**Early Years Investment Fund Manager Further Information**

**Contract Purpose and Service Requirement Description:**

The primary purpose of this Prior Information Notice (PIN) is to inform the market of a prospective opportunity relating to the establishment of a funding vehicle designed to increase the provision of early years places in England, particularly focusing on those private and voluntary providers who will deliver the 30 hours extended entitlement (coming into effect September 2017). By increasing the availability of 30 hour places, the Fund aims to create a work incentive for families with young children, enabling parents to work the hours they want and need to support their family. Alongside the work incentive goal, the funding vehicle will focus on those providers who are able to demonstrate social impact, which could be directly through the provision of their childcare services and/or through provision of additional services in the wider community The opportunity which is the subject of this PIN is the appointment of a supplier which will (a) establish, the funding vehicle; and (b) establish a General Partner to act in such a capacity for the fund and manage, raise investment for and administer the fund (either itself or through its appointed Fund Manager). The General Partner (or its appointed Fund Manager) will also be responsible for establishing and overseeing a grant facility to support providers seeking access to the fund.

At this stage, it is anticipated that the Department for Education’s (DfE’s) initial investment to the Fund may be in the region of £10m and the Fund Manager will seek to attract a further approximately £20m of investment from both commercial and social investors - creating a larger overall funding pot for distribution (as loans) directly to providers who meet the Fund’s criteria for repayable finance.

It is anticipated that the predominant use of the loan investments made to providers will be towards working capital (including operating costs), traditional capital builds, including new builds, expansions and refurbishments, maintenance and infrastructure improvement projects.

In parallel to the establishment of the Fund, the DfE has established a grant facility (£40m) dedicated purely to providing grants to providers for capital build projects. The administration of this grant facility will not form part of the Fund Manager’s role but is being run by the Education Funding Agency. This grant facility complements the loan funding vehicle and will support the creation of early years places in areas where there is a demonstrable market need for capital grant. Where appropriate, we anticipate that the grant facility will refer providers to the loan funding vehicle and any successful fund manager will responsible for facilitating this.

The General Partner (or its appointed Fund Manager) will also be required to establish and oversee a grant facility which offers support for those providers who apply for a loan from the Fund. It is anticipated that this support may include (but is not necessarily limited to): working capital requirements, investment readiness support, legal and procurement advice, project management support and advice relating to the capital build itself e.g. property development planning, feasibility study, asset transfer, planning permission etc. Funding for the grant element of the Fund will be provided by the DfE and is anticipated to be in the range of £2 million. At this stage, the DfE is not limiting the format for the grant requirement but the preferred option is that the Fund Manager will be responsible for procuring a panel of approved advisors who will be responsible for delivering the support to successful applicants. DfE will explore further with prospective bidders how best to meet the outcomes expected for this grant facility.

**Contract Length**

The initial term of the General Partner’s (and Fund Manager’s) role is anticipated to be eight years subject to one or two extensions of up to one year. Please note these are indicative contract lengths only and may be subject to change.

**Fund Management Fee**

It is anticipated that the Fund Manager’s responsibilities will change across the length of the contract and we expect prospective suppliers to propose a management fee which reflects these changing responsibilities and involves some element of performance based remuneration predicated on recouping loan repayments. We also anticipate that the loan and grant facility for the Fund will be relatively light touch.

**Supplier Engagement Event**

DfE intends to hold a Supplier Engagement Event on 28th July 2016 in London. Further information will be available on the proposed project, procurement process and timetable and suppliers will be able to meet key members of the project team involved in this procurement.

Interested parties must pre-register to attend this Supplier Engagement Event by emailing: earlyyears.FUND@education.gsi.gov.uk by Friday 22nd July 2016 giving attendees’ names (no more than two per organisation) and the organisation name, and DfE will be in touch to confirm event logistic arrangements. Any changes to timings or date will be shared with all parties immediately. Interested parties are encouraged to pre-register at the earliest opportunity as places are limited. Interested parties who register their interest but are unable to attend the event will be given access to copies of the same materials as those attending.

It is anticipated that the contract will be advertised in the Official Journal of the European Union (OJEU) at the end of August 2016.

Disclaimers and conditions: No information provided by the DfE, contained in this notice or in any communication made between DfE and any party in connection with the Early Years Fund Manager shall be relied upon as constituting a contract, or representation that any contract will necessarily be offered.

DfE reserves the right to change without notice any documents and communications, in whole or in part during the procurement process. Under no circumstances shall DfE incur any liability in respect of any documentation issued as part of this process nor shall DfE reimburse any costs incurred by any parties in connection with attendance or participation at the Supplier Engagement Event.

**Additional information**

Any potential supplier will need to have due regard to state aid compliance in setting out the Fund’s design, raising investment capital and allocating both the grant and loan investments. Further information can be obtained from:

<https://www.gov.uk/guidance/state-aid>