

Report title: South Essex College - Basildon Digital Technologies Centre	
Report to: Cllr Gagan Mohindra, Cabinet Member for Finance, Housing and Property, and, Cllr Ray Gooding, Cabinet Member for Education and Skills	
Report author: Mark Carroll – Executive Director Economy Localities & Public Health	
Date: June 2019	For: Decision
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County Divisions affected: Basildon District /South Essex	

1. Purpose of Report

To seek agreement to enter into a capital grant agreement with South Essex College to passport £2.150m of SELEP funding, following a successful bid into the Local Growth Fund.

The total capital cost of the project is £15.80m. This is to be funded by a SELEP contribution of £2.150m. The remainder of the project is to be funded by £13.650m capital receipt. The funding will be used to finance the development of a new 3,200m² (GIA) Digital Technologies Campus centrally located in Basildon Town Centre.

2. Recommendations

, Cllr Ray Gooding, Cabinet Member for Education and Skills

- 2.1 Agree to enter into a capital grant agreement with South Essex College to award a grant of £2.150m towards the development of the new Digital Technologies Campus located in Basildon Town Centre.

Cllr Gagan Mohindra, Cabinet Member for Finance, Housing and Property,

- 2.2 Agree the addition of £2.150m to the capital programme as follows:

- £1.150m in 2019/20
- £1.000m in 2020/21

3. Summary of issue

- 3.1 South Essex College (the College) has developed a Curriculum and Estates Strategy focused on establishing Centres of Professional and Technical specialisms at each of its campuses. This project will take the College a step closer to reaching that ambition, through establishing a specialist campus in

Basildon Town Centre, concentrating on delivery of high quality, industry relevant, training facilities to support the Digital Technology Sector. The development of the Basildon campus will provide leading edge facilities and learning opportunities, supporting over a 20 year model period 16,000 FE and HE learners in key skills shortage areas.

- 3.2 This development has already been identified as a key project by Essex County Council, Basildon Council and SELEP, and also noted as a key priority in the Thames Estuary 2050 Growth Commission report.
- 3.3. The curriculum will be designed in partnership with major employers and technology brands such as Huawei, Microsoft and Cisco, to deliver skills in IT networking to cyber-security, animation, games and programming, plus many others technical specialisms, linked to significant employment opportunities. Connection to a new start-up / incubator facility will also provide capacity and support for digital technology entrepreneurial opportunities.
- 3.4 The proposed project will:
- Be operational by September 2020. Upon completion the 3,200 sqm (GIA) of new floor space will have been delivered and the additional learner and employment outputs will commence with a gradual build up on benefits over the early years of operation to the point where the facility is operating at full capacity within 4 years of reaching practical completion (2023/24). These outputs will then continue in perpetuity for the lifetime of the new asset, estimated to be 60 years.
 - Create a learning environment equipped to provide opportunities for those from low socio-economic backgrounds to progress to high skilled technical roles. Increasing opportunities for adults across the Thames Gateway to re-train and upskill in the Digital Skills Sector at Levels 3 and above.
- 3.5 The total project cost is £15.80m and this is funded by £2.150m Local Growth Fund Grant which was approved by the SELEP Accountability Board on 7th June 2019. The remaining funding will be financed through capital receipt as identified in the table below. There are no financial commitments by ECC other than to passport the SELEP funding to Colchester Institute.

4. Options

SELEP funding is only required for the construction stage of the project. All other development stages have or are being funded by the College directly. SELEP funding will be expended on contributing to the capital build costs.

As part of the options appraisal process for this scheme, three options were considered:

4.1 Option A - Do nothing – base case

The existing Basildon Nethermayne campus has already been sold and must be vacated by the end of 2020. Hence in this scenario, an important

opportunity to deliver a state of the art education facility, equipped to deliver both key STEM academic subjects and access to FE/HE education in the heart of Basildon town centre would be lost.

4.2 **Option B – The project to continue with reduced funding**

The College would proceed with the project, however would significantly reduce the level of fit out within the building and industry relevant equipment provided. The college contend that this course of action would reduce the overall student experience and success of the project leading to reduced recruitment, retention and success rates, thus jeopardising the longer term viability of the campus.

4.3 **Option C – Contribute towards the new purpose built facility (Preferred Option)**

The College has already committed to contribute the proceeds from the disposal of its existing Basildon campus, in order to maintain and expand its presence and support economic growth within the Basildon district.

This is a low risk and readily deliverable project that will deliver significant net additional economic benefits to the future economy, providing a value for money outcome to SELEP.

Key positives include:

- Support high value employment through skills acquisition, including at Level 4.
- Support digital skills development as an 'enabling' skill to support other identified growth sectors.
- Contribute to the regeneration of Basildon Town Centre.
- Increase the number of 16-18 year olds along the Thames Gateway undertaking STEM subjects in Digital Technology, including IT infrastructure and programming at Levels 3 and above.
- Increase the number of adults across the wider locality re-training and upskilling in the Digital Skills Sector at Levels 3 and above.

Issues for consideration

5.1 **Financial implications**

The total project cost is £15.80m and this is funded by £2.150m Local Growth Fund Grant and £13.650m South Essex College capital receipt as identified in the table below.

Grounds and Scaffolding Training Centre	2018/19 £m	2019/20 £m	2020/21 £m	Total
Total Costs	0.355	9.445	6.000	15.800
Funding - Local Growth Fund Grant	-	1.150	1.000	2.150
Funding - South Essex College Capital Receipt	0.355	8.295	5.000	13.650
Total Funding	0.355	9.445	6.000	15.800

It is requested above that the following addition be made to the Capital Programme:

- £1.150m in 2019/20
- £1.000m in 2020/21

A contingency sum of £129,000 has been included in the total project costs. Any costs overruns will be the responsibility of South Essex College, this requirement has been built into the grant agreement that is due to be signed.

In the event of cost escalation, the college has later stages of its capital programme funded through the capital receipt that could be delayed, postponed or rescope to release the funding required to cover any cost overrun.

The risk of cost overruns materialising is considered unlikely at this stages as the main construction contract has been awarded and the contract sum is within budget. This is a design and build contract that has a guaranteed maximum price mechanism which means all risk aside from the unforeseen is with the contractor.

LGF funding is transferred to the Partner Authority 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, primarily that it is used for capital expenditure only.

Any LGF transferred may be required to be repaid. As the partner authority (ECC) are not the delivery body, a back to back agreement will be put in place between ECC and South Essex College to transfer the condition to repay all or part of funds received if the accountability board requests so, therefore mitigating the risk to ECC where clawback of grant may be required

5.2 Legal implications

The proposal is not considered to constitute state aid. The State Aid rules do not apply in principle to funding for non-economic activities. An economic activity is one which consists in the placing of goods or services on a given market. State education is a good example of an activity which is not deemed to be "economic". It is a public function of the State to provide education. Awarding grant monies for educational equipment and property to Further

Education Colleges which are publicly funded would not constitute economic activity.

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

5. 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. Harlow 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.

6. List of appendices

6.1. Appendix A – Equality Impact Assessment

7. List of Background papers

7.1. SELEP Business Case and associated appendices

I approve the above recommendations set out above for the reasons set out in the report. Cllr Gooding	Date 12.09.19
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In consultation with:

Role	Date
Dominic Collins - Director of Economic Growth and Localities Economy, Localities and Public Health On behalf of Mark Carroll – Executive Director Economy Localities & Public Health	15.07.19
Executive Director for Corporate and Customer Services (S151	04.09.19

Officer)	
Margaret Lee	
Monitoring Officer Kim Cole on behalf of Paul Turner	23.06.19