	INCLUSIVE GROWTH PORTFOLIO 29 JULY 2020
	Key Decision NO Cabinet Portfolio Holder Cllr Liz Colling
Corporate Aims - People/Place/Prosperity/ Council	Date of Decision/ Referral to O&S 29 July 2020 Deadline for call-in 5.00pm 3 August 2020 Implementation Date (if no call-in) 4 August 2020

REPORT OF: DIRECTOR (RB) – 20/144

WARDS AFFECTED: Eastfield

SUBJECT: ENHANCING SCARBOROUGH CONSTRUCTION SKILLS VILLAGE – FUNDING REQUEST

RECOMMENDATION (S):

- (i) Approve a budget increase of £125,000 and entry into Stage 2 of the ECI Construction Contract with Tom Willoughby Ltd in order to complete the Enhancing Scarborough Construction Skills Village project at High Eastfield Farm; with £100,000 being funded from the Capital Contingency Reserve and £25,000 from existing South Scarborough Regeneration funding allocations;

REASON FOR RECOMMENDATION (S):

- (i) To enable the continued operation and expansion of Scarborough Construction Skills Village.
- (ii) To meet our contractual funding obligations as agreed with funding partners the York and North Yorkshire LEP (Y&NY LEP) and Community Led Local Development Programme (CLLD).
- (iii) To repurpose a formerly derelict site of criminal activity and antisocial behaviour.

HIGHLIGHTED RISKS:

- (i) If the Council does not approve the additional funding there is an expectation that both funders may withdraw their funding. £560,000 was awarded for the project and around £210,000 has been spent so far. If the project cannot be completed all the funds – both spent and unspent – could be withdrawn.
- (ii) If the funds are withdrawn and the project left incomplete the Council will be left with an unsecure site. This site would require ongoing costs to secure and may, in the future, require additional demolition works. It is likely that these costs would exceed the £125,000 requested and leave the Council without a newly renovated asset.

1. INTRODUCTION

- 1.1 Scarborough Borough Council played a key role in supporting the early development of the Skills Village in 2015.
- 1.2 In order to enable the expansion of the Skills Village the Council agreed to bid for and accept funding from two sources; the LEP Local Grant Fund and the Community Led Local Development Programme (reference previous reports 18/159 and 18/292).
- 1.3 A total amount of £400,000 was originally secured from the Y&NY LEP and CLLD) in early 2018. This funding was to enable the expansion and relocation of the Construction Skills Village to the site at High Eastfield Farm House building which would include the creation of a Construction Business Centre, facilities for plant and scaffold training and delivery of a programme supporting individuals into employment in the construction sector.
- 1.4 Later in 2018 High Eastfield Farm was subject to an arson attack which destroyed the main farm building. This resulted in a delay to the current expansion plans while options were considered for utilising alternative buildings on the site.
- 1.5 Both funders were informed of the arson attack and the impact this would have on the funding profile. The LEP agreed to an additional £160,000 funding in order to continue the project using these alternative buildings; taking the total funding for the scheme to £560k. Part of the contract with the LEP required the Council to agree to take responsibility for any further cost increases.
- 1.6 Subsequently a tender exercise was carried out to secure design and build contractors under a two stage construction contract. Stage 1 of which was to secure the site, undertake site investigation and design works and assess the cost of converting the remaining farm buildings into useable spaces for the Scarborough Construction Skills Village to occupy.

- 1.7 All design, site investigation and site security has been carried out at a cost of circa £110,000.
- 1.8 Final value engineered costs for the build element were submitted in June 2020 and the total cost of the works are £100,000 higher than estimate. This is largely due to the need for asbestos removal and the requirement for a localised drainage system to be installed.
- 1.9 If the Council cannot source the additional £100,000 the project cannot be completed. This would leave an unoccupied site likely to further attract anti-social behaviour and criminal activity. It would also mean that the Council would be left without an asset but would have to fund ongoing security measures.

2. CORPORATE AIMS

- 2.1 The Construction Skills Village Expansion project contributes to the delivery of the “Prosperous” and “Inclusive and Vibrant” aims of the Corporate Plan and Community Strategy.
- 2.2 The project is also a key contributor to the Council’s Covid19 Recovery and the Skills Village has enabled 5 apprenticeships during the lockdown period with the expectation that more jobs will be secured as restrictions continue to lift and more building works are able to be carried out.
- 2.3 The Skills Village are also key to providing business support and opportunities to small, local trades businesses which will be key during the Covid19 recovery period.

3. BACKGROUND AND ISSUES

- 3.1 Scarborough Construction Skills Village was established in 2015 through a partnership with Scarborough Borough Council, Northern Regeneration and the housing developers at Middle Deepdale.
- 3.2 Key aims of the Skills Village are:
 - To identify gaps and shortages in construction skills locally.
 - To bring the construction industry and education closer together leading to more work ready qualified students.
 - To raise the profile of the construction industry to attract future talent and overcome the skills shortages.
- 3.3 Over the past 5 years the Skills Village has developed into an exemplar of construction training and the model is being duplicated both regionally and nationally as an effective way of addressing the construction skills gap. Scarborough Construction Skills Village has provided apprenticeships, employment and training to more than 400 people since its establishment.
- 3.4 In 2018 Cabinet agreed to support expansion of the Construction Skills Village (Report Ref18/159 and 18/292) by providing it with a permanent home at the

former High Eastfield Farm site. The site, which is located on the northern periphery of the Middle Deepdale development area, consists of a number of disused and derelict farm buildings and had become the target of vandalism, fly tipping and antisocial behaviour. In 2018 the site was the subject of an arson attack which completely destroyed the Farm House building.

- 3.5 Through funding bids to both CLLD programme and the LEP Local Grant Fund the Council secured 560k of funding to pursue the scheme. £400k of this budget was to convert the remaining farm buildings and grounds in order to establish circa 700 square meters of renovated floor space allowing for increased capacity for construction related training and a site to provide dedicated construction business support.
- 3.6 The funding also allowed for space to provide scaffold and plant training – neither of which are currently available in the local area.
- 3.7 In November 2019 Scarborough Borough Council undertook a procurement exercise to employ design and build contractors under a Two Stage Early Contractor Involvement (ECI) construction contract to develop and implement the scheme. The successful contractor was Tom Willoughby Construction Ltd.
- 3.8 Under Stage 1 of the contract the Council has been working with Willoughby's to secure the site, undertake detailed design & site investigation and to develop costed proposals for delivery of the construction works. Stage 1 of contract is now complete and value engineered costings to deliver the scheme have been produced.
- 3.9 Circa £110k of the £400k building works budget has been expended under Stage 1 of the contract and circa £290k remains within the project budget. However Stage 2 costs for implementing the scheme in accordance with the funding agreements and specification now total £386k. Therefore, if the scheme is to enter into Stage Two of the contract and proceed to implementation a further £100,000 of additional funding will be required.
- 3.10 Officers have had exploratory conversations with funding partners CLLD and the Y&NY LEP and neither have any capacity to assist us in funding this shortfall.
- 3.11 Furthermore the YNY LEP funding agreement states that funding may be withdrawn if the project cannot be completed within the agreed time scales and that it is the Council's responsibility to identify funds required for any further cost increases. This limits the Council's capacity to seek and secure alternative funding provision as the Skills Village need to relocate to the site in September 2020 and the contractual works have to be completed by March 2021.
- 3.12 In addition, and if the Contractor is to meet their construction programme to enable the Skills village to relocate in September 2020, they urgently need instruction to commence their Stage 2 works.

- 3.13 This report seeks the approval of the Cabinet Member to the allocation of £100,000 from the Council's Capital Contingency Reserve in order to increase the available budget for the scheme and allow the Council to enter into Stage 2 of the contract and instruct Willoughby to undertake the construction works.

4. CONSULTATION

- 4.1 The project was subject to public consultation as part of the planning application process undertaken in 2019 and within the previous reports to Cabinet 18/159 and 18/292:

The project was also subject of consultation with external partners including

- The CLLD Officer Appraisal Group
- The CLLD Performance Management Group
- The CLLD Executive Group Board
- YNYER LEP Skills and Infrastructure Executive Boards.

- 4.2 The Skills Village has recently carried out a consultation exercise with 34 local business. Findings from this exercise suggested that many businesses face an uncertain future and will need support from the Skills Village in order to tide themselves over throughout the recovery period.

- 4.3 The High Eastfield Farm site, prior to this project, had fallen into disrepair and was a well-documented area for anti-social behaviour. The site was a liability for the Council.

5. ASSESSMENT

- 5.1 Having completed Stage 1 of the ECI Two Stage construction contract the Council now has the option to:
- a) Terminate the contract and not proceed with any further works on the site.
 - b) Enter Stage 2 of the contract and proceed to implementation of the proposed scheme

OPTION a - Terminate Contract

- 5.2 Undertaking this course of action will have a number of significant impacts on both the Scarborough Construction Skill Village and the Council.

1. The Skills Village will not have a site on which to undertake their operation placing future training provision and the entire business undertaking at risk of failure.
2. Some or all of the funding expended to date on the building works (£110k) would be at risk of claw back from the funding partners CLLD and Y&NYLEP. Such clawback may actually exceed the amount requested of Council to complete the scheme.
3. Failure to deliver the scheme may cause reputational damage with its funding partners and impede funding of future schemes.

4. If unoccupied for any period of time, the site will once again become a target of crime, fly tipping and antisocial behaviour; and without a viable alternative use the site would become a significant liability for the Council.
- 5.3 However to terminate the contract at this stage would negate the need for the Council to expend its Capital Contingency Reserve. In the medium term the site could be marketed for alternative development and may provide a capital receipt for the Council. It should be noted however that there remains the risk of clawback of funding of £110,000 expended on the aborted scheme which could more than offset this benefit.

OPTION b - Enter Stage 2 of the contract and proceed to implementation of the proposed scheme

- 5.4 Undertaking this course of action would also have impacts on the Borough Council namely:
 1. It would require the use of £100k of Council resources, which will reduce the monies available to take forward alternative projects;
- 5.5 However in approving the allocation of this funding to the scheme and delivering the refurbished site for occupation by the Skills Village the Council would derive a number of benefits including:
 1. Enabling the continuation and growth of the Scarborough Construction Skills Village and its' aspirations to deliver a further 200 construction related training courses and apprenticeships over the next 2 years.
 2. Assist the local construction industry in meeting their recruitment and training needs thus enabling construction sector growth and success. Assisting the Council in delivering an appropriate response to Covid19 recovery and the Council's ambition for inclusive growth.
 3. Maintaining good working relationships and track record for delivery with regional and national funding partners the Y&NYLEP and CLLD.
 4. Ensuring a previously derelict site and location of crime and antisocial behaviour is repurposed and turned to beneficial use.
- 5.6 On the basis of this assessment the Cabinet Member for Regeneration is recommended to approve funding of £100,000 from the Council's Capital Contingency Reserve to allow for Stage 2 of the contract to proceed and for the works to be implemented.
- 5.7 If the recommendation for funding is approved this project will be on track to meet its original aims and the Skills Village will be on site from 7th September delivering a range of skills and training essential in the current construction market and in support of the borough's Covid19 recovery action.

6. IMPLICATIONS

6.1 Policy

6.12 The content of this report is in accordance with the Council's policy framework.

6.2 Legal

6.21 The Council entered into funding agreement with the Y&NY LEP and CLLD to deliver the scheme and to mitigate any potential overspend on the project. Although the Council can choose not to continue with the scheme doing so may leave the Council at risk of clawback of funding.

6.3 Financial Implications

6.31 The financial implications are set out within the body of the report.

6.32 The report recommends that the available budget for the Skills Village be increased by £100k to fund higher than anticipated construction costs, with the amount being funded from the Capital Contingency Reserve. The uncommitted balance of the Capital Contingency Reserve currently stands at £973k therefore this allocation will reduce the available balance to £873k. This balance remains within the optimum range for the Reserve, as set out in the Financial Strategy.

6.33 The £100k budget increase will cover committed costs only and will not make any provision for scheme contingency. A £25k budget underspend is currently projected on sums earmarked for South Scarborough Regeneration. It is proposed that this budget underspend be transferred to this scheme along with the £100k from the Capital Contingency Reserve to provide a contingency budget for the scheme. This will increase the total budget available for the Skills Village to £685k.

6.4 Equalities and Diversity

6.41 There are no direct equality and diversity issues arising from this report.

6.5 Communications

6.51 No formal communication has been released referring to the Skills Village site at High Eastfield Farm. However it must be noted that through the development phase, it has become well known that the Council is supporting the Scarborough Construction Skills Village with their move to the new site.

6.6 Staffing Implications

6.61 There would be no additional direct staffing implications associated with undertaking the works, however if the project cannot progress there would be a need for officer time to be committed to dealing with the site and also to supporting the skills village find an alternative site.

6.7 Planning Implications

6.71 Planning consent for the proposed redevelopment of the site was secured in May 2019

6.8 Crime and Disorder Implications

6.81 There could be direct crime and disorder implications if the project does not progress. The High Eastfield Farm site was previously a problematic area for anti-social behaviour, vandalism and fly tipping and in recent years has been subject to an arson attack and numerous break-ins. It is expected that, unless the site is secure and in use, the previous anti-social behaviour and criminal activity will continue.

6.9 Health and Safety Implications

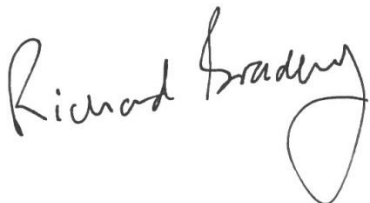
6.91 There would be a direct Health and Safety implication as the council would need to secure the site which in the past has been an area of criminal damage and anti-social behaviour.

6.10 Environmental Implications

6.11 There would be no direct environmental implications.

7. ACTION PLAN

- ICM Approval July 2020
- Enter into Stage 2 works contract with contractor Aug 2020
- Undertake initial enabling works Aug 2020
- Skills Village relocate to site Sep 2020
- Remaining construction works completed Oct 2020



Richard Bradley

Director

**Author: Vicky Bolton, Employment and Skills Manager and Alex Richards,
Regeneration Services Manager**

Telephone No: 01723 232324

E-mail address: Vicky.bolton@scarborough.gov.uk

Background Papers:

Previous reports – 18/159 and 18/292.

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	July 202	The contract with Willoughby's is terminated.	<ul style="list-style-type: none"> • The Skills Village will not have a site on which to undertake their operation placing future training provision and the entire business operation at risk of failure. • Some or all of the funding expended to date of £110,000 would be at risk of claw back from the funding partners CLLD and YNYLEP. Such clawback may actually exceed the amount requested of Council to complete the scheme. • Failure to deliver the scheme may cause reputational damage with its funding partners. • If unoccupied for any period of time the site will once again become a target of crime, fly tipping and antisocial behaviour and without a viable alternative use the site would become a significant liability for the Council. 	Seek alternative funding sources and develop a long term plan for completing the project.	D3	D3	AR	Managed by SBC Regeneration Services.
2		Enter Stage 2 of the contract and proceed to implementation of the proposed scheme	1. Enabling the continuation and growth of the Scarborough Construction Skills Village and its' aspirations to deliver a further 200 construction related training	£100,000 of Capital Contingency would bring the project back in line with original timescales.	D3	A1	AR	Managed by SBC Regeneration Services.

Risk Ref	Date	Risk	Consequences	Mitigation	Current Risk Score	Target Score	Service Unit Manager/ Responsible Officer	Action Plan
			<p>courses and apprenticeships over the next 2 years.</p> <p>2. Assist the local construction industry in meeting their recruitment and training needs thus enabling construction sector growth and success. Assisting the Council in delivering an appropriate response to Covid19 recovery and the Council's ambition for inclusive growth.</p> <p>3. Maintaining good working relationships and track record for delivery with regional and national funding partners the Y&NYLEP and CLLD.</p> <p>4. Ensuring a previously derelict site and location of crime and antisocial behaviour is repurposed and turned to beneficial use.</p>					

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