	REPORT TO CABINET TO BE HELD ON 11 DECEMBER 2018				
This report contains exempt or confidential information in the Appendix which is excluded from publication	<table border="0"> <tr> <td style="padding-right: 20px;">Key Decision</td> <td>YES</td> </tr> <tr> <td>Forward Plan Ref No</td> <td>N/A</td> </tr> </table>	Key Decision	YES	Forward Plan Ref No	N/A
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Corporate Aims Meets all Aims	<table border="0"> <tr> <td style="padding-right: 20px;">Cabinet Portfolio Holder</td> <td> Cllr D Bastiman Leader of the Council & Cllr S Turner – Portfolio Holder for Communities </td> </tr> </table>	Cabinet Portfolio Holder	Cllr D Bastiman Leader of the Council & Cllr S Turner – Portfolio Holder for Communities		
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REPORT OF: DIRECTOR (RB) – 18/292

WARDS AFFECTED: EASTFIELD

**SUBJECT: SCARBOROUGH CONSTRUCTION SKILLS VILLAGE:
ACCEPTANCE OF GRANT FUNDING ON BEHALF OF
NORTHERN REGENERATION CIC**

RECOMMENDATION (S):

Cabinet is recommended to:

1. Approve the acceptance of grant funding of circa £896,568 from Coastal Communities Fund on behalf of Northern Regeneration CIC for the delivery of an apprentice programme at the Scarborough Construction Skills Village whereby SBC will act as accountable body for the funds and be subject to contract and terms and conditions of the grant; and
2. Delegate authority to the Director (RB) in consultation with the relevant Portfolio Holders to enter into an agreement with Northern Regeneration CIC governing payment of the grant and to offset any liabilities contained in the terms and conditions of the grant.

REASON FOR RECOMMENDATION (S):

To enable Northern Regeneration to effectively cash flow delivery of the apprentice programme relating to the award of funding from the Coastal Communities Fund (CCF) and meet the preference of the funding body the Ministry of Housing, Communities and Local Government (MHCLG) to have the Local Authority acting as accountable body for the funds.

HIGHLIGHTED RISKS:

If the Council do not accept the grant funding on behalf of Northern Regeneration, the apprentice project will be subject to cash flow difficulties whereby claims have to be submitted to national government on a quarterly basis.

1. INTRODUCTION

- 1.1 On 1 October 2018 Northern Regeneration was informed of its success with a bid for CCF funding to deliver 50 new construction apprentices in Scarborough Borough over the next three years. The funding is awarded by MHCLG.
- 1.2 MHCLG's preference is that the funds are paid annually, up front and directly to the Local Authority (SBC) who in turn act as accountable body for the funds rather than the monies being paid directly to the applicant.

2. CORPORATE AIMS

- 2.1 The project will result in economic and social inclusion benefits within one of our most disadvantaged areas and create career opportunities for local young people and adults. 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.
- 3.2 Now in its third year of operation the SCSV continues to operate successfully, grow its intake and expand its offer. 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.
- 3.3 In October 2018 SCSV were awarded funding of £896,568 for the expansion of delivery capacity and the creation of 50 additional construction industry

apprenticeships within the borough of Scarborough from the CCF. The funding covers three financial years as follows:

2018/19	£192,122
2019/20	£441,656
2020/21	£262,790

- 3.4 CCF is managed by the MHCLG. MHCLG state that they can either provide the funding quarterly to Northern Regeneration CIC, or, annually up front to the Local Authority (SBC) in accordance with section 31 of the Local Government Act 2003, who would then act as accountable body. The latter arrangement is the stated preference of MHCLG.
- 3.6 Furthermore and given the relatively large amounts of money involved in this funding bid, Northern Regeneration CIC have recognised that to finance the project quarterly would cause them significant cash flow difficulties in the medium term. A situation whereby they could claim funds monthly in arrears from the Council would be more manageable.
- 3.7 As a partner of the SCSV with a direct relationship and stake in the continued success of the project it is proposed that SBC therefore accept the funding on behalf of Northern Regeneration CIC and act as accountable body for the project.
- 3.8 Subject to the approval of Cabinet the Council's Regeneration Services team would undertake the day to day management of the funding providing financial monitoring and management of the grant for the duration of the project. The Regeneration Service will levy a management administration charge of £7,500 over the three years to Northern Regeneration for the provision of this service.

4. CONSULTATION

- 4.1 There has not been any public consultation in relation to this report

5. ASSESSMENT

- 5.1 Should Cabinet approve the recommendation of this report the benefits will be felt at a number of levels.
- 5.2 In terms of the Borough of Scarborough the expansion of the SCSV programme 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 Council's Economic Development Strategy.

- 5.3 Specifically the provision of locally based labour will indirectly facilitate delivery of the housing growth targets as laid down within the Council's Local Plan. The additional apprentices project to be funded through CCF will result in 50 local apprenticeships with financial incentives for micro and small construction businesses to cover first year wages costs and assists in delivering key economic growth requirements relating to small and micro business growth, addressing construction housing and skills shortages and rebalancing coastal economies.
- 5.4 Importantly the project will have a directly regenerative and beneficial effect on the Eastfield area by providing further locally based training and employment opportunities.
- 5.5 The financial management of the CCF grant, on behalf of Northern Regeneration, will enable that project to be delivered more flexibly and with performance not limited by cash flow issues.

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 A copy of the terms and conditions of the funding agreement are attached at the Confidential Appendix 1.
- 6.2.2 Payment of grant monies from CCF through MHCLG will be made under section 31 of the Local Government Act 2003.
- 6.2.3 The Borough Council have acted as accountable body for a number of current and previous public sector schemes and have a track record for doing so successfully.
- 6.2.4 In this instance the Borough Council will act solely to hold the funds and process claims in accordance with the guidance set out by the CCF. The Council's liability as accountable body will be limited to that function alone and the Council will not be responsible for delivering any of the outputs of the scheme.
- 6.2.5 Any potential for clawback of funding for the non-delivery of outputs will be the responsibility of Northern Regeneration CIC.

6.3 Financial Implications

6.3.1 There will be a cost to the Council associated with the financial management of the CCF grant in terms of staff time and resources. It has been agreed that Northern Regeneration will pay SBC a total of £7,500 over the funding period to manage the funding and claims procedure and act as accountable body for the monies.

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 apprenticeship opportunities created. This will include content in local media and via MHCLG communication channels and 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 No direct implications

6.8 Crime and Disorder Implications

6.8.1 No direct implications

6.9 Health and Safety implications

6.9.1 No direct implications

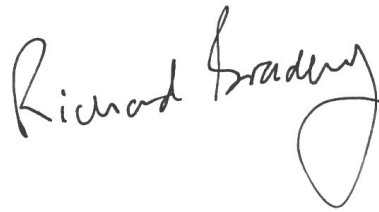
6.10 Environmental implications

6.10.1 No direct implications

7. ACTION PLAN

7.1 Key milestones are set out below;

- December 2018 approval to accept CCF grant on behalf of Northern Regeneration
- January 2019 first payment of 2019/20 CCF grant to SBC from MHCLG

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

Risk Ref	Date	Risk	Consequences	Mitigation	Current Risk Score	Target Score	Service Unit Manager/ Responsible Officer	Action Plan
1	December 2018	Cabinet do not accept grant funding from CCF on behalf of Northern Regeneration	Project will be subject to limitations brought about by cash flow issues	Payment of full year grant to SBC will enable more regular payments to Northern Regeneration mitigating cash flow concerns	C2	A1	AR	Managed by SBC Regeneration Service
2	December 2018	Cabinet accept grant funding from CCF on behalf of Northern Regeneration	Northern Regeneration may not meet the terms and conditions of the funding contract or may not meet stated output targets.	Scarborough Borough Council have extensive experience in acting as accountable body for public funding. The agreement terms and conditions do not require the accountable body to deliver the targets but rather to verify them prior to payment being made.	B3	A1	AR	Managed by SBC Regeneration Service who have extensive experience of managing funding programmes of this nature,

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
		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