

City Deal and Growth Deal Programme **Board**

Business Case Approval Form

1. Project Title and proposing organisation(s):

The Advanced Manufacturing & Engineering (AME) Hub Phase 2

2. Decision Date:

2.2.2016

3. Decision Summary: Recommendation etc.....

To seek approval of the recommendations for the issue of capital grant awards for the development of the next stage of the Advanced Manufacturing & Engineering Hub phase 2.

The recommendation is that a capital grant award of £1,105,700 (£1,474,000 including match) is awarded to JCB Academy on condition that the Academy's planning application is approved and the covenant issue is resolved.

4. Is the decision exempt from being publically reported by the LEP (if so please specify the reasons why)

5. Options Considered:

Strategic case for investment/economic case

Context

The AME Hub will, between 2014 and 2017, provide world-class vocational environments, with state of the art facilities, in local communities linked to key employers, providers, schools and colleges. This will be developed through significant public and private investment in facilities at six spokes, over two phases, requiring a total investment of over £12m of private and public funding. Each spoke will have a lead specialism that will have world class equipment and train to the latest industry standards.

The Phase 1 spokes offer specialist provision in: automotive and hybrid technologies in Newcastle-under-Lyme delivered by Martec Training, renewable pneumatics and hydraulics in Stoke-on-Trent delivered by Stoke-on-Trent College and in Tamworth, construction, electrical installation, motor vehicle and engineering provision delivered by South Staffordshire College.

The spokes will work in partnership to achieve the following key aims:

- Provide growth in sector specific traineeship and apprenticeships
- Upskill the current workforce in the sector to improve productivity
- Upskill and retrain the unemployed and NEET young people in order to gain employment in the sector
- Provide specialist facilities and training to meet employer needs

- Promote careers in the sector and use the facilities and training as a progression route

The City Deal Powerhouse for Skills secured an investment of £2.9m to create phase 1 of the AME Hub. This included £1.45m from government, supported by £1.45m match from the council, local colleges and the private sector. The Growth Deal provided an investment of £8.8m for phase 2 of the AME Hub, £6.9m from government and a minimum of £1.9m match from local providers and the private sector.

The original ask in the Strategic Economic Plan for phase 2 projects was £13.5m total, £8.5m from LGF + match. A total of £6.9m LGF plus a minimum £1.9m match was secured for spend in the 2016/17 financial year. As the funding secured was less than the ask, further discussions were required with the providers to reshape projects to reflect the budget.

Commercial case/financial case

In developing the Stoke-on-Trent & Staffordshire Enterprise Partnership Strategic Plan and EU Structural and Investment Funds Strategy, the LEP invited providers to submit projects to the project pipeline. Those providers that submitted projects under strategic objective 5A Sector Skills Capital for Growth Advanced Manufacturing Hub, were invited to submit outline bids to support the growth deal negotiations. The providers that submitted the projects were South Staffordshire College, Stafford College and JCB Academy. The outline bids were not subject to an assessment at that time but were used in an informative capacity. The outline bids informed the Stoke-on-Trent & Staffordshire Enterprise Partnership's Sector Skills Capital for Growth Outline Business Case to support the growth deal negotiations.

An application, guidance and scoring criteria has been completed with support from the Skills Funding Agency (SFA). The application was structured around three sections: estate need, financial assessment and benefits to learners and supporting economic growth. Through a memorandum of understanding the SFA reviewed and made recommendations on the estate need and financial assessment sections and the council reviewed the benefits to learner section.

Full business cases were requested from the three providers that completed the outline bids. The bids were reviewed and outstanding issues identified. The projects were revised to address the issues and subsequently a number of versions were submitted and reviewed.

The Skills Capital Board considered that the application from South Staffordshire College was ready to proceed and its recommendation to award a capital grant of £3,791,900 was approved by the LEP Executive Group on 15th July 2015. A later proviso was added that a capital spend of £1m from the total project value, was made by the college in the 15/16 financial year. The grant agreement was issued to the college in January 2016.

The Skills Capital Board considered that the application from Stafford College was ready to proceed and its recommendation to award a capital grant of £2,002,400, upon condition that the college provided full evidence of the private match, was approved by the LEP Executive Group on 15th October 2015. Subsequently the newly appointed interim Principal at Stafford College has determined that the project will be put on hold pending the outcome of the FE Area review with initial outcomes expected in May 2016.

JCB Academy was requested to make further revisions to its bid to address the issues identified. On 6th January 2016 the Skills Capital Board considered the applications from JCB Academy informed by the appraisal completed by the Skills Funding Agency. The view of the JCB Academy application was that it had been sufficiently strengthened and the capital ask had been reduced to align to the growth deal funds available.

An overview of the current projects is below.

South Staffordshire College

The AgriSTEM Academy at Rodbaston Campus, located 5 miles from the i54 Enterprise Zone and adjacent to the M6 motorway, will enable a step-change in the scale and quality of industry relevant training for the Advanced Manufacturing & Engineering (AME) and Agricultural Engineering & Technology (AgriTech) sectors in the region. This state-of-the-art facility will be created at the heart of the existing freehold college campus by repurposing a derelict farm building and transforming existing not fit for purpose workspaces. The facility will comprise of:

- An advanced mechatronic lab
- Agricultural Engineering & Automotive/Hybrid Engineering workshops
- AgriTech/precision farming simulation Lab
- Performing Manufacturing Operations(PMO) training/assessment area
- CAD/CAM classrooms
- Multi-occupation construction area
- Renewables workshop for Solar Thermal, Solar PV, Air & Ground Source heat pump technologies.
- Gas heating & unvented hot water assessment areas
- Inspiring digitally connected classrooms
- Digitally connected independent study/collaboration areas
- Energy dashboard linked to solar panels and wind energy scheme completing 2015

The college has changed the location of the AgriSTEM academy from Cannock, as identified in its outline business case, to Penkridge as a means of implementing its estate rationalisation strategy by disposing of some properties and investing in improvements of existing properties.

Stafford College

The College is proposing a contemporary, technology-rich, industry-leading AMD Centre to significantly enhance the provision of apprenticeships and traineeships in advanced manufacturing, technical design and scientific engineering skills within the key S&S LEP and Government priority STEM areas. The College will use the funds to radically redesign, refurbish and remodel 2,230 m² of its existing Broad Eye Building which is located on the main town-centre campus. The proposal is to create an iconic, state-of-the-art, cutting-edge AMD Centre to support the delivery of employer responsive apprenticeship and traineeship programmes in STEM subjects ranging from level 1 through to advanced and higher levels. The college's proposal includes specialisms in the following areas:

- new product design and rapid prototyping (e.g. 3D scanning and printing),
- new programmes in robotics, mechatronics and PLC (programmable logic controls),
- CAD/CAM
- production management and automation,
- quality and planning, including civil engineering,
- lean manufacturing including high value-added production methodologies,
- fundamental practical engineering skills including mechanical & electrical (M&E) design,
- sustainable engineering maintenance and renewal,
- manufacturing design & production,
- construction plant design, operation and maintenance (see below for existing provision with, for example, Komatsu UK and Leibherr)
- composite materials and pre-fabrication techniques
- civil design & engineering

JCB Academy

The Academy proposes to raise the capacity of apprentice provision across levels 2

(intermediate) to 4 (foundation degree) to 300 apprentices requires the addition of 3 additional classrooms and practical work areas (2 workshops) aligned to the apprentice provision. This additional accommodation will be housed in an Apprentice Centre located on Academy land adjacent to its sixth form centre.

The aim of the accommodation is to have the capability to develop technical skills across a variety of engineering disciplines. The capital project is aimed at doubling the number of engineering apprentices at The JCB Academy. Currently the Academy runs three core programmes:

- Advanced Engineering
- Advanced Engineering Support
- Fabrication & Welding

The proposed Apprentice Training Block is to be built on the land to the rear of Millholme, Mill street, Rocester. The existing building "Millholme" sits on the site directly opposite the main JCB Academy, formerly the Tutbury Mill. Millholme was converted from residential accommodation to a Sixth Form Centre in 2013 and is being effectively used and managed by the Academy. Building is planned to commence on site in June 2016 and be completed by February 2017 with the centre operational from March 2017. The most significant risk factor to the success of the project relates to the Academies proposed planning application which may face complications due to the historical nature of the grade II listed building, location within the Rocester Conservation area and potential boundary issues with adjoining landowners. The planning application has been submitted to ESBC ongoing discussions are taking place between ESBC and the Academy.

Data Summary

The funding asks and match detailed in the revised applications is below.

Funding	SS College	Stafford College	JCB Academy	Total	Growth deal
Private sector			£179,000	£179,000	
Grant request	£3,791,900	£2,002,400	£1,105,700	£6,900,000	£6.9m
% of total project cost	72%	80%	75%	75%	78% min.
Applicants contribution (reserves)	£46,000			£46,000	
Loan		£200,000		£200,000	
Disposal proceeds	£1,450,000			£1,450,000	
other		£295,608	£190,000	£485,608	
Total match	£1,496,000	£495,608	£369,000	£2,360,608	£1.9m min.
Total cost	£5,287,900	£2,498,008	£1,474,700	£9,260,608	£8.8m min.

The projected outputs detailed in the revised applications are below:

Outputs 17/18	SS College	Stafford College	JCB Academy	Total
16-18 LR	+242	nil	nil	+242
19+ ASB	+181	nil	nil	+181
Traineeships	+100	+15	nil	+115
16-18 Apps	+116	+80	+190	+386
19+ Apps	+233	+49	Nil	+282
Employers engaged	+156	+75	+23	+254

6. Consultation Process

The Stoke-on-Trent & Staffordshire Education Trust Board provided authority to follow the adopted process leading to recommendation to capital grant award.

7. Geographical Area(s) of proposal(s):

South Staffordshire, Stafford, East Staffordshire

8. Community Impact Assessment :

Key Issues:

Resource and VFM Analysis:

Through a memorandum of understanding the SFA reviewed and made recommendations on the estate need and financial assessment sections of the returned capital applications and the council reviewed the benefits to learner section. There are no significant outstanding issues arising from the review of the "benefits to learner section". The comments from the SFA following the estate needs and financial assessments are as follows:

"Evidence of consultation with the Planning Authority has been provided. Although the Planning Authority is generally amenable to the proposal there are ongoing risks attributable to possible neighbour objections due to the sensitivity of the site. The Planners have concerns about a residential development which has planning consent on an adjacent site (some of which is in JCB ownership and therefore cannot technically be completed) - but boundary/ownership changes do not yet appear to be agreed with the residential developer who may raise objections to the submitted planning application. The LEP are therefore advised to ascertain the current position with regard to resolving the neighbour issue and the current status of the planning application.

The application also refers to a possible access covenant issue across the site and it is not clear whether this has been resolved - the LEP are advised to clarify this with the applicant with regard to any possible project delivery risk."

Risk Analysis:

JCB Academy may not be awarded planning permission from East Staffordshire Borough Council.

JCB Academy may not remedy an access covenant which is place across the site.

The mitigation to these risks is that the project would need to be remodeled to meet planning requirements and remedy the covenant issue.

Legal Analysis:

A council legal representative attends the skills capital board to provide guidance on any legal issues in relation to the review and process of the capital applications. The council legal representative has completed the grant agreement in liaison with project officers and has advised on legal governance arrangements associated with the capital grant process. There are no risks in relation to the legal analysis.

9. Implementation:

A skills capital board has been set up consisting of council colleagues from skills, finance, property, legal and communications chaired by Tony Baines, County Commissioner for Skills & Employability. The project board was created to oversee the process and make recommendations to the City Deal and Growth Deal Programme Board for LEP approval.

A project plan has been completed and progress and updates are reported into the Education Trust Board, and the Staffordshire Learning Infrastructure Board.

The capital grant recipient will attend the skills capital board to provide a presentation on the progress of the project. The purpose of the capital grant recipient's attendance at the skills capital board is to review the progress of the project in relation to agreed performance targets and outputs.

10. Report Author's name and contact details:

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11. Decision Details: