

**Forward Plan reference number:** FP/AB/214

<b>Report title:</b> Skills and Business Support for Rural Businesses, Plumpton College LGF funding decision	
<b>Report to Accountability Board on 7<sup>th</sup> June 2019</b>	
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<b>Date:</b> 16 <sup>th</sup> May 2019	<b>For:</b> Decision
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<b>SELEP Partner Authority affected:</b> East Sussex	

## 1. Purpose of Report

- 1.1 The purpose of this report is for the Accountability Board (the Board) to consider the award of £2.918m LGF to the delivery of the Skills and Business Support for Rural Businesses project (the Project). This Project has been identified by the Investment Panel as a priority through the LGF3b pipeline development process.
- 1.2 The Business Case for the Project has been considered through the Independent Technical Evaluation (ITE) process and the Project has been assessed as presenting high value for money with medium to high certainty of achieving this.

## 2. Recommendations

- 2.1. The Board is asked to:
  - 2.1.1. **Agree** the award of £2.918m LGF to support the delivery of the Project identified in the Business Case and which has been assessed as presenting high value for money with medium to high certainty of achieving this.

## 3. Skills and Business Support for Rural Businesses

- 3.1. Plumpton College, in Lewes, East Sussex, is the regional specialist land-based training and education centre, working with approximately 2,000 businesses and educating in the region of 3,500 students annually.
- 3.2. The Project aims to begin the process of securing better AgriFood business productivity and efficiency post-Brexit through delivery of the first phase of the College's 10-year plan for site development.
- 3.3. The provision of better AgriFood business productivity and efficiency post-Brexit will rely on:

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- 3.3.1. a better supply of more highly trained, educated and entrepreneurial new entrants;
  - 3.3.2. continual updating of the existing workforce (professionalising);
  - 3.3.3. business leaders adopting improved business techniques to exploit market opportunities, non-traditional diversification, estate utilisation and available technologies, e.g. the potential offered by automation;
  - 3.3.4. increasing technical skills to fill the current national shortage of 650,000 land-based technical vacancies of which 150,000 are in the south east, and to meet skills demand through new AgriFood opportunities which are not currently delivered elsewhere in the south east;
  - 3.3.5. Plumpton College's enhanced presence to prepare businesses (AgriFood and associated) for Brexit and the post-Brexit period, including recruitment of individuals with appropriate levels of skill.
- 3.4. There are currently three constraints which are limiting Plumpton College's efforts to deliver the skills and business support needed post Brexit, including:
- 3.4.1. Growth in student and business activity has saturated existing facilities, preventing further growth and preventing the college responding to the rising demand for new higher-level skills in new areas of AgriFood;
  - 3.4.2. Technology innovations and new developments mean some college facilities are outdated or not available;
  - 3.4.3. Application of Research and Innovation is hampered by insufficient conferencing/knowledge exchange facilities co-located with high quality technical demonstration facilities.
- 3.5. In order to address these constraints and provide the training and business support required Plumpton College have a 10-year plan for site development. The Project will bring forward the first part of Phase 1 of this plan and will deliver the following outputs:
- 3.5.1. Construction of a two-storey centre of excellence in AgriFood knowledge transfer, business improvement and skills training;
  - 3.5.2. Improved pedestrian and road user access to the new facilities;
  - 3.5.3. Redevelopment of the existing, but time expired and inappropriate, animal production facilities to better meet the training needs for growers and producers who want to produce to a high standard. This will facilitate use of innovative processes and approaches to add value and allow demonstration of the role of automation within the sector; and

- 3.5.4. Development of a village green through landscaping opportunities. These works, which will include significant earthworks and planting, will create an outdoor social/learning space for community and College use.
- 3.6. Plumpton College have considered the State Aid implications of this funding request and have confirmed that State Aid does not apply. The college will not gain a market advantage through the Project, as the primary objective is to equip and prime the AgriFood sector with empowering and effective knowledge and appropriately skilled workforces. In addition, it is noted that the College is an exempt charity for the purposes of Part 3 of the Charities Act 2011 and that they are guided by the Further and Higher Education Act (1992).
- 3.7. Plumpton College have indicated that they are working towards being in a position to independently fund the future phases of the Project. This will, at least in part, rely on their ability to continue to grow student numbers as this translates into a source of core funding. Delivery of the first phase of the Project will provide the facilities required to assist with this requirement.
- 3.8. Plumpton College have indicated that, whilst the Project title and Business Case reference the post-Brexit period, the Project remains relevant regardless of the outcome of the current national Brexit discussions.
- 3.9. The land-based sector is already suffering Brexit-related effects driven by the current political uncertainty. A number of measures have already been put in place in preparation for Brexit, including The Agriculture Bill 2017-19. This Bill will present significant challenge and opportunity to the land-based sector. Related businesses will need consistent support from established sources to guide them through this uncertain period.
- 3.10. Plumpton College are seeking to continue to grow their student numbers, despite the current political uncertainty and a drop in the number of 16 to 18 year olds across the region. Delivery of the Project will contribute towards this objective and will lead to a better supply of more highly trained, educated and entrepreneurial new entrants to the sector.
- 3.11. The Project is expected to create seven new jobs and safeguard 13 existing jobs. Furthermore, there will be an additional 204 apprentices, 248 additional learners and 610 business support interventions annually as a direct result of the Project.
- 3.12. In addition, the Project is expected to generate the following indirect outputs as a result of the operational facilities developed:
  - 3.12.1. At least 5,000 learner engagements per year, arising from visits, taster courses, lectures, demonstrations, interviews and networking events;

- 3.12.2. At least 2,500 business support interventions per year, arising from events, mentoring, peer exchange, masterclasses, demonstrations and student/employers meets; and
- 3.12.3. Course fee leverage of £938,000 per annum. This represents revenue funding for the delivery of the programmes.

#### 4. Options Considered

- 4.1. The Project Business Case focuses on the options for bringing forward the outputs included within phase 1 part A of the wider Project. These options include:
  - 4.1.1. **Do Nothing** – under this option no further investment will be made in the development of the college site. Adopting this option would reduce the strategic positioning of the college, severely limit college support to key food production and commercial growing sectors, severely limit apprenticeship numbers and full-time employment opportunities for graduating students and would result in Plumpton College being unable to meet the support requirements that have arisen as a result of the current political uncertainty around Brexit and the requirements of The Agriculture Bill 2017-19.
  - 4.1.2. **Do Something** – Delivery of initial infrastructure to prepare the site for possible future investment – under this option a reduced scope of works would be delivered including: access improvements and preliminary work to develop a village green concept for community-based activities. Whilst this option offers improved access and personal safety at the college, the construction of the knowledge exchange facility is likely to be significantly delayed, which will result in substantially reduced support and engagement with businesses. To realise the full benefits in terms of skills development and business support the knowledge exchange facility is essential. As a result, this option was discounted.
  - 4.1.3. **Do Optimum** – under this option the entirety of phase 1 part A will be delivered as set out in section 3.5. This option will best position the college to provide significant business support and skills development through the construction of the Knowledge Exchange Centre.
- 4.2. The preferred option is the Do Optimum scenario as it supports facilities improvement and in turn allows best practice modelling and skills development so that students enter the workplace equipped with both knowledge and appropriate professional expectations. The preferred option will also allow the college to provide significant business support over the coming years.

#### 5. Project Cost and Funding

- 5.1. The total cost of the Project is estimated at £7.037m, as set out in Table 1 below.

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- 5.2. Plumpton College are seeking a £2.918m LGF contribution towards the delivery of the Project. The remaining costs will be funded by Plumpton College.
- 5.3. The £4.119m contribution from Plumpton College will be provided through two mechanisms. £3.624m will be provided through secured borrowing. This funding has been agreed by the College Corporation and discussions are ongoing with the bank to secure this loan. The college currently has a low level of borrowing and sufficient income to service the loan.
- 5.4. The remaining £495,020 reflects revenue match which arises from staff allocations for:
  - 5.4.1. project management and coordination of wider estate activities to protect the critical path of the Project;
  - 5.4.2. staff costs as additional staff are recruited to deliver the increase in training arising from the expanded facilities;
  - 5.4.3. college staff designing and landscaping the areas around the buildings; and
  - 5.4.4. existing Business-related staff supporting the knowledge exchange centre.
- 5.5. This funding has been committed by the college.

**Table 1 – Skills and Business Support for Rural Businesses Spend Profile (£)**

	2019/20	2020/21	Total
SELEP LGF	2,133,900	784,100	2,918,000
Plumpton College	1,772,000	2,347,020	4,119,020
Total	3,905,900	3,131,120	7,037,020

**6. Outcome of ITE Review**

- 6.1. The ITE review confirms that the Project Business Case provides a proportionate assessment of the scheme costs and benefits which results in a strong benefit cost ratio representing high value for money.
- 6.2. The ITE review confirms that a reasonable assessment approach has been employed, with a bespoke appraisal tool used to calculate the benefits of the Project. It was, however, noted that whilst commentary was provided around the sensitivity of the BCR to changes to assumptions, the methodology would have been strengthened through the completion of a full sensitivity analysis that demonstrates that even in adverse conditions the project still provides high value for money.

## 7. Project Compliance with SELEP Assurance Framework

7.1. Table 2 below considers the assessment of the Business Case against the requirements of the SELEP Assurance Framework. The assessment confirms the compliance of the Project with SELEP's Assurance Framework.

**Table 2 - Assessment of the Project against the requirements of the SELEP Assurance Framework**

Requirement of the Assurance Framework to approve the project	Compliance (RAG Rating)	Evidence in the Business Case
A clear rationale for the interventions linked with the strategic objectives identified in the Strategic Economic Plan	Green	The Business Case identifies the current problems and why the scheme is needed now. The objectives presented align with national, sub-regional and local policies and strategies.
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account	Green	The expected project outputs and outcomes are set out in the Business Case and are considered in the economic case.
Considers deliverability and risks appropriately, along with appropriate mitigating action (the costs of which must be clearly understood)	Green	The Business Case demonstrates clear experience of delivering similar schemes. A risk register has been developed which provides appropriate mitigation.
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions	Amber	A BCR of 3.45:1 has been calculated, which indicates high value for money. A reasonable and proportionate assessment approach has been adopted to calculate the BCR, although this could have been strengthened through use of sensitivity analysis.

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

- 8.1. All funding allocations that are agreed by the Board are dependent on the Accountable Body receiving sufficient funding from HM Government. Funding allocations for 2019/20 have been confirmed, and the funding has been received, however, funding for future years is indicative.
- 8.2. Until confirmation of receipt of grant is received, any future year funding awards made by the Board remain at risk.
- 8.3. All LGF is transferred to the sponsoring authority under the terms of a Funding Agreement or SLA which makes clear that future years' funding can only be made available when HM Government has transferred LGF to the Accountable Body.
- 8.4. The Funding Agreements also set out the circumstances under which funding may have to be repaid should it not be utilised in line with the requirements of the grant or in accordance with the Decisions of the Board.

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

- 9.1. There are no legal implications arising out of this decision. The allocation will be released to the relevant Upper Tier Authority in accordance with the terms and conditions of the SLA already in place. It will be the responsibility of the Upper Tier Authority to ensure that there is a sufficient back to back agreement in place with the College ensuring that the conditions of the SLA are reflected and formulate the basis of any agreement put in place.

## **10. Equality and Diversity implication**

- 10.1. 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.
- 10.2. The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 10.3. In the course of the development of the Project business case, the delivery of the Project and the ongoing commitment to equality and diversity, the promoting local authority will ensure that any equality implications are

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considered as part of their decision-making process and where it is possible to identify mitigating factors where an impact against any of the protected characteristics has been identified.

### 11. List of Appendices

- 11.1. Appendix 1 - Report of the Independent Technical Evaluator (as attached to Agenda Item 6).

### 12. List of Background Papers

- 12.1. Business Case for the Skills and Business Support for Rural Businesses post Brexit.

**(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> Stephanie Mitchener  (On behalf of Margaret Lee, S151 Officer, Essex County Council)	24/5/19