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Agenda Item 8

D2N2 Infrastructure Investment Board (IIB) 26th July 2018

Confidentiality Level	Restricted <input type="checkbox"/>	Controlled <input type="checkbox"/>	Public <input checked="" type="checkbox"/>	Commercially sensitive <input type="checkbox"/>
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Meeting and Date	Infrastructure Investment Board – 26 th July 2018		
Subject	Derby College Technology Hub– Project for Approval		
Author	D2N2	Total no of sheets (Excl. Cover sheet)	7

Papers are provided for:	Approval <input checked="" type="checkbox"/>	Discussion <input type="checkbox"/>	Information <input type="checkbox"/>
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Summary and Recommendation(s)

This paper sets out a request for £1.3m of Local Growth Funding to support the Derby College Technology Hub Project.

The project will create new teaching space to allow higher level teaching in the areas of Engineering and Construction.

After a full review of the business case, D2N2 recommends that the project is approved by the Infrastructure Investment Board and the £1.3m is released to the project subject to a successful Value For Money assessment.

D2N2 INFRASTRUCTURE AND INVESTMENT BOARD (IIB)

26th July 2018

Derby College Technology Hub

1.0 Background

In February 2015 DCLG awarded D2N2 Grant Funding to deliver the approved schemes on the Local Growth Fund (LGF).

The LGF comprises of 52 schemes and runs until March 2021.

In March 2015 D2N2 and Derbyshire County Council issued the LGF Local Assurance Framework which sets out the procedures for managing and approving projects.

In April 2015 D2N2 appointed Derbyshire County Council as the Accountable body to administer the Local Assurance Framework.

2.0 Scheme Overview

The applicant for this project is Derby College.

The investment in the Technology Hub allows a proactive response which will support employers and individuals to raise the level of higher skills within their future workforce in the areas of Engineering and Construction. The project responds to government initiatives which include Higher Apprentices to increase pathways for in work learning up to post graduate degree level.

The case for investment consists of two key areas:

The first is the ability to deliver the technical skills demanded by business now and into the future. The project seeks to respond to this by

- Making a stepped change in Derby College's facilities to deliver 'Mechatronics' this an underpinning part of engineering used in Rail, Food and Drink, Automotive and Manufacturing.

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- D2N2 businesses recognise the need to invest in automation to enhance productivity; this facility will enhance the volume and quality of engineering training provided supporting D2N2 businesses to invest in the skills needed to deliver and maintain AI. A lack of these skills will hold back the growth in productivity.
- To develop the use of IT within the Construction and Engineering sectors, supporting training design tools and Building Information Management.
- Supporting Building Services training to meet the local skill shortages

The second area is a growth in capacity to respond to the need for higher level training in the growth areas of Engineering (Rail, Food and Drink, Manufacturing) and Construction.

LEP investment will contribute towards the fit out of dedicated learning space and the purchase of specialist capital equipment to deliver higher level skills provision.

The total project cost is £1,750,000 and is funded as follows:

Funding Source	TOTAL
D2N2 Local Growth Fund	£1,300,000
Derby College Match Funding	£450,000
TOTAL	£1,750,000

3.0 Approvals

The project received Outline Business Case approval from D2N2 on the 3rd of April 2018

4.0 Procurement

The project has been split in to numerous work packages that have been procured by Derby College. The main package of works undertaken on the Stephenson Building where the new facility will be housed went to an open tender process for the reconfiguration of the building and the contractor was awarded on best value.

Other building works and procurement processes were undertaken using the college's existing procurement frameworks. All frameworks used by Derby College are subject to EU procurement laws and have identified suppliers through OJEU tendering processes.

5.0 State Aid

The project has been deemed state aid compliant.

6.0 Business Case

The Business Case has been assessed internally by D2N2 and has been deemed compliant with the Local Assurance Framework as well as the Treasury's Green Book. External Value for Money assessments are currently being concluded, Regeneris will confirm the value for money score and any approval will be subject to Value for Money assessment.

7.0 Delivery Programme

The project has already commenced, the LGF will contribute towards completing the total project.

- 1st phase works began September 2017
- 2nd phase works start July 2018
- Final completion date of January 2019

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8.0 Outputs and Outcomes

- Upgrade of 3,000m² of floor space
- Provides capacity to deliver over 2,500 higher skills learners over the 20 lifecycle. Equating to a target of 125 new learners per year.
- Provide 7 additional FTEs

9.0 Spending profile

2018- 19 - Local Growth Fund - £1,300,000

10.0 Recommendation

The project complies with all elements of the D2N2 Local Assurance Framework.

The D2N2 LEP recommend the IIB to approve the project and release funding of £1.3 Million subject to a successful Value for Money appraisal.

D2N2 LEP

Appendix 1

Stage 3/Final Submission Checklist

1. A detailed 'Green Book' compliant business case has been completed detailing the project and its alignment to the 5 case model.	The project promoter has submitted a Green Book compliant Business Case
2. A VFM assessment must be completed. The VFM assessment will be independently assessed by D2N2 and must show an overall score of 'High'.	Awaiting VFM Confirmation from Regeneris, an approval will only be granted subject to a successful VFM assessment.
3. Details confirming that all planning consents have been granted and that all pre start conditions have been met.	No Planning consent is required for the project.
4. Confirmation that any Section 106 or other agreements have been entered into.	No S106 agreements are required for the project.
5. Confirmation of the results of the procurement exercise detailing: -the tenders received (along with detailed costs) -the tender accepted (along with timescales/conditions)	The project sponsor has submitted the results of the procurement processes that have taken place. The project is using a variety of procurement methods for the different phases of the project. The first phase reconfiguration of the project has been procured using a competitive open tendering exercise and the contractor was appointed on best value.
6. Details of the construction contract to be entered into by the promoter detailing: -start date -completion date	Start date for the original works was July 2017 with works continuing periodically throughout this period to upgrade the existing building.

Appendix 1

-liquidated damages/cost over runs	Completion of the contract is expected to take place in January 2019
7. Confirmation that the promoter will be responsible for any variations to the contract price and that once entered into, the contract will be completed in line with the details submitted.	Derby College have accepted that any cost overruns will be the responsibility of the developer and the LEP will not be responsible for any variations.
8. Confirmation that the project has been designed to RIBA stage 4 or its equivalent.	RIBA Stage 4 is not applicable to the project.
9. Details of any outstanding points preventing/delaying the start-up of the construction contract.	No outstanding points are delaying the contract.
10. Details of any changes for the project from the initial EOI and OBC submissions with reasoning behind these changes. Including an updated viability report as submitted in point 5 of the OBC.	No Changes have taken place since the approval of the OBC.
11. Confirmation that all funding is now in place with details of the sources of funding, please include letters from third party funders confirming any conditions and timescales.	All sources of funding for the project have been confirmed by the project sponsor.
12. Confirmation that all land/legal agreements have been completed and are in the control of the promoter to deliver the entire project	No Land agreements are needed for the project to be delivered.

Appendix 1

<p>13. A phasing plan identifying the start and completion elements of the project along with costs associated with each phase and the outputs/outcomes that will be delivered on a quarterly basis.</p>	<p>A phasing plan for the construction programme has been included.</p> <p>Detail of funding required has been included in the FBC.</p>
<p>14. An updated risk register identifying the key risks and the project manager responsible. The risk register needs to be scored and include a mitigation plan.</p>	<p>A full and up to date risk register has been attached as an appendix to the Final Business Case submission</p>