

## CLAY CROSS SKILLS AND ENTERPRISE HUB: COVERING NOTE

This working proposal was created by the Clay Cross Skills Working Group for consideration by the Clay Cross Town Deal Board on 24<sup>th</sup> September. It provides a snapshot view of the status of the project, the current hypotheses/working assumptions and the current plan to deliver the completed business case to MHCLG by March 2022.

Please note that all elements of this document are potentially subject to change, should that be necessary, and will be iterated further as required during the course of the business case creation.

### **Key Points to note:**

The Board should draw its attention to:

- **Potential changes in scope:** the Working Group is recommending the following changes to the original Town Investment Plan scope at this stage:
  1. **Reprofiling of costs:** the original Town Investment Plan envisaged the spend in the FY 2021/22 and FY 2022/23. Given the time it will take to agree, procure and mobilise this project, the spend profile has been rolled forward into FY 2022/23 and FY 2023/24
  2. **Outputs:** at this stage the high-level objectives outlined for the project remain the same, however further work will be undertaken to verify/confirm that the scale of the proposed outcomes (in particular the number of learners assisted) for the project are realistic and it is likely that the Working Group may propose alternatives in the future.
- **Key working assumptions:** no decisions have yet been taken but the chosen focus of the Working Group will inevitably mean that some outputs become more likely than others. The current focus remains on delivering the key objectives described in the TIP related to the refurbishment/ reconfiguration/ extension of the existing Clay Cross Adult Education Centre ('AEC') to provide a Skills and Enterprise Hub for key employers in the area, SMEs and a learning resource for local residents.

### **Recommendation:**

That the Clay Cross Town Deal Board:

- notes the current detail and proposals contained within the document;
- notes the caveats therein and the potential for change in future iterations;
- acknowledges the particular focuses that the Working Group has chosen, and;
- endorses the broad approach of the Working Group described in this paper and confirms their willingness to build the business case based on that approach at this stage.

Should the approach be endorsed, the Working Group commits to returning with a further iteration to the next Town Deal Board (date to be confirmed), which will primarily focus on

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providing more detail around (i) the skills and enterprise offer (ii) an indication of the size of any additional extension needed to the existing AEC and (iii) the proposed operating model. The Board is asked to minute, as part of this approval:

- any particular steer they wish the Working Group to pursue in advance of the next meeting, and;
- any specific detail they wish to see in the next iteration.

**Proposers & quality assurance**

The proposers of this document are the Working Group comprising:

- Jane Weston, Chair of the Working Group (joint lead and joint ultimate author of this document)
- Karl Apps, Lead Officer (joint lead and joint ultimate author of this document)
- Other members of the Working Group (outlined below)

This document has been reviewed and quality assured by Gill Callingham, Director of Growth NEDDC who, based on this early stage of the proposal development, deems this to be a reasonable and achievable proposal.

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**CLAY CROSS TOWNS FUND – BUSINESS CASE SCOPING PLAN**

1. Project name	<b>Skills &amp; Enterprise Hub</b>
2. Project aim	<p><b>Summary aim of the overall project:</b> To deliver a Skills and Enterprise Hub offering new and refurbished space for skills, training and enterprise – for key employers in the area (including Worcester Bosch); SMEs; and a learning resource for residents, focused initially on Clay Cross residents.</p> <p><b>Summary aim of current stage:</b> To develop a Green Book compliant business case to secure funding through the Town Investment Fund to support a Skills and Enterprise Hub.</p>
3. Project description/initial considerations	<p>The project emerged from baseline analysis undertaken to inform the TIP which highlighted low educational attainment and qualification rates within the local population. For example, the analysis noted that:</p> <ul style="list-style-type: none"> <li>• Educational attainment in Clay Cross was lagging behind the England average. In 2019 56% achieved A-C in English and Maths compared with 65% nationally and the attainment 8 score was lower at 42.6% compared with 46.7%;</li> <li>• NE Derbyshire has a lower proportion of residents with higher skilled qualifications compared with the national average 33.8% vs 40.2%; and</li> <li>• There is poor social mobility at the district level with North East Derbyshire ranked 268 out of 324 local authorities. The area is identified as a ‘coldspot’ (1=best performing LA).</li> </ul> <p>As the enhancement of skills and enterprise is a key objective of the Towns Fund, the Skills &amp; Enterprise Hub was proposed as a means of aligning the existing skills offer with new provision, delivered by potential partners including established FE/HE providers.</p>
4. Definitions	Skills and Enterprise Hub – at the time of submission, the TIP assumed that the hub would be providing both Skills support for Employers and Residents, in addition to a small amount of ‘workspace’ for new enterprises.
5. TIP Stage Assumptions	<p>The TIP recorded the following assumptions on this initiative when submitted to CLG:</p> <ul style="list-style-type: none"> <li>• [the delivery of] “Clay Cross Training, Learning and Enterprise Hub – this will comprise new and refurbished space for skills, training and enterprise – providing a hub for key employers in the area (including Worcester Bosch); SMEs and a learning resource for local residents;” (p.6)</li> <li>• “Description: Shared platform for establishing an integrated skills and enterprise offer, based on collaborative working between public and private providers” (p.45)</li> <li>• “Rationale: * High unemployment, low educational attainment, low levels of social mobility and aspirations * Lower productivity and high proportion of lower value added jobs * Skills support access to employment opportunities, new and existing businesses development and enhanced productivity * Demand led training to improve competitiveness of the business base” (p.53)</li> <li>• “Outputs: * New training opportunities provided – digital skills and employer led * Provision of workspace for microenterprises” (p.53)</li> <li>• “Outcomes / indicators: * New learners becoming job ready * Unemployed people assisted * Increased wages * Improved productivity” (p.53)</li> </ul>

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	<ul style="list-style-type: none"> <li>• “Delivery programme: Feasibility Concept design: Q1 2021, Business case development: Q2 – Q1 2022, Detailed design: Q2 - Q3 2022, Procurement: Q4 2022 – Q1 2023, Delivery and fit-out: Q2 2023 – Q2 2024” (p.66)</li> <li>• “Outputs: * Commercial floorspace: 2,050 sqm, * Town Centre uses: 150 sqm, * Workspace: 150 sqm, * Other: 1,750 sqm” (p.67)</li> <li>• “Construction phase outputs: Person years employment: 47, Gross value added: £1.4m, Apprenticeships supported: 4” (p.67)</li> <li>• “Operational phase: Gross employment: 32 FTE, Gross value added: £1.4m” (p.67)</li> <li>• “Fiscal impact: Business rates: £82,000/pa” (p.67)</li> </ul>
6. Scope of Work	<p>The Skills and Enterprise Hub will provide digital skills training for key employers and SMEs; and provide individual learners with skills and employability support to assist them into the labour market and continued progression thereafter. The proposed hub will also provide workspace for potential new enterprises, as it has been identified that there is a lack of suitable space (up to 300sqft) for new start-ups.</p> <p>Digital skills are growing in importance across the economy and society as a whole. Basic digital skills are needed to participate fully in society as more services move online, whilst general digital skills are required in almost all jobs. Those working in the increasing number of digital roles (across all sectors of the economy) also need specialist digital skills.</p> <p>The trend towards digital skills being required to access products and services has been accelerated by the Covid-19 pandemic. However, a significant proportion of the population lack basic digital skills. Labour market research undertaken for DCMS has also analysed the digital skills sought by UK employers and the specific requirements for different occupations and sectors. This research categorised digital skills for the workplace as either:</p> <ul style="list-style-type: none"> <li>• ‘baseline’ or ‘basic’ digital skills – for example using productivity software (Microsoft Word and Excel), computer literacy, handling digital information and content and understanding how technologies work; or</li> <li>• ‘specific’ or ‘advanced’ digital skills – for example software engineering and development, data analytics, IT support and system maintenance, digital marketing and sales, digital design, CRM and machining and manufacturing technology.</li> </ul> <p>Consultations within the Working Group and subsequent discussions with a small group of local employers have confirmed the importance and need for digital skills within the local area, alongside employability support for new entrants. To ensure that the Skills Hub is responsive to the needs of the wider SME base within Clay Cross, a skills audit is currently underway.</p> <p>In addition to the demand for skills, the other themes for consideration in developing the business case include the need to agree:</p> <ul style="list-style-type: none"> <li>• Geography of businesses accessing the hub – at this stage there is an assumption that the Skills and Enterprise Hub will be for Clay Cross or NEDDC businesses and businesses in wider North Derbyshire. In terms of the boundaries for residents accessing the Hub – the assumption is to target Clay Cross residents in the first instance but this may be broadened out as the project develops.</li> <li>• Operational model – at the Town Investment Plan stage, it was envisaged that the facility would provide flexible skills training facilities, which could be used by a</li> </ul>

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range of partners as a focus for programme delivery. The sustainability of this model needs to be tested.

- Wider services – outline proposals envisaged the co-location of the skills offer with wider public sector services, for example the provision of library services and workspace for new enterprises. Incorporating these activities within the model will be developed through the options analysis.
- Match-funding – proposals within the Town Investment Plan indicated that in the order of £1.7 million of additional funding would be secured. There is a need to scope funding options at an early stage to establish potential budget thresholds for the facility.

The business case will be prepared based on available project designs and supporting information developed to RIBA Stage 2, alongside a business plan for the operation of the facility. This is equivalent to the Outline Business Case stage as set out within HMT guidance.<sup>1</sup>

Section	Description	Evidence/source
Strategic case	<ul style="list-style-type: none"> <li>• Case for change</li> <li>• Project stakeholders and details of consultation undertaken</li> <li>• Policy alignment</li> <li>• Proposed investment and Theory of change</li> <li>• Risks and dependencies</li> </ul>	<ul style="list-style-type: none"> <li>• Town Investment Plan</li> <li>• Skills audit and baseline</li> <li>• Assessment of need – library and public services</li> <li>• Market Assessment for workspace</li> <li>• Risk register</li> </ul>
Economic case	<ul style="list-style-type: none"> <li>• Option scoping</li> <li>• Economic benefit assessment</li> <li>• Economic costs</li> <li>• Value for money</li> <li>• Sensitivity analysis</li> </ul>	<ul style="list-style-type: none"> <li>• Option scoping and appraisal framework</li> <li>• Service plan detailing skills and other outcomes</li> <li>• Cost Benefit Analysis technical note (AMION)</li> </ul>
Financial case	<ul style="list-style-type: none"> <li>• Project costs</li> <li>• Funding and revenue</li> <li>• Affordability analysis</li> <li>• Financial risks and implications</li> </ul>	<ul style="list-style-type: none"> <li>• Project cost plan</li> <li>• Business plan (including financial appraisals)</li> <li>• Match-funding commitments</li> <li>• Land valuations</li> </ul>
Commercial case	<ul style="list-style-type: none"> <li>• Status and approvals</li> <li>• Procurement strategy</li> <li>• Commercial delivery plan</li> </ul>	<ul style="list-style-type: none"> <li>• Project delivery plan</li> <li>• Market demand assessment</li> </ul>
Management case	<ul style="list-style-type: none"> <li>• Project governance</li> <li>• Assurance and compliance</li> <li>• Programme management</li> <li>• Risk management</li> <li>• Stakeholder engagement</li> <li>• Monitoring and evaluation</li> </ul>	<ul style="list-style-type: none"> <li>• Project organogram</li> <li>• Subsidy control – legal opinion</li> <li>• Programme/Gantt Chart</li> <li>• Risk register</li> <li>• Communications plan</li> <li>• Monitoring and evaluation plan</li> </ul>
Other supporting material		<ul style="list-style-type: none"> <li>• Business plan (NEDDC/DCC)</li> <li>• Project designs (RIBA2)</li> <li>• Site investigation report (desktop)</li> <li>• Building surveys</li> <li>• Planning statement and evidence of pre-app</li> <li>• Letters of support</li> </ul>

<sup>1</sup> [Guide to developing the Project Business Case \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

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<p>7. Working assumptions</p>	<ul style="list-style-type: none"> <li>• <b>Potential Site</b> – no decisions have been made but the TIP hypotheses suggested refurbishment/reconfiguration/extension of the existing Clay Cross Adult Education Centre for the hub, and this remains the working assumption at this stage. No provision was made for the purchase of the facility, as it was assumed that DCC will be an integral partner in the delivery of the scheme;</li> <li>• <b>Delivery mechanism</b> – it is assumed that North East Derbyshire District Council will oversee the phased programme of refurbishment works, following contractor procurement.</li> <li>• <b>Potential Delivery partners</b> – the TIP assumed that the project would create a hub for employers; potential new enterprises; and learners and provide a focus on low carbon and digital skills (for a range of levels including T level skills). This was based on engagement of key employers (Worcester Bosch; CCG) and skills and training providers (Chesterfield College; DCC). There was also an aspiration to relocate the existing library within the new Skills and Enterprise Hub. These assumptions remain and have been tested further through additional discussions with local schools; additional employers (CBE Plus and Microfern); and the library service. A survey of all businesses is currently underway to ensure that the skills provision is demand led.</li> <li>• <b>Deliverables</b> – the refurbishment/reconfiguration/extension of the Clay Cross of Adult Education Centre is the key deliverable from the project. A high-level business plan/operational framework will also be developed for the Hub (proportional to the business case requirements).</li> <li>• <b>Costs</b> – the overall financial contribution of the Clay Cross Town Deal to this project is assumed to be £2.0m (as outlined in the TIP). Match funding of £1.7m is to be provided. This funding is to cover the building works required to refurbish and extend the existing Adult Education Centre. No operational costs have been included in the TIP.</li> <li>• <b>Overall viability</b> – the TIP highlighted the need for a viable business plan for the venture, working with partners to establish an operational framework that provides a foundation for financial sustainability.</li> </ul>								
<p>8. Dependencies</p>	<ul style="list-style-type: none"> <li>• Confirmation that Derbyshire County Council, which owns the Adult Education Centre, is willing to contribute the premises to the project at nil purchase cost and work in partnership to create the Skills Hub.</li> <li>• Identification of external funding both capital and revenue to support the project.</li> <li>• Confirmation that Chesterfield College (and/or potentially other training providers) will deliver skills training on an outreach basis, alongside existing provision by DCC.</li> <li>• Approval processes for example NEDDC Cabinet approvals and approvals from DCC and external partners including the approval of match funding.</li> <li>• Clay Cross Connections and the potential to relocate the bus station as well as connections to/from a new rail station: connections and easy access to the Skills &amp; Enterprise Hub</li> </ul>								
<p>9. Outputs</p>	<p>The outputs and outcomes identified within the TIP are as follows:</p> <table border="1" data-bbox="440 1816 1511 1993"> <thead> <tr> <th data-bbox="440 1816 1342 1854">Indicator</th> <th data-bbox="1342 1816 1511 1854">Quantity</th> </tr> </thead> <tbody> <tr> <td data-bbox="440 1854 1342 1899">Delivery of new education and enterprise facilities</td> <td data-bbox="1342 1854 1511 1899">1,200 m2</td> </tr> <tr> <td data-bbox="440 1899 1342 1944">New learners assisted</td> <td data-bbox="1342 1899 1511 1944">2,000</td> </tr> <tr> <td data-bbox="440 1944 1342 1993">Working age population with qualifications</td> <td data-bbox="1342 1944 1511 1993">50%</td> </tr> </tbody> </table>	Indicator	Quantity	Delivery of new education and enterprise facilities	1,200 m2	New learners assisted	2,000	Working age population with qualifications	50%
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	Enterprises utilising high quality affordable and sustainable commercial spaces	30
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Following the submission of the Town Investment Plan and the ‘in principle’ funding award, MHCLG now requires additional mandatory outputs to be collected/ reported annually. These are as follows:

- Monies spent directly on project delivery (either local authority or implementation partners)
- Co-funding committed (private and public)
- Co-funding spent on project delivery (private and public)
- Number of temporary FT jobs supported during project implementation
- Number of full-time equivalent (FTE) permanent jobs created through the projects  
*Target of 30no. FTE*
- Number of full-time equivalent (FTE) permanent jobs safeguarded through the projects
- Amount of capacity of new or improved training or education facilities  
*Target of 1,200 sqm*

Further detail regarding the outputs and outcomes will be provided in a subsequent iteration of this document.

10. Costs

Costs:

(£million)	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Towns Fund			1.5	0.5		
Match/co-funding			1.2	0.5		

- **Business case costs:** Early release of some Town Deal funding has been approved by MHCLG to aid development and help to bring forward projects. The only additional costs that may be necessary relate to detailed operational business planning. Development of a high-level operational plan only has been assumed at this stage.
- **Match costs:** the TIP suggested that up to £1.7million match funding may be possible for this project, through in-kind contributions, asset value and the proceeds from land sales (e.g. the library). However, there is currently a covenant on the library site, and further exploration of potential funding sources needs to be undertaken.
- **Town Fund contribution:** the financial profile will be reviewed and re-evaluated in light of scoping and site appraisal, and the development of options. The options and associated outputs and outcomes will be presented to the Working Group as part of its Check & Challenge support. This will also consider affordability (within identified budget thresholds) and expected value for money based on the expected economic benefits.

11. Team Roles

Business Case team:

Partner	Lead	Role
AMION:	Maria Salcedo/Pete Alford	Coordinate business case and business planning
Buttress	Martin Kirkpatrick	Design
Thomas Lister:	Rachel Lister	Workspace Demand Assessment/ Land assembly and disposal?
Edge:	Geoff Tinsley	Cost assessment

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Nexus:	Pete Toher	Planning and Stakeholder engagement / coordination
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The wider Working Group who will steer the project between reports to the Town Board comprise the following:

Partner	Lead	Role
NEDDC:	Jane Weston Karl Apps	Coordinate NEDDC inputs and lead engagement with delivery partners
	Maria Curran	PMO
DCC Adult Education	Andy Williams	Provider of skills training
Chesterfield College/University of Derby	G.Varley Dr Peter Dewhurst	Potential provider of skills training
DWP	Julian Sutton	Potential provider of employability support
CCG		Office space/use of the skills hub for training
Private Sector representatives	Worcester Bosch CBE Plus Microfern	Use of the skills hub for training
Others	Councillors Cupit, Dale, Renwick and Rouse Tupton Hall School	

The overall owner of this project, from a Working Group perspective, is Jane Weston as the appointed officer to lead the project from the Council.

## 12. Workplan

The current working assumptions around the timeline for the business case are as follows:

Task	Date	Lead/Role/Responsibility
Desk based SWOT review of Creative Hub and Skills Hub to evaluate opportunities for co-location	July/Aug2021	AMION/TL
Stakeholder engagement (to inform demand/provision)	July - Aug 2021	NEDDC
Baseline/Site Investigations (desktop report)	August 2021	Buttress/Ramboll
Workspace/library/ needs and demand	Aug 21	NEDDC/AMION/Thomas Lister
Land ownership/assembly – baseline analysis	Aug 2021	Thomas Lister
Funding plan – scope potential match-funding options and establish funder objectives	September 2021	AMION

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	Business Plan – Scope (strategic case)	Sept 2021	AMION		
	Design brief and options scoping	Oct 2021	NEDDC/AMION		
	Skills needs – audit	Sept/Oct 2021	NEDDC		
	Project plans - RIBA 2 concept informed by results from Skills Needs audit	Oct 2021	Buttress		
	Draft Strategic Case	Oct 2021	AMION/NEDDC		
	Cost plan	Oct – Nov 2021	Edge		
	Draft Economic Case	Oct – Nov 2021	AMION		
	Financial appraisal	Nov 2021	NEDDC/AMION/DCC/TL		
	Outline procurement strategy and delivery plan	Nov 2021	NEDDC/AMION		
	Business Plan	Nov 2021	NEDDC		
	Draft Business Case	Nov-Dec 2021	Commercial Case – AMION/TL Financial Case – AMION/NEDDC/Edge/Partners Management Case (inc risk register and M&E plan) - AMION/NEDDC		
	Present draft Business Case to WG Check & Challenge	Dec 21	Present Draft Business Case for agreement		
	Final Business Case	Dec 2021	AMION/NEDDC		
	Business Case Assurance	Jan 2022			
	Board Approval	TBC			
	<p>The overall timeline for the project remains for now, those outlined in the TIP, pending further analysis:</p> <ul style="list-style-type: none"> <li>• Business case: Dec 2021</li> <li>• Procurement: Q4 2022 – Q1 2023</li> <li>• Delivery and fit out : Q2 2023- Q2 2024</li> </ul> <p>Significant further work is required to validate these dates in the coming phase.</p>				
13. Risk	Key risks:				
	<b>Risk name</b>	<b>Description</b>	<b>Rating</b>	<b>Mitigations</b>	<b>Status</b>
	Financial	Match funding availability	High	<ul style="list-style-type: none"> <li>• Scoping of potential opportunities for match funding to be carried out at an early stage to inform scope of works.</li> </ul>	Open
		Operational costs/income fail to achieve projections	High	<ul style="list-style-type: none"> <li>• Engagement and consultation with end users/skills delivery partners planned, particularly in relation to paying for training.</li> <li>• Business plan to be prepared which will include marketing/promotion of enterprise space.</li> <li>• Consultations with other businesses in the area required, but demand for employment</li> </ul>	Open

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				and skills support has increased in recent months.	
	Programme	Market engagement - risk of limited interest from: <ul style="list-style-type: none"> <li>• training providers;</li> <li>• employers - while pandemic may have increased the importance of skills, employment and enterprise support, businesses still focussed on re-opening</li> <li>• residents not engaging and participating with training</li> </ul>	High	<ul style="list-style-type: none"> <li>• Follow up initial engagement with interested parties (Chesterfield College; University; AEC; Worcester Bosch; CCG; other local employers) to establish interest and develop proposals.</li> <li>• Demand for upskilling, reskilling, digital skills increasing.</li> <li>• Explore employability charter to increase digital skills to enhance employment chances and demonstrate the benefits of participation</li> </ul>	Open
	Business	Failure to meet objectives under the TIP	Medium	<ul style="list-style-type: none"> <li>• Ensure SMART objectives established and linked to benefits realisation plan.</li> <li>• Ensure targets are informed by skills needs assessment/intelligence</li> </ul>	Open
14. Communication and consultation	<ul style="list-style-type: none"> <li>• <b>Communication assumption:</b> A high-level review has been undertaken of the project and it has been agreed that no immediate communications is necessary beyond the overall work being done for the project as a whole. It is expected that detailed communications will be needed prior to the submission of a business case. Further details will be provided at a subsequent iteration of this document. As will be the approach for all projects, there is a clear desire to consistently and regularly communicate the overall situation on the CXTD on a regular basis to residents – and this project will be expected to contribute this where required.</li> <li>• <b>Consultation assumption:</b> a skills audit/survey is currently being carried out with businesses across Clay Cross as part of a bigger skills audit being undertaken for the district. This will ensure that the skills training provided in the hub responds to the needs of employers. Further consultation with Young People will also be carried out through the Youth Board.</li> </ul>				
15. Assumed BAU status	<ul style="list-style-type: none"> <li>• The reconfiguration/extension of the AEC will not take place in the absence of the Town Deal Funding.</li> <li>• The opportunity to deliver much needed digital skills training to improve the employability of young people and upskill people in the workforce will be lost.</li> </ul>				
16. Business Case Deliverable	 Clay Cross Business Case Template.docx				

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