



**Corporate Policy and
Resources Committee**

12 April 2018

Subject: Made in Gainsborough – Engineering Project

Report by:

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Purpose / Summary:

Proposal for the delivery of a Level 3 Engineering Apprenticeship Programme in Gainsborough 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 ring-fence up to £75k of the Investment for Growth Earmarked Reserve and thereby utilise some of the gain from Business Rates to gap fund 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 Director of Resources in consultation with the Chair of Corporate Policy and Resources Committee, subject to alignment with the terms in this report.

IMPLICATIONS

Legal:

Lincolnshire Legal Services will advise West Lindsey District Council (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 Implications: FIN/5/19

Approval of a revenue budget for the provision of funding up to £75k is required to support the investment required at Gainsborough College to deliver this project.

In conjunction with WLDC officers, the College is seeking external funding for the project from Gainsborough Development Trust and the Local Enterprise Partnership (LEP) as a priority.

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 Standard Industrial Classification (SIC)) to participate.

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: A recruitment campaign is already underway, utilising various communication and media channels. Delivery of training locally is commercially competitive with providers from further afield.

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

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.

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

(1) Office for National Statistics – Overview of the UK Population

<https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/articles/overviewoftheukpopulation/july2017>

(2) Annual State of the Economy Report 2017

<https://lincolnshire.moderngov.co.uk/documents/s18574/Appendix%20A.pdf>

(3) Engineering UK – State of the Nation Report 2017

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

(4) National Careers Strategy 2017

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

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

X

Key Decision:

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

Yes

X

No

Executive Summary:

“Made in Gainsborough” is a partnership between West Lindsey District Council, Lincoln College Group, Bishop Grosseteste (BG) University and a consortium of 8 Gainsborough based engineering businesses.

The project will primarily create up to 25 Apprenticeship opportunities per year for the next 3 years with the training element delivered from the Gainsborough College campus.

In order to adapt the College facilities and purchase the necessary equipment, the capital costs have been estimated at £155k. The College have committed £80k as match funding towards the capital costs, leaving a shortfall of c. £75k. The businesses within the Consortium have committed to providing some of the capital equipment needed and this is subject to verification of value/suitability, which may result in a reduction on the overall cost/gap requirement.

Officers are seeking external funding for the project from Gainsborough Development Trust and the LEP as a priority. However, it may not be possible to acquire all of the funding to fill the gap. Members are asked to consider a request to ring fence £75k of the Investment for Growth Earmarked Reserve thereby utilising some of the gain from Business Rates retention to gap fund the project - subject to the project meeting required due diligence outlined within the GGF process.

1 Context:

- 1.1 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. The key challenge is to sustain and modernise this important industrial sector in a difficult economic environment.
- 1.2 At a national level, the demographic profile has changed - the proportion of children in the UK population has declined from over 24% in 1975 to less than 20% in 2015. This proportion is projected to decline even further in future years. (Source: **1** - Office for National Statistics)
- 1.3 Putting this in context, although the Greater Lincolnshire general population is predicted to grow by 3% to 2020 and almost 8% by 2030, the latest research suggests that there will be “207,000 job vacancies between 2014-2024 made up of 186,000 retirements and 21,000 new jobs. It is likely that there will be an insufficient number of school leavers within that timeframe to fill them.” (**2** - The Annual State of the Economy Report 2017)
- 1.4 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. (**3** - State of the Nation Report: Engineering UK 2017) The employer-led engineering skills organisation Semta is concerned that the number of people required cannot all be “white males” and has stated that the sector will soon face a skills crisis unless it considers more diverse recruitment strategies.
- 1.5 In April 2017, the government introduced an Apprenticeship Levy on UK employers to fund new apprenticeships. In England, control of apprenticeship 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 and Gainsborough engineering companies that are affected by the levy want to ensure that the revenue generated is invested back into the local economy.

2 Rationale:

- 2.1 In recent years, local established engineering businesses have invested in new premises and capital equipment, utilising schemes such as the Gainsborough Growth Fund to improve productivity and expansion. However, local forum meetings have highlighted an ongoing concern regarding an ageing workforce, competitive recruitment challenges, difficulties with succession planning, and a perceived lack of appropriate skills and training available locally.
- 2.2 Andrew Mann is Production Manager at AMP Rose and currently employs 120 people and 10 apprentices. He feels that the business is at a disadvantage due to the lack of engineering training provision available in Gainsborough. “We have been forced to use training providers in Lincoln, Scunthorpe and further afield. This can be a logistical problem for the young apprentices, it adds cost to the training and also tends to attract employees from outside of Gainsborough that often don’t stay.”
- 2.3 In the past, initiatives such as Youth 100 and Future Jobs Fund have helped to encourage local employers to provide work opportunities for young people and many employ apprentices. However local employers and training providers have noted an increase in the lack of work readiness within the 16-18 age group.
- 2.4 Employers have recognised the need to develop better links with schools, in order to articulate current labour market information and to raise awareness about the range of career and training options available to pupils. There is a strong sense that schools generally still prefer to retain students, particularly within 6th Forms. Whilst employers acknowledge the need for literacy and numeracy skills, it was felt that the attainment of GCSEs for example, is a barrier for less academic pupils to progress into the sector through Apprenticeships.
- 2.5 The demise of the Careers Service and associated provision in 2011 has had an impact on how and when pupils get access to timely careers advice and guidance. Schools are now largely responsible for providing impartial and independent careers guidance for pupils (4 - Careers Strategy, Dec 2017). Engineering employers accept they will need to work more pro-actively and efficiently with local primary and secondary schools in the future.

3 Project Background:

- 3.1 “Made in Gainsborough” is a partnership between West Lindsey District Council, Lincoln College Group, BG University and a consortium of 8 Gainsborough based engineering businesses. The project aims to:
 - Provide 15-25 Apprenticeship opportunities per year for the next 3 years.

- Specifically showcase the 8 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 training up to 10 industry educators.
- 3.2 The Engineering Consortium has agreed to provide an annual number of Apprenticeship opportunities. It's anticipated that each company within the Consortium will offer an average of 3 Apprenticeships per year for the next 3 years. Based on 8 engineering companies within the consortium, the project aims to support up to 75 Engineering Apprentices by end of 2020.
- 3.3 The Lincoln College Group will work together with the Engineering consortium to develop a two year 'Level 3 Engineering Technician' apprenticeship programme to meet the varied needs of the consortia. The first year will be a full time course from the Gainsborough College campus at the request of the employers to build the required knowledge, skills and behaviour necessary to work safely in an engineering environment.
- 3.4 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 will be available to all learners over the age of 16.
- 3.5 In order to improve the links with schools and Colleges, companies within the engineering consortium have agreed to participate in the Specialist Industry Educator programme delivered through B G University, which takes industry experts with specialist knowledge and connects them with Further Education (FE) Colleges and training providers. Employers will be able to influence the way their area of expertise is taught to improve students' readiness for work.
- 3.6 West Lindsey District Council has produced some bespoke marketing materials including a Made in Gainsborough brochure (attached at Appendix 1) 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 and recruitment strategy. The Council are also engaged with the LEP and other funding partners to seek financial support for the project.

4 Financing the Project:

- 4.1 A key component of the project is the delivery of the Apprenticeship training course from the Gainsborough College campus. The outline costs have been provided by the College and are set out in the table below:

| | | |
|---------|------------|---|
| Capital | £155k | Adaption of College facilities. Purchase of capital equipment. Installation of equipment. |
| Revenue | £200k p.a. | Staffing Recruitment Student Fees Other Overheads |

- 4.2 In terms of revenue, the College anticipate that the £200k per annum will be covered by income derived from students subject to achieving the minimum 15+ learners. The College have also committed a further £80k as match funding towards the capital costs, leaving a shortfall of c. £75k. The businesses within the Consortium have committed to providing some of the capital equipment needed and this is subject to verification of value/suitability, which may result in a reduction on the overall cost/gap requirement.

5 Funding the Gap:

- 5.1 The Made in Gainsborough project team have explored various sources of funding to help “plug” the £75k shortfall. These are outlined below:
- **Gainsborough Development Trust** – the trust have agreed an “in principle” offer to fund the c. £75k project shortfall outright. This is subject to a desire by the Trust to mitigate any tax liability for non-repayable grants, and to eliminate any admin/legal costs to the Council for administering the grant.
 - **Greater Lincolnshire LEP (GLLEP)** – the most recent round of Skills Capital Funding closed in Sept 2017 and this funding is currently fully allocated to projects across the GLLEP area. The LEP recognise the strategic importance of the project and have indicated that they could contribute up to £29k as a fund of last resort – subject to the required due diligence and LEP Board approval. This would reduce the overall funding gap to £45k.
 - **Gainsborough Growth Fund** – this fund may provide up to 25% towards the overall project costs, leaving a shortfall in the project of c. £25k. The project does not fit with the usual parameters of the

Gainsborough Growth Fund process but it's proposed that the Council uses its discretion to assess this project in accordance with the Gainsborough Growth Fund due diligence process, with the College as the lead applicant. If the project satisfies all aspects of this due diligence process and if alternative, external funds cannot be secured for this scheme, it is proposed that the Council contracts with the College to support this scheme up to a value of £75k.

- 5.2 It is proposed that officers continue to seek external funding for the project from Gainsborough Development Trust and the LEP as a priority. However, it may not be possible to acquire all of the funding to fill the gap. Members are asked to consider a request to ring fence up to £75k of the Investment for Growth Earmarked Reserve and utilise some of the gain from Business Rates to gap fund the project - subject to the project meeting required due diligence outlined within the GGF process.

6 Project Timeline:

| Date | Action | Responsible |
|-------------------------|---|--|
| October 2017 | Sign up Engineering businesses to the Industry Educator Programme | Mike Johnson – LAGAT |
| October – December 2017 | Completion of Skills Needs Analysis | Coral Willcox – BGU |
| November 2017 | Business Case submitted to Lincoln College Board Submit paper to the LEP | Michele Guest/Mark Care – Lincoln College Amanda – LEP Skills Board |
| November 2017 | Draught marketing materials produced Case studies produced | James – Lincoln College James – Lincoln College |
| December 2017 | Press release prepared Launch event/s in place for Jan/Feb 2018 Next Consortium Meeting | James – Lincoln College Gainsborough College |
| Jan-Feb 2018 | Launch careers activities | All |
| March onwards | Process applicants | Lincoln College |
| April – Sept 2018 | Adaption of College facilities | Lincoln College |
| Aug-Sept 2018 | First cohort of students start the study programme | Lincoln College |

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 |
|-----|----------------|------------|
| Net | 24 | £1,314,546 |

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)

8 Appendix

Copy of Made in Gainsborough Engineering Brochure