

WMCA Board

Date	23 July 2021
Report title	City Learning Quarter (Phase 1) - College of Wolverhampton Technical Centre Business Case
Portfolio Lead	Finance - Councillor Bob Sleigh
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Recommendation(s) for action or decision:

The WMCA Board is recommended to:

- (1) Note that, in accordance to the Single Assurance Framework, the City of Wolverhampton Council have submitted a Full Business Case (FBC) requesting funding WMCA to approve the capital funding request of £7.7 million to fund the development of a brand new City of Wolverhampton College Technical Centre (CoWTechC) that will be situated at the rear of the College's existing Wellington Road campus and forms Phase 1 of the wider City Learning Quarter (CLQ) Programme.
- (2) Note that the WMCA Programme Assurance & Appraisal team have undertaken both independent assurance and investment appraisal on the business case submission and their respective reports are attached to support the consideration of business case.

At the point of this appraisal activity, the key risks and opportunities highlighted by WMCA Appraisal team to City of Wolverhampton Council are:

The key risks which have been identified through reading the CowTechC business case are:

- a. A vast amount of the benefits associated with this intervention are from the wider CLQ Programme. Funding for this phase is not certain. It would be useful to establish how advanced discussions for funding are and the level of uncertainty around Programme delivery.
- b. If the market value of the current Paget Road site is not known, it is not clear what the scope of the proceeds will be used to fund upon its sale. There is uncertainty over the remaining balance which is required to pay down borrowing which will in turn improve the financial standing and stability of the college. If there is no remaining balance, will further funds be requested from WMCA or another funder and/or how will the future operation of the college be safeguarded?
- c. There were numerous omissions within the Financial Case which would be expected at FBC stage such as quantified cost breakdowns, cash flow statements and an assessment of capital/revenue costings. These have now been disclosed and WMCA Finance will need to review before Investment Board to make a fair financial judgement.
- d. It is not clear if Wolverhampton Council have contracted Turner & Townsend for projects before and if so, did this model prove successful for delivery? Examples would be useful to evidence this.
- e. Following on from what happened with Carillion, it would be useful to understand if financial due diligence been undertaken on Wates and/or the selected construction contractor and what their success rate for delivery of similar projects is.

The key opportunities which have been identified through reading the CowTechC business case are:

- a. The relocation to brownfield land just under 0.5 miles away from both Wolverhampton Railway Station and Wolverhampton Bus Station will increase accessibility for students. Additionally, the Midlands Metro is immediately adjacent with links to Birmingham and its surrounding areas.
- b. With a strong BCR of 6.7:1, this project will provide 5499 learner assists in the first 10 years of operation, some £46 million of economic benefit will also be delivered by 2041.
- c. With IC engines being phased out by 2030, there is a key opportunity for the college to work with upcoming projects across the region such as the UK Battery Industrial Centre and Very-Light Rail which focus on green technologies.
- d. The option to refurbish the existing site will cost £40m compared to the £7.7m needed to relocate to a new and improved site. In addition, the fruition of outputs would decrease which discounts refurbishment as a viable option.
- e. It is estimated that CoW Tech C construction and the first 10 years of operations could safeguard and generate a total of around £46m in cumulative GVA (£34m at present value) by 2040.

- f. Prior to the Covid-19 pandemic, unemployment in Wolverhampton remains stubbornly high (at 5.6% - the 3rd highest in England). This project provides a key opportunity to improve these figures by creating jobs, providing professional qualifications and linking with local businesses- all of which are vital for Covid-19 recovery.

1. Purpose

1.1 The key purpose of this Full Business Case is to:

- Outline the justification for the CoWTechC facility
- Provide details of the proposal to build the new facility and associated costs and education, skills, employment and environment and regeneration benefits.
- Set out the project delivery programme with key tasks, output realisation and delivery dates.
- Seek approval for the allocation of £7.7m from WMCA Investment Programme to fully fund this project.

2. Background

- 2.1 The City Learning Quarter (CLQ) Programme is being delivered in a partnership between the City of Wolverhampton Council (CWC), City of Wolverhampton College (CoW) and supported by external consultants Turner & Townsend. The programme includes consolidation of the College's three campuses (Paget Road, Wellington Road, and Metro 1) into two campuses (Wellington Road and Metro 1). The College's Paget Road campus is considerably outdated, requires high maintenance, has poor accessibility, is located on the outskirts of the City, and is in a prime location for housing. The College is unable to expand in its current location and without additional student numbers its financial viability is undermined. Releasing the Paget Road site enables consolidation of the College's facilities at multiple sites (Paget Road, Metro One and Wellington Road) into two highly accessible and connected Campuses at Wellington Road, Bilston and City Centre to provide long life education hubs.
- 2.2 CoWTechC is Phase 1 of the CLQ Programme that will create a new Technical Centre at the Wellington Road, Bilston Campus and Phase 2 (which is not part of this funding request) will deliver a new building at the City Centre campus. Upon completion of the wider CLQ programme, the surplus 1950's Paget Road Campus site will be released for the development of new homes.
- 2.3 The final Business Case and the Funding Strategy for the CLQ Programme was approved by CWC's Cabinet on 31st July 2019. At this meeting Cabinet also agreed that CWC will lead and co-ordinate external funding bids (on behalf of CoW) to deliver the CLQ Programme.
- 2.4 This Business Case is requesting £7.7 million from the WMCA Investment Programme to fully fund CoWTechC. As part this project the existing Motor Vehicle and Engineering departments will be relocated from their current location at Paget Road to the new CoWTechC building which will provide a fit for purpose, State of the Art bespoke learning / teaching spaces. The accommodation will include an engineering workshop, welding bay, motor vehicle workshop, fabrication workshop, paint spray bay, motor vehicle and engineering, CAD and robotics teaching spaces and associated external works.

- 2.5 As part of the vision to develop STEM Centre of Excellence, CoWTechC will allow development of high level technical skills in Advanced Engineering and Automotive Electric Vehicle (EV) Centre of Excellence at the College's Wellington Road, Bilston Campus. This is key following the Government's announcement cessation of new petrol and diesel cars by 2030.
- 2.6 The project is well advanced with site surveys, clearance and enabling works all completed. The project received full planning permission in October 2020. The design has been developed to RIBA Stage 3, tender documents for the procurement of building contractors have been prepared and are ready to be issued to an established OJEU compliant local Contract Framework Panel following confirmation of funding. If this request for funding is approved, the implementation of the project will begin with activities leading to the procurement of a building contractor during early Autumn 2021. The project is expected to complete in November 2022 with the facility in full operational use by February 2023.
- 2.7 Post completion, the new facility is expected to enable an increase in the number of learners and apprenticeships, deliver significant skills improvement, better educational outcomes for learners assisted. It will also provide significant economic benefits by safeguarding existing jobs and creating new jobs, assisting businesses and improving skills. CoWTechC benefits the environment by providing a facility that meets educational requirements, improves efficiency of the campus, is easily accessed by public transport (bus and tram) reducing reliance on private transport and easing traffic congestion. Staff, students and visitors will benefit from modern infrastructure and accommodation that will provide an improved experience for all and redress inequalities created by an outdated campus.
- 2.8 CoWTechC will respond to key sector employers to ensure that Post 16+ training meets local business needs and provides the skills required for economic growth. This will address challenges local employers face in recruitment of multi skilled workers by providing a pipeline of talent candidates. The improved status and image of the College with employers and learners will enable better College / industry collaboration.
- 2.9 The CoWTechC curriculum provision is heavily influenced by the specific skill requirements of local employers and offers learners a pathway into obtaining high level technical skills in Advanced Manufacturing and Automotive Electric Vehicle Centre of Excellence under the Work Academy Programmes (SWAPs). The College is partnering with KIA Motors UL, Lucas-Nulle GmbH and the Institute of Motor Industry (IMI) which will target learners and local residents into employment and enable students to progress into high value and better paid jobs.

2.10 CoWTechC will deliver the following direct outputs:

Jobs Created and Safeguarded	137
Learner Assists	2,444 (by Year 5), 5,499 (By Year 10)
Apprenticeships	458 (by Year 5), 954 (by Year 10)
GVA	£46 million
Benefit Cost Ratio	6:7:1
Business Assists	15 (over a 10 year period)
Regenerated Brownfield Area (ha)	0.6758
New Build / New Learning Floorspace m2	2415

2.11 As part of the funding application for CoWTechC, CWC and CoW have provided a Business Case and subsequently following the WMCA's gap analysis and assessment, supplied the supporting documents and clarifications required to complete the Full Business Case.

3. Financial Implications – please note, the financial and legal implications have been written by the Wolverhampton project team however, within the Risk & Appraisal report, all WMCA finance's queries have been responded to.

3.1 This Business Case is requesting £7.7 million from WMCA Investment Programme to fund CoWTechC (Phase 1 of the CLQ Programme) which will enable the project to proceed in line with the delivery plan and programme set out in the Business Case.

3.2 The Project Budget of £7.7 million was informed by feasibility, design and costing work and includes construction of the new facility, ICT, fixtures and fittings and equipment and professional fees. This total expenditure is profiled over financial years 2021/22 and 2022/23.

3.3 If this funding requested of £7.7 million is approved, the CoWTechC project will be fully funded and will not be reliant upon third party capital funding for delivery.

3.4 Phase 2 of the CLQ programme focuses on works at the City Centre Campus and is outside the scope of the CoWTechC project. This scheme (subject to successful outcome of grant applications to Government) will be funded through a combination of Towns Fund, Further Education Capital Transformation Fund and Levelling Up Fund.

4. Legal Implications

4.1 If the funding for the CoWTechC project is approved, City of Wolverhampton Council, City of Wolverhampton College and WMCA may be required to sign a legal funding agreement to formalise arrangements and terms for the receipt of these funds and ongoing reporting to WMCA on the physical and financial progress of works undertaken.

5. Equalities Implications

- 5.1 Equalities implications have been considered throughout the development of the programme. CoWTechC will provide learning / apprentice opportunities to people of all ages and backgrounds. It will not negatively impact groups such as children, young people, care leavers, veterans, BAME communities, women and people with disabilities. New pathways will be forged that take people from low skills and low aspirations to high value jobs and higher education.
- 5.2 The CoWTechC facility will advance equalities for a range of learners including better learning facilities and improved access for disabled students.
- 5.3 CoWTechC is more easily reached by public transport and therefore provides an opportunity for individuals (who may have struggled to access an out-of-city centre course) to take up learning opportunities offered
- 5.4 The CLQ programme will deliver a growth in Post 16 student numbers by 50% in 5 years, providing seamless opportunities for individuals to work, learn and professionally progress throughout their careers. The project aims to address gender and equal opportunity issues by aiming to reduce the number of Black Country adult residents with no qualifications, increase the number of residents participating in apprenticeships, increase the number of adult residents qualified to Level 4 or above and reduce the number of NEETs by 15%.
- 5.5 The four most deprived wards with respect to unemployment claimants (St Peters, East Park, Ettingshall and Bushbury South Low Hill) have double the national average unemployed. These wards will be targeted as part of the marketing for the new workshops.

6. Inclusive Growth Implications

- 6.1 The CoWTechC project directly contributes to WMCA Strategic Objectives and responds to Inclusive Growth aims of A healthier West Midlands, A happier West Midlands, A better-connected West Midlands, A more prosperous West Midlands, A greener West Midlands and A fairer West Midlands all of which are illustrated in the Business Case and supporting documents.

7. Geographical Area of Report's Implications

- 7.1 The new CoWTechC facility will be constructed at the rear of the College of Wolverhampton Wellington Road, Bilston Campus. Provision of the Motor Vehicle and Engineering curriculum is best suited at this location as it offers ample space as opposed to the City Centre campus.

8. Other Implications

- 8.1 These are detailed in the Business Case and supporting documents.

9. Schedule of Background Papers – click link to access

- [CoWTechC Full Business Case](#)
- [WMCA Gap Analysis. The document includes the following Appendices:](#)
 - Appendix A Benefits Realisation
 - Appendix B Risk Management Strategy
 - Appendix C Communications Strategy
 - Appendix D1 Procurement Strategy
 - Appendix D2 Additional Procurement Strategy Paper
 - Appendix E CoWTechC Rebaselined Programme
 - Appendix F Project Execution Plan
 - Appendix G Risk Register
 - Appendix H Change Management Strategy
 - Appendix I WMCA Plan on a Page
- [WMCA Assurance Observations Report](#)
- [WMCA Risk and Appraisal Report](#)