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To Chief Executives of all unitary and upper tier authorities and Chief Executives of Primary Care Trusts

INVITATION TO BID FOR SUPPORT FROM THE CROSS-GOVERNMENT CO-LOCATION FUND

The Children's Plan: One Year On document announced the creation of a dedicated fund of £200m to support the co-location of services. I am writing to you to invite bids for support from the Cross-Government Co-location Fund (the "Fund") for capital projects that will enable the co-location of two or more services for children, young people and families.

Co-location can make it easier and simpler for people to access the services they need and assist those services in working together more effectively and efficiently for the benefit of their users. There are also potential savings to be made from using facilities to the full and bringing together assets and functions. The Government expects agencies and authorities working within local areas to consider options for co-locating services when designing their capital strategies, in particular where such approaches will underpin more integrated models of service delivery. This is beginning to happen in some areas and in some sectors, but local partners report problems in persuading

stakeholders and in timely marshalling of funding from diverse sources. To encourage co-location, the Government proposes to invest in between 50 and 100 projects across the country. The supported projects will both benefit local people and enable others to learn from their innovation and practice.

We are now inviting bids from local areas for co-location capital projects, either small new projects or co-location developments within projects which are already being planned. The criteria for this funding are set out at Annex A; a key criterion is that projects must be deliverable during the financial years 2009-2010 and 2010-11 and co-located services should be in place in the new or refurbished facilities by September 2011. Beyond 2011, it is expected that co-location of services will be embedded in future capital programmes.

Applications should be able to provide evidence of how the proposed co-located services will contribute to improved outcomes for children, young people, families and local communities. Proposals should demonstrate how they can ensure sustainability and how the Fund's contribution will provide extra value to service delivery and local infrastructure which could not have been supported from other funding streams.

The Fund is intended to support a range of projects of two types. We expect that most of the Fund will be deployed to projects which have funding from other sources (including Government capital programmes); in such projects the extra resources from the Fund will encourage and enable co-location by, for example, unlocking investment or providing funds for cases where timetables for capital support do not coincide. We also expect some of the Fund to be deployed to small-scale stand-alone projects. We do not intend to use it as a sole resource for large-scale co-location projects.

We need to be sure that projects are the outcome of strategic analysis and decision-making across different services, so we ask for proposals to be submitted having been agreed by the Children's Trust Board or relevant organisations on the Children's Trust Board.

The background and criteria for the Fund and the arrangements for application are set out in the attached Annexes.

Applications received by 6th April 2009 can expect to receive notification of the Fund's decision on support at the latest by the end May 2009. Depending on the level of early demand, we expect that there will be a further round or rounds of invitations to apply to the Fund. In the event of over-subscription, however, the Fund will seek to support a range of projects that fulfil the criteria and provide a spread of diverse partners, locations and characteristics to ensure we maximise learning from the resources available.

I am copying this letter to all Directors of Children's Services, Finance Directors of Local Authorities, Government and Regional Offices,



Peter Houten

Director School Formation and Investment Group

Annex 1

Criteria and background information for applicants to the Cross-Government Co-location Fund

To all local authority Chief Executives and Chief Executives of Primary Care Trusts in England

Summary

1. This letter sets out the scope, background and criteria for applications from Children's Trusts to the Cross-Government Co-location Fund (the "Fund") for support for innovative local capital projects which enable the co-location of two or more services. Proposals should be sent to DCSF, the Government Department supporting and administering the Fund, at the address given below.

Purpose and scope of the Fund

2. The Cross-Government Co-location Fund is intended to support capital projects that enable the co-location of services.

3. This Fund will be specifically to assist local areas, where there is evidence of local partnership working, to move ahead rapidly on capital investment projects where the co-location of services will promote better outcomes for children and young people, their families and the wider community. The Fund will support projects that improve access for service users and assist integrated working between professionals which would not have happened without additional funding in 2009-2011.

4. The Fund will also seek to build the capacity of the "system" to enable similar projects to be developed in the future, and capture and disseminate the lessons learned from these projects in order to provide ongoing support to future co-location projects beyond the lifetime of the Fund. Projects supported by the Fund will be expected to actively contribute to capturing lessons and disseminating learning from their experience. They will also be required to provide a report to the Fund on the impact of the co-located services.

Background

5. Local partners and agents have reported on the complexity of accessing different funding streams, diverse sources of finance and differing requirements and timescales to support co-location projects. In addition, whilst agencies express support for the principle of co-location of services, their individual accountabilities drive them to decisions focused on service-specific targets, which tend to lead to single service solutions, rather than facilities that provide access to a range of services.

6. We know that a number of areas have experience in delivering such multi-agency facilities, on both a small and large scale. Capital investment in local health facilities has, for example, resulted in some groundbreaking examples of co-location. But there is not yet a culture of joint and shared planning amongst local partners. Through this Fund, the intention is to encourage co-location of services by offering appropriate financial incentives and supporting culture change.

7. By working in a cross-Government manner, this Fund also demonstrates central Government's commitment to bring about more integrated working between professionals supporting children and families, and also respond in innovative ways to the needs of local stakeholders to remove barriers to effective multi-agency working. It also complements existing central Government department investment programmes such as Building Schools for the Future and the NHS LIFT programme which have already proved to be valuable mechanisms for bringing partners together to develop co-located facilities.

8. In the longer term, Government will look to use the process underpinning the Fund to support the development of more coordinated and coherent capital programmes for the next spending review period so that this Fund is not required beyond April 2011.

Projects supported by the Fund

9. In general we expect partnerships to be centred on services for children, young people and their families, with involvement from two or more partners from education and wider children's services, early years provision, sport (including swimming and the Olympic legacy) health, youth support services, local housing, police, justice, play, recreation and leisure services. This is not a prescriptive list, however, and decisions on supporting applications will depend on the evidence provided of contribution to local need matched with Government priorities, partnership working, community involvement, regeneration and sustainability.

10. We would expect to see co-location projects on sites where universal service are already located (such as schools and primary health care services) helping children and families to access a range of services simply and directly. We expect many areas will wish to prioritise the co-location of those services that work on a face-to-face basis with children, young people, families and communities, either through adaptation of existing spaces in schools, health centres, youth centres or other community facilities, through development of new "one stop shop" type facilities¹, or through investment in mobile facilities (where such facilities will be regarded as a capital asset).

11. Existing DCSF capital programmes support a range of initiatives such as all-age schooling. The Fund will not, therefore, support co-location of primary and secondary schooling, the co-location of early years and primary education, early years education and childcare or secondary education and young people's FE. Projects which, however, bring in an additional cross-service input can qualify for support depending on their merits. Independent schools (except Academies) will not be eligible for support.

12. The intention instead is to provide an additional impetus to existing or planned projects where local partners are contributing or pooling their own funds. In practice, it is likely that projects will range from small refurbishment projects at neighbourhood level to significant contributions towards larger scale strategic / area wide investments.

¹ For further advice on models of "one-stop shops", applicants are strongly encouraged to seek advice from the Cabinet Office Service Transformation Team (bob.kamall@cabinet-office.x.gsi.gov.uk) and/or refer to IDeA's Front Office Shared Service project www.idea.gov.uk/idk/core/page.do?pagelId=6440077

Proposals for larger projects will, however, be considered on their merits. The Fund is unlikely to provide significant sums of funding for strategic area-wide investments that should be funded from other sources unless there are exceptional reasons to do so. Developments which are already receiving support from Government capital programmes are eligible although priority will be given to projects with co-funding from Children's Trust partners. (There will be no revenue funding available and local partners will need to assure themselves – and the Fund - of the long-term sustainability of proposals.)

13. Given that the timescale for delivery is limited, local areas should use established delivery mechanisms such as LEPs, LIFTCos (where these are in place) or other arrangements developed through mechanisms such as Regional Improvement and Efficiency Partnerships (RIEPs). This will avoid lengthy procurement processes.

14. Sustainability is an environmental and social aim that should be considered throughout the process of planning and developing any build or refurbishment project, including those that will provide co-located services. DCSF requires all major school capital projects to achieve a minimum BREEAM Schools rating of "very good" and will expect significant building work to provide co-located services to achieve this standard.

Criteria for projects supported by the Fund

15. Applications /proposals supported through this Fund will be expected to demonstrate:

- likely impact of the capital investment in terms of providing a contribution to improved outcomes for children, young people and families in the local area as supported by the Local Area Agreement and reference to statutory indicators;
- evidence that proposals are sustainable, including partnership working and community involvement; and
- ability to deliver to the specified timescale:

16. There is no 'one size fits all' model of co-location – it must be driven by local decisions, informed by existing multi-agency working, local population demographics, local needs and community involvement. Experience shows that impact and sustainability are greatest where a co-located initiative is the product of a coherent wider area strategy.

17. Applications will need to demonstrate that the investment in facilities will contribute to improving outcomes for local children, young people and families (including reducing inequalities) and more integrated delivery of services as identified in the Local Area Agreement or through the agreement of local Children's Trust partners. These will be based on the area's response to Government priorities in the light of local needs and these links should be referenced in the application.

18. Applications should also demonstrate sustainability of the proposals. Evidence of this will include evidence of need, agreement by partners on strategic priorities and community involvement in the development of proposals. We would wish to see that

overall decisions on infrastructure have been taken with a view to both service improvement and value for money considerations (such as preventative impact and multi-use of facilities). This should be related to the specific contribution to be made by the Fund and should be accompanied by a cost/benefit analysis. Successful applications will provide both quantitative and qualitative evidence to support their case.

19. The final key criterion will be deliverability of the project – the intention is for facilities to be ready so that services can be up and running in those facilities by September 2011.

20. Proposals need also to be accompanied by details of the level of co-funding for projects and an explanation of how support from the Fund would overcome specific difficulties in achieving co-location. The level of co-funding will be taken into account when making judgements on the sustainability of the investment proposed and preference will be given to proposals that draw in funding from other sources.

21. Depending on the level of demand and the quality of bids submitted, the Fund may run a further bidding round later in 2009. If the Fund is over-subscribed, then subject to fulfilling the threshold criteria described above, then individual projects will be selected to provide a “portfolio” of Fund exemplars in order to maximise the breadth of learning derived from projects. Relevant characteristics are expected to include:

- urban, suburban and rural areas
- geographical coverage
- diversity of partners
- small, medium and large developments
- contribution to a range of Government priorities, such as reducing inequalities
- particularly innovative or ground-breaking projects.

Applications to the Fund

22. In order to ensure that proposals contribute to the key strategic aims of the locality we ask that proposals have the backing of their Children’s Trusts or relevant members of their Local Strategic Partnerships and are submitted through Children’s Trusts. The proposals should be submitted under the signature of relevant senior officials and their explicit endorsement for the project. The Fund is not able to accept applications direct from individual prospective partners such as schools or GP practices but proposals involving individual schools, including Academies, are welcome, or from Trusts and Federations, routed through Children’s Trusts. Similarly, approaches from third sector and private organisations should be backed by relevant Children’s Trust partners.

Payments etc

23. In the majority of cases we expect to release funds to the relevant top tier local authority through the Standards Fund mechanism as a capital grant payment. Local

authorities will be expected to make the necessary arrangements with partners to cover the costs of the agreed project. If necessary, pooled budget arrangements through s10 of the Children Act 2004 or s31 of the Health Act 1999 should be used. Local authorities are also required to make arrangements to ensure that a) it can be demonstrated that funds have been used for the agreed purpose, and the use of funds complies with the principles of regularity, propriety and value for money, and that b) where assets funded by public money are subsequently disposed of, then a fair proportion of the value is returned to the local authority for further capital use. Arrangements to ensure compliance are likely to include enforceable contracts or grant conditions and, particularly for larger schemes, perhaps a charitable trust or similar legal framework. In the case of non-delivery of the project, we reserve the right to reclaim the funding, following discussion.

Project management

24. Project management arrangements that ensure the delivery of the project to time are the responsibility of local partners. The Fund will implement monitoring arrangements appropriate to the risk and level of investment. For projects receiving more than £1m in support the Fund reserves the right to specify further arrangements to ensure deliverability.

Monitoring and evaluation

25. The Fund will put in place arrangements to monitor the progress of all projects approved for funding to ensure they deliver to time, and good practice developed through each project is routinely captured and made available to others on an ongoing basis. Additionally, evaluation arrangements will be established to identify the impact of the capital investment on improved outcomes for children, young people and families.

Involvement of other Government Departments

26. Other government departments, including the Department of Health, Department for Communities and Local Government and the Department for Culture, Media and Sport, support the aims of this Fund. Officials from other Departments and representatives from relevant agencies will be providing advice and expertise in evaluating the proposals submitted to this Fund. They will be working with DCSF to remove barriers to joined up working at local level as necessary so that the Fund can provide a single source of additional capital investment to drive rapid co-location of services.

Annex 2

Proposal to bid for support from the Cross-Government Co-location Fund

Applications should be submitted electronically to Mark Hayward mark.hayward@dcscf.gsi.gov.uk with the necessary local endorsements by **6 April**. We may contact key officers to request further information on the project during the weeks following 20 April. We will inform you whether your project has been selected for support by the end May 2009.

For queries, please email info@dcscf.gsi.gov.uk, putting “Co-location fund” in the “subject” line.

Section 1 – contact details and basic project information

LA Name	
Names of principal partners	
Project name	
Lead contact name for project	
Position and organisation	
Email	
Telephone	
Address	
Postcode	

Description of project Please summarise the project below setting out the partners involved, the services that will be co-located as a result of this investment in facilities and its key characteristics including relevant local context and any innovative or unusual features.
(500 words maximum)

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Total amount of funding requested from the co-location Fund during 2009-2011	
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Section 2 – eligibility criteria

All applicants should complete this section of the form, providing relevant evidence and key data to strengthen the application where applicable. Supporting documentation should be attached either as a clearly marked annex, or included as appropriate weblinks.

Eligibility criteria (1) – Please set out **how** the project (i) contributes to improved outcomes for children, young people and families; (ii) relates to the strategic priorities agreed by Children’s Trust partners and/or referenced in the Local Area Agreement, including also the fit with wider capital strategies; and (iii) contributes to relevant Government priorities.
(500 words maximum not including supporting evidence)

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Eligibility criteria (2) – Please set out the evidence of sustainability for the project concerned. This should include the need and demand for co-located services including community surveys, needs analysis, evidence of established partnership working and community engagement and other data as necessary. Please also provide evidence of partners’ commitment to ongoing service delivery through the co-located facilities which should include agreement on any revenue funding arrangements.
(500 words maximum not including supporting evidence)

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Cost /benefit analysis

Successful applications will include both qualitative and quantitative evidence to support their case. Please set out the set out the assessment of value for money (cost /benefit analysis), for this proposal including consideration of the benefit accrued from multiple use of facilities, prevention of negative outcomes, use of established facilities and/or expertise and so on. .

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Eligibility criteria (3) – The project is ready to deliver between 2009-2011

Projected construction start date	
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Projected construction end date	
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Projected date that facilities open for use	
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Preferred procurement and/or delivery mechanism eg LEP, LIFTCo, RIEP	
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Applications should clearly show that they are in a position to deliver the facilities for co-located services so that these are up and running by September 2011. This should include evidence of the delivery mechanism from start to finish and include a project plan and discussion of the key risks to the success of the project.	
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Eligibility criteria (4) – Why additional resources are required	
Expected costs of project (as set below)	
Other funding committed to project	
Sources of other funding	
% of total project costs being funded through this application	
Preference will be given to proposals that draw-in funding from other sources so as to maximise the impact of this limited pot of funding. Exceptional stand-alone projects will be considered. Please set out below how resources from the Fund will make a difference to this project (including leverage over other sources of funding) and what particular barriers to co-location issues this funding will address. (Maximum 500 words)	

Project Costs – please provide estimates of the costs of the project under the following headings	
New Build costs	
Refurbishment or Improvement work costs	
Fixtures and Fittings including ICT	
Professional Fees	
Other costs	
VAT	
Total Gross Capital Cost for project	

Section 4 – Support of Children’s Trust Partners

All applicants should provide the following details for each of the senior representatives of relevant Children’s Trust partners who support this application.

Senior Children’s Trust representative - name	
Position and organisation	
Email	
Telephone	
Address	
Postcode	
Endorsement	