



**Corporate Policy &
Resources Committee**

**Wednesday 4th December
2019**

Subject: Made in Gainsborough Phase 2

Report by:	Executive Director for Economic and Commercial Growth
Contact Officer:	Amanda Bouttell Senior Project and Growth Officer amanda.bouttell@west-lindsey.gov.uk
Purpose / Summary:	Proposal for Phase 2 delivery of a Level 2 & 3 Engineering Apprenticeship Programme within Gainsborough and in partnership with Lincoln College Group and the Made in Gainsborough Engineering Consortium

RECOMMENDATION(S):

1. That Members support the proposal for officers to seek external funding for the project as a priority.
2. That Members approve the request to re-allocate up to £75k of the Investment for Growth Earmarked Reserve designated for Phase 1 to gap fund Phase 2 of the project. This will only be utilised should the project be unsuccessful in securing external funds as outlined in 1 above and subject to the project meeting required due diligence outlined within the Gainsborough Growth Fund (GGF) process.
3. That Members agree to delegate the signing of any funding agreement to the Executive Director of Resources in consultation with the Chairman of the Corporate Policy and Resources Committee.

IMPLICATIONS

Legal:

Lincolnshire Legal Services will advise WLDC on the terms of any funding agreement to ensure compliance and to protect the interests of the Council in respect of this project. It is proposed to use the application process and contract documents already in place and approved by this Council (and Lincolnshire Legal Services) as part of the Gainsborough Growth Fund for this project.

Financial : FIN/115/20/SL

Approval is required to re-allocate £75k of the Investment for Growth Earmarked Reserve originally designated for Phase 1 of 'Made in Gainsborough' (FIN-5-19) to gap fund capital expenditure for Phase 2 of the project. The budget allocated to Phase 1 of the project remains unspent due to successfully securing an external grant from Gainsborough Development Trust.

In conjunction with WLDC officers, the College is seeking further external funding for Phase 2 of the project. The College has requested Local Enterprise Partnership (LEP) funding of £14,492. Financial contributions and materials will also be requested from local employers who contributed to the scheme in Phase 1. Any external funding and contributions will reduce the gap funding required by WLDC but the extent of which is unknown at this time.

As a last resort approval is required for a Capital Budget of £75k enabling WLDC to Grant Fund this project, and expenditure up to this amount. This will be funded by utilising up to £75k of the gain from the Business Rates retention Pilot scheme, which is held within the Investment for Growth Reserve.

The scheme has been subject of an Economic Impact Assessment resulting in a gross economic benefit of £1.3m.

This Grant award will be subject to meeting required due diligence and will be assessed, managed and monitored in accordance with the Gainsborough Growth Fund scheme.

Staffing :

None. This project will be dealt with internally by the Projects and Growth Team as part of their existing remit. Management of the project will be carried out by the Lincoln College Group and consortium partners, subject to agreement of terms.

Equality and Diversity including Human Rights :

This project will deliver new jobs in Gainsborough and is designed to be accessible to anyone over the age of 16. Whilst the project initially features a limited number of engineering businesses, the short term aim is to encourage other West Lindsey employers (that fall within the relevant sector SIC) to participate.

Data Protection Implications :

None

Climate Related Risks and Opportunities:

The College will seek advice to ensure the adaption of the premises and installation of equipment meet the required regulation and take into account climate change.

Section 17 Crime and Disorder Considerations:

None

Health Implications:

None

Title and Location of any Background Papers used in the preparation of this report :

Engineering UK – State of the Nation Report 2017

<http://www.engineeringuk.com/media/1355/enguk-report-2017.pdf>

National Careers Strategy 2017

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/664319/Careers_strategy.pdf

Risk Assessment :

Risk of employer disengagement: The project needs to be well organised and timely in order to meet the requirements of local employers.

Risk of poor take up by learners: Recruitment has been exceptional in Year 1 and a full cohort is in place for Year 2. By successfully utilising various communication and media channels it is expected that recruitment will continue into Year 3 and beyond. Delivery of training locally is commercially competitive with providers from further afield, however evidence is suggesting that the above is meeting local demand.

Risk to quality of provision: Options to seek alternative providers in Year 2 if preferred provider is unable to deliver the outcomes outlined within the project.

Risk of outcomes not being delivered: Clawback provisions to be included in the grant terms and conditions.

Risk of Value for Money (VFM) not being achieved: Clawback provision if assets sold within 5 years

Call in and Urgency:

Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)

Yes

No

Key Decision:

A matter which affects two or more wards, or has significant financial implications

Yes

No

Executive Summary

“Made in Gainsborough” is currently a partnership between West Lindsey District Council, Lincoln College Group and a consortium of Gainsborough based engineering businesses. The project aims to create up to 20+ Apprenticeship opportunities per year for the next 3-5 years with the training element delivered from the Gainsborough College campus.

Match funding has already been secured for delivery of Phase 1 from both the Greater Lincolnshire LEP (GLLEP) (c. £15k) and the Gainsborough Development Trust (c. £75k) which has been used to adapt the College facilities and purchase the necessary equipment for delivery of two thirds of the programme. In addition, local employers have also committed some funds and equipment in order to reduce overall project costs and to ensure delivery in a timely manner.

Both the Council and the LEP agreed that following successful delivery of Phase 1 and the associated outcomes, there could be further gap funding available to develop Phase 2 which would see the final third of the programme (Milling & Turning) delivered in Gainsborough.

On 12th April 2018, through Corporate Policy and Resources Committee Members agreed to ring-fence up to £75k (FIN-5-19) of the Investment for Growth Earmarked Reserve and thereby utilise some of the gain from Business Rates to gap fund Phase 1 of the project. This would only be utilised should the project be unsuccessful in securing external funds as outlined above and subject to the project meeting required due diligence outlined within the Gainsborough Growth Fund (GGF) process.

Due to a number of unforeseen circumstances, the College have been unable to fully complete Phase 1 of the project on time and within budget. Issues with power supply and significant adaptations to the building has resulted in a

delay to the installation of Welding and Fabrication equipment. This has not affected the learning outcomes for students as this was mitigated by transporting students to Lincoln for part of the course.

Council officers and employers have been briefed on project delivery through regular steering group meetings. Measures have been put in place to get the project back on track and the College are committed to delivering the outcomes set out by the employers. However, some of the funds earmarked for delivering Phase 2 will now be required to complete Phase 1 leaving a revised shortfall in Phase 2 of c. £150k.

In order to complete the project and to safeguard the programme for the future, the College are seeking additional gap funding from West Lindsey District Council and the LEP for the completion of the project up to c. £75k. The LEP have pledged a further £14.5k but have stated that this is for Phase 2 delivery only and is subject to the College providing evidence of how this funding will be used.

Members are asked to consider a request to re-allocate up to £75k of Investment for Growth Earmarked Reserve designated for Phase 1 to gap fund Phase 2 of the project. This will only be utilised should the project be unsuccessful in securing external funds and subject to due diligence (as set out above) and implementation of a funding agreement

1 **Context:**

- 1.1 Apprenticeship starter numbers have fallen in Greater Lincolnshire since 2014/15, from just over 10,000 in 2014/15 to 7,870 in 2017/18, in part due to changes in the funding mechanism. This trend can also be seen at the national level. In West Lindsey Apprenticeship starters fell by 27% between 2016/17 and 2017/18. (GLLEP Skills Analysis 2019)
- 1.2 Engineering continues to be a key sector for employment within West Lindsey and in Gainsborough in particular. Despite the decline in this sector at a national level, the District has maintained an engineering base with around 16% of total employment within manufacturing, and 6% in agriculture equating to almost 1 in 4 people.
- 1.3 Engineering UK have forecast that nationally, 265,000 skilled people are needed in engineering annually through to 2024 in order to meet the demand within the sector. (State of the Nation Report: Engineering UK 2017)
- 1.4 In April 2017, the government introduced an Apprenticeship Levy on UK employers to fund new apprenticeships. In England, control of apprenticeships funding has been put in the hands of employers through the Digital Apprenticeship Service. The Levy will be paid by employers with a payroll bill in excess of £3m.

2 **Project Background:**

- 2.1 The “Made in Gainsborough” project aims to:
 - Provide 20+ Apprenticeship opportunities per year for the next 3-5 years.
 - Specifically showcase the engineering businesses that are operating successfully within the Gainsborough area.
 - Raise the general profile of the local manufacturing/engineering sector and the range of careers opportunities that are available for people over the age of 16.
 - Ensure that engineering training provision is delivered in Gainsborough.
 - Engage more effectively with schools and Colleges by linking them into the local engineering/manufacturing industry
 - Attract investment and economic growth to the town.
- 2.2 The Engineering Consortium agreed to provide an annual number of paid Apprenticeship opportunities. By September 2020 it is expected that the project will secure up to 60 learners starting Apprenticeships with a further 25 on a full time study programme.

- 2.3 The Lincoln College Group will work with the Engineering consortium to develop a two year engineering apprenticeship programme to meet the varied needs of the consortia. The level 2 Apprenticeship would be delivered at Gainsborough College with employer input 1 day per week to build the required knowledge, skills and behaviour necessary to work safely in an engineering environment. Year 2 would be reversed with Apprentices full time with their employer and attending College 1 day per week.
- 2.4 The purpose of the course will be to provide young people and adults with an introduction into general engineering, to cover the varied disciplines identified by the employers, including: machining (turning and milling), mechanical and electrical maintenance, and fabrication and welding. This course is available to all learners over the age of 16.
- 2.5 West Lindsey District Council has produced some bespoke marketing materials including a Made in Gainsborough brochure which features each of the employers within the consortium. These will be used to target schools and careers events as part of a wider promotion.

3 Project Monitoring:

- 3.1 As previously mentioned unforeseen circumstances have hampered the project and Council officers monitoring it have advised that the following measures are implemented by the College before further funding is considered:
- An open and honest discussion with senior College staff, West Lindsey District Council (WLDC) and the employers to understand the future of the project.
 - A full financial report is required for Phase 1 of Made in Gainsborough (MIG), with details of income and expenditure. Details of where the project has fallen short, and how the College intends to mitigate against any further shortfall by combining Phase 1 and Phase 2.
 - A detailed project plan is required with the accurate costs for completing Phase 1 and the further costs for Phase 2. This should include details of financial contribution from the College and any other funders. We expect WLDC and GLLEP to be funders of last resort and will therefore require evidence that other funding sources have been explored.
 - A College marketing & communications plan which sets out a commitment to push resource and time into the project.
 - Evidence that the employers are satisfied with the College's long term plan for MIG in Gainsborough.
 - Confirmation in writing that the LEP will support a variation to their funding agreement in order to support completion Phase 1 and Phase 2.

- The College will work with WLDC and other partners to develop a long term strategy and estate management plan for the Gainsborough site. (inc. other commercial opportunities)

4 Other funding options:

4.1 The Made in Gainsborough project team have explored alternative sources of funding to help “plug” the £150k shortfall. These are outlined below:

- **Gainsborough Development Trust** – this no longer exists as an entity and the remainder of funds c. £70k were entrusted to WLDC to develop a number of smaller growth projects in the town of Gainsborough.
- **Greater Lincolnshire LEP** – the LEP agreed “in principle” gap funding of £29k to the project. c £14.5k was allocated to Phase 1 with a provisional £14.5k for Phase 2 (subject to LEP variation of their funding agreement)

5 Project Timeline:

Date	Action	Responsible
Oct 2019	Secure funding for completion of Phase 1 & 2	Lincoln College Group
Nov 2019-Dec 2019	Completion of all works at Gainsborough Campus	Lincoln College Group

6 Project Outcomes to date:

- **£90k external funding secured**
- **20 learner starts in Year 1 with 94% retention**
- **20 learner starts in Year 2 currently 100% retention**
- **3 additional employers joined the consortium at the end of Year 1**
- **Over 60 applications received by the College for Year 2**
- **Increase in applications to other programmes including Construction, Automotive and Property Maintenance**
- **4 additional jobs created – 2 x tutors, 1 x administrator, 1 x office manager**

7 Economic Impact Assessment

An initial Economic Impact Assessment has been carried out on this scheme and the total net outputs or benefit to West Lindsey are shown below. The scheme will deliver 24 net new jobs in manufacturing in West Lindsey and contribute an additional £1.3m to the local economy.

Total FTE jobs	Total GVA
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Net	24	£1,314,546
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Footnote: Economic Impact Assessment allows a factor for 'deadweight' (outputs that would occur anyway), 'leakage' (outputs benefiting those outside of the District) and 'displacement' (outputs accounted for by reduced outputs elsewhere in the District)