

Forward Plan reference number: FP/AB/212

Report title: Digital Technology Campus, Basildon LGF funding decision	
Report to Accountability Board on 7th June 2019	
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Date: 16 th April 2019	For: Decision
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SELEP Partner Authority affected: Essex	

1. Purpose of Report

- 1.1 The purpose of this report is for the Accountability Board (the Board) to consider the award of £2.15m LGF to the delivery of the Digital Technology Campus, Basildon, Essex (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 £2.15m 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. Digital Technology Campus, Basildon

- 3.1. The Project involves the development of a new 3,200m² Digital Technologies Campus at the heart of Basildon Town Centre.
- 3.2. The Project will provide new facilities and learning opportunities across the digital technologies spectrum to meet the identified industry and employer needs. It will provide training and learning in key identified skills shortages areas where there also significant employment opportunities, such as IT networking, cyber-security, animation, games design and programming.
- 3.3. The Project will provide programmes from Level 2 through to Level 6 (Full Honours Degrees). South Essex College (the College) will be developing the

new 'T' Levels in Digital Technologies, growing their Apprenticeship offer and will deliver a number of degree programmes to provide young people and adults with the skills required by both the local and regional employers.

3.4. The key strategic objectives of the Project are:

- 3.4.1. To provide high quality state of the art learning and training facilities in Basildon Town Centre;
- 3.4.2. To increase the number of 16 - 18 year olds along the Thames Gateway undertaking STEM subjects in Digital Technology, including IT infrastructure and programming;
- 3.4.3. To increase Digital Apprenticeships;
- 3.4.4. Increase the number of women studying in the Digital Technologies Sector;
- 3.4.5. Provide opportunities for those from low socio-economic backgrounds to progress to high skilled technical roles;
- 3.4.6. Increase the number of young people and adults with learning difficulties and disabilities to access jobs in Digital Industries;
- 3.4.7. To raise the profile of Digital Technologies with school pupils across the Thames Estuary through the provision of taster and Saturday programmes delivered in this hi-tech environment;
- 3.4.8. To contribute to the regeneration of Basildon Town Centre;
- 3.4.9. Support high value employment through skills acquisition; and
- 3.4.10. Support digital skills development as an enabling skill to support other identified growth sectors.

3.5. The Project will provide over 150 jobs at the centre, including 20.5 new full time employee (FTE) net additional teaching/ support jobs as well as relocating staff from the existing Basildon campus which is due to close and so will be safeguarded through this Project. Furthermore the Project will provide facilities for over 800 students per annum by 2021, including 143 new additional further education learners and 200 net additional higher education learners per annum, together with associated wider employment and town centre regeneration benefits.

3.6. In total, the Project will support 16,000 FE and HE learners over a 20 year period.

4. Options Considered

- 4.1. In developing the College's Property Strategy the College explored a range of options. These options include:
- 4.1.1. Refurbishment of existing facilities;
 - 4.1.2. Redevelopment of existing site;
 - 4.1.3. Purchase of accommodation in town centre;
 - 4.1.4. Leasing of accommodation in town centre; and
 - 4.1.5. Site acquisition and development.

- 4.2. Options to remain at the existing site were discounted by the College, on the basis of the site being remote from the town centre and not well served by public transport; and there were no options to fund redevelopment of the existing site as insufficient surplus land would be released to fund the development without moving off site.
- 4.3. Options for purchasing and/or leasing of facilities were discounted following searches by appointed property agents which revealed no sites with accommodation capable of refurbishment to meet the functional and operational needs of the College were available.
- 4.4. As such, options have been considered for the development of a town centre site. The College, in association with Basildon Council and Homes England, appraised three potential town centre sites for development. The development of the Market Square site was identified as the preferred option.
- 4.5. The preferred option involves the College developing its 3,200m² Digital Technologies campus on the Northern part of the Market Square site. The location of the site is directly adjacent to the bus hub, train station and town centre. This aligns with the objectives of regenerating the town centre, increasing footfall and providing better public transport access. It also links the campus to the College's other main hubs in Southend and Thurrock, to improve access to education and employment.

5. Public Consultation and Engagement

- 5.1. The Project has undergone numerous public consultations, as part of the planning process and has been strongly supported by consultees.
- 5.2. Through the delivery of the Project, monthly meetings are held with Project partner stakeholders who are fully engaged in all aspects of design, programme and cost. The College regularly meet with local employers, key manufacturers and suppliers and student bodies/groups.

6. Project Cost and Funding

- 6.1. The total cost of the Project is estimated at £15.8m, as set out in Table 1 below.
- 6.2. The College is seeking a £2.15m LGF contribution towards the delivery of the Project. The remaining cost will be funded by the College through the Nethermayne campus land disposal receipts.
- 6.3. There are no constraints on the Nethermayne receipts, as these contributions are available and have been approved by partners to be spent on the Project.

Table 1 – Digital Technology Campus, Basildon Spend Profile (£m)

	2018/19	2019/20	2020/21	Total
SELEP LGF		1.150	1.000	2.150
College capital contribution (Nethermayne site capital receipts)	0.355	8.295	5.000	13.650
Total	0.355	9.445	6.000	15.800

7. Outcome of ITE Review

- 7.1. The ITE review confirms that the Project Business Case provides a proportionate assessment of the schemes costs and benefits which results in a benefit cost ratio representing very high Value for Money. It was noted that optimism bias has not been taken into account, however, given the level of contingency applied this is not considered to be a significant risk.
- 7.2. The ITE review confirms that a reasonable assessment approach has been employed, with the Skills Funding Agency appraisal approach having been used to calculate the transport related benefits of the Project.

8. Project Compliance with SELEP Assurance Framework

- 8.1. 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, however, the rationale could have been strengthened by articulating how the identified problems specifically impact the South East. The objectives presented align with the

Requirement of the Assurance Framework to approve the project	Compliance (RAG Rating)	Evidence in the Business Case
		objectives identified in the Economic Strategy Statement.
Clearly defined outputs and anticipated outcomes, with clear additionality, ensuring that factors such as displacement and deadweight have been taken into account	Amber	The expected project outputs and outcomes are set out in the Business Case and are considered in the economic case. Optimism bias has not been included within 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 experience of delivering similar schemes. A comprehensive risk register has been developed which provides an itemised mitigation.
A Benefit Cost Ratio of at least 2:1 or comply with one of the two Value for Money exemptions	Green	A BCR of 7.7:1 has been calculated, which indicates high value for money. This does not take into account optimism bias, however, this is not considered to be a significant risk given the level of contingency applied.

9. Financial Implications (Accountable Body comments)

- 9.1. 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.
- 9.2. Until confirmation of receipt of grant is received, any future year funding awards made by the Board remain at risk.
- 9.3. 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.

- 9.4. 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.

10. Legal Implications (Accountable Body comments)

- 10.1. 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.

11. Equality and Diversity implication

- 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 the 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 it is possible to 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 (as attached to Agenda Item 6).

13. List of Background Papers

- 13.1. Business Case for the Digital Technology Campus, Basildon.

(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)

Role	Date
Accountable Body sign off Stephanie Mitchener (On behalf of Margaret Lee, S151 Officer, Essex County Council)	24/5/19