provide in your project proposal a list of the main equipment to be acquired as part of the project.

10 Consultants

Larger projects will require the support of consultants; smaller projects may not. If appropriate for your project, please complete the Project Consultants table to explain the arrangements for managing and administering the project. If you have not used consultants, you can leave this section blank. But you will need to have satisfied your LSC Manager and Regional Property Advisor that you are working on the best information and advice. You will need to have explained this in the previous section.

11 Other Information

Investment Appraisal

All applications where the total cost of the project is greater than £500,000 will be required to complete an investment appraisal and submit it with the application form. The investment appraisal template for capital specialisation funding, including instructions on how to complete the form can be found at http://propertyservices.lsc.gov.uk/specialisation/.

Please follow the guidance that accompanies the investment appraisal forms.

The LSC will consider whether:

- the project secures a satisfactory net present value (NPV)
- the planned profile of expenditure has been realistically assessed
- the income assumptions are reasonable
- the expenditure and running costs of the proposed new building are reasonable.

Risk Management Plan

Please attach a risk management plan for the project.

The risk management plan will be assessed to determine to what extent the provider has identified and addressed the main risks to successful implementation of the project. At minimum, your Risk Management Plan needs to identify the main risks that could prevent your project from succeeding, and your contingency plan to mitigate each risk.
Design, Planning and Sustainability

If relevant, please provide copies of the plans of the proposed building work and copies of architect’s drawings. This will only apply to those projects which involve the construction of new buildings or significant refurbishment or remodelling of an existing building.

All applications for major works should be progressed so that they are at least at RIBA Design stage B / stage C.

The LSC will not specify design guidelines for proposals that come forward to the RSCD Fund for approval.

For those applications to the SCP Fund, please consult with the LSC Regional Property Advisor as to the exact information that is required.

Where the project involves new build, please confirm the type of construction planned.

Please provide a summary of the current position relating to planning consent, if required. If planning permission has not been obtained and is required please confirm when it is due to be obtained. If appropriate please provide a copy of the planning consent or letter from the planning authority.

This section is intended to ensure that the applicant has properly researched the potential planning requirements for any particular project application and has either obtained appropriate planning consent or can reasonably assume that such consent will be forthcoming.

Local planning authorities may impose obligations, which must be fulfilled as a condition of the consent. The proposal must ensure that such conditions have been properly identified, anticipated and, if appropriate, the costs identified.

If your proposal involves new build, or substantial renovations, please confirm how the project takes account of government and LSC policy on sustainable development by providing a sustainability statement.

A sustainability statement should list the elements of the proposed building that address the sustainability agenda. Please note that, wherever practicable, the LSC expects that the new build projects in which it invests should achieve an ‘Excellent’ or ‘Very good’ BREEAM (Building Research Establishment Environmental Assessment Method) rating.

12 Declaration

The application form must be signed and dated by the chief executive of your organisation or, in the case of a consortium, the chief executive of the lead provider.

Please submit your application in the following ways:

- email the completed Excel workbook to your lead LSC contact
- post three copies of all the forms and requested attachments to your lead LSC contact. See the Checklist below to ensure you have included all necessary attachments.

13 Checklist

Ensure you have included all attachments required in your posted return.