	<b>REPORT TO CABINET TO BE HELD ON 17 JULY 2018</b>
	<b>Key Decision</b> <b>YES</b>  <b>Forward Plan Ref No</b> <b>N/A</b>
<b>Corporate Aims Meets all Aims</b>	<b>Cabinet Portfolio Holder</b> <b>CLLR D J BASTIMAN &amp;  CLLR H MALLORY</b>

**REPORT OF: DIRECTOR (RB) – 18/159**

**WARDS AFFECTED: EASTFIELD**

**SUBJECT: ENHANCING SCARBOROUGH CONSTRUCTION  
SKILLS VILLAGE**

**RECOMMENDATION (S):**

Cabinet is recommended to:

- (i) Approve the acceptance of grant funding from Advantage Coast CLLD and from York, North Yorkshire and East Riding Local Enterprise Partnership (YNYER LEP) totalling £400,000, to enable the expansion of the existing Scarborough Construction Skills Village (SCSV) site and to renovate the former High Eastfield Farm House, Eastfield as a Construction Business Centre, subject to the conditions set by the said funding bodies.
- (ii) Delegate authority to the Director (RB), in consultation with the Portfolio Holder for Corporate Investment, to agree terms and enter into a 10 year lease for the Eastfield Farm House and associated outbuildings with Northern Regeneration CIC.

## **REASON FOR RECOMMENDATION (S):**

- The grant funding will enable the enhancement of activities delivered at the Construction Skills village. It will increase the capacity for local engagement of learners and help tackle skills shortage issues in the construction industry locally.
- The grant funding will also enable the creation of a Construction Business Centre within the former High Eastfield Farm House and will support the creation of additional skills training in curriculum areas that cannot be delivered at the main Skills Village site e.g. scaffolding
- Once completed the Construction Business Centre will support local construction businesses with a range of packages to help develop their businesses and encourage micro and small businesses to become part of the supply chain for larger organisations

## **HIGHLIGHTED RISKS:**

- If the Council do not accept the grant funding it will not be possible to expand the provision and scope of the Skills Village
- If the Council do not accept financial support to renovate the former High Eastfield Farm House then the building would become further dilapidated and unsafe
- Without renovation of the Farm House the Construction Business Centre would have to be changed to a much smaller project with fewer support opportunities for local businesses

## **1. INTRODUCTION**

- 1.1 In December 2017 the Council submitted funding applications to both Advantage Coast CLLD and the Local Growth Fund from YNYER LEP for the expansion of the SCSV and the creation of a Construction Business Centre within the former High Eastfield Farm House.
- 1.2 Conditional approval of the CLLD bid was granted in February 2018 with the condition being the award of match funding from YNYER LEP which was achieved in June 2018.
- 1.3 The total funding received is £400,000. CLLD will contribute £260,000 (60%) and YNYER LEP £160,000 (40%).

- 1.4 This report seeks the approval of Cabinet to accept these offers of funding and for the Council to enter into a lease agreement with the operators of the SCSV Northern Regeneration CIC for Eastfield Farm House.

## **2. CORPORATE AIMS**

- 2.1 The project will contribute to the overall aims of the CLLD project in that it will result in economic and social inclusion benefits within one of our most disadvantaged areas. In so doing it will contribute to the delivery of the “Prosperous” and “Inclusive and Vibrant” aims of the Corporate Plan and Community Strategy.

## **3. BACKGROUND AND ISSUES**

- 3.1 SCSV is located at Middle Deepdale Eastfield and was established in 2015 through a partnership with Scarborough Borough Council, Northern Regeneration CIC and the Developers at Middle Deepdale. The Skills Village was designed and developed in order to address:

- Identified gaps and shortages in the construction skills required to deliver one of the largest housing schemes in North Yorkshire.
- Students leaving vocational training but not having relevant and competent skills, experience or ability to plug the skills shortages without industry input, support and relevant site experience.
- The need to bring both education and industry closer together to overcome the construction skills shortage
- The need to raise the profile of the construction industry in order to attract future talent.

- 3.2 Now in its third year of operation the SCSV continues to operate successfully grow its intake and expand its offering. The SCSV model is considered an exemplar of construction training and is being duplicated both regionally and nationally as an effective way of addressing the construction skills gap. In three years of operation the SCSV has:

- Recruited 73 learners on to a study programme, and worked with 76 college full time learners
- Created 60 Apprenticeship / employment positions equating to a 40% conversion rate to date.
- Delivered over 3,000 hours of work experience
- Supported 10 pre 16 learners at least 1 day a week from the local schools and a further 38 young learners have attended for at least one day

- Attended 8 careers events engaging with over 5000 potential learners

Furthermore SCSV has recently been retained by Sirius Minerals to deliver a range of training and recruitment activity in relation to construction of the York Potash project. Most notably SCSV facilitated the York Potash employment opportunities event in Whitby with over 250 prospective employees in attendance.

3.3 In line with this success, the SCSV is in need of expansion and further investment to accommodate new construction industry support facilities, training provision and an expanding intake. In 2017 Scarborough Borough Council applied to the Advantage Coast (CLLD) and YNY&ER LEP for funding totalling £400,000 to expand the existing SCSV site and to renovate High Eastfield Farm House and the surrounding outbuildings in order to accommodate this growth. Advantage Coast CLLD is a project targeted in our most disadvantaged communities and operates in Scarborough town, Barrowcliff, Eastfield and Filey and in Bridlington. East Riding of Yorkshire Council is the Accountable Body for the project with SBC acting as a delivery partner

3.4 In June 2018 funding for the project was confirmed by both partners subject to a number of conditions relating to detailed costing, consents and state aid requirements.

### 3.5 **Project Outline**

The expansion project will upgrade at least 700 square metres of floorspace in two Eastfield locations which will increase capacity for construction related training and provide dedicated business support space for local micro/SMEs.

Site one being the existing Skills Village compound within the Middle Deepdale Development. This will see more capacity added to the existing facility with the purchase of a specifically designed mobile training equipment and construction plant simulator. This investment will both enable the recruitment of additional learners and will provide a wider range of business engagement and support on site, showcasing both the facility and the learners and enable the SCSV to tackle a major emerging skills shortage particularly in construction plant training.

The second site, High Eastfield Farm House, is situated at the edge of Middle Deepdale adjacent to the Musham Bank area and is in the ownership of the Borough Council. This is a disused farmhouse with accompanying outbuildings, most recently used as a storage facility and site compound for one of the developers, Keepmoat Homes. Subject to the approval of Cabinet it is the intention of the project to convert the buildings in order to create a Construction Business Centre at the site. The Centre will be a hub for a newly formed construction business network and will offer virtual office space, meeting space, business support and development, enterprise support and will enable higher level skills to be delivered along with management training, business seminars etc. for the construction industry.

As a direct result of the expansion the SCSV will be able to:

- Provide a new business, enterprise and training centre to support micro and small businesses to develop their business models and grow their business to become more sustainable
- The opportunity to provide space and facilities to promote and encourage national and international construction businesses to recruit local supply chains
- Space and support services for businesses wishing to grow their business
- Scaffolding training centre
- Research and Development centre
- Plant Training Centre
- Higher Level Skills centre

Delivering the following outputs:

- Upgrade 700 square metres of floor space to create a construction business centre by March 2020 which will then enable the;
- Support to 60 existing construction businesses with growth ambitions
- Engagement of 100 local businesses through a new construction business network
- Support for 10 new construction related businesses in becoming established and;
- Support 20 potential entrepreneurs

The facilities will create in excess of 200 indirect jobs within the construction industry through the provision of training and business support activity by April 2021.

One key aim of the project is to build sufficient commercial opportunity for the SCSV to become fully self-financing within 5 years removing the need for further grant funding.

In order to bring this project to fruition however Cabinet approval is required in order to accept the funding and to enter into a lease with Northern Regeneration CIC for the renovation and occupation of the Farm house and outbuildings.

### 3.6 **Project Delivery**

Scarborough Borough Council will be recipients of the funding and will be the Accountable Body for the Project.

The project will be delivered by the Borough Council in partnership with SCSV and Northern Regeneration.

The Council will procure elements of the renovation works to the Farmhouse to ensure the building is fit for habitation including site clearance and security, reconnection of services and repairs to ensure the building is watertight and secure.

Working with the SCSV works to complete the renovation of the Farmhouse facility and expansion of the existing skills village will be jointly procured and delivered with partner material suppliers and construction businesses, apprentices and trainees undertaking the works as part of a live learning experience.

It is intended that works to commence site clearance will start in September 2018 with a view to full completion of the scheme by March 2020.

### **3.7 Lease of High Eastfield Farm House**

To date no terms of the lease have been formally agreed. The Lessee will be Northern Regeneration CIC and the lease term will need to be for a period of 10 years (as required by the funders).

Similarly proposed rental income to the Council has yet to be agreed, however the rental level will reflect the nature of the intended use, the need for significant capital investment in renovating the buildings, the socio economic benefits the project will bring and the time required to establish the facility as a going concern.

The rent will be negotiated by the Councils Estates and Strategic Land team and be approved by delegated authority of the Director (RB) and in consultation with the Portfolio Holder for Corporate Investment.

## **4. CONSULTATION**

4.1 The project has not been subject to public consultation. The project has however been considered by;

- CLLD Officer Appraisal Team
- CLLD Performance management Group – Business and Enterprise
- CLLD Executive Group
- YNYER LEP Skills and Infrastructure Executive Boards

Further consultation with construction businesses and the signatories of the Construction and Housing Employment and Skills Pledge (CHESP) is being undertaken to determine the range of activities to be delivered from the Construction Business Centre.

## **5. ASSESSMENT**

- 5.1 Should Cabinet approve the recommendations of this report the benefits will be felt at a number of levels.

In terms of the Borough of Scarborough the expansion of the SCSV will enable the Council to significantly contribute toward its “Prosperous” and “Inclusive and Vibrant” aims of the Corporate Plan and Community Strategy. It will also meet the identified investment in target areas of employment, training and new business creation as described in the Councils Economic Development Strategy.

Furthermore the provision of locally based labour will indirectly facilitate delivery of the housing growth targets as laid down within the Councils Local Plan.

Regionally the expansion of the facility assists in delivering key economic growth requirements within the wider LEP area relating to small and micro business growth and addressing construction housing and skills shortages and rebalancing coastal economies.

- 5.2 Importantly the project will have a directly regenerative and beneficial effect on the Eastfield area. Providing locally based training and employment as well as business start-up provision and by bringing a presently derelict building within the ward back into productive use.
- 5.3 There is the possibility that the farmhouse and immediate grounds could have a higher alternative use value as a public house/restaurant however this higher value would only be maximised once the nearby housing has been fully developed , which will be no earlier than 2025 It is therefore proposed to negotiate a relevant break into the lease, in favour of the Council, on condition the Council provide SCSV with suitable alternative accommodation should this scenario arise
- 5.4 There remain a small number of conditions which the Council as applicant must discharge prior to the award of funding contracts including:

- Confirmation that all match funding is in place
- Detailed costs are provided
- State Aid advice is commissioned
- Consents for acting as Accountable Body and granting of lease for Farm House

## **6. IMPLICATIONS**

### **6.1 Policy**

- 6.1.2 The content of this report is in accordance with the Council’s policy framework

## **6.2 Legal**

- 6.2.1 Subject to the approval of Cabinet two separate funding agreements with CLLD (for ERDF Capital funding) and the YNRER LEP will be entered into by the borough Council with the oversight of the Councils Legal team. The terms and conditions of this funding are in line with standard EU and LEP requirements.
- 6.2.2 The lease for High Eastfield Farm House and outbuildings to Northern Regeneration CIC will be documented by the Councils Legal team.

## **6.3 Financial Implications**

- 6.3.1 The project is 100% externally funded. The YNYER LEP require the Council to meet any cost overruns incurred during the delivery of the project, however due to the phased and flexible nature of the project any potential cost overruns will be absorbed through value engineering and the use of alternative sources of labour and materials through learners and industry sponsors of the SCSV. The total cost of the scheme will not therefore exceed £400k.

## **6.4 Equalities and Diversity**

- 6.4.1 There is no direct equality and diversity issue arising from this report

## **6.5 Communications**

- 6.5.1 Subject to Cabinet approval there will be a communications and marketing plan initiated to make local young people, parents, teachers and businesses aware of the expanded scope of the Skills Village and of the facilities that will be created within the Construction Business Centre. This will include content in local media, via CLLD and YNYER LEP communication channels and via social media on behalf of both the Council and Northern Regeneration

## **6.6 Staffing Implications**

- 6.6.1 The project will require the support of existing staff within the Economic Development Unit.

## **6.7 Planning Implications**

- 6.7.1 There will be a Planning Application submitted for change of use at the former Farm House should the acceptance of grant funding be agreed.

## **6.8 Crime and Disorder Implications**

- 6.8.1 No direct implications



## **6.9 Health and Safety implications**

6.9.1 No direct implications

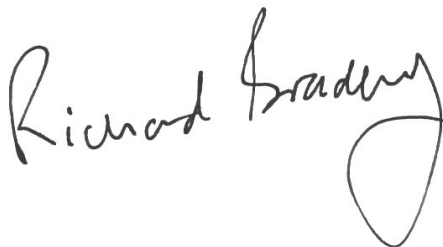
## **6.10 Environmental implications**

6.10.1 No direct implications

## **7. ACTION PLAN**

7.1 Key milestones are set out below;

- July 2018 approval of acceptance of grant funding from CLLD and YNYER LEP for Skills Village expansion and Farm House renovation
- August 2018 start on site with at existing Skills Village site and submission of Planning Application for High Eastfield Farm House and outbuildings
- Lease signed and agreed by SCSV
- September 2018 start on site at Farm House –site clearance and security.
- October 2018 procurement of contractor for Farm House renovation works to make farmhouse habitable
- October 2018 completion of existing Skills Village expansion
- March 2019 completion of Farm House renovation

A handwritten signature in black ink that reads "Richard Bradley". The signature is written in a cursive style with a large, looped flourish at the end.

**Richard Bradley**  
**Director**

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**Background Papers:**

CLLD Local Development Strategy

IF YOU HAVE ANY QUERIES ABOUT THIS REPORT OR WISH TO INSPECT ANY OF THE BACKGROUND PAPERS, PLEASE CONTACT THE AUTHOR.

## Risk Matrix

<b>Risk Ref</b>	<b>Date</b>	<b>Risk</b>	<b>Consequences</b>	<b>Mitigation</b>	<b>Current Risk Score</b>	<b>Target Score</b>	<b>Service Unit Manager/ Responsible Officer</b>	<b>Action Plan</b>
1	July 2018	Financial – failure to attract and accept funding	Project could not go ahead without external funding	Two funding sources, CLLD and YNYER LEP have approved funding bids	B4	A4	AR	Project Board to oversee
2	July 2018	Growth will be limited due to skills and business development issues	Skills shortages will persist which will inhibit housing and general construction growth	Project will enable more demand led skills training to be offered that meets business needs	C4	B2	AR	SBC and Northern Regeneration to monitor and report
3	July 2018	Conditions for external funding not met	Project could not go ahead without 100% funding in place	Conditions considered and acted upon. No issues highlighted	B4	A\$	AR	SBC to ensure conditions are met
4	July 2018	Northern Regeneration remove themselves from the partnership	A new delivery partner would need to be engaged	This project is crucial to the medium term aspirations of Northern Regeneration	A3	A1	AR	SBC and Northern Regeneration

## Glossary of Terms

Risk	An event which may prevent the Council achieving its objectives
Consequences	The outcome if the risk materialised
Mitigation	The processes and procedures that are in place to reduce the risk
Current Risk Score	The likelihood and impact score with the current mitigation measures in place
Target Risk Score	The likelihood and impact score that the Council is aiming to achieve
Service Unit Manager	The Service Unit or Officer responsible for managing the risk
Action Plan	The proposed actions to be implemented in order to reduce the risk to the target score

## Risk Scoring

Impact	5					
	4					
	3					
	2					
	1					
		A	B	C	D	E
	Likelihood					

### Likelihood:

A = Very Low  
 B = Not Likely  
 C = Likely  
 D = Very Likely  
 E = Almost Certain

### Impact

1 = Low  
 2 = Minor  
 3 = Medium  
 4 = Major  
 5 = Disaster