



EXEMPT PART B:	RECOMMENDATIONS TO COUNCIL
REPORT TO:	POLICY AND RESOURCES COMMITTEE
DATE:	3 APRIL 2014
REPORT OF THE:	HEAD OF ECONOMY AND INFRASTRUCTURE JULIAN RUDD
TITLE OF REPORT:	DERWENT TRAINING ASSOCIATION EXPANSION
WARDS AFFECTED:	ALL

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

- 1.1 To request financial investment into the Derwent Training Association expansion project.

2.0 RECOMMENDATION

- 2.1 That Council is recommended to approve £30,000 investment in the DTA expansion project utilising funding from the New Homes Bonus Reserve.

3.0 REASON FOR RECOMMENDATION

- 3.1 To support the development of the training facility, aimed at high technology engineering; a priority of the Ryedale Economic Action Plan. The project will create additional capacity at the training facility for apprenticeships and trainers to support both local businesses and young people.

4.0 SIGNIFICANT RISKS

- 4.1 The major risks are highlighted in Annex A.
- 4.2 The investment would be subject to a grant agreement, which mitigates the major risks.

5.0 POLICY CONTEXT AND CONSULTATION

- 5.1 The Council has a corporate aim of creating the conditions for economic success. This is detailed in the Ryedale Economic Action Plan 2012 – 2015. http://www.ryedale.gov.uk/pdf/Ryedale_Economic_Action_Plan_Final_web.pdf. There are two objectives of which the second is most relevant to this report: Opportunity for people and businesses; ensuring Ryedale businesses are at the

centre of economic development and local people are equipped with the skills required by our businesses. Objective B5 highlights the need for sector specific support for the high technology engineering sector.

- 5.2 The York, North Yorkshire and East Riding Local Enterprise Partnership (LEP) has developed the Strategic Economic Plan. This document outlines the strategic priorities for the LEP area.
<http://www.businessinspiregrowth.com/media/143056/Strategy-Final-Draft-December-19.pdf>
There are 5 priorities, of which the third is the most relevant to this report: Inspired People.

REPORT

6.0 REPORT DETAILS

- 6.1 Derwent Training Association is an employer lead training facility and registered charity, based at York Road Industrial Estate, in Malton, providing high quality training in the high technology engineering and manufacturing field. It was founded in 1988 and is managed by local industry leaders. It is a 'not for private profit' organisation and has a programme of continuous reinvestment in its facilities and equipment. Further details are available on the DTA website.
<http://www.derwenttraining.co.uk/>
- 6.2 As an industry lead organisation, DTA strives to keep pace with technological advances required by business. This requires both capital investment in training machines and revenue investment in quality teaching staff with updated skill sets. DTA are anticipating taking on an additional trainer and increasing the non contact time with students (to improve quality of teaching and training time.) The average class size is 8 which enables bespoke courses tailored for business requirements. However, it does increase the cost of provision, compared with an urban training facility.
- 6.3 DTA engage well with partner organisations. They have chaired the Ryedale Work and Skills Partnership, are members of the Ryedale Business Forum, are key exhibitors at the annual 'Opportunity Knocks' careers event, and work closely with North Yorkshire Business Education Partnership to create opportunities for engagement of engineering businesses in schools. They are hosting a 'Girls into Science' evening with Malton School and FERA in March. A radio and press publicity campaign is currently underway to encourage young people to take up apprenticeship vacancies which DTA manage on behalf of client companies.
- 6.4 Members will recall the expansion of DTA onto a new site was one of 11 projects considered for Ryedale Development Fund investment to provide technical studies to bring forward projects to the point of construction. (Policy and Resources June 2013 minute 9 refers). The project was deferred for more information. The project seeking funding now is to expand on the current site at York Road Industrial Estate and involves construction as opposed to funding for technical background studies. Drawn plans and quantity surveyor cost estimates have already been completed. The anticipated cost is £72,600 including VAT. As DTA is not VAT exempt, this cannot be reclaimed
- 6.5 A change of management at DTA has lead to a review of the plans to develop off-site and a proposal to expand on the current site has been prepared. The project is planned for completion by September, to be ready for the new intake. Through a

small side extension, mezzanine floor and reconfigured class rooms, this will create

- 27% increase in student intake capacity (from 55 p.a. in 2013 to 70 p.a. estimated).
- Focus on expanding area of 'clean' technology and electronics
- Improved non-contact time for trainers
- Improved facilities for students and staff. This includes an expanded locker room and kitchen facilities. Separate toilet facilities for staff which is a requirement for safeguarding when younger students are present will also be created.
- Additional workshop / classroom.

6.6 DTA have approached the LEP to seek funding for this proposal. There are two key funding streams; Skills capital and Regional Growth Fund (RGF) 4.

- Skills Capital Fund is for colleges refurbishment and expansion of their estates. The funding for this scheme is not available until 2015. As this project is relatively small and due for completion by September 2014, this scheme is not appropriate.
- RGF4 is a business grant programme which provides capital grants of between £5,000 and £1million up to 20% of the capital investment. This is to create new jobs and business growth. It is not possible to 'match' public sector investment with RGF4. Consequently, DTA have applied to the LEP for RGF4 funding for the new equipment required to fit out the expansion, rather than the expansion itself.

6.7 A review of 2013 Accounts (available as background papers) demonstrates that DTA is operating within its reserves policy. Undertaking an expansion of this size independently would take DTA outwith its reserves policy and could place the organisation at risk. The investment requested here will enable the project to proceed in a timely and expedient manner, to meet anticipated growth in demand for training provision for this sector.

6.8 DTA were successful in an application to The Ryedale Apprenticeship Project in September 2013. £16,500 was awarded for the purchase of equipment including a hydraulics bench and associated IT equipment.

6.9 The need for a quality, local, engineering training facilities is anticipated to grow substantially in the next few years. Ryedale has a number of successful engineering companies that do experience difficulties recruiting skilled employees due to locational factors (including high house prices). 'Growing their own' skilled workforce is therefore an alternative that many businesses choose. Employment opportunities in engineering are likely to increase due to the investment by York Potash and the offshore wind industry. Although this presents an opportunity for local businesses in the supply chain, there is also a risk of loss of skilled workforce to these new opportunities.

7.0 IMPLICATIONS

7.1 The following implications have been identified:

a) Financial

There is currently no provision for this project in the capital programme. The investment is being requested from the New Homes Bonus Reserve. There is presently £956k in the NHB Reserve.

b) Legal

A grant agreement will be drawn up. This will ensure that DTA are responsible for ensuring planning requirements are met and state aid regulations are adhered to.

- c) Other (Equalities, Staffing, Planning, Health & Safety, Environmental, Crime & Disorder)

The expansion will provide additional facilities for young people entering a career in engineering and support business growth.

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Background Papers:

DTA Accounts

Background Papers are available for inspection at:

Ryedale House / Charity Commission website