

Forward Plan reference number: Not applicable

Report title: Award of Capital Grant to United Seevic Palmers (USP) College Centre of Excellence for Digital Technologies and Immersive Learning	
Report to: Cllr David Finch, Leader Essex County Council	
Report author: Mark Carroll – Executive Director Economy Localities & Public Health	
Date: December 2020	For: Decision
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County Divisions affected: Castle Point/Thurrock/South Essex	

1. Purpose of Report

- 1.1 To seek approval and agreement to award a capital grant of £900,000 to USP College as the Scheme Promoter, relating to a bid for funding to the South East Local Enterprise Partnership (SELEP).

2. Recommendations

Cllr David Finch, Leader of the Council

- 2.1 To agree to enter into a capital grant agreement with USP College to award a grant of £900,000 towards the refurbishment of the Canvey Island Skills Centre to create a new Centre of Excellence for Digital Technologies and Immersive Learning (CEDTIL).
- 2.2 Agree to an addition to the capital programme for the Digital Technologies project financed by a South East Local Enterprise Partnership (SELEP) grant for the amount of £743,000 in financial year 2020/2021 and £157,000 in 2021/22.

3. Summary of issue

- 3.1. The proposal to refurbish the Canvey Island Skills Centre to create a new CEDTIL has been developed in direct response to SELEP's explicit prioritisation for skills in the IT, Digital & Creative Sectors. The project has been designed to meet demand for innovative and cost-effective education and to improve engagement, attainment and skills for learners, employees and employers across the SELEP area but with specific focus on Essex.
- 3.2. The proposed project will deliver a new £1.466m 'state-of-the-art' facility reducing costs by fully utilising an existing asset with ample parking and services for local students and businesses.

- 3.3. Refurbishment costs have been assumed at £1,500 per square metre, which is considered appropriate for the work involved. Use of the Canvey Skills Centre building also means that there are no planning requirements or approvals required. The refurbishment will have a full complement of immersive learning, virtual reality and collaborative working environments.
- 3.4. Refurbishment – as agreed by the SELEP Accountability Board on 13th September 2020 - ensures that the facility will be operational earlier than anticipated in the original application.
- 3.5. The completed project will also create a teaching environment which will provide an immersive learning environment placing the learners at the centre of a full-sensory, simulated learning experience. Learners will benefit from the use of multi-media, digital and IT technologies to create virtual, simulated or augmented learning, engaging learners in a completely new, innovative and contemporary teaching and learning environment.
- 3.6. The CEDTIL curriculum delivery plan will be employer-led and will meet all sector industry-based standards. This new facility will ensure an immersive, collaborative experience with high-fidelity audio and multiple video feeds, supported by a suite of rich collaboration tools.
- 3.7. It is also proposed to utilise the remaining space within the Canvey Skills centre for the USP College's current special educational needs and disabilities (SEND) and commercial branches (Business facing provision, digital based).
- 3.8. The total cost of the project is £1,466,000 and comprises of the following contributions:
 - the contribution requested from SELEP is £900,000 which has been accepted through a Project Change Request approved by the SELEP Accountability Board on 3rd July 2020; and
 - £566,000 is to be funded by USP College reserves (£350,000 of Capital funding and £216,000 of revenue funding).
- 3.9. The funding will be used to finance the refurbishment of the Canvey Island Skills Centre to create a new Centre of Excellence for Digital Technologies and Immersive Learning.
- 3.10. The project outlined in this report has been approved through an initial application to the SELEP Accountability Board on 1st September 2019 and a Project Change Request approved by the SELEP Accountability Board on 3rd July 2020.

4. Options

4.1 Option A - Do nothing – base case

If CEDTIL is not funded, learners, employers and the business growth of South Essex will continue to be at a disadvantage, not having access to the latest in teaching and learning facilities and instruction methods, collaborative learning facilities or virtual/augmented-reality environments. These facilities represent cutting-edge teaching, learning and skills training technologies, contemporaneous with similar facilities in other parts of the UK and international markets.

Without investment, USP will not be able to give learners access to the breadth of digital applications that cut across employment and skills requirements in all of SELEP's employment markets, impairing the delivery of SELEP's Skills Strategy.

4.2 Option B – The project to continue with reduced funding

The college would continue with its alliances across the Further Education sector in order to promote a wider digital curriculum offer, however this approach would not necessarily specifically benefit the SELEP area. The digital economy is moving at bewildering pace; and as such, even reduced finances leading to delays in investment will have an exaggerated impact. The application of these technologies to skills and vocational provision (and business support) continues to increase, risking leaving USP and local learners and employers further and further behind best practice.

4.3 Option C – Contribute towards the refurbishment of the Canvey Island Skills Centre (Preferred Option)

Agreement to grant fund the CEDTIL will create an opportunity to deliver a unique teaching & learning, collaborative working and virtual / augmented reality (simulation) environment, which will have significant, appeal to employers. The facility will enable the College to engage far more businesses, generating more opportunity for upskilling of the existing workforce, arranging work placements for learners and identifying apprenticeship opportunities.

CEDTIL will enable the College to build a strong curriculum delivery and teaching methods, enabling new learning opportunities and qualifications that are simply not available to learners and employers at the moment. For example, simulated emergency rescue/event scenarios could provide a multi-agency training environment. Virtual and Augmented technologies overlaid with collaborative/remote working/learning platforms mean there is an 'endless scope' of this kind of opportunity which will be unique in the region.

CEDTIL will also provide opportunity for research into the impacts and opportunities delivered by this kind of technology driven teaching & learning environment. USP will work with the University of Essex, which is a member of the Immersive Learning Research Network. This will also provide increased opportunities for collaboration between USP and Higher Education Institutions such as University of Essex, as well as increasing opportunities for learner to progress to higher qualifications and for business to interact with FE and HEIs.

5. Issues for Consideration

5.1 Financial implications

The total project cost is estimated to be £1.466m which is funded by £900,000 Local Growth Fund Grant and £566,000 of USP College funds (£350,000 of capital funding and £216,000 Revenue funding) as identified in the table below.

	2020/21	2021/22	Total
	£000	£000	£000
Total Project Cost	1,003	463	1,466
SELEP Funding	743	157	900
USP Capital Funding	260	90	350
USP Revenue Funding	-	216	216
Total Funding	1,003	463	1,466

It is requested above that an addition of £743,000 is made to the Capital Programme in 2020/2021 and £157,000 in 2021/22.

A contingency sum of £90,000 has been included in the total project costs. Any costs overruns will be the responsibility of USP College. This requirement will be built into the grant agreement.

Local Growth Funding (LGF) is transferred to the partner authority (ECC) under the terms of a notional agreement due to its dual role as accountable body. It is a requirement that all LGF monies transferred are used for the purpose for which it has been allocated and meets the conditions of the grant. Any LGF transferred may be required to be repaid. A back to back agreement will be put in place between ECC and USP College containing the following conditions:

- No grant funding will be paid unless ECC is satisfied that such payment has been used for proper expenditure in the delivery of the projects and in accordance with the agreed budget and timings;
- The requirement to repay all or part of the funds received if the accountability board requests so.
- Cost overruns are to be covered by the Scheme Promoter as per the Letter or representation received on 15 January 2021.

5.2 Legal implications

In making grants, ECC must consider whether there are State Aid implications. For State Aid to exist, a four-part test must be met:

1. aid is granted by the state or through state resources (this may be positive or negative, e.g. either providing resources or forgoing/reducing payments to be received from the undertaking)
2. to a certain undertaking
3. thereby creating a selective advantage
4. the transfer of resources distorts or has the potential to distort competition and trade between European Union (EU) countries

Grant funding for educational institutions are often not considered to constitute state aid because the non-economic nature of their activities mean that the fourth part of the test is not met. For State Aid purposes, an economic activity is one which consists of placing of goods or services on a market spanning more than one EU country. State education is not “economic” in most cases. It is a public function of the State to provide education and young people between 16 and 18 must be in work or education. Awarding grant monies for educational equipment and property to Further Education Colleges which are publicly funded and with a purely local student body, such as USP, would not constitute economic activity. USP will, however, need to undertake its own considerations in this regard.

ECC will enter into a Grant agreement with the college which will reflect the grant conditions of the award approved by SELEP.

6. Equality and Diversity implications

Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when ECC makes decisions it must have regard to the need to:

- a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
- b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
- c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.

The equality impact assessment indicates that the proposal in this report will not have an adverse impact on any people with a particular characteristic. The USP College is committed to ensuring equality of opportunity for all those who learn and work with them. The proposed capital project will comply with the Equality Act 2010, ensuring that the building has appropriate facilities and equipment to enable equality of access. Furthermore, the proposed project will enable the college to offer training that more effectively addresses the needs of

different groups in the local community and enables all to benefit from employment opportunities in key economic sectors in Essex.

7. List of appendices

7.1. Appendix A – Equality Impact Assessment

8. List of Background papers

8.1. SELEP Business Case, Project Change Request and associated appendices

I approve the above recommendations set out above for the reasons set out in the report.	Date
Cllr David Finch, Leader	22/01/21

In consultation with:

Role	Date
Cllr Ray Gooding, Cabinet Member for Skills and Education	26/01/21
Cllr Chris Whitbread Cabinet Member for Finance	21/01/21
Director of Sustainable Growth Mark Doran on behalf of Mark Carroll – Executive Director Economy Localities & Public Health	21/01/21
Executive Director for Corporate and Customer Services (S151 Officer) Stephanie Mitchener on behalf of Nicole Wood	21/01/2021
Monitoring Officer Laura Edwards on behalf of Paul Turner	22/12/2020