

Appendix One – Construction Skills Hub project details

1. Project overview

- 1.1 The Construction Skills Hub is an on-site construction training facility that will serve to develop a pipeline of skilled construction workers through a complete pathway of on-site training interventions. The facility will consist of a number of semi-covered workshops that will sit in a compound of 3150sqm within an existing development site.
- 1.2 The facility will provide a platform for construction related careers activity and practical training and work experience for over 5,000 learners over 10 years with access to employers across a wide range of construction related occupations. Provision will include joinery, brickwork, groundworks, roofing, electrical installation and will incorporate green technologies and modern methods of construction.
- 1.3 The intention is for the hub to build on the Council's existing 'local labour' activity to provide the means for all sites subject to major planning applications to be able to deliver meaningful skills and employment outcomes that are aligned with local need. The vision is that the hub will deliver a facility that provides opportunities for practical skills development that meets employer needs by:
 - **Enhancing existing construction training provision** by providing students with practical training and experience with direct access to employers
 - **Increasing engagement with the sector** to develop a pipeline of skilled workers to meet increasing demand as a result of significant investment and housing growth.
 - **Acting as a Focus for sector specific careers engagement**, raising awareness of the breadth of training and careers pathways available across the sector in a real-life setting
 - **Providing a hub** from which to channel training, employment and supply chain outputs secured via 'Local Labour' planning Conditions.
- 1.4 A preferred site for the construction skills hub has been identified; it will initially be situated at the Devonshire Group's Mastin Moor site which has planning permission for 650 homes, a care facility, local centre, and extensive parkland and expected to take 6 to 10 years to complete the development.

- 1.5 Following funding approval, Chesterfield Borough Council will seek to procure an education provider with view to commencing the provision of training from September 2023. The education provider will work in conjunction with the council to establish the compound and will be responsible for designing the curriculum and delivering training outputs.
- 1.6 The Feasibility Study, which was completed in August 2021, supported the need for investing in a relocatable Construction Skills Hub in Staveley. The study provides a clear and compelling argument across national, sub-regional and local policies to support investment in construction skills, with the construction industry being a focal point for accelerating the growth of the economy post the Covid-19 pandemic. In particular, it supports the objective within the Chesterfield Borough Council Growth Strategy (2019-2023) and the Covid Recovery Plan (2020) to ***'Secure the long-term growth of the borough, supporting new job creation and ensuring local people have the right skills to access future employment opportunities'***
- 1.7 The Feasibility Study supported the development of a green book compliant business case which was submitted to Staveley Town Deal Board for approval in November 2021. In line with the Staveley Town Deal Assurance Framework, the business case was externally appraised in December 2021. The external appraisal found that the Construction Skills Hub provides an important element of supporting the wider regeneration of Staveley and surrounding areas by supporting the delivery of skills required to deliver major new projects including housing, commercial and infrastructure works. A summary of the findings under each of the five business case elements is set out in the table below.

Strategic Case	It is considered that there is strong alignment with the objectives of the Towns Fund and given the wider development proposals across the area it is recognised that there is inadequate capacity within the construction industry to support this programme to deliver these objectives without the additional capacity provided by the proposed skills hub. The Strategic Case also identifies issues with unemployment levels and the impact of COVID which confirms the availability of a supply of potential learners to the proposed scheme
Economic Case	The economic case identifies three alternative options including the 'do nothing' option. The preferred option comprising of a partnership between a local college,

	private provider and a university provides a Net Present Value of £5.8 million and a Benefit Cost Ratio of 12.96;1 which is considered high and also note that our assessment suggests that these figures may not take account of the full benefits of the scheme.
Commercial Case	The commercial case is focussed around the interest from education providers in the delivery of the project and this is supported specifically by a consultation exercise undertaken as well as analysis of education providers delivering construction related courses across Derbyshire and within Sheffield. This includes experienced parties who have expressed interest in tendering to operate and manage the proposed construction skills hub.
Financial Case	The financial case identifies estimates both the costs and revenues relating to the project over a 10-year programme. However, it is noted that the Full Business Plan does not provide any plans or cost plan to support the proposals and it is recognised that the revenue is dependent upon the maintenance of existing funding programmes for learners over the period of the project.
Management Case	The management case recognises the experience of the project promoter, CBC in managing a large portfolio of projects – both residential and commercial and the reporting procedures and responsible parties require to monitor the project and report to the Towns Fund Board. This provides clear roles and responsibilities moving forward working in conjunction with the education provider moving forward.

- 1.8 Based on the findings from the external appraisal and a clear recommendation from the council’s Internal Programme Board, the project was approved by the Staveley Town Deal Board on 22nd December 2022.
- 1.9 Reflecting the stage of the project development, the funding approval is subject to a number of conditions which are summarised in the table below.

Condition	Response/ Mitigation
Suitable advice confirming the proposed investment is compliant	It is not likely that this project will have subsidy control implications

<p>with public subsidy requirements.</p>	<p>as it is public funding to public organisation. We will be undertaking a tender exercise for the for the operation of the hub which will avoid any direct subsidy.</p> <p>The Town Deal is commissioning subsidy control advice.</p>
<p>A binding agreement for the site of the Construction Skills Hub over the initial period of 7 years prior to relocation and agreement to provide as replacement site</p>	<p>The Devonshire Group are fully committed to supporting facility with the Mastin Moor site for the first 5 years of the programme and have identified other sites within the development pipeline for years 5 to 10. A serviced compound site within site will be provided at a peppercorn rent. Now funding has been approved we seek to finalise lease arrangements with the landowner.</p>
<p>Approval of the training provider following the procurement exercise such that they have the necessary skills, capacity, and resources to deliver the courses and secure the EFSA support required to deliver the training programmes.</p>	<p>We are seeking to commence a competitive tender process as detailed in section 15 of the business case. We are seeking permission from cabinet to proceed with procurement which will ensure that this condition is fully met. Subject to Cabinet approval the procurement process is expected to commence in March 2022.</p>
<p>Evidence of all necessary approvals for the project including planning and building regulations approvals where required.</p>	<p>Devonshire group have existing outline planning permission and the training compound sits within the red line of the existing planning permission. The Devonshire Group have undergone a tender and selection process for their preferred house builder partner. Reserved matters for phase 1 infrastructure and phase 1</p>

	<p> dwellings are being prepared and details of the training compound will be included within the Infrastructure Plan. Reserved Matters are expected to be submitted by June 2022.</p>
<p>Evidence of a tender for the construction of the new facility in accordance with the assessment of costs provided.</p>	<p>This will be provided following the procurement exercise.</p>

2. Alternative options

2.1 The full business case considered three options from the shortlisting process detailed in section 7 of the feasibility study. The options analysis focussed on the education delivery model. The shortlisted options are set out below:

- i. **Do Nothing (or Do Minimum)** – This option would result in not going ahead with the project there are no project outcomes, and no intervention funding is expended. As set out in the table below, in this option no learners would be assisted into employment and local construction business may have a shortage of trained workers, especially as older workers retire over the next 10 years. What is clear is that the area will be further impacted by a ‘do nothing’ scenario which can only result in a downward trend in hardship and unemployment in the area.
- ii. **Alternative Option** – a Partnership between an FE college and a university; and
- iii. **Preferred Option** – a Partnership between an FE college, private provider, and a university.

2.2 Both the alternative option and preferred option offer a partnership arrangement, recognising that one single provider is unlikely to be able to offer the broad range of provision required. Both options that reduce project risk and enhance the education that will be delivered through the facility.

2.3 The key difference between the alternative option (partnership between a local college and a university) and preferred option (partnership between a local college, private provider and a university) is the recruitment of learners will be lower for the alternative option as including a private training provider is likely to increase the scope for engagement across a broader demographic of learners. As part of the feasibility study a learner focus group highlighted that learners were more likely to be attracted to learning at a facility that was less traditional but where there was a clear link to employers with a focus on practical skills development and clear pathways to employment. Therefore, a reduction of a learner per group has been factored in the alternative case option. The associated impact on costs is included for those costs that vary directly with learner numbers. This is detailed in the table below:

Figure 1: Analysis of Options

Metric	Do Nothing	Alternative Option	Preferred Option	Best Outcome
Net Present Value (NPV)	£0	£78,477 ⁽¹⁾	£500,093	Preferred Option
NPV exceeds Grant Cost	N/A	No ⁽¹⁾	Yes	Preferred Option only
Revenue Generated by Year 10	£0	£6,939,033 ⁽¹⁾	£7,535,000	Preferred Option
Capital Investment (not grant funded)	£0	£124k ⁽²⁾	£194k	Preferred Option
Qualified Learners by Year 10	£0	773 ⁽²⁾	897	Preferred Option
Build Up Programme Learners by Year 10	0	380	380	Alternative & Preferred Option
Schools Tasters by Year 10	0	4,026	4,026	Alternative & Preferred Option
Staff employed (FTE Years of employment)	0	107 ⁽¹⁾	125	Preferred Option
Outputs Ranking	3	2	1	Preferred Option

⁽¹⁾ figures from the Financial Case for alternative option, which assumes growth in year 7

⁽²⁾ figures assume no growth at year 7 as alternative option is unable to fund the expansion.

2.4 Whilst these are presented as separate options the process recommended is to invite individual education providers as well as consortium proposals as part of a procurement process to explore what the best possible partnership would be. The process will look at proposals that have development opportunities to see how the partnership may mature over time dealing with today's immediate issues and looking to the near future and the challenges facing our communities for tomorrow.

2.5 There are interdependencies within the Town Investment Plan itself. The project portfolio will be controlled to ensure maximum benefits are realised through the interdependencies of other construction projects within the Town Investment Plan which can support the in-take of learners and provide additional sites/ locations for the compound over time.

3. Financial considerations

3.1 Following approval at the Town Deal Board in December and submission of the associated summary document to government (signed by the council's s 151 officer), funding for the project is now secure.

3.2 A summary of the costs is provided below.

Grant Funding	2022-23 (£)	2023-24 (£)	Total (£)
Capital Grant Funding	179,317	27,000	206,317
Revenue Grant Funding	138,825	90,226	229,051
Sub-total	318,142	117,226	435,368
Contingency (revenue)			31,632
Total Allocation			467,000

3.3 All Town Deal projects have been asked to find a reduction of c. 7% in funding ask in order to fit within the overall allocation provided for Staveley (£25.2m) and allowing for programme management costs. The Construction Skills Hub costs reflect this reduction. A contingency has been included for revenue costs as a mitigation of the financial risk associated with mobilisation of the project.

3.4 As set out in the main report, procuring a delivery partner for the Hub will reduce to a minimum any ongoing financial risk to the council. Further mitigations of financial risk as the project is procured and delivered are also set out in detail in the full business case which has also been appraised by external experts.