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# North of Tyne UK Shared Prosperity Fund

## People and Skills (2024/25)

### Open Call Application Guidance

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## Open Call Application Guidance

- 1.1. The North of Tyne Combined Authority (NTCA) is inviting applications from organisations for provision related to our UKSPF People and Skills investment. We are interested in innovative proposals that focus on providing both economically inactive and unemployed residents with support to move towards work, into work, and within work. Further information on the NTCA's People and Skills Investment is included the 'UKS PF People and Skills Specification' separately attached.
- 1.2. You are required to submit your application in the form of a Business Case and supplementary annexes. Applications must meet the specification, failure to do so will result in your application being excluded and not evaluated further. It is essential that you comply with the following instructions in the preparation and submission of your application. NTCA reserves the right to reject any application that does not comply with these instructions.
- 1.3. Applications must be received by noon on Friday 15<sup>th</sup> December 2023. Any application not fully completed, or submitted after this date and time, will be disregarded by the assessment panel.
- 1.4. Applications must be submitted electronically to [peopleskills.ukspf@northoftyne-ca.gov.uk](mailto:peopleskills.ukspf@northoftyne-ca.gov.uk), including the words "People and Skills Year 3 Investment" in the subject line.
- 1.5. If you have any questions about this application, please direct these to [peopleskills.ukspf@northoftyne-ca.gov.uk](mailto:peopleskills.ukspf@northoftyne-ca.gov.uk), including "People and Skills Year 3 Investment" in the title. Please note that any answers to questions raised during this application process, that are not commercially sensitive, will be published publicly on NTCA's website weekly as part of a question and answers document.
- 1.6. NTCA may accept the application at any time within this prescribed period. NTCA shall, however, not be bound to accept any application. Your application must be completed in full and in English. Your application must be submitted in Microsoft Word. Your application must be signed and dated where required.
- 1.7. If your application is deemed successful, you will be required to enter into a Grant Agreement with NTCA. The Grant Agreement shall incorporate the terms and conditions published with this guidance.

## 2. Specification

- 2.1. Please see Specification document in the suite of documents for this Open Call on the North of Tyne Combined Authority website, under [UKSPF Funding Opportunities and Calls for Proposals](#).

## 3. Application Evaluation and Selection Process

- 3.1. The evaluation in this Application is undertaken in stages, as follows:

**Stage 1:** Evaluation of the Applicant's response to the Call Specific Eligibility Criteria in Section 1.1 of the Business Case. Applicants will either Pass or Fail at Stage 1. (See section 7 of this guidance for further details).

**Stage 2:** NTCA will undertake due diligence on applications prior to submitting them to

the assessment panel. Clarifications may be sought at this stage, if required (see section 5 of this guidance for further details).

**Stage 3:** Applications will be evaluated by the assessment panel using the criteria and designated weightings set out below in section 4.

**Stage 4:** All lead organisations will be invited to attend an in-person interview with the assessment panel on either the **10<sup>th</sup> or 11<sup>th</sup> January 2024**. Applicants should hold these dates in calendars. However, depending on the number of applications received NTCA reserve the right to shortlist applications based on the final assessment score.

**Stage 5:** Recommendations for final decision will be made by the assessment panel prior to an award of funding.

3.2. The information supplied by Applicant's in response to the assessment criteria will be evaluated by NTCA using the criteria and designated weightings as set out below.

#### 4. Application Award Criteria

| Award Criteria for Business Case                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Percentage Weighting |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| <p><b>Business Case Assessment</b></p> <p>The Applicants' responses to each of the Business Case Assessment questions 1 to 8 will be evaluated and a score from 0 (zero) to 4 (four) in accordance with the Scoring Criteria (set out in Section 9 below) will be allocated to each response. Each score will then be weighted in accordance with the weightings allocated to each question, such that the total weighting applied to the Business Case Assessment shall be that stated in this table.</p> |                      |
| Question 1: Project Overview (section 1.2)                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 25%                  |
| Question 2: Outputs, Outcomes and Value for Money (section 3)                                                                                                                                                                                                                                                                                                                                                                                                                                              | 20%                  |
| Question 3: The Inclusive Economy Case (section 4)                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 10%                  |
| Question 4: The Commercial Case (section 5)                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 5%                   |
| Question 5: The Financial Case (section 6)                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 15%                  |
| Question 6: The Management Case (section 7)                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 10%                  |
| Question 7: Record of Delivery (section 8.1.1)                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 10%                  |
| Question 8: Added Value (section 8.1.2)                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 5%                   |
| <b>Total weighting</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>100%</b>          |

#### 5. Clarifications

5.1. NTCA reserves the right to make an award decision without holding any clarification meetings with Applicants. Where clarifications are clearly identifiable, applicants will be emailed clarification questions. Where there are similar areas of clarification across multiple project submissions, all applicants will be contacted and asked the same question to ensure transparency and equality of opportunity.

5.2. In the event that clarifications are required, clarifications will not be scored, but the

results of the clarification will be used to amend application evaluation scores in relation to relevant parts of an application. Clarifications will not be requested where average panel scores are zero.

- 5.3. The assessment panel submits recommendations for final decision after clarifications and there are no grounds for appealing final decisions prior to award of funding.

## 6. Allocation Process

- 6.1. The highest ranked Applicant(s) will be considered for the award of a grant agreement, subject to the appropriate coverage of project outcomes, geographical location, target groups and successfully passing the due diligence process and having sufficient capability and capacity.
- 6.2. From the initial submissions received, if NTCA do not have sufficient coverage of project outcomes, geographical location and target groups then NTCA will enter into clarifications with bidders to discuss their initial submission and ensure that there is sufficient coverage of project outcomes, geographical location and target groups. As described above, this will be done on a ranking basis.
- 6.3. NTCA will use the overall Final Evaluation Score obtained through Questions 1-8 in the evaluation process to prioritise allocations for provision. Overall scores will be ranked from highest to lowest and grant agreements will be awarded on this basis until it is no longer possible to award any more agreements within the indicative total funding value of £7.4m. NTCA reserve the right not to allocate the full indicative funding value.
- 6.4. Where two or more Applicants have identical scores for Questions 1-8, and the NTCA budget will not allow for all of those Applicants to be awarded grant agreements, the unit price (cost per participant) will be used to shortlist / select projects. This will be done by strand and on a ranking basis, with the lowest unit cost ranked 1 etc.

## 7. Eligibility Assessment

- 7.1. All applications will be assessed against the core eligibility criteria for the call. Applications which do not meet the eligibility criteria will not progress to the next stage of the assessment process.

| Question                    | Guidance                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|-----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Lead organisation           | To be eligible for funding, a lead organisation must be identified. If the application is successful, then NTCA will enter into a Grant Funding Agreement with this lead organisation only. NTCA will then expect lead organisations to enter into subsequent agreements with Delivery Partners, as detailed in section 17.2 of this document.                                                                                                       |
| Geographic area of delivery | Please describe where your project will be delivered e.g., Across the entire North of Tyne area; across the entire Local Authority area/s of Newcastle, North Tyneside and / or Northumberland; focused on specific wards / areas within a Local Authority area.<br><br>All delivery must be within the North of Tyne Combined Authority area – a post code check link is included in the Output and Outcomes Definitions document (see section 19). |
| Estimated                   | Projects should have the ability to start delivery by, at the latest, 1 <sup>st</sup> April                                                                                                                                                                                                                                                                                                                                                          |

|                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| start date              | 2024                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Estimated end date      | All activity and spend must be complete, and outputs and outcomes achieved, by 31 <sup>st</sup> March 2025                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| UKSPF funding request   | The minimum grant request is £500,000, and the maximum request is £1.5 million                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Employment Partnerships | All successful applicants will be required to actively work with the relevant Employment Partnership/s (in Newcastle, Northumberland and / or North Tyneside) to ensure UKSPF funded projects add value to, and do not duplicate, existing activity. This could include, for example, regularly attending Employment Partnership meetings; providing regular update reports on progress and delivery; ensuring activity can be targeted to address gaps and / or identified needs; referring beneficiaries to partner provision as appropriate; accepting referrals from partner organisations.<br><br>NTCA will facilitate an introductory meeting between the Employment Partnership Coordinators and successful applicants during the project mobilisation period. |

## 8. Business Case Assessment

- 8.1. Applicants must submit responses to each section of the Business Case. Applicants are not permitted to append any additional appendices that have not been issued or requested by NTCA. Any appendices submitted that were not issued or requested by NTCA will not be taken into account by the panel when evaluating. NTCA has the absolute discretion to disregard any appendices, either in part or in full, that contain information that is not relevant supporting information.
- 8.2. Responses to the Business Case Assessment questions set out in section 4 of this guidance document will be scored on a grading system from 0 (zero) to 4 (four) and that score shall then be weighted in accordance with the percentage weighting allocated to the individual question. If a section averages a zero score the assessment panel will cease assessing and dismiss the application as not meeting the minimum threshold.

## 9. Scoring Methodology

- 9.1. Business Case Assessment question scoring methodology:

| Scoring criteria            |                                                                                                                                                                                                                                                                                                                     |           |
|-----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| Assessment                  | Interpretation                                                                                                                                                                                                                                                                                                      | Max score |
| <b>Unacceptable</b>         | Does not meet the requirement. Does not comply and/or insufficient information provided to demonstrate that the supplier has the ability, understanding, experience, skills, resource & quality measures required to provide the supplies, with little or no evidence to support the response.<br>OR<br>No response | 0         |
| <b>Serious reservations</b> | Satisfies the requirement with major reservations. Considerable reservations of the supplier's relevant ability, understanding,                                                                                                                                                                                     | 1         |

| Scoring criteria          |                                                                                                                                                                                                                                                                                                                                          |           |
|---------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| Assessment                | Interpretation                                                                                                                                                                                                                                                                                                                           | Max score |
|                           | experience, skills, resource & quality measures required to provide the supplies, with little or no evidence to support the response.                                                                                                                                                                                                    |           |
| <b>Minor reservations</b> | Satisfies the requirement with minor reservations. Some minor reservations of the supplier's relevant ability, understanding, experience, skills, resource & quality measures required to provide the supplies, with little or no evidence to support the response.                                                                      | 2         |
| <b>Acceptable</b>         | Satisfies the requirement. Demonstration by the supplier of the relevant ability, understanding, experience, skills, resource & quality measures required to provide the supplies, with evidence to support the response.                                                                                                                | 3         |
| <b>Good</b>               | Satisfies the requirement with minor additional benefits. Above average demonstration by the supplier of the relevant ability, understanding, experience, skills, resource & quality measure required to provide the supplies. Response identifies factors that will offer potential added value, with evidence to support the response. | 4         |

## 10. Assessment Panel

10.1. The assessment panel will individually score responses to the Business Case Assessment questions in accordance with the above procedure, after which, the panel will come together to moderate and produce a single score for each Applicant's response to each question.

## 11. Terms and Conditions

11.1. NTCA will issue a Grant Funding Agreement to be signed by both NTCA and the successful applicant.

## 12. Application Response

12.1. You must complete all sections of the Application.

12.2. NTCA reserves the right to reject any Application that is not fully completed.

## Open Call Additional Guidance

### 13. Expenditure

13.1 Eligible Expenditure Date: The earliest date for eligible spend is the 1<sup>st</sup> April 2024. Projects can spend at risk from the date of approval when the project is accepted onto the programme.

13.2 Verification: Project applicants must be able to provide an audit trail to evidence that expenditure has been incurred and defrayed (paid out of the applicant organisation's

bank account). As part of the quarterly claims process, NTCA will undertake a minimum sample check of 5-10% of expenditure, selecting a number of transactions from each claim. Recipients will be required to provide supporting evidence to verify expenditure. Evidence will include but is not limited to:

- Invoices
- Payslips
- Screenshots of finance systems
- BACS statements
- Bank Statements

## 15 Costs

15.1 It is important to define the types of costs within a project and ensure that there is no overlap between the types of costs to avoid any costs being double funded e.g. wrongly classified as direct (and included as such) when in fact they are indirect and already covered by the flat rate. To avoid the risk of double funding NTCA requires a granular budget to be submitted as part of the Finance and Output Tables Appendix to demonstrate the applicant's methodologies for calculating project costs. Please note the following definitions apply.

15.2 Direct Costs: All eligible costs **other than direct staff costs** which are essential for the delivery of the project. This includes (but is not an exhaustive list):

- Premises costs and associated running costs which are exclusively used for the project – that is to say costs that are not shared or apportioned across multiple projects.
- Equipment used exclusively for project purposes.
- Materials and consumables purchased solely for project activity.
- Other costs such as marketing, publicity, and evaluation where these can be clearly identified and directly attributable to the project.
- Stipends, as these are not salaries associated with a contract of employment but a living allowance – these could be agreed as an eligible direct cost where the payment relates to a period of time within the project lifetime and the student is required to carry out a piece of work which directly relates to project activity.
- Procured goods/services/works (used exclusively by the project) essential for the delivery of project activity.
- Cost of business trips, other travel, and subsistence.

15.3 Indirect Costs: Any costs which do not fall within the direct staff costs category, or other direct costs categories, are indirect costs and will be claimed using a flat rate. Such costs do not have to be individually identified or listed within an application. Indirect costs, often referred to as 'overheads' are those costs which are linked to activity that supports the delivery of a project but cannot be easily attributed to the project in terms of the actual specific cost and cannot be evidenced by invoices or other transactions.

Such costs include:

- Support from non-public facing staff, not engaged in activity directly related to the implementation and management of the project (i.e. HR, payroll support).
- Other costs which are not solely associated with the delivery of the project, such as the shared premises costs including rent, utilities, cleaning, IT maintenance or insurance. This means that unless a premise is used for only the project outlined

in the business case then the costs would be derived from the 15% flat rate. There is no apportionment methodology to share the cost of premises and running costs amongst projects as a direct cost.

- Costs of services, equipment or assets not exclusively used by the project where an actual specific cost cannot be identified.

15.4 Calculating Indirect Costs: A project will essentially contain up to three types of costs:

- Direct Costs: costs which are directly related to the delivery of the project activity. These costs are not calculated with the flat rate and the rate is not applied to them. They will be subject to audit and must be capable of being traced back to original actual cost-based transaction.
- Direct Staff Costs: the salaries and on costs for those staff engaged in activity directly related to the implementation and management of the project. This is the cost driver for the flat rate, e.g., the set indirect rate % is applied to these costs to calculate the eligible indirect costs.
- Indirect Costs: a figure arrived at by applying the set flat rate % to the direct staff costs, this figure will then be used to cover those costs which are not or cannot be connected directly to the project activity and an exact actual cost cannot be attributed to the project.

15.5 Indirect costs are calculated by applying the set flat rate % to direct eligible staff costs. Using the flat rate applicants *only* need list direct staff costs and other direct costs. *There would be no need to identify, cost out or list indirect costs.* They would be included in a cost schedule as:

**Indirect costs (£) = Direct Staff Costs x set indirect rate%**

15.6 In such cases the actual indirect costs are not auditable at all – only the direct staff costs (used to calculate the indirect costs) and the other direct costs would be checked and verified.

15.7 Ineligible Revenue: The following individual revenue costs are not eligible for support:

- Notional costs, e.g., where an item usually retails at £x, but the applicant buys it cheaper but claims the difference between the price paid and £x.
- Payments for activity of a political or religious nature
- Payments for works or activities which the applicant, delivery partner or end beneficiary has a statutory duty to undertake, or that are fully funded by other sources
- Provisions, e.g., money set aside to pay for future events e.g., sink funds
- Contingencies and contingent liabilities
- Dividends
- Interest or service charges arising on debt incurred including finance leases, hire purchase, and credit arrangements
- Costs resulting from the deferral of payments to creditors
- Costs involved in winding up of a company
- Payments for litigation, unfair dismissal or other compensation
- Costs incurred by individuals in setting up and contributing to private pension schemes
- Compensation for loss of office
- Payments for gifts and donations



- Entertainment apart from food and non-alcoholic drink provided for a meeting
- Statutory fines and penalties
- Criminal fines and damages
- Legal expenses in respect of litigation

15.8 This list is not exclusive and any queries about the eligibility of costs not included in the list above should be addressed to NTCA

## **16 Document Retention**

16.1 Project applicants need to ensure robust systems are in place to record and retain project records. This includes but is not limited to financial and procurement information, output and outcomes data, publicity and communication material and evidence of compliance with subsidy control. Project applicants must retain all project related documentation for a period of seven financial years following the financial completion of the project. This would translate as a document retention period ending no earlier than March 2033. Project applicants are advised not to destroy any project records without seeking permission of the Combined Authority first.

## **17 Delivery Partners**

17.1 NTCA encourages collaborative projects and the inclusion of delivery partners within project applications. Delivery partners are defined as organisations that support the lead applicant to deliver the project and actively undertake activity and incur and defray expenditure on behalf of the project. All delivery partner costs should be included in the project budget, and it is expected that delivery partner expenditure will be claimed at cost, in line with agreed processes set out in the business case.

17.2 It is the responsibility of the lead applicant to verify costs and outputs of delivery partners. Lead applicants are expected to enter into partnership agreements or SLAs with delivery partners that pass down the terms and conditions of the NTCA UKSPF Grant Funding Agreement.

17.3 Any organisation that is charging a fee for a service must be procured and would not be considered a delivery partner.

## **18 Match Funding**

18.1 Whilst UKSPF does not require match funding, leverage of match funding is encouraged to demonstrate added value for money. All match funding must be auditable and attributable. Therefore, match funding for projects must relate to actual project expenditure. There is no fixed proportion of match funding.

18.2 Match funding can be provided from the applicant, delivery partners, or third parties such as businesses or other funding bodies. Applicants must be able to provide evidence (e.g. award notification letter) to NTCA that match funding is secured prior to the project commencing. Loans from banks, building societies etc may also be used as match funding. The loan should be secured prior to contracting to ensure project delivery in line with the agreed timescales.

## **19 Outputs and Outcomes**

19.1 Output and outcome measurements are a key accounting tool to measure the impact

of the UKSPF programme. The UKSPF People and Skills Outputs and Outcomes definitions have been provided to support applicants to set appropriate output and outcome targets and provide verification criteria. The Output and Outcome Definitions document can also be accessed here: [UKSPF Output Outcome Guidance V1 - NTCA \(northoftyne-ca.gov.uk\)](https://www.northoftyne-ca.gov.uk/ukspf-output-outcome-guidance-v1)

Applicants should ensure appropriate systems and processes are put in place to:

- Collate claim documentation and supporting evidence
- Compile data for statistical analysis or evaluation
- Track progress against contracted output targets

19.2 Output and outcome measures need to be defined during both project design and delivery. Care should be taken to:

- Understand the resources needed to manage and collate the outputs
- Develop systems and processes that capture project outputs and results
- When designing projects, applicants must consider which outputs and outcomes are relevant to the type of activity you intend to deliver.

19.3 The UKSPF Outputs and Outcomes associated with this programme are listed in Annex A – UKSPF People and Skills Finance and Outputs tables. The primary outputs and outcomes are associated with UKSPF Intervention E33. Providers may also deliver and report on outcomes and outputs associated with Interventions E34 and E35.

- Applicants should complete the tables in the UKSPF Outputs & Outcomes tab with the projected outputs and outcomes that you intend to deliver. Applicants are not required to deliver against every output and outcome. The outputs and outcomes selected should be aligned with your responses to Question 2 in the Project Application Form.
- For outcomes and outputs that are applicable to multiple interventions (e.g. Number of people experiencing reduced structural barriers into employment and into skills provision), if you intend to deliver these outputs and outcomes please only include values under one intervention.
- Applicants should read the output and outcome definitions (including the applicable unit of measurement) provided carefully before completing the tables.
- Approval of contracted outcomes and outputs will be agreed between NTCA and successful applicants and will remain subject to the publication of further government guidance.

19.4 Other/Non-Quantifiable Benefits/Outcomes: Beyond the standard outputs/outcomes recognised by UKSPF, your project may also offer additional benefits. These will be improvements that result from an outcome and provide an advantage to beneficiaries but that aren't represented in the UKSPF Outputs and Outcomes Definitions. Including additional benefits in your business case also contributes to the added value of the proposed project.

## **20 Participants: Right to Work in the UK**

20.1 To be eligible for this activity all participants must be able to prove the right to work in the UK. To ensure the participant meets these criteria, the participant must provide appropriate evidence.

20.2 For further details regarding the 'right to work' in the UK please see the links below.

This guidance explains what employers must do to prevent illegal working in the UK by carrying out right to work checks on people before employing them to make sure they are allowed to work.

<https://www.gov.uk/legal-right-work-uk>

<https://www.gov.uk/government/publications/right-to-work-checks-employers-guide>

<https://www.citizensadvice.org.uk/work/right-to-work-in-the-uk/check-how-to-prove-your-right-to-work-in-the-uk/>

- 20.3 **Asylum seekers** are eligible to receive funding if they:
- have lived in the UK for 6 months or longer while their claim is being considered by the Home Office, and no decision on their claim has been made, or
  - are receiving local authority support under [section 23C](#) or [section 23CA of the Children Act 1989](#) or the [Care Act 2014](#)

An individual who has been refused asylum will be eligible if:

- they have appealed against a decision made by the UK government against granting refugee status and no decision has been made within 6 months of lodging the appeal, or
- they are granted support for themselves under [section 4 of the Immigration and Asylum Act 1999](#), or
- are receiving local authority support for themselves under [section 23C](#) or [section 23CA of the Children Act 1989](#)

## 21 Payment in Arrears

- 21.1 NTCA's UKSPF claim process operates quarterly in arrears with projects able to claim for actual expenditure on project activities on a quarterly basis after the money has been spent. Applicant organisations are required to cashflow project activity; this needs to be factored into project planning and financial profiles included within the project application. NTCA shall withhold 10% of the project value until all necessary checks have been undertaken and the project can be satisfactorily closed.
- 21.2 If the project cannot be delivered on this payment basis, please contact the NTCA via the [peopleskills.ukspf@northoftyne-ca.gov.uk](mailto:peopleskills.ukspf@northoftyne-ca.gov.uk) mailbox to discuss alternative options. Contact must be made during the development stage of your application. Any alternatives are at the discretion of NTCA are subject to due diligence and may be withdrawn at any time.

## 22 Procurement

- 22.1 All costs claimed by the lead applicant and/or named delivery partners must be on an actual cost incurred basis. Where the grant is to be used to procure third party contractors, all costs must be incurred in compliance with the following minimum standards:
- The lead applicant must ensure that the procurement of all contractors is transparent and demonstrates value for money.
  - Where the lead applicant is a contracting authority, they must ensure that all procurement activity complies with Public Procurement Law (currently contained in the Public Contracts Regulations 2015).

- Where the lead applicant is not a contracting authority, they must comply with the minimum procurement procedures as set out below.
- All other applicable laws to the activity undertaken, including without limitation Modern Slavery Act 2015, IR35 (Intermediaries Legislation), Equality Act 2010, Subsidy Control Act 2022, etc; and
- Other compliance areas such as Fraud Risk Assessment and Due Diligence.

22.2 The procurement and appointment of all contractors to be funded by the proposed grant will be subject to audit and verification and any irregularity will result in a financial penalty of up to 100% of the grant paid.

- 22.4 Grant recipients should also consider and implement wherever possible:
- sustainability and green measures in procurement plans, aligned with the government's net zero strategy.
  - innovative procurement, including the factoring in of social value into procurement; and
  - government initiatives, guidance and policy such as the Sourcing and Consultancy Playbooks, Construction Playbook, the Outsourcing Playbook and government guidance on Resolution Planning.

22.5 Minimum Procurement Procedure for Non- Contracting Authorities

| <b>Value of contract</b> | <b>Minimum procedure</b>                                                                    |
|--------------------------|---------------------------------------------------------------------------------------------|
| £0 - £9,999              | 1 Quote / Direct award                                                                      |
| £10,000 - £50,000        | 3 written quotes or prices sought from relevant suppliers of goods, works and / or services |
| Over £50,000             | Formal tender process                                                                       |

## **23 Revenue Funding**

23.1 Revenue expenditure is eligible where the activity fits within the scope a specific call for projects. Eligible revenue costs should fit within the following expenditure headings:

| <b>Expenditure Heading</b> | <b>Types of expenditure to be included</b>                                                                                                                                           |
|----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Salaries                   | Please see separate section below                                                                                                                                                    |
| Flat Rate Indirect Costs   | Please see separate section below                                                                                                                                                    |
| Travel & Expenses          | Costs for travel and expenses related to project staff and activity. This can include mileage and public transport costs in line with the applicant's travel and subsistence policy. |

|                         |                                                                                                                                                                                                                                                                                                                                                                      |
|-------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Accommodation Costs     | Accommodation costs such as rent or rates that can be directly attributed to the project. For example, if building is used solely for the purposes of the project, then the rent and rates for that building can be included in the project budget.<br><b>If costs need to be apportioned, then they should be covered by the flat rate indirect cost.</b>           |
| Materials & Consumables | Includes costs for specific materials, small equipment, and goods that need to be used and regularly replaced that are necessary for project delivery.                                                                                                                                                                                                               |
| Training                | It is expected that staff members should have the skills and experience to deliver the project, however this budget line covers any necessary training for staff skills and development that are absolutely necessary to deliver the project. Inclusion of training budget will be challenged during project appraisal to ensure it is additional and proportionate. |
| Marketing & Promotion   | Includes marketing costs such as press releases, social media, events, and publicity materials to promote project activity.                                                                                                                                                                                                                                          |
| Consultancy/ Legal Fees | Procured consultancy support to deliver specific aspects of project activity that cannot be undertaken by project staff. This can include legal fees where applicable.                                                                                                                                                                                               |
| Evaluation              | Costs associated with evaluation of project activity.                                                                                                                                                                                                                                                                                                                |
| Other Revenue           | Any other direct costs that do not clearly fit into the categories above. The business case or granular budget breakdown should provide details as what these costs include.                                                                                                                                                                                         |

23.2 Salaries: Costs associated with staff members employed to deliver project activity. Salaries included as project expenditure must be actual costs and cannot include day rates. NTCA may request that applicants use a simplified cost methodology to calculate salaries in order to standardise processes and reduce administrative burden on all sides.

23.3 The simplified cost methodology falls into three categories:

- Staff working 100% of their time on the project
- Staff working a fixed proportion of their time on the project (Fixed Hours)
- Staff working intermittently on the project (Hourly Rate)

23.4 Staff working 100% of their time on the proposed project can include their full gross salary within project claims. This will include gross salary (before deductions) plus on costs such as employer's national insurance contributions, employer's pension contributions, and any extra costs included within the employees' contract.

23.5 Fixed Hours: Staff costs related to individuals who work part of their time on a project may be calculated as a fixed percentage of the gross employment costs, in line with a fixed percentage of time working on the project per month, with no requirement to complete time sheets.

23.6 The employer must issue a document for employees setting out the fixed percentage of time for working on the project. This could be, for example, in the form of a job description or a letter from HR detailing the new contractual hours of work. The key requirement is that it must be formally documented. Personnel working flexibly across a number of projects where hours fluctuate would not be able to use this

methodology. They would need to keep detailed time sheets and use the 1720 hours calculation (see below).

- 23.7 The hourly rate is the cost per hour of a project staff member whose time needs to be recorded on time sheets because they are either:
- Do not spend 100% of their time working on the approved project (e.g., the activity covered by the relevant Funding Agreement) and do not work a fixed percentage of their time on the project
  - Work flexibly on more than one UKSPF funded project
- 23.8 The underlying principle is that the project pays for the hours of work it receives. It allows an organisation to make use of existing staff as well as newly appointed staff on a temporary or ad hoc basis whilst being appropriately compensated. If a member of staff is absent from work for whatever reason (including sick leave, maternity/paternity leave) the assumption is that hours of work required by the project would be covered by an alternative member of staff and thus paid at an agreed rate. Projects cannot claim for notional hours that might have been worked should an individual be absent from work.
- 23.9 The hourly rate is calculated by dividing the Latest Gross Annual Employment Costs by 1720. In the calculation, the 'Latest Gross Annual Employment Costs' refer to the individual's gross salary + Employer's National Insurance Contributions + Employer's Pension Contribution + any other contractual costs to the organisation relating to the post. 1720 hours assumes a working week of 33 hours – it therefore overcompensates by between 4 and 9 hours depending on an organisation's standard working week to take account of annual leave costs.
- 23.10 If individuals work part time, their hourly rate must be calculated by using a corresponding pro-rata of 1720 hours. This means that if an individual's working pattern is 0.5 FTE the gross employment costs would be calculated as follows:  $1720 \times 0.5 = 860$ .
- 23.11 Flat rate indirect costs refer to shared costs or overheads. These are genuine costs to the project but cannot be directly attributed or audited. Many organisations have complex methodologies for calculating and apportioning indirect costs, and these can be administratively burdensome to evidence and audit. Where applicants seek to utilise a flat rate to calculate indirect costs this should be calculated against direct staff costs only and not other direct project costs. The tracing/auditing of all costs to individual supporting documents is not required - this is the key point of simplified costs as it significantly alleviates the administrative burden.
- 23.12 Simplified costs: 15% Flat Rate. This rate may also be used for projects being supported under People and Skills.
- A 15% flat rate enables the calculation of **all indirect costs** attributable to a project without the need for complex apportionment or overhead methodologies or checking of evidence/audit trail associated with indirect costs. Use of the 15% rate permits other Direct Costs (Travel & Expenses, Accommodation Costs, Materials & Consumables, Training, Marketing & Promotion, Consultancy/ Legal Fees, Evaluation, Other Revenue) to be claimed.

## **24 Social Value**

- 24.1 In addition, the Social Value delivered through your project will be evaluated as a constituent part of your response within section 3 of the business case. Providers must consider Social Value in their proposals as set out below:
- 24.2 The Public Services (Social Value) Act places a requirement to consider how economic, environmental, and social well-being might be improved by what we're buying.
- 24.3 There are three categories – Social, Environmental and Economic, out of which fall several themes. The People and Skills investment delivers specifically on four of the Social Value Themes in varying extents:
- Social Value Theme 1: COVID-19 Recovery - Help local communities to manage and recover from the impact of COVID-19
  - Social Value Theme 2: Tackling economic inequality – Create new businesses, new jobs and new skills
  - Social Value Theme 4: Equal opportunity – Policy outcome: Tackle workforce inequality
  - Social Value Theme 5: Wellbeing – Policy outcome: Improve health and wellbeing.

## **25 Subsidy Control**

- 25.1 As a public authority, NTCA is required to comply with the new Subsidy Control Act 2022 (which took effect on 4th January 2023) when awarding funding or other support. Please note that, where a provisional decision is made to award support to your organisation, and NTCA considers that support may involve a subsidy, you will then be required to provide further information regarding the subsidy position of the project. Section 7.7 of the Business Case will need to be completed as part of the application process, to allow NTCA to assess the subsidy control position.
- 25.2 Please note that any funding decisions by NTCA will not be made until such times as a subsidy compliant route has been identified. Any provisional decisions remain entirely conditional on the subsidy control position being satisfactorily resolved prior to any final decision by NTCA to award any funding or support.