

<b>Report of:</b>	<b>Head of Economic Prosperity</b>
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<b>Portfolio Leader:</b>	<b>Economic Development &amp; Planning</b>
<b>Key Decision:</b>	<b>Yes</b>
<b>Report Track:</b>	<b>Cabinet: 18/04/19</b>

**CABINET**  
**18 APRIL 2019**  
**FUNDING CONTRIBUTION FOR DEVELOPMENT OF BUSINESS CASE FOR**  
**CANNOCK CHASE ENGINEERING ACADEMY**

**1 Purpose of Report**

- 1.1 To endorse the use of up to £15,000 revenue from an existing Council budget to contribute to the cost of producing a Treasury Green Book business case for an additional £500,000 capital funding from the Greater Birmingham and Solihull LEP for the new Cannock Chase Engineering Academy (CCEA) based at the Cannock Chase Skills and Innovation Hub in Cannock Town Centre.
- 1.2 To update Members on the progress of establishing a CCEA in accordance with the Council's Corporate Plan 2018-2023 and Promoting Prosperity Corporate Priority.

**2 Recommendation(s)**

- 2.1 That Cabinet gives approval and permission to spend for up to £15,000 revenue from an existing Council budget to jointly develop a Treasury Green Book Business Case for £500,000 capital allocation from the Greater Birmingham and Solihull LEP to allow for the purchase of state-of-the-art engineering equipment in the new CCEA that will provide higher level BTEC Engineering qualifications up to an including higher education qualifications.
- 2.2 That Cabinet authorise the Head of Economic Prosperity and the Head of Legal Services, in consultation with the Economic Development & Planning Portfolio Leader and Town Centre Regeneration Portfolio Leader to work in partnership with South Staffordshire College to implement and carry out any said actions to be able to equip and establish the proposed CCEA. This delegated authority extends to setting up and entering into all necessary agreements to deliver the project.

### 3 Key Issues and Reasons for Recommendations

#### Key Issues

- 3.1 The District Needs Analysis 2018 identifies that there is a need to increase higher level skills in the District. This is an issue generally for the District but also more specifically linked to potential future growth sectors (including the engineering sector). Cannock Chase is currently below the national average regarding residents attaining NVQ level 4 and above.
- 3.2 The issue is that we need to invest now in order to better equip our residents with the skills they need to be able to secure higher level (better paid) skilled positions within the District. By the Council taking direct action to aid local delivery of higher level skills provision means individual residents will have the opportunity to increase their economic prospects and prosperity. Wage rates will be pushed upwards by making such an intervention and could even be helpful in retaining the small number of highly skilled people within the District itself and reduce out-commuting. Taking action to increase the supply of local skilled workers will increase the opportunity to attract high value inward investment into the District or retain local companies that wish to grow.
- 3.3 It has been long recognised by local employers that there is a gap in skills provision aligned to the engineering sector. The Council has an opportunity through the CCEA to invest directly in the skills supply chain. State-of-the-art facilities are very limited locally and emerging technologies need to feature in any curriculum delivery to make the courses relevant and therefore beneficial for engineering companies to access.
- 3.4 In response to this local need, opportunities for attracting in further public sector funding have emerged and the urgency for investing in skills has been prioritised more highly by Local Enterprise Partnerships (LEPs) and other key stakeholders. A successful bid for £500,000 has been made by the Council and South Staffordshire College to the Stoke and Staffordshire LEP (SSLEP). This is on the basis of match funding being made by the Council. The total funding package secured to date is £1m from the District Council and Staffordshire & Stoke on Trent LEP. All monies will be invested in purchasing new state of the art equipment for the CCEA. All revenue including teaching/delivery costs are the responsibility of the College and not the Council. Any external funding awarded to the project will be granted to South Staffordshire College as the accountable body for the project.
- 3.5 A further bid for £500,000 has been submitted to the Greater Birmingham and Solihull LEP (GBSLEP). This additional funding element is to establish the necessary infrastructure to deliver BTEC Level Higher National Diplomas in Engineering at levels 4 and 5 or the Higher level Apprenticeship in Advanced Manufacturing. The principle loss to the project if the GBSLEP funding is not received would be the Computer Numerical Control (CNC) equipment, which is key to teaching higher level engineering skills. It is of vital importance that the CCEA is not merely limited to basic engineering skills but allows for higher qualification delivery models to meet local industry demands. It is also the case that Cannock Chase District has lower than average levels of qualifications at

Level 4 and 5 and the enhanced Engineering Academy is a response in part to this issue.

#### Reasons for Recommendations

- 3.6 Initial feedback from GBSLEP has been favourable for the bid but the LEP requires a Treasury Green Book compliant business case to support a formal decision on whether to approve this investment. Neither South Staffordshire College nor the District Council has the capacity or expertise to produce a business case to such a detailed level. It is therefore necessary for the College to engage an external third party to produce the Green Book compliant business case. The estimated cost of this is £30,000. The District Council is a joint partner with the College to establish the CCEA as set out in the Memorandum of Understanding approved by Cabinet in 2018.
- 3.7 It is therefore proposed that the District Council fund 50% of the cost of producing the Green Book business case in partnership with South Staffordshire College up to a maximum of £15,000. This is from an existing Council budget for funding the development of business cases.

## **4 Relationship to Corporate Priorities**

- 4.1 This report supports the Council's Corporate Priorities as follows:
- (i) Increasing the skills levels of residents and amount of higher-skilled jobs in the District through the provision of high-technology engineering equipment.
  - (ii) Increasing access to employment opportunities through providing local residents with relevant skills for the labour market.

## **5 Report Detail**

### **Background**

- 5.1 The District Needs Analysis outlined that Cannock Chase is currently ranked as the most deprived District in Staffordshire for Education Skills and Training. 25.4% of residents in Cannock Chase are qualified to NVQ Level 4+. This is a lower proportion than in the West Midlands (31.5%) or Great Britain (38.2%). Therefore, a need for quality higher level provision for Cannock residents is required in order to optimise local employment opportunities.
- 5.2 To meet Cannock Chase employment and skills needs the CCEA will deliver industry-relevant qualifications at the higher level, with Robotics and Research and Development (R&D). These qualifications have been developed to provide a challenging programme of study that will enable learners to develop the knowledge and skills required for today's engineering industry.
- 5.3 A Memorandum of Understanding (MOU) has been developed between Cannock Chase District Council and South Staffordshire College which outlines the intentions of the partners to deliver this proposed CCEA. The MOU

demonstrates a commitment to the wider Skills and Innovation Hub and making it financially stable.

- 5.4 A successful bid of £500,000 has been approved by the SSLEP to the Cannock Chase Engineering Academy (CCEA). Cabinet will be aware that the District Council has also approved an investment of £500,000 from the District Investment Fund and a bid for a further £500,000 to the GBSLEP is in process. This would provide a total capital funding input of £1,500,000 to the development of the academy. The additional £500,000 from GBSLEP would enable the CCEA to deliver BTEC Higher National Diplomas in Engineering at levels 4 and 5. It would also provide the necessary infrastructure to support delivery of Higher Apprenticeships in Advanced Manufacturing at level 4.
- 5.5 The CCEA will provide schools with an opportunity for students to have taster days, where they can engage with equipment and industry specialists to gain a realistic insight into the sector. There will be specific college provision for 14-16 year olds which will enable students to take part in engineering related courses. This will assist with raising aspirations at school-age, while expanding pupils' experiences with this high growth sector.
- 5.6 Engineering sector companies will have a central role in the design of curricula and in the delivery of course and training provision at the college. This will ensure that the delivery content meets the needs and requirements of industry.
- 5.7 In summary, the proposed CCEA project as a whole will deliver the following outputs:
- 1000 learners over three academic years;
  - 210 apprenticeships (16-19+ years), from intermediate to higher levels;
  - £1500 value for money per learner based on total project cost;
  - Supply chain multiplier of £1.45 Gross Value Added (GVA);
  - 25 employers participating in the CCEA;
  - An Engineering Excellence Club;
  - 11 different qualifications ranging from basic to higher levels;
  - A study programme, including pre-apprenticeships for 14-16 year olds;
  - Traineeships to provide learners with a taster into the engineering sector;
  - A projected 510 jobs created over three academic years;
  - A potential to generate £37,833,840 GVA for the Staffordshire economy.
- 5.8 Accountability for the CCEA will be with South Staffordshire College, as they have a management team in place for Skills and Innovation Hub activities. Any clawback (for example of LEP monies) and all reporting will be the responsibility of South Staffordshire College and not Cannock Chase District Council. The costs of accommodating the CCEA are being met by South Staffordshire College with other revenue associated costs of delivery. The procurement of the equipment and the conversion of the building are the responsibility of South Staffordshire College and as such they need to comply with normal procurement procedures.
- 5.9 Initial feedback from GBSLEP has been favourable for the bid but the LEP requires a Treasury Green Book compliant business case to support a formal

decision on whether to approve this investment. Neither South Staffordshire College nor the District Council has the capacity or expertise to produce a business case to such a detailed level. It is therefore necessary for the College to engage an external third party to produce the Green Book compliant business case. The estimated cost of this is £30,000. The District Council is a joint partner with the College to establish the CCEA as set out in the Memorandum of Understanding approved by Cabinet in 2018.

- 5.10 It is therefore proposed that the District Council fund 50% of the cost of producing the Green Book business case in partnership with South Staffordshire College up to a maximum of £15,000. This is from an existing Council budget for funding the development of business cases.

## **6 Implications**

### **6.1 Financial**

The £15,000 (50%) contribution towards the cost of producing the Green Book business case may be met from an existing Council budget.

### **6.2 Legal**

None.

### **6.3 Human Resources**

South Staffordshire College have allocated resources using their normal processes and have assigned new directors (e.g. Director of Construction, Engineering and Agri-STEM) to ensure the commercial business needs of the sector are appropriately implemented.

### **6.4 Section 17 (Crime Prevention)**

The provision of CCEA will contribute to the reduction of those not in education, employment or training (NEETs). It will equip learners with relevant skills for the local labour market thus reducing unemployment levels.

### **6.5 Human Rights Act**

There are no human resource implications in the report.

### **6.6 Data Protection**

All data e.g. company details will be managed in compliance with GDPR.

### **6.7 Risk Management**

Reduced / no funding from the GBSLEP– the mitigation is that the project is scalable. However the consequences of significant reduced funding will reduce the capacity for the CCEA to provide higher level course and training delivery.

Lack of take-up – This is unlikely as the engagement to date has been robust and support has been demonstrated by companies such as: ZF Lemberder UK, ATP Industries and Weldall Cannock.

Course quality and or lack of demand – The management board will monitor curricula quality at least quarterly. This will include learners and employees engaging with the Academy. Demand projects are conservative and financially modelled as such to enable an appropriate period for marketing and brand awareness.

Delivery delays – Due to the lead time of the high-technology equipment there is a risk that installation will be delayed. The equipment can only be ordered when the funding is approved therefore we are seeking timely decisions on funding to ensure that technology is installed at an appropriate time.

### 6.8 **Equality & Diversity**

The CCEA will have targeted provision for those with learning disabilities. It will also provide work with schools and communities to develop interest from under-represented groups.

### 6.9 **Best Value**

The £500,000 investment is central to levering in another circa £1,000,000 capital. All other investment would be sought from the private sector. Working in isolation or with one stakeholder would not deliver these outputs or benefits.

<b>7 Appendices to the Report</b>
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None

<b>Previous Consideration</b>
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Cannock Chase Engineering Academy	Cabinet	8 November, 2018
Cannock Chase Skills and Innovation Hub Memorandum of Understanding	Cabinet	12 July, 2018
General Fund Revenue Budget and Capital Programme 2017/18 – 2020/21	Council	7 February, 2018
	Cabinet	25 January, 2018

<b>Background Papers</b>
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None.