

<b>Report to Accountability Board</b>	<b>Forward Plan reference number:</b> FP/AB/113
<b>Date of Accountability Board Meeting:</b>	<b>15<sup>th</sup> December 2017</b>
<b>Date of report:</b>	<b>27<sup>th</sup> November 2017</b>
<b>Title of report:</b> STEM, Health and Care at Braintree and Colchester - Colchester Institute LGF award	
<b>Report by:</b>	<b>Louise Aitken</b>
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## 1. Purpose of report

- 1.1 The purpose of this report is to seek Accountability Board (the Board) approval for the award of £5m of Local Growth Fund (LGF) to be devolved to Essex County Council for delivery of STEM (Science, Technology, Engineering and Maths) provision and Health and Social Care provision at Colchester Institute's Braintree and Colchester campuses respectively.

## 2. Recommendations

- 2.1 The Board is asked to:

- 2.1.1 **Consider** the comments in the ITE report for both projects outlining that the benefit cost ratio (BCR) at just above the required 2:1 is sensitive to downside risks and that the Accountability Board should be mindful of this before approving. It is recommended that costs and benefits are closely monitored and that regular updates can be provided to the Board to provide reassurance and flag any changes in the value for money status.
- 2.1.2 **Approve** the award of £2.5m LGF to the STEM provision at Colchester Institute's Braintree campus which has been assessed as presenting high value for money with medium to high certainty of achieving this.
- 2.1.3 **Approve** the award of £2.5m to the Centre for Health and Care at Colchester Institute's Colchester campus which has been assessed as high value for money with medium certainty of achieving this.

## 3. Background

- 3.1 This report brings forward the Project for the award of £5m LGF to support the delivery of STEM and Health and Care provision at Colchester Institute's Colchester and Braintree campuses.

- 3.2 The South East Local Enterprise Partnership (SELEP) Growth Deal provisionally allocated funding to the Project. This was made up of an LGF allocation of £5m alongside £2.5m investment from Essex County Council and £2.5m from Colchester Institute. The £5m LGF is required to complete the financial investment required to complete the Braintree STEM Innovation Campus vision (£2.5m) and create a Centre for Health and Care at Colchester (£2.5m).
- 3.3 The provisional allocation of £5m was to enable the vision of the Braintree STEM Innovation Campus. As per the March 2017 update to the Board, in order to have the greatest possible impact, geographical reach and to respond to employer demand, Colchester Institute has worked with SELEP and Essex County Council on two updated business cases reflective of both STEM and Health and Care to be situated at the college's Braintree and Colchester campuses respectively. With strong emphasis on STEM, it is proposed that this would offer specialism in the health and care sector which has current and growing skills shortages as well as complement the existing investments and STEM provision at Colchester Institute's Braintree campus. This report therefore covers both proposals.
- 3.4 The Project has completed the development stage and approval is now sought from the Board for the funding required to complete the delivery phase of the Project.
- 3.5 The Project is being promoted and delivered by Colchester Institute and has the support of Essex County Council, through £2.5m contribution to the overall project.

#### **4. STEM Innovation Campus in Braintree – the project**

- 4.1 STEM based industries have been identified as having significant skills shortages in both the SELEP and Essex Employment and Skills Board Evidence Base. Sectors including construction, engineering, digital, IT, health, logistics care and finance are lacking the skills required for growth.
- 4.2 This investment will enable delivery of the long-term vision for the creation of a Centre of Excellence in Braintree, specialising in STEM technical and professional programmes (including Apprenticeships). Phase one of the project, part funded by SELEP's Skills Capital funding involved the conversion of the sports hall at the Braintree campus to create a STEM Innovation Centre.
- 4.3 This centre opened in June 2017 and has already further strengthened links between the college and employers in the area. The centre is delivering training from levels 2 to 5 in advanced manufacturing, robotics and service engineering alongside brickwork, plumbing and electrical installations to help meet the rapidly growing local demand for construction skills. This initial project will support an additional 466 learners per year including higher-level apprenticeships.

- 4.4 This second investment in the Braintree campus will enable phase two and three of the project, involving the demolition and sale of 1.7 hectares of the college site unlocking the match funding. Phase three will deliver the construction of a new 1,800m<sup>2</sup> facility to complete the long-term transformational vision of Colchester Institute's Braintree campus and to extend engineering training facilities to include sustainable technologies, science, digital and IT technologies. Braintree has a higher than national average employees working in sectors such as manufacturing (12.5% compared to 8.1%) and construction (7.1% compared to 4.6%) and employers regularly report difficulties in recruiting, so this responds to a clear local need. Partners include Braintree District Council, the Haven Gateway Partnership and local employer cluster groups who will inform the design development.
- 4.5 The centre will provide the necessary facilities to specialise in STEM technical and professional programmes (including apprenticeships) at level 3 and above. This project will deliver a 'Centre of Excellence', aligned to employer need, achieved through the provision of a smaller new build and also allowing for extended facilities to be added at a later date if required. Appendix three below includes floor layouts for the facility.
- 4.6 **Centre for Health and Care in Colchester – the project**
- 4.7 The health and life sciences sectors are facing significant shortages, with insufficient numbers of young people particularly entering the sector and high numbers of vacancies. There is a need to raise awareness and understanding of careers within the sector and routes such as high level apprenticeships in high demand occupations such as Nursing Auxiliaries, Mental Health Practitioners, Theatre Support Practitioners, Lab Technicians and similar roles. This will involve close working with local employers, including Colchester General Hospital. Sponsorships will be sought with local employers including aspects such as the clinical workshop.
- 4.8 Demand from the sector is set to continue to rise with the Essex population predicted to increase by 200,000 over the next five years and with a growing older population, as well as demand in areas such as mental health support. Ensuring a trained health workforce is clearly an important part of responding to this growth and need. Colchester has higher than national average employees working in the health and care sector (17.1% compared to 13.3% nationally) so is important for the local area.
- 4.9 Colchester Hospital is currently recruiting trained professionals from overseas to fill vacancies to respond to shortages. This investment will enable skills provision and facilities to meet future shortages. The hospital has already signed an apprenticeship levy contract with Colchester Institute and is actively supporting the design and development of new apprenticeship standard pathways.
- 4.10 The centre will create a Centre of Excellence, providing a shared service facility, combining Health and Care teaching, responding to key public policy

and the acknowledged need for greater alignment between health and care. This will increase capacity and provide a faster route to market for new higher level technical qualifications. The new facility will provide realistic working environments, enabling innovative co-delivery teaching methods in Care and Assisted Living. Enhanced clinical facilities will allow the creation of simulated environments, replicating surgical / medical hospital ward and Accident and Emergency settings.

- 4.11 The centre will be located within Colchester Institute's Sheepen Road South Wing building in Colchester. This was specifically designed to cater for an additional fourth storey, thereby mitigating risk of any construction delay. The construction of an additional floor will accommodate the Centre for Health and Care, with 2,000m<sup>2</sup> teaching facilities including a clinical, care and well-being zone. Facilities will include residential care settings, a sensory room and activity centre. There will be a focus on preventative techniques also. See appendix two below for layout visuals and what the facility will look out.

- 4.12 The expected impacts of the schemes include:

#### Positive Impacts

- Construction of both projects to complete within a total funding envelope of £10m, with LGF investment remaining at £5m and achieving outputs at two sites rather than one
- Creation of 3,800m<sup>2</sup> of new industry relevant extended facilities
- Completion of both projects by 31<sup>st</sup> December 2019
- STEM Innovation Campus (Braintree) to deliver an additional 330 learners by 2020-21, with a 42% increase in apprenticeships by 2021
- Centre for Health and Development (Colchester) to deliver an additional 390 learners by 2020-21 including 90 apprenticeships and 120 level 3 and above.
- Increased skills levels particularly at higher and technical level, responding to SELEP ambitions for increased productivity, retention and growth
- The introduction of more flexible routes to higher education
- Fit for purpose, inspiring facilities will help address college difficulties in recruiting teaching staff with sector knowledge
- Greater alignment to local vacancies and equipping local people to take these up

#### Negative Impacts

- Planning permissions and building control to be sought in January 2018 with the determination anticipated in March 2018. Planning consent not yet being granted is mitigated by the college holding a Planning Performance Agreement with Colchester Borough Council requiring the college to be provided with a secure level of service in respect of early dialogue and advice in completing various stages of the masterplan. The master-plan design incorporating all phases will be shared with Braintree and Colchester local authority planners during initial phases and will continue

alongside pre-planning applications. Colchester Institute will under-write any costs resulting from pre-planning in the event of planning not being consented.

- The college currently delivers a range of FE programmes for up to 1,000 learners at the Braintree campus across a wide range of curriculum areas (including non priority) some of which will no longer be available. However, students will be able to study these at Colchester campus where resources already exist and programmes can be delivered more cost effectively
- Increased traffic congestion and parking challenges at Colchester, mitigated by incentives to students such as Park & Ride and public transport (discussions underway with Essex County Council)

## 5. Project cost and funding contributions

5.1 Total Project cost is £10m.

5.2 In addition to the £5m LGF allocation to the Project, there are also £5m funding contributions from Essex County Council and Colchester Institute as set out in Tables 1 and 2 below.

Table 1 Project Funding Sources - STEM provision at Braintree

Source	Total	Description
Essex County Council	£1,250,000	Match funding
Colchester Institute	£1,250,000	Match funding
LGF	£2,500,000	LGF sought to complete project
	<b>£5,000,000</b>	

Table 2 Project Funding Sources – Centre for Health and Care (Colchester)

Source	Total	Description
Essex County Council	£1,250,000	Match funding approved by S151 Officer
Colchester Institute	£1,250,000	Match funding
LGF	£2,500,000	LGF sought to complete project
	<b>£5,000,000</b>	

Table 1a Financial Profile STEM provision at Braintree

(£m)		16/17	17/18	18/19	19/20	Total
SELEP request			0.050	0.950	1.500	2.500
Applicant contribution				0.250	1.000	1.250
Third party & other contributions	ECC			0.250	1.000	1.250
<b>Local contribution total (leverage)</b>						
<b>Total</b>		<b>0.000</b>	<b>0.050</b>	<b>1.450</b>	<b>3.500</b>	<b>5.000</b>
(£m)	Cost status estimate	16/17	17/18	18/19	19/20	Total
Detailed design			0.0415	0.308	0.010	0.360
Management				0.013	0.027	0.40
Construction				0.688	2.432	3.120
Contingency				0.100	0.130	0.230
Other cost elements				0.100	0.317	0.417
VAT*			0.0085	0.242	0.584	0.833
<b>Total</b>		<b>0.000</b>	<b>0.050</b>	<b>1.450</b>	<b>3.500</b>	<b>5.000</b>

\*Colchester Institute only has partial VAT exemption status meaning a minimal amount of VAT is recoverable. However, if this project receives approval, Colchester Institute will explore the opportunity for zero rating this building. This is not usually possible given the college usually has more than 5% of fee-paying students working within buildings which means they do not qualify for exemptions.

Table 2a Financial Profile Centre for Health and Care (Colchester)

(£m)		16/17	17/18	18/19	19/20	Total
SELEP request			0.050	0.950	1.500	2.500
Applicant contribution				0.250	01.000	1.250
Third party & other contributions	ECC			0.250	01.000	1.250
<b>Local contribution total (leverage)</b>						
<b>Total</b>		<b>0.000</b>	<b>0.050</b>	<b>1.450</b>	<b>3.500</b>	<b>5.000</b>
(£m)	Cost estimate status	16/17	17/18	18/19	19/20	Total
Detailed design			0.0415	0.308	0.010	0.360
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Other cost elements				0.100	0.317	0.417
VAT *			0.0085	0.242	0.584	0.833
<b>Total</b>		<b>0.000</b>	<b>0.050</b>	<b>1.450</b>	<b>3.500</b>	<b>5.000</b>
*Note that Colchester Institute has partial VAT exemption status so only a minimal amount of VAT can be recovered						

## 6. SELEP ITE Gate 2 Review

- 6.1 The SELEP Assurance Framework sets out the requirements for an Independent Technical Evaluation (ITE) review of the Business Cases for schemes seeking LGF funding.
- 6.2 The ITE review of the Project Business Case confirms that the assessment is thorough, complete and demonstrates at least a high value for money case for the Project with a medium to high certainty of achieving this.
- 6.3 The ITE review of this Business Case has recommended approval for this project and notes that the case is clear and well considered. The ITE report notes that queries in response to their Gate 1 review have been provided and demonstrate that the need for the scheme was based on a lack of supply and significant demand for the skills provided by the facility.
- 6.4 For the full ITE report, see Appendix 1

## 7. Compliance with SELEP Assurance Framework

- 7.1 Tables 3a and 3b below considers the SELEP Secretariat assessment of the Business Case against the requirements of the SELEP Assurance Framework.
- 7.2 The assessment confirms the compliance of the Project with SELEP's Assurance Framework.

**Table 3a STEM Innovation Campus at Braintree**

*SELEP Secretariat assessment of the Business Case against the requirements of the SELEP Assurance Framework*

Requirement of the Assurance Framework to approve the project	Compliance	Evidence in the Business Case
A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan		The ITE review notes the clearly articulated current and growing need by employers for appropriate facilities and demand as evidenced in the Essex skills evidence base.
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account		The ITE review notes that methodology has been applied accurately and additionality and benefits of the scheme are more clearly stated than previous versions of the business case.
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)		The ITE review notes that there remains key uncertainty around exact project costs which are still outstanding. However, the spend profile is detailed and risks, mitigations and contingencies for this are provided.
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions		The ITE review notes that a proportionate assessment of the scheme costs and benefits resulted in a strong benefit cost ratio presenting high value for money, with a medium / high certainty of achieving this. The BCR is just above 2 (2.1:1). The review notes however that <i>'the categorisation will be sensitive to any net downside risks. As a consequence, we invite the Accountability Board to consider this risk before determining whether or not to approve funding to approve the scheme.'</i>



**Table 3b Centre for Health and Care (Colchester)**

*SELEP Secretariat assessment of the Business Case against the requirements of the SELEP Assurance Framework*

<b>Requirement of the Assurance Framework to approve the project</b>	<b>Compliance</b>	<b>Evidence in the Business Case</b>
A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan		The ITE review notes current and future demand in the health and care sector have been clearly set out and evidenced with a robust outline of how this will be delivered against.
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account		The ITE review notes that the case is well supported by local employers and the local authority. Gate 1 queries were addressed in terms of how outputs were calculated and a more detailed breakdown over the life of the scheme.
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)		The ITE review notes that there is a detailed register of risks and discussion of them through the case. The college is responsible for all risks. Assurances are provided to mitigate the fact that planning consent is still to be granted.
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions		The ITE review notes the business case analysis has been carried out in a robust and reasonable manner with the economic case demonstrating that the scheme will provide high value for money. It states that <i>'while there is nothing to suggest the balance of risk points in either direction; we note that the BCR for the scheme is 2.0:1 and therefore the value for money categorisation will be very sensitive to any net downside risks. As a consequence, we invite the Accountability Board to consider this risk before determining whether or not to approve funding to approve the scheme.'</i>

## **8. Financial Implications (Accountable Body Comments)**

- 8.1 This project is requesting approval of LGF allocations in 2018/19 and 2019/20; It should be noted that whilst future year grant payments from Government haven't been confirmed, funding for this Project is included in the indicative LGF programme allocations provided by Government for future years.
- 8.2 In considering allocating funding to this project, the Board should take into account the funding profile risk outlined in the Capital Programme Management report presented to the board in November 2017, particularly in relation to the funding risk in 2019/20. The report identifies that whilst there is sufficient funding for all LGF projects across the duration of the programme, in 2019/20 there is currently a funding gap of £26m (including the requirements of this project); it is noted that this risk is being carefully monitored by the SELEP Capital Programme Manager with potential options for mitigation being considered.

There are SLAs in place with the sponsoring authority which makes clear that future year funding can only be made available when the Government has transferred LGF to the Accountable Body.

## **9. Legal Implications (Accountable Body Comments)**

- 9.1 There are no legal implications arising out of this decision. All funding will be transferred to the sponsoring authority under the provisions of the SLAs already in place.

## **10. Staffing and other resource implications (Accountable Body Comments)**

- 10.1 None at present.

## **11. Equality and Diversity implications (Accountable Body Comments)**

- 11.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when a public sector body 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.
- 11.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 11.3 In the course of the development of the project business case, the delivery of the project and their ongoing commitment to equality and diversity, the

promoting local authority will ensure that any equality implications are considered as part of their decision making process and where possible identify mitigating factors where an impact against any of the protected characteristics has been identified.

## **12. List of Appendices**

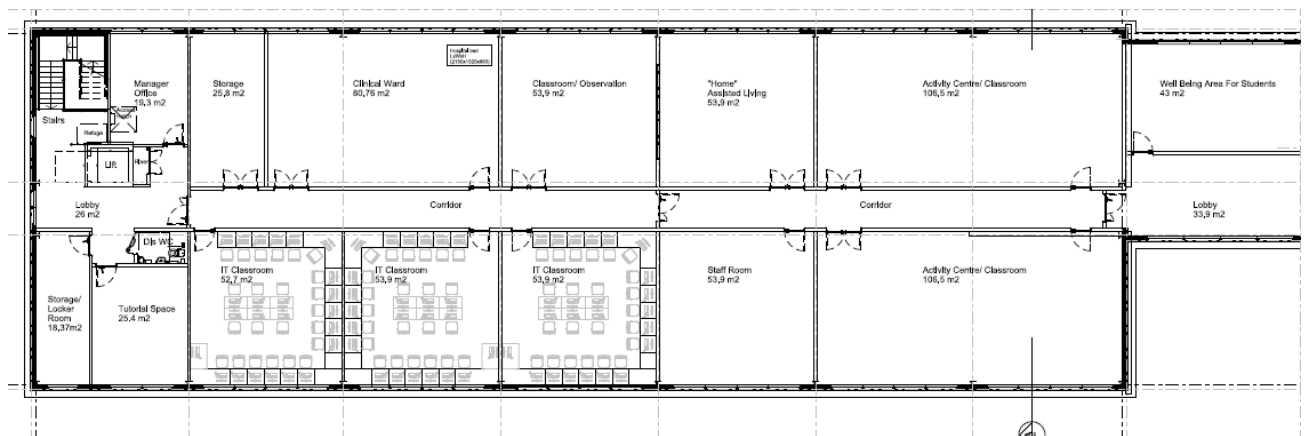
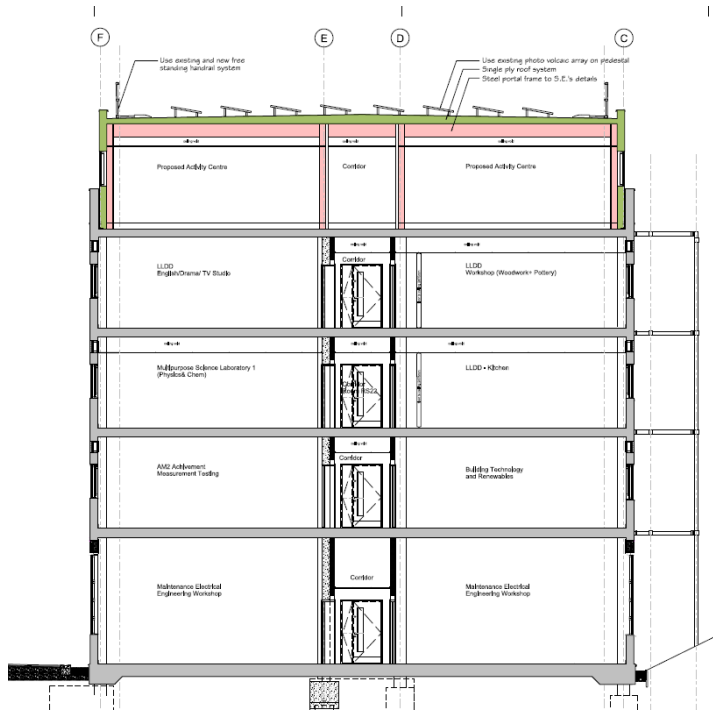
- 12.1 Appendix 1 – Report of the Independent Technical Evaluator
- 12.2 Appendix 2: Health and Care Centre layout and artists impression (fourth floor)
- 12.3 Appendix 3: Floor Plan for STEM Innovation new facilities

## **13. List of Background Papers**

**(Any request for any background papers listed here should be made to the person named at the front of the report who will be able to help with any enquiries)**

<b>Role</b>	<b>Date</b>
<b>Accountable Body sign off</b>	
Lorna Norris	06/12/2017
(On behalf of Margaret Lee)	

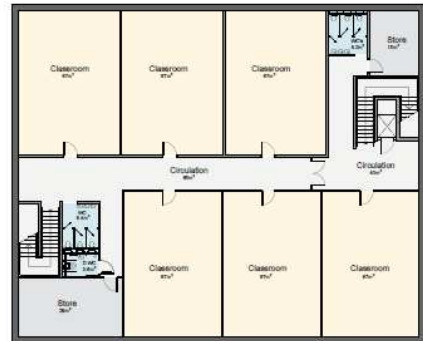
## Appendix two: Health and Care Centre layout and artists impression (fourth floor)



### Appendix three: Floor Plan for STEM Innovation new facilities



Proposed Ground Floor Plan  
Scale 1:250  
GF GIFA inc Atrium: 809m<sup>2</sup>



Proposed First Floor Plan  
Scale 1:250  
FF GIFA: 623m<sup>2</sup>