



BESPOKE GLLEP INVESTMENT BOARD

1st April 2021

Microsoft Teams

Paper 0 - Agenda

Time	Item and brief description	Lead	Access/Circulation
14:30	Welcome, Apologies, Declarations of Interest <ul style="list-style-type: none"> FOR APPROVAL - Minutes 26th February 2021 	Chair Accountable Body	Paper 1 attached
14:35	<u>DECISION - Engineering, Logistics, Innovation, Technology and Energy Skills (ELITE), TEC Partnership</u> <ul style="list-style-type: none"> Summary Report & Recommendations Due Diligence Report Value of Grant: £1,410,496 	Halina Davies, LEP	Papers 2 and 2.1 Attached
14:55	AOB and close of meeting	All Members	

Directors: Pat Doody (Chair), Cllr Colin Davie, Cllr Philip Jackson, Cllr Rob Waltham, Nick Worboys, Darren Cunningham
 Apologies: Andrew Crookham (S151 Officer), Dean Fathers
 Observers: Pete Holmes (BEIS)
 Officers: Ruth Carver (GLLEP), Halina Davies (GLLEP), Lindsay Hill Pritchard (Accountable Body), Sue Groves (Note Taker)

26/02/2020 GL LEP Investment Board - Conflict of Interest Table

Board Member	Project	Conflict

Quorum rules - A quorum shall vary dependent on fund values to be voted upon. For projects with a value under £2 million, three members of the investment committee are required. For projects with a value above £2 million, four members of the investment committee are required. In each case, these require at least one Private Sector Director and one Non-Private Sector Director

LEP INVESTMENT BOARD

26th February 2021

Via MS Teams

Draft Minutes

Present:

Board Directors: Pat Doody - Chair, Cllr Philip Jackson (NELC), Cllr C Davie (LCC)
Dean Fathers (Health), Darren Cunningham (Phillips 66), Nick Worboys
(Longhurst)

GL LEP Officers: Halina Davies, Ruth Carver, Sue Groves (Note Taker)

Observers: Pete Holmes (BEIS), Andrew Crookham (Accountable Body & S151 Officer)

Apologies: Cllr Rob Waltham (NLC)

Welcome by the Chair

Apologies and Declarations of Interest

Declarations of Interest

Cllr Colin Davie - Horncastle Public Sector Hub (regarding LCC's current ownership and sale of land to enable the project) -

Full declarations of interest can be found at

<https://www.greaterlincolnshirelep.co.uk/about/boards/lep-board/> and then clicking on individual profiles

Minutes from Previous Meeting (Paper 1)

The minutes from the Investment Committee held on 19th January 2021 were accepted as a true record.

Matters Arising

- Two new members of the Investment Board joined the meeting - Darren Cunningham & Nick Worboys.
- Three review meeting have been held with Able UK to discuss the Killingholme Marshes Drainage Scheme (KMDS) and progress made with the project following on from these will be discussed later in the meeting.

Action:

HD to carry out an induction meeting for Nick Worboys and Darren Cunningham now that they have officially joined the Investment Board.

Growth Deal Update, Annual Performance Review Update and Getting Building fund (GBF) Update (Paper 2 - Halina Davies)

- On the Getting Building Fund , there are six schemes that are in final stages of contracting and the variation to contract agreement for the Centre for Innovation in Rural Health is now also completed
- The LEP has received a signed agreement for Lincoln Science and Innovation Park Phase 2 and is expecting the GC Energy Centre contract to be signed imminently having completed negotiations.
- The grant amount for these 7 schemes being contracted comes to £16,442,148 with overall contract amounts totalling £23,238,995.
- Two more Skills Capital Fund schemes and the KMDS scheme were being reviewed at this meeting and if approved, would move to contracting stage. These 3 schemes equate to £6.8m, with the overall contract amount being £19.8m.
- The final scheme in the Getting Building Fund programme will begin due diligence in early March and a decision will be made at a bespoke Investment Board (yet to be arranged) regarding progression to contracting. This scheme with the TEC Partnership has a provisional grant

allocation of £1.4m and a contract total of £2.2m.

- GBF grant is forecast to achieve £4m in Q4, but the target of £12.9m needs to be achieved, so freedoms and flexibilities will be used by the accountable body to enable this and will include increasing intervention rates against eligible spend, identifying and utilising capital offset and advanced payments.
- On Single Local Growth Fund Programme, detailed information is provided in Paper 2.
- Two schemes have informed the LEP that they would have minor delays - Skegness Gateway and Huttoft Visitor Centre.
- Now that GSRR has signed its Phase 3 contract up to 85% of grant can be released, reducing the offset figure to £8.79m.
- Annual Performance Review - there was a positive discussion, ie, the LEP is in a good position regarding governance, strategy and delivery where all elements have been met. In terms of process, the next stage will be moderation of all LEPs and this will take place during March. The outcome letters will be issued soon afterwards with confirmation of the second year's allocation of the Getting Building Fund being provided during April and payments to LEPs made during May.

Action:

- The Board asked what happens if there is a slight underspend on SLGF. It was clarified that discussions would take place with BEIS and the LEP once the total underspend or overspend on the programme is known. BEIS will check centrally if there is a planned decision across all LEPs in this regard.

Decisions:

- ❖ Bespoke Investment Board to be arranged in late March 2021.

Construction Centre Extension, Stamford College (Paper 3 - Halina Davies)

- Overall project costs are £2.68m and the college was asking for a grant allocation of £2.13m.
- The scheme is considered to provide excellent value for money.
- The scheme will begin construction of the extension in April and will complete in October 2021, starting core activity in November.
- There is a risk that costs could increase slightly, but the college will be asked to confirm as a pre-contract condition that it would underwrite any additional costs.
- College is expected to provide an updated State Aid/UK subsidy report.

Action

- The Board asked should projects in future programmes also consider the impact on GVA and consider making it core output criteria. Officer response was that a good body of evidence has been built up over the years on GVA; LEP Officers will look into how GVA could be consistently measured and benchmarked. Will need to consider this in the context of LEPs generally, what measurements are already being carried out to ensure that outcomes are being achieved, locally and nationally. Officers to bring back a piece of work to consider how this might be implemented in future programmes.

Decision:

- ❖ Board was supportive and approved the project to contracting stage with an allocation of £2.13m.
- ❖ Condition of Contract - That the Recipient commits to exploring wider aspects of construction skills development as the curriculum evolves and monitors to what extent resulting jobs are captured within Greater Lincolnshire, working closely with local employers to understand skills requirements.

Killingholme Marshes Drainage Scheme (Paper 5 - Halina Davies)

- This scheme will deliver extensive surface drainage across a large area of the South Humber

Bank, replacing existing temporary arrangements. It will be managed, on behalf of the Landowner Able Humber Ports Ltd (AHPL), by its UK Asset Manager, Able UK Limited (AUKL) who are lead applicants for the project. Once completed, the Killingholme Pumping Station (part of the KMDS scheme) would be adopted by North East Lindsey Drainage Board with a commuted sum of circa £1m and they would be responsible for the on-going maintenance.

- The project itself is worth £9.2m in total of which the Getting Building Fund contribution is £4.3m.
- Site works will start on 5th April and the applicant has been proceeding at risk to ensure that there are no delays to the scheme, which should be completed by January 2022.
- The third party land has now been legally secured and the LEP has received all the necessary legal documentation as evidence.
- A copy of the legally executed agreement with Network Rail and a copy of the legal agreement with the Environment Agency and are expected to be received next week.
- The applicant still needs to provide written confirmation that all match funding is in place as expected.
- The State Aid report will need to be updated to reflect new UK subsidy rules.

Comments:

- Accountable Body content with the work carried out so far and has no concerns.
- Scheme protects existing land from flood risk with a significant number of jobs safeguarded and the logistics park has plans to grow in areas other than in wind turbines.
- Impact on other businesses will be huge and the drainage will also protect the Enterprise Zone
- Just as important to North East Lincolnshire as it is to North Lincolnshire as the larger populations are near to this site.

Decision:

- ❖ Board was supportive and approved to proceed to contracting stage, subject to the outstanding conditions being met as above

CLlr Colin Davie left the meeting

Horncastle Hub - Boston College (Paper 4 - Halina Davies)

- ❖ The LEP's investment will form one part of the delivery of a larger integrated public sector hub development on the site that will construct 2,275m² of new multi-user floor space in total. East Lindsey District Council was not able to apply directly, as programme only open to colleges and training providers.
- ❖ The College has agreed with East Lindsey District Council to operate the new learning space under a 25-year lease, with five year break clauses.
- ❖ The LEP funding would be specifically targeted towards the provision of a dedicated Further Education College suite as part of the overall programme.
- ❖ The overall project needs £7.9m capital to be fully delivered and the Getting Building Fund allocation is £1.23m.
- ❖ The project would start on site in March and would be completed by March 2022.
- ❖ The due diligence report shows that the project outputs are good value for money.
- ❖ The main risks involved in this scheme relate to the lease agreement between ELDC and Boston College. Although unlikely, Boston College can have the option to pull out of the 25 year lease every 5 years, and this would mean that the training provision for the area would cease at that point unless replaced by another provider. Core outputs would however be met within the initial five year period. ELDC are unable to renege on the 25 year lease. Should Boston College only serve a 5 year term, ELDC would appear to have the right to use the building space for non-Training/skills purposes.
- ❖ Additional clauses/agreements could potentially be incorporated within the contract to protect the LEP's intended training and learning outcomes.

- ❖ Delivery timescales are tight, but achievable.

Comments:

- ❖ Scheme has positive benefits and will allow the diversity of the local communities to have Place-based local education where people do not have to travel, which is more sustainable.
- ❖ If Boston College do pull out after the 5 year lease, is there an alternative project that could be utilised instead?
- ❖ Believe that ELDC would want to keep any alternatives as education based.
- ❖ The LEP would ask the grant recipients to seek permission if they wished to change the purpose of the site and the recipients would also be eligible for claw back against non-delivery. Claw back should be increased to 10 years to ensure delivery of skills provision for an extended period.

Decision:

- ❖ Board was supportive and approved the project to contracting stage subject to conditions identified.
- ❖ An extension of 10 years to be made to the claw back clause within the funding agreement.
- ❖ Condition of contract - That a Strategic Curriculum Steering Group to include Lincolnshire County Council representation is established by the Recipient to review needs analysis and existing 16-19 provision.

Any Other Business

None

Next Investment Board Meeting

March 2021 - to be arranged

ACTION LOG

Area	Who
HD to carry out an induction meeting for Nick Worboys and Darren Cunningham now that they have officially joined the Investment Board.	HD
Query on underspend on SLGF at the end of the programme in March 2021	PH
Impact on GVA model to be explored with the Policy and Research Team	HD/JB
Approval of three schemes to contracting stage - Horncastle Skills Hub, Killingholme Pumping Station, and the Construction Centre extension at Stamford College.	HD

PAPER 2 - SKILLS CAPITAL INVESTMENT PROGRAMME ENGINEERING, LOGISTICS, INNOVATION, TECHNOLOGY AND ENERGY SKILLS (ELITE)

Publication	Public Paper (published)					
Meeting date:	1 April 2021					
Agenda Item:	2					
Item Subject:	Skills Capital Investment Programme due diligence appraisal – Engineering, Logistics, Innovation, Technology and Energy Skills (ELITE), TEC Partnership					
Author:	Halina Davies					
For:	Discussion	Yes	Decision	Yes	Information	

1. SUMMARY

- 1.1 This paper provides the Investment Board with a summary of the due diligence appraisal of the ELITE scheme proposed by the TEC Partnership and requests a decision with regard to progression to contracting stage.

2. BACKGROUND

- 2.1 On the 11 November 2020 the Investment Board approved a provisional grant allocation of £1,410,496 for this scheme to support delivery of the wider Getting Building Fund Skills Capital Investment Programme.
- 2.2 The project is one of six supported under the auspices of the Skills Capital Investment Programme.
- 2.3 Following the recent announcements for a Humber Freeport and government support for a new Able Marine Energy Park it is a time of opportunity for the ports and logistic sector in Greater Lincolnshire. The supply of higher/technical skills will be key to unlocking the region's potential, boosting the economy and developing the low carbon economy.

3. THE PROJECT

- 3.1 The ELITE programme includes the purchase of cutting-edge training equipment and accommodation refurbishment, enabling the training of a diverse, skilled workforce of tomorrow. It targets the 'Port and Logistics' sector and supports the 'Low Carbon/Renewables' and 'Manufacturing and Engineering' sectors. Digital development is a key enabling theme throughout.
- 3.2 The programme will create 1,789 additional enrolments and will include L1-L4 programmes with both progression pathways in education and training, as well as progression into employment by March 2025, for those completing studies.
- 3.3 The proposed logistics lab will enable learners to understand and learn how the data ecosystems of shipping, ports and logistics work together to create global and domestic supply chains that transport goods from manufacturer to consumer.
- 3.4 The programme includes investment in domestic and commercial energy equipment. This will enable delivery of the proposed curriculum mix and lead to enhanced engineering/green construction employment prospects. It also includes investment in two fully electric vehicles, two hybrid vehicles, charging facilities and diagnostic equipment. Major players in the region, including Orsted and ABP, are taking steps to replace their fleets with alternatively fuelled vehicles and these factors will contribute to an exponential growth in the number of electric cars (EVs) used in our region.
- 3.5 The training will also address changes to customs processes impacting on roles such as the British Transport Police, Customs Officers and Port and transport security.

PAPER 2 - SKILLS CAPITAL INVESTMENT PROGRAMME ENGINEERING, LOGISTICS, INNOVATION, TECHNOLOGY AND ENERGY SKILLS (ELITE)



Dedicated Low carbon centre, with Turbine and biofuels, which were established in 2015



New extension to the engineering building to allow for a modern Electric Vehicle training centre

4. FUNDING

4.1 The LEP funding will be specifically targeted towards the following:

- The extension and refurbishment of the Engineering block to create a showcase EV training centre
- Refurbishment of existing teaching spaces to introduce new environmental technologies
- Investment in EV and electric cars
- Investment in ICT for the new workshop
- Investment in Hydrogen technology teaching aids
- Investment in Ground Source heating training rigs
- Investment in Air Source heating
- Investment in Wind Turbine and battery storage
- Investment in Solar and Battery
- Investment in F Gas Training rigs
- Investment in GMDSS Marine Logistics Simulators
- Investment in Logistics Nova Data
- Investment in Any Logix Software

4.2 The project requires £2,426,084 of capital to be fully delivered with a Getting Building Fund grant allocation of £1,410,496. The balance of project costs of £1,015,588 will be invested by the TEC Partnership.

PAPER 2 - SKILLS CAPITAL INVESTMENT PROGRAMME ENGINEERING, LOGISTICS, INNOVATION, TECHNOLOGY AND ENERGY SKILLS (ELITE)

5. OUTPUTS

5.1 Due diligence has identified that the overall the package of outputs delivered by the scheme is considered to provide good value for money.

5.2 As for the curriculum plan following table reflects the additions courses that will be delivered as a result of our investment:

New Course Title	2021	2022	2023	2024	2025	TOTAL
1. L1 Award in Understanding Carbon Awareness and Energy Management	0	50	100	100	100	350
2. L2 Award in Understanding Carbon Awareness and Energy	0	40	50	50	55	195
3. L3 Award in Energy Management	0	20	30	50	55	155
4. L3 Energy Management - Transport	0	20	25	30	35	110
5. L3 Installation, Service and Maintenance of Environmental Technology Systems	0	10	15	20	30	75
6. L1 Award in Hybrid /Electric Vehicle Awareness	0	35	35	35	45	150
7. L2 Award in Electric / Hybrid Vehicle Hazard Management for Emergency and Recovery	0	30	35	40	45	150
8. L2 Award in Electric / Hybrid Vehicle Maintenance	0	25	30	35	40	130
9. L3 Award in Electric / Hybrid Vehicle System Replacement and Repair	0	25	30	35	40	130
10. L4 Award in the Diagnosis, Testing and Repair of Electric/Hybrid Vehicles and Components	0	0	15	20	20	55
11. L3 Award in Heavy Electric / Hybrid Vehicle System Repair and Replacement including Bus and coach	0	10	15	15	25	65
12. L2 Diploma in Public Services	0	10	15	15	20	60
13. L3 90 Credit Diploma in Public Services	0	0	10	15	20	45
14. L3 Diploma in International Supply Chain Logistics	0	12	15	20	20	67
15. L4 Diploma in Shipping and Logistics	0	10	12	15	15	52
	Year2021	2022	2023	2024	2025	Total
Total Number of Enrolments	0	297	432	495	565	1789

5.3 The following outputs and outcomes would be delivered by this scheme:

- £1,015,588 Public Sector Investment Leveraged
- 896sqm floorspace refurbished training/learning facilities
- 12 brand new curriculums/training courses
- 1789 learners on courses within key priority sectors
- 248 learners as a result of this project securing jobs in a priority sector

PAPER 2 - SKILLS CAPITAL INVESTMENT PROGRAMME ENGINEERING, LOGISTICS, INNOVATION, TECHNOLOGY AND ENERGY SKILLS (ELITE)

6. PROJECT MILESTONES

6.1 The delivery timescales are tight but achievable according to the due diligence assessment. We would ask the TEC Partnership to explore with the main contractor opportunities to bring forward works timescales wherever possible.

6.2 The milestones that apply to the delivery of the project are:

- Professional team appointed to undertake the detailed design - March 2021
- Detailed design completed - May 2021
- Planning permission secured- May 2021
- Procurement process issued is May 2021
- Procurement contracts awarded July 2021
- Project completion date - March 2022

7. DEMAND AND NEED

7.1 Developing people is the key to overcoming the economic challenges that lay ahead and currently our growth industries have higher skilled, hard-to-fill vacancies. We need to take full advantage of our emerging talent and retain that talent in our region and this Investment will provide the required facilities and learning opportunities to realise this by directly addressing this need.

7.2 The Humber is the UK's busiest trading estuary and the fifth busiest in Europe. The Ports and Logistics sector employs more than 27,000 people in the Humber region (7% of the total workforce). Almost one-quarter of the UK's seaborne trade passes through the Humber; this includes 25% of the country's natural gas and 25% of its refined petroleum products. The sector itself contributes £1bn of GVA to the Humber's economy each year. The sector is set to continue to grow in the Humber Sub-Region as a result of recent investment in the Energy and Renewable Sector, particularly now that a significant part of the Humber Estuary has Freeport Status.

7.3 The Ports and Logistics Sector is part of wider network within the maritime industry. It will require significant skills investment in an area where skills shortages are most prominent. This involves not only rising skills levels but a sector-wide approach to develop a programme to engage more people with the ports and logistics-related training. The skills profile of the logistics sector will change significantly over the next 30 years. An ageing workforce, competition for skilled staff and shifting migration patterns, means there are continuing challenges in the recruitment and retention of labour for key logistics roles

8. RISK ANALYSIS AND DELIVERABILITY

8.1 The main risks associated with this project can be summarised as follows:

Risk	Owner	Probability	Impact	Mitigation	To be a condition of funding Yes/No.
Issues with securing planning permission	Principal, Project Manager	Low	Moderate	The project should not be considered to be contentious given that this is the conversion of an existing building within the College Campus, which will be used for educational and training purposes.	Yes. Pre-contract condition.

**PAPER 2 - SKILLS CAPITAL INVESTMENT PROGRAMME
ENGINEERING, LOGISTICS, INNOVATION, TECHNOLOGY AND ENERGY
SKILLS (ELITE)**

				Confirmation to be obtained as to whether planning approval will be required.	
Environmental risk - Further impact of COVID-19 compromises ability to recruit and retain learners.	Principal, Project Manager, Group Executive Director - Projects and Partnerships	Unlikely	Moderate	Contingency plans are in place across TECP and provisions for remote / digital learning are sector leading.	No. Subject to ongoing monitoring with GL LEP
Demand risk - Projected learner numbers are not recruited.	Project Manager	Unlikely	Minor	Projects are based on numbers of learners on equivalent existing provision. Modal have already recruited the first cohort of learners.	No. Subject to ongoing monitoring with GL LEP
Volume risk - Projected job outcomes are not secured.	Project Manager	Unlikely	Minor	Links to employers are being enhanced through IoT and the national shipping agents who place Cadets, as well as direct recruitment drives.	No. Subject to ongoing monitoring with GL LEP
Operational risk - Insufficient staffing for quality provision and delivery of specified outcomes.	Project Manager	Unlikely	Minor	Experienced, qualified staff are in place to facilitate delivery.	No. Subject to ongoing monitoring with GL LEP
Project Costs - GLLEP funding project spend is ineffective, and lack of beneficiary buy-in. The impact of the funding is not maximised.	Principal, Project Manager, Group Executive Director - Projects & Partnerships	Unlikely	Minor	Processes to ensure rigorous governance of the project and decision-making arrangements where funding spend decisions are made. This enables mitigating actions to be agreed and implemented swiftly to maintain project delivery.	No. Subject to ongoing monitoring with GL LEP
Procurement - Failure to follow and comply with procurement legislation brought about by: a) additional legislative burdens b) the scale of the capital programme compounding c) the legislative compliance burdens	Director of Estates	Unlikely	Minor	Procedures oversee all procurement activities including access to the services of a procurement legal expert and the deliverability of the capital programme in line with project outputs.	No. Subject to ongoing monitoring with GL LEP

PAPER 2 - SKILLS CAPITAL INVESTMENT PROGRAMME ENGINEERING, LOGISTICS, INNOVATION, TECHNOLOGY AND ENERGY SKILLS (ELITE)

d) the need for greater oversight of contractor management and performance					
Supply Chain Management - Failure to deliver the project due to delays in supply chain caused by the outbreak of the COVID-19	Director of Estates	Likely	Moderate	Ongoing resilience improvement programmes and exercises to manage risks associated with the outbreak of COVID-19. Active stakeholder engagement through Strategic Project Boards to overlook contingency plans.	No. Subject to ongoing monitoring with GL LEP
Construction - Increases in scheme delivery costs, requirements to make changes to scheme design, quality of the infrastructure delivered declines to meet costs.	Director of Estates	Unlikely	Minor	Engage with the relevant parties to co-ordinate works to minimise disruption. Project teams to meet regularly to discuss where complementary schemes can be implemented/where changes can be made to scheme design to maximise the benefits.	No. Subject to ongoing monitoring with GL LEP

9. COMMENTS FROM THE ACCOUNTABLE BODY

- 9.1 The project fits well with the overall aspirations of the skills programme and will deliver a key set of qualifications. We note the conditions with regards planning and advanced design but would concur with the overall risk assessment of the project and support the recommendation.

10. CONDITIONS OF CONTRACT

- 10.1 The due diligence assessment has identified the following conditions to be satisfied as part of any Getting Building Fund approval:

Pre-Contracting

- Clarification as to whether planning permission will be required for the scheme and if so that it is factored into the programme for delivery and an updated programme is provided.
- The TEC Partnership to confirm that they will be responsible for meeting any additional/unforeseen costs associated with the delivery of the project, or that it will be value engineered without reducing any of the outputs that are detailed within this report.

Pre-Drawdown

- An updated programme to be provided for the delivery of the scheme, to demonstrate that it is deliverable within the programme set for the Skills Capital Investment Programme.
- A copy of the report on tenders to be provided for the conversion and expansion works to the existing building along with copies of the lowest quotations to be accepted for the acquisition of various pieces of equipment. This is required to

PAPER 2 - SKILLS CAPITAL INVESTMENT PROGRAMME ENGINEERING, LOGISTICS, INNOVATION, TECHNOLOGY AND ENERGY SKILLS (ELITE)

demonstrate that the scheme can be delivered as proposed within the due diligence report.

11. RECOMMENDATION

- 11.1 It is recommended that the GL LEP Investment Board approves Skills Capital Investment Programme Grant Funding of £1,410,496 towards this project and progression to contracting.



Greater Lincolnshire Local Enterprise Partnership

Due Diligence Assessment

In Respect of

Skills Capital Investment Programme

For

**The Engineering, Logistics, Innovation,
Technology and Energy Skills (ELITE)
Laceby Road
Nuns Corner
Grimsby**

March 2021

Paper 2.1

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APPENDICES

I	BUSINESS CASE AND KEY SUPPORTING DOCUMENTATION
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1.0 PROJECT SUMMARY AND PLANNING STATUS

The Project

- 1.1 An application seeking Skills Capital Investment Programme Funding has been submitted by TEC Partnership for £1,410,496, to contribute towards total project costs of £2,426,084, to enable delivery of a new logistics, innovation, energy and training centre, within the Grimsby Institute campus. The centre will accommodate specialist laboratory and cutting-edge training equipment, for skills and education provision for electric vehicles, wind turbine and marine simulator and additional specialisms supporting low carbon/green energy development.
- 1.2 Specifically, this scheme will be delivered by the Grimsby Institute (an Education Institute) and Modal Training Ltd, both of whom are member organisations of the TEC Partnership and are committed to driving the growth across Lincolnshire within the growth and priority sectors of ports and logistics, low carbon/renewables and manufacturing and engineering.
- 1.3 The port and logistics, manufacturing and engineering sectors are recognised in terms of the potential for innovation and economic growth for Greater Lincolnshire along with the low carbon/renewables sector, which is currently growing at an incredible pace. Growth within these sectors is going to be further accelerated by the Governments recent approval of the Freeport bid at the Humber Gateway, with the major focus that this will have on offshore energy/renewables generation, associated advanced manufacturing, research and development and logistics sectors.
- 1.4 The current and forecast growth within these sectors has already been evidential and is now demonstrating a need towards higher level skills to be provided within the existing labour force. Engagement with businesses and research reports published has already identified that there are challenges filling technical and professional roles across all levels. The lack of higher level skills in the workforce, restricts the ability of businesses to innovate and/or improve their products, which ultimately results in a significant loss of competitive advantage.
- 1.5 The project proposed by the TEC Partnership therefore, will seek to deliver a world class training centre to address the current and widening skills gap, by providing higher education and technical skills training. In addition, pathways will be on offer for young people to move into an integrated training programme and onto higher skilled jobs.
- 1.6 In defining proposals for this project, TEC has engaged extensively with employers including Youngs Seafood Limited, WM Morrison Supermarkets PLC, Johnson Controls, Allied Protek, Engineering Solutions Ltd, OnGo Recruitment and many more.
- 1.7 Feedback has identified a shortage of skills across four main areas and the ELITE centre will specifically provide new qualifications within these areas;
 - Maintenance Operations Engineering Technicians
 - Refrigeration, Air Conditioning and Heat Pump Systems Engineering Technician
 - Plumbing & Heating
 - Engineering

1.8 The project will specifically undertake the refurbishment and conversion of an existing engineering facility within the College Campus to provide 836 sq m of dedicated low carbon/engineering and port and logistics training spaces and a laboratory. The facility will enable the introduction of twelve new courses in skills areas matched to employers need and GL LEP growth sectors and thematic priorities. The facility will also encourage more people into STEM learning along with the provision of short courses designed to upskill the existing workforce in the evolving area of low carbon, via a variety of new technologies on offer. The new technologies and curriculum offer to be provided within the new facility is within the following specialisms;

- Hybrid Electric Cars/Commercial Vehicle Training
- Solar Technology
- Battery Storage
- Hydrogen Cell Technology
- Ground Source Heat
- Logistics Lab and Simulators
- Marine Engineering
- Operation and Maintenance Components for Engineering

1.9 The full list of courses that will be provided are detailed below;

- L1 Award in Understanding Carbon Awareness and Energy Management
- L2 Award in Understanding Carbon Awareness and Energy
- L3 Award in Energy Management
- L3 Energy Management – Transport
- L3 Installation, Service and Maintenance of Environmental Technology Systems
- L1 Award in Hybrid /Electric Vehicle Awareness
- L2 Award in Electric / Hybrid Vehicle Hazard Management for Emergency and Recovery
- L2 Award in Electric / Hybrid Vehicle Maintenance
- L3 Award in Electric / Hybrid Vehicle System Replacement and Repair
- L4 Award in the Diagnosis, Testing and Repair of Electric/Hybrid Vehicles and Components
- L3 Award in Heavy Electric / Hybrid Vehicle System Repair and Replacement including Bus and coach
- L2 Diploma in Public Services
- L3 90 Credit Diploma in Public Services
- L3 Diploma in International Supply Chain Logistics
- L4 Diploma in Shipping and Logistics

1.10 The completed project will be operated by the Grimsby Institute and Modal Training Ltd both of whom are highly established education and training providers and part of the TEC Partnership Group. The Grimsby Institute and Modal Training will also work in collaboration with other local education and training organisations to ensure that activities on offer at ELITE are highly complementary to other training initiatives offered. ELITE will also seek to share intelligence in terms of development within the low carbon and renewables technologies, to generate a wider benefit and support businesses within Greater Lincolnshire.

1.11 The project has completed the initial scheme design and feasibility with the detailed design process due to be completed by May 2021. A start on site is anticipated to

commence in July 2021, with practical completion of the works in March 2022 when the facility becomes operational.

Planning

- 1.12 Planning permission will be applied for once the detailed design process has completed in May 2021. The ability to secure planning permission is not anticipated to be contentious given that the building will remain in education and training use, comprising refurbishment and conversion of existing space all within the College Campus.
- 1.13 It is recommended as a condition of investment, that the programme for obtaining planning permission is a key milestone and as such GL LEP are notified of any issues or delays in this regard.

2.0 FUNDING SOUGHT AND STATUS OF MATCH FUNDING

- 2.1 Total capital costs of delivering the project are estimated at £2,426,084. Funding from the Skills Capital Investment Programme is sought at £1,410,496 with the balance of project costs of £1,015,588 to be invested by the TEC Partnership.
- 2.2 The total amount of Skills Capital Investment Programme funding equates to 58.14% of total costs and TEC have confirmed that match funding is fully secured, meaning that the project is in a position to proceed upon the approval of funding sought from GL LEP.

3.0 KEY ISSUES

- 3.1 The Full Business Case submitted by TEC Partnership is comprehensive and is underpinned by detailed and supporting information in relation to the current stage of scheme proposals and explaining how costs have been estimated.
- 3.2 In this regard, no queries have been raised in relation to the information submitted. The main issue with this project therefore relates to the necessity to advance the scheme through the detailed design process, secure planning permission and initiate procurement to select a contractor in a timely manner and in accordance with the programme presented by the applicant.
- 3.3 The delivery of the project in accordance with the current programme will therefore need to be incorporated as a milestone within any funding agreement and subject to ongoing monitoring by GL LEP and TEC Partnership.

4.0 STRATEGIC FIT

- 4.1 The project has been demonstrated to have strong strategic fit, through alignment with the following strategies;
 - i. The GL LEP Strategic Economic Plan (SEP), 2016 Refresh.

The project is aligned with three of the priority sectors detailed within the SEP being port and logistics, low carbon and manufacturing and engineering. The low carbon economy has an estimated economic value to Greater Lincolnshire of £1.2 billion, with the Humber Energy Estuary already delivering 25% of the UK's renewable energy. In addition, Hornsea, Triton Knoll being incorporated

with the future East Coast Sector Deal for Renewables and Grimsby Port set to become the principal port for offshore wind, will see delivery of major strategic developments and sector growth. In turn, there will be an associated increase in need for an appropriately skilled workforce. Current forecasts estimate around 2,000 new jobs will be generated within this sector by these developments alone.

With regard to the ports, the SEP reflects the fact that Greater Lincolnshire's Ports account for over 25% of UK rail freight, connecting to the major energy and manufacturing providers in the north and offering significant opportunities as the UK gateway to the Midlands Engine and Northern Powerhouse. The ports of Grimsby and Immingham handled over 59 million tons of cargo in 2014, making them the busiest in the UK, whilst also providing a key gateway to Europe.

2021 has seen freeports being awarded for the Humber Port, which is likely to generate massive investment in the designated Enterprise Zone along with the Freeport Status, which in turn will also drive the need for a highly skilled workforce.

This project supports the objectives of the SEP.

ii. The Local Industrial Strategy (LIS)

The LIS acknowledges that based upon current forecasts, by 2041, the working age population will continue to reduce due to an ageing population and falling levels of inward migration. This reinforces the need not only to retain students and graduates, but also to attract new residents into the area through being able to offer skills and training that will be matched to the growth in the priority sectors noted above. Ultimately, the LIS focuses upon the need to create a sustainable supply of skilled labour and business support services to enable the economy to derive maximum benefit from the forthcoming major investments and regional priorities.

This project will therefore seek to strengthen the relationships between education providers and employers, through establishing a clear picture of the skills required and to match these within the opportunities created in the LEP's priority sectors.

iii. GL LEP Skills Strategy

It is recognised within this strategy that there exists a lack of higher level skills and hard to fill vacancies, especially in technical roles. This, coupled with other factors including an ageing workforce, means that businesses are not able to realise their full potential for future growth and are losing competitive advantage.

It is recognised therefore, that investment is crucial to train, retrain and provide ongoing skills in education that are employer facing and will help to support economic growth within priority sectors. The ability to embrace new technologies, offer education in these areas and raise skill levels, will help promote an attractive career choice for residents.

iv. Other Strategies

The project also supports a number of other strategies, which are referred to within the Full Business Case as an underlying theme within the priority sectors and these are listed as follows;

- Ten Point Plan for a Green Revolution – A Central Government initiative that seeks to drive growth in green technologies and renewables as part of the targets for a net carbon economy by 2050. Embedded within Government's Policy is to deliver a carbon reduction across the UK, with the further and higher education sectors being identified as key to facilitating this target through education and upskilling.
- Maritime 20/50 People Route Map – This strategy seeks to deliver diversity across skills training and employment to ensure that there is the biggest pool of talent available for businesses.
- Public Sector Equality Duty and the Equality Act 2010 – The TEC Partnership have their own strategy and vision and are fully committed to raising awareness of equality and human rights, promoting diversity and combating all forms of inequality. This policy is rolled out across all areas of TEC's activities not just education and skills training.

v. North East Lincolnshire District Council

- The project supports various economic, development strategies and Local Plan policy in terms of the provision of facilities required to deliver sustainable communities and support economic growth of the region.

4.2 On this basis the project is identified to have strong strategic fit.

5.0 MARKET ASSESSMENT

5.1 The TEC Partnership are committed to supporting growth within the priority sectors, matching opportunity and need with improvements in education, skills and training. The TEC Partnership therefore have a rigorous and well established process for curriculum planning, which includes employer engagement, the collation and analysis of market intelligence.

5.2 Research has been undertaken to gather an evidence base upon which this project has been developed. The findings of this research are briefly summarised as follows;

i. Ports and Logistics

The UK Port Sector is the second largest in the European Union, handling around 5% of the worlds total maritime freight at some point in a journey. Around one in twelve people working in the UK are within a logistics related industry.

The Humber is the UK's busiest trading estuary and the fifth busiest in Europe. This sector employs more than 27,000 people in the Humber region, being 7% of the total workforce. The number of businesses in this sector increased by 37% as at 2019, and the sector is set to continue to grow as a result of the investment in the energy and renewables sector.

Alongside this, the skills profile of the logistics sector will change significantly over the next 13 years, particularly through a move to more digitalisation, robotics and artificial intelligence. There is therefore a need to revolutionise the education and skills training provision so as to support this rapidly evolving sector and ultimately enable its continued growth.

Skills shortages are most prominent within the port and logistics sector requiring not only upskilling but to develop a programme to engage more people with related training.

Continued innovation in this sector is also going to create significant growth and demand for additional and more skilled employees in associated industries. Specifically, demand for additional and higher skilled labour is now being evidenced for jobs within customs clearance, public services operatives and associated maritime clusters.

ii. Engineering and Manufacturing

The various offshore wind sites and next wave of additional licences for development currently have a bias towards the East Coast, being Hornsea 1 and 2 as well as waves 3 to 5, along with Triton Knoll and others. In order to service these offshore wind sites, there are a number of Operations and Maintenance (O&M) Hubs. At the current time, installation along these sites has only progressed to around 20% and not all licences and developments have yet been agreed.

Coupling this with new investments particularly from Associated British Ports (ABP) and APHL's investment at the Able Marine Energy Park, it is considered likely that there will need to be an expansion of O&M Hubs. Additional O&M Hubs will create demand and labour pressures particularly for new mariners and maritime technician posts as these will be necessary as part of the labour required to operate new hubs.

Akin to this, is the changes within the automotive industry and moving towards an electric future. The UK is among Europe's largest market for electric vehicle sales, which is going to grow, given that by 2035 the Government will halt the production of petrol and diesel cars.

In recognition of this, major players within the region, including Orsted and ABP, are currently taking steps to replace their fleets with alternatively fuelled vehicles. These factors will contribute to an expedient growth in the number of electric vehicles used within the region.

Not only is the production of these vehicles going to increase but as will the need for maintenance. The skill set of current technicians and mechanics does not meet the needs of industry or consumers. Research from the Institute of the Motor Industry found that only 3% of mechanics were qualified to work on electric vehicles, with the potential to cause major problems within the logistics sector and hold up delivery of the Governments targets.

iii. Low Carbon Renewables

As referred earlier, the renewable energy sector will see huge growth in the coming years from onshore and offshore, wind, wave and tidal energy, which is currently estimated to support around 30,000 direct and indirect jobs.

Similarly, solar energy is expected to expand by around 50% by 2024 with this growth spearheaded by the solar photovoltaic systems. This will also lead to the creation of UK jobs with the appropriate skill set.

It has been established that within the renewables sector generally, there is a skills shortage for all types of engineers, from general mechanical, design and environmental to more specific wind energy engineers. There are also identified shortages of scientists, ecologists and those with design and technical skills including landscape and wind analysis.

Notably, 2019 was a record breaking year for renewable energy. The capacity of green sources overtook that of fossil fuels in the UK for the first time ever, following a tripling of capacity in the last five years. In comparison, the capacity of fossil fuels has fallen by a third.

As the popularity of renewable energy grows, so does the need to develop new technology to harness it. Energy storage can be used on a domestic scale and a larger smarter grid scale. Throughout 2020 to 2025, energy storage technology is expected to grow in order to help homes and businesses make the most of green energy generation and this in turn will generate demand for a suitably skilled labour force.

iv. Brexit

Brexit has had and will continue to have significant impact on ports, requiring infrastructure development and new technical skills to manage systems put in place through the governments financial commitment to prepare for ongoing changes. The government announced a £705 million package, which includes £235 million for staffing and IT systems and £470 million for ports and inland infrastructure to ensure compliance with new customs procedures and controls.

In context with this, around 500 more Border Force staff will require to be recruited and HMRC systems bolstered so as to reduce the burden on traders, which was recently announced by the UK government.

Clearly this investment is at the early stages of implementation, however is not a short-term fix to the changes brought about by Brexit and is going to require parallel investment in physical infrastructure and people.

- 5.3 On the basis of the evidence provided, and with extensive employer engagement undertaken by the TEC Partnership, need and demand for the subject project has been demonstrated.

6.0 DEVELOPMENT APPRAISAL

- 6.1 A development appraisal for this scheme has not been undertaken given that it is not a property development and investment transaction, but the establishment of an educational and training facility that will be operated for such purposes.
- 6.2 The project is to be undertaken on the existing campus of the Grimsby Institute and will be retained for educational and training purposes, with Modal Training Limited providing some of the activities to be undertaken.

6.3 A broad overview of the costs and supporting information provided by TEC Partnership has been undertaken and breakdown of these costs is shown below;

1) The extension and refurbishment of the Engineering block to create a showcase EV training centre	£798,900
2) Refurbishment of existing teaching spaces to introduce new environmental technologies	<u>£103,800</u>
BUILDING WORKS	<u>£902,700</u>
3) Investment in EV and electric cars	£172,617
4) Investment in ICT for the new workshop	£ 53,587
5) Investment in Hydrogen technology teaching aids	£ 22,610
6) Investment in Ground Source heating training rigs	£ 53,035
7) Investment in Air Source heating	£ 5,225
8) Investment in Wind Turbine and battery storage x 60	£ 34,080
9) Investment in Solar and Battery	£ 19,478
10) Investment in F Gas Training rigs x 6	£ 28,187
11) Investment in GMDSS Marine Logistics Simulators	£105,000
12) Investment in Logistics Nova Data	£ 3,995
13) Investment in Any Logix Software (education Licence)	£ 10,000
SPECIALIST EQUIPMENT	<u>£507,814</u>
Total	<u>£1,410,514</u>

6.4 The Estates Team at the College working with TEC Partnership and Modal Training have estimated the costs of the building works, relying on the expertise of an internal quantity surveyor with experience of delivering similar projects. All of the build costs have been benchmarked against direct construction costs, aligned with the capital DfE costing guidance.

6.5 All other costs relating to the purchase of equipment and specialist fitout are being secured at a trade discount rate as opposed to market costs to ensure value for money.

6.6 In terms of the specialist equipment, the applicant has obtained a number of quotations so as to inform cost estimates for budgetary purposes; however, noting that all purchases of equipment will be subject to a competitive process.

6.7 The TEC Partnership have provided significant supporting information in relation to costs of various elements of the project and quotations obtained and are therefore considered to be reasonable and realistic.

6.8 As confirmed by the TEC Partnership, all purchases and placing of the contract of works for the building will be subject to a competitive process, it is therefore recommended as a condition of investment that copies of all quotations and report on tenders for the building works is provided to GL LEP to demonstrate value for money is being achieved.

7.0 DELIVERABILITY AND PROGRAMME

7.1 A programme for the delivery of the project has been provided as supplementary information to the Business Case, reflecting the progress made to date with the project.

- 7.2 The project is at outline programme stage at this time and the key elements of the programme are noted as follows;
- Design team procurement - 1st March 2021 to 23rd April 2021.
 - Detailed design and preparation of tender documents - 26th April 2021 to 30th July 2021.
 - Contractor procurement - 2nd August 2021 to 10th September 2021.
 - Construction period - 13th September 2021 to 24th December 2021.
 - Fitting out of the building - 12th July 2021 to 24th December 2021.
 - Building handover - December 2021.
- 7.3 The above programme provided does not allow for planning permission to be sought; however, is likely to be required given the fact that the building is to be extended as part of the conversion and refurbishment works.
- 7.4 It is also noted that the programme for delivery may change subject to the progress made with the detailed design stage for the scheme.
- 7.5 It is hereby recommended that an updated programme for delivery of the scheme and profile of drawdown of GL LEP funding be provided, once it has been determined whether planning approval will be required and the scheme is due to commence the competitive tender process.

8.0 MECHANISM FOR INVESTMENT, STATE AID AND LEGAL COMPLIANCE

- 8.1 State Aid advice has been provided by Eversheds Sutherland on behalf of the TEC Partnership. The State Aid report has been provided in context with the new Public Subsidy regime, which came into effect on 1st January 2021.
- 8.2 The advice from solicitors' states that there is a robust case for compliance with the new regime as the funding, which benefits the Grimsby Institute, will not provide any specific benefit to an economic actor in the context of the project for it to amount to a subsidy under the Trade and Cooperation Agreement (TCA). The rationale for this is that the activities to which the funding is being applied and thus which benefits the Grimsby Institute are non-economic in nature and thus outside the ambit of the subsidy control regime.
- 8.3 Even if there is an element of economic use within the Institute for which GL LEP funding would be utilised, it is considered that any such use would be purely ancillary in nature and thus also likely to be outside of the ambit of the subsidy control regime.
- 8.4 With regard to Modal Training Ltd, it is considered this entity is an economic actor and thus funding that specifically benefits it will raise a subsidy control issue under the TCA.
- 8.5 The advice goes on to state that in context with the nature of the project and that it is designed to deliver the objective of a meeting a common interest and addressing market failure, that the investment will be in accordance with subsidy control provisions. The subsidy is also considered to be proportionate and limited to what is necessary for the project to achieve and it is designed to bring about a change of economic behaviour, that in the absence of any public funding would not be delivered.

- 8.6 Therefore, no further issues have been raised in relation to Public Subsidy/State Aid. Thomas Lister are not experts in Subsidy Control matters and advisors to GL LEP will need to verify this position also.

9.0 PROCUREMENT

- 9.1 The TEC Partnership have confirmed that they comply with public procurement regulations 2015 and will undertake open procurement for the contractors selected to tender for the works.
- 9.2 All tenders are issued via Contracts Finder as well as In-Tend, which is a further and higher education sector procurement portal. This follows due process, firstly in securing the technical and design team and subsequently detailed design brief in order to select the main contractor.
- 9.3 With regard to the purchase of equipment, either framework suppliers to the TEC Partnership will be utilised or formal tenders/competitive quotations will be sought to ensure that value for money is achieved.
- 9.4 Therefore, there are no issues with the intended procurement approach for this scheme.

10.0 OUTPUTS AND VALUE FOR MONEY

- 10.1 The outputs anticipated to be deliverable by this scheme are detailed in the table below;

	2020/21	2021/22	2022/23	2023/24	2024/25	Total
i) Core Outputs Strategic Economic Plan						
Public Investment Leveraged (£)		1,015,588				1,015,588
ii) Local Strategic Outputs						
Number of learners supported within and for priority sectors		297	432	495	565	1,789
Number of brand new curriculums/training courses		12				12
Number of learners as a result of this project securing jobs in a priority sector		39	55	71	82	248
iii) Other (please list) *						
Floor Space created for teaching		896				896

10.2 Based upon the above outputs, the value for money of the scheme is assessed to be as follows;

- i. Public sector investment leveraged at £1,015,588 is 1.4:1, which is below standard industry benchmarks of 2:1. However, as this is all public investment, leverage is less of value for money consideration given that all investment is public.
- ii. 1,789 new learners supported within priority sectors at a cost of £792 per learner, which is excellent value for money.
- iii. 248 learners securing jobs in priority sectors at a cost per learner of £5,716, which is reasonable value for money.
- iv. 896 sq m of floorspace refurbished constructed at a cost of £1,582 per sq m, which is good value for money in accordance with DfE standard benchmarks.

10.3 Based upon the package of outputs that will be delivered and the ability of this project to support growth in the priority sectors, the scheme is considered to provide very good value for money.

11.0 MILESTONES

11.1 Key Milestones presented for the delivery of this project are as follows;

- Professional team appointed to undertake the detailed design - March 2021.
- Detailed design completed – May 2021.
- Planning permission secured– May 2021.
- Procurement process issued is May 2021, procurement contracts awarded July 2021.
- Project completion date – March 2022.

11.2 As noted, the programme for delivery of this project is at outline stage and requires to be updated as the project progresses through the detailed design stage and clarification is obtained as to whether planning permission will be required.

11.3 It is therefore recommended as a condition of investment, that an updated programme for delivery of the scheme be provided once the detailed design stage has completed and it has been determined whether planning approval will be required.

12.0 RISK ASSESSMENT

12.1 The key risks identified with the delivery of this project are detailed in the table below;

Risk	Owner	Probability	Impact	Mitigation	To be a condition of funding Yes/No.
Issues with securing planning permission	Principal, Project Manager	Low	Moderate	The project should not be considered to be contentious given that this is the conversion of an existing building within the College Campus, which will	Yes. Pre-contract condition.

				be used for educational and training purposes. Confirmation to be obtained as to whether planning approval will be required.	
Environmental risk – Further impact of COVID-19 compromises ability to recruit and retain learners.	Principal, Project Manager, Group Executive Director - Projects and Partnerships	Unlikely	Moderate	Contingency plans are in place across TECP and provisions for remote / digital learning are sector leading.	No. Subject to ongoing monitoring with GL LEP
Demand risk - Projected learner numbers are not recruited.	Project Manager	Unlikely	Minor	Projects are based on numbers of learners on equivalent existing provision. Modal have already recruited the first cohort of learners.	No. Subject to ongoing monitoring with GL LEP
Volume risk - Projected job outcomes are not secured.	Project Manager	Unlikely	Minor	Links to employers are being enhanced through IoT and the national shipping agents who place Cadets, as well as direct recruitment drives.	No. Subject to ongoing monitoring with GL LEP
Operational risk - Insufficient staffing for quality provision and delivery of specified outcomes.	Project Manager	Unlikely	Minor	Experienced, qualified staff are in place to facilitate delivery.	No. Subject to ongoing monitoring with GL LEP
Project Costs - GLLEP funding project spend is ineffective, and lack of beneficiary buy-in. The impact of the funding is not maximised.	Principal, Project Manager, Group Executive Director - Projects & Partnerships	Unlikely	Minor	Processes to ensure rigorous governance of the project and decision-making arrangements where funding spend decisions are made. This enables mitigating actions to be agreed and implemented swiftly to maintain project delivery.	No. Subject to ongoing monitoring with GL LEP

Procurement - Failure to follow and comply with procurement legislation brought about by: a) additional legislative burdens b) the scale of the capital programme compounding c) the legislative compliance burdens d) the need for greater oversight of contractor management and performance	Director of Estates	Unlikely	Minor	Procedures oversee all procurement activities including access to the services of a procurement legal expert and the deliverability of the capital programme in line with project outputs.	No. Subject to ongoing monitoring with GL LEP
Supply Chain Management - Failure to deliver the project due to delays in supply chain caused by the outbreak of the COVID-19	Director of Estates	Likely	Moderate	Ongoing resilience improvement programmes and exercises to manage risks associated with the outbreak of COVID-19. Active stakeholder engagement through Strategic Project Boards to overlook contingency plans.	No. Subject to ongoing monitoring with GL LEP
Construction - Increases in scheme delivery costs, requirements to make changes to scheme design, quality of the infrastructure delivered declines to meet costs.	Director of Estates	Unlikely	Minor	Engage with the relevant parties to co-ordinate works to minimise disruption. Project teams to meet regularly to discuss where complementary schemes can be implemented/where changes can be made to scheme design to maximise the benefits.	No. Subject to ongoing monitoring with GL LEP

- 12.2 The primary risk with this project is deemed to be that costs change during the detailed design stage and that planning approval is required, which causes a delay to the project.
- 12.3 In terms of costs, these have been subject to estimation by a qualified and experienced team and have been substantiated with various quotations sought and cost information. Overall risk therefore in terms of cost should be relatively low.
- 12.4 In terms of planning permission, this could cause to serve a delay to the existing programme and therefore needs to be an addressed condition of funding to ensure that the scheme can still be delivered within the programme timescales of the Skills Capital Investment Programme.
- 12.5 Overall, therefore, the project should be relatively low risk to deliver.

13.0 CONDITIONS AND TERMS FOR THE FUNDING AGREEMENT

- 13.1 The following conditions are recommended to be attached to any offer of funding to the TEC Partnership as follows;
- i. Clarification as to whether planning permission will be required for the scheme and if so that it is factored into the programme for delivery and an updated programme is provided – pre-contract condition.
 - ii. The TEC Partnership to confirm that they will be responsible for meeting any additional/unforeseen costs associated with the delivery of the project, or that it will be value engineered without reducing any of the outputs that are detailed within this report – pre-contract condition.
 - iii. An updated programme to be provided for the delivery of the scheme, to demonstrate that it is deliverable within the programme set for the Skills Capital Investment Programme – pre-drawdown condition.
 - iv. A copy of the report on tenders to be provided for the conversion and expansion works to the existing building along with copies of the lowest quotations to be accepted for the acquisition of various pieces of equipment. This is required to demonstrate that the scheme can be delivered as proposed within the due diligence report – pre-drawdown condition.

14.0 CONCLUSIONS

- 14.1 The project proposed to be delivered by the TEC Partnership, through the Grimsby Institute of Modal Training Ltd, is based upon extensive research and employer engagement, specifically to address skills shortages within the priority sectors of ports and logistics, manufacturing and engineering and low carbon/renewables.
- 14.2 The proposed scheme will provide a world class training centre providing cutting edge training equipment, classrooms, learning and laboratory space to enable the training of a diverse, skilled workforce to assist in unlocking the regions economic potential. The programme will deliver training and education across levels 1 to 4 along with progression pathways in education and training and onward progression into employment by those completing studies.
- 14.3 The centre will also be available for employers to use for retraining and upskilling existing staff with the project supporting higher skills development and to positively impact on evidential hard to fill vacancies within the aforementioned sectors.

- 14.4 The scheme has completed the initial feasibility stage and is now ready to progress through the detailed design stage in readiness for a commencement on site in the summer of this year with practical completion by March 2022. The Full Business Case is supported within significant supporting information underpinning the budget for the scheme and deliverability and is considered to be relatively low risk in terms of deliverability.
- 14.5 The scheme has been assessed to deliver very good value for money and subject to approval of GL LEP funding should be in a position to commence to the next stage of detailed design immediately.
- 14.6 The only issue to be resolved at this time relates to whether planning permission is required or otherwise, which could impact on programme for delivery and therefore needs to be confirmed by the applicant as a pre-contract condition.

15.0 RECOMMENDATIONS

- 15.1 It is hereby recommended that GL LEP funding of £1,410,496 is awarded to this project subject to the conditions noted in Section 13 of this report.

Produced by:



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