

Item 5

KEY DECISION

REPORT TO CABINET

6 December 2007

REPORT OF ASSISTANT CHIEF EXECUTIVE

Portfolio - Learning and Employment

PROPOSED MERGER SBC TRAINING AND BISHOP AUCKLAND COLLEGE

1. SUMMARY

- 1.1 In September 2006 Cabinet gave its approval for officers to investigate the feasibility of entering into a strategic alliance with Bishop Auckland College to improve training opportunities for residents of the Borough and South West Durham.
- 1.2 Cabinet also gave its approval for officers to investigate the feasibility of providing strategic centres of excellence in training with the potential to build a construction trades training centre at Spennymoor linked to existing training facilities at Coulson Street, utilising the Council's capital receipts from the sale of housing land as gap funding.
- 1.3 This report sets out the proposal to merge the Council's training service with Bishop Auckland College and to provide a construction training centre of excellence at Coulson Street, Spennymoor as part of the overall redevelopment of Bishop Auckland College. It sets out the core business of the merged entity, the proposed activities of the centre and seeks approval for the Leader of the Council and the Chief Executive to sign a Memorandum of Understanding as a clear statement of intent to work with Bishop Auckland College to realise the project.

2. RECOMMENDATIONS

- 2.1 That Cabinet note the progress made since September 2006 in the investigation of the feasibility of working with Bishop Auckland College and endorses the proposed merger as set out in the report.
- 2.2 That Cabinet agree in principle to further development work being undertaken on the proposed Construction Training Centre and receive a report in due course setting out the council's capital contribution to the project within the confines of the Medium Term Financial Plan.
- 2.3 The Cabinet give approval for the Leader of the Council and Chief Executive to sign a Memorandum of Understanding as a clear statement of intent to work with Bishop Auckland College to merge the

Council's Training Service with the College and to build a construction training centre at Coulson Street as an integral part of the redevelopment of Bishop Auckland College.

3. **BACKGROUND**

- 3.1 Sedgefield Borough Council has operated a training service since 1978. It is now the only Council in the region to offer both youth and adult programmes. The Council's training service focuses on return to work training for long term unemployed people as well as modern apprenticeships, specialising in business administration, construction and engineering training for young people.
- 3.2 Cabinet approved a report in September 2006 setting out a proposal to investigate a potential strategic alliance with Bishop Auckland College. The primary driver for this initiative is the changing nature of contracting environment in which training operates, which now favours larger organisations; and the greater potential to improve choice, quality and access to training and learning opportunities for the people of the Borough and South West Durham. In addition a joint training service offers potential for strategic contracts with the major building programmes such as the building schools for the future programme to supply the skills needed and to give opportunities for our residents that are currently unavailable.
- 3.3 A number of workshops and meetings have been held between officers of the council and the college to examine: Governance & structure core business, funding streams and the potential for improved facilities including the building of a new state of the art construction training centre at Spennymoor.

4. **GOVERNANCE AND STRUCTURE**

- 4.1 Officers from the Collage and the Council have examined the most beneficial structure and governance arrangement for the new entity. Options examined included:
- A partnership agreement
 - SBC training absorbing functions of the college.
 - A merger with SBC training becoming part of BA College.
 - A stand alone company.
- 4.2 The preferred option is for a merger, with SBC training transferring to Bishop Auckland College as an entity within the college, with a joint Board to oversee operations. This model would allow SBC 50% nomination rights to the joint Board to continue the Council's strategic influence over training and would also give the entity access to FE led revenue funding, which currently is denied to SBC training. It is proposed that the merged entity be established during 2008/ 2009.
- 4.3 A Steering Group has been established to oversee the development of the merger. The Council is represented by the Leader of the Council,

the portfolio holder for learning and employment, the Chief Executive and the Asst Chief Executive.

5. **CORE BUSINESS**

5.1 Having given close examination of the areas of business that currently complement each other, it is recommended that the following areas form the core business of the merged entity:

- Delivery of advanced and apprenticeship programmes in construction, engineering and administration.
- Delivery of FE courses in construction and engineering.
- Delivery of young apprenticeship in construction plus other school projects in construction and engineering such as the new diplomas.
- Delivery of Train to Gain in construction, engineering and administration.
- The management and co-ordination of the LSC Work Based Learning contracts.
- Delivery of Entry to Employment.
- The management and co-ordination of the LSC Train to Gain contract
- Links to Higher Education establishments such as the University of Sunderland to provide franchise courses up to degree level.

5.2 The merged entity would have an annual turnover of £3.5m rising to over £4m over a three year period. This is three times the size of the current operation at Spennymoor and represents a significant growth in provision of training and learning opportunities within the Borough.

6. **CONSTRUCTION TRAINING CENTRE**

6.1 Bishop Auckland College are undergoing major capital redevelopment at the Woodhouse Lane Campus. Phase one of the redevelopment is complete. The College are entering into negotiation with the Learning and Skills Council with regards Phase Two of the redevelopment which includes the core business as detailed above.

6.2 Initial plans have been discussed with regard building a new construction training centre adjacent and linked to the Council's existing training centre at Coulson Street, Spennymoor. This facility would complement the redevelopment of the College at its Bishop Auckland site and would form part of the redevelopment of the college as a whole.

6.3 It is proposed that the following functions would be housed at the Woodhouse Lane campus:

- Higher Education
- Admin

- FE construction
- Motor Vehicle

6.4 It is proposed that the following be provided at the Spennymoor site:

- Employer led higher skills
- Work based learning construction including brickwork, joinery, plumbing / gas, electrical, tiling, kitchen fitting, painting and decorating.
- A 14-16 centre for construction with a focus on new diplomas.
- Work based learning administration.

6.5 It is proposed that the construction training centre at Spennymoor be completed Autumn 2009.

7. **COPORATE POLICY IMPLICATIONS**

7.1 The Vision for the project is to facilitate a step change in both the quantity and quality of construction related training for the people of the Borough and to make a significant contribution to the social and physical regeneration of the Borough. It is a key project for Sedgfield Borough.

7.2 The Borough has identified through its performance management framework, top priorities of employment, learning and health. This proposal will make a significant impact upon these key issues. The development of a construction training centre and a merger with Bishop Auckland College are priority actions within the Council's Corporate Plan. The project would bring a further education college into Sedgfield Borough.

7.3 The vision is of a construction training programme capable of servicing the needs of the major strategic projects of the Borough Council and within the County. The project would help support the housing renewal programme and the housing maintenance contract by providing a supply of skilled labour to undertake these programmes of work. The project would also provide the skills needed for the Building Schools for the Future programme and provide a centre of excellence for school age pupils to explore vocational diplomas and GCSEs within south west Durham. The current training provision is not sufficient to fulfil the needs of these major public sector building programmes.

8. **RESOURCE IMPLICATIONS**

8.1 Human Resources

The council would need to facilitate a TUPE transfer of staff from the existing training service to Bishop Auckland Collage. Human Resources have carried out some initial work, and due diligence and measures will follow in due course.

8.2 Financial Resources

The project will require a significant investment on behalf of Bishop Auckland College and the Borough Council in partnership. The full cost of the new construction training centre is being calculated in order to bid for funds to the Learning and Skills Council. This exercise is underway, we expect to have this information by February 2008. Officers will also be exploring external funds from One NorthEast.

However Members will need to be aware that the merger and development of a new construction training centre could involve the transfer of the existing training centre at Coulson Street and the adjacent land, valued at around £600K. Additional support could be made in the form of revenue balances and if required, capital resources for which an allowance of £2.5m has been made in the Transitional Plan which will be presented to Cabinet prior to Christmas.

9. **CONSULTATIONS**

- 9.1 Verbal consultations have been undertaken with the Learning and Skills Council, Durham County Council LEA and Durham County Council Building Schools for the Future team. All of which have been positive. Staff are aware of the proposal and have been working on it as part of a partnership team and the principle of the transfer has been discussed with Trade Unions at the corporate consultation panel. It is proposed to have full a consultation event with the staff of both organisations following the signing of a Memorandum of Understanding (MOU).
- 9.2 The MOU will be based upon the contents of this report and will be signed on Friday December 7th.

10. **OTHER MATERIAL CONSIDERATIONS**

Key other material considerations include:

Constitutional and legal Implications

This is a TUPE transfer on terms no less favourable than staff enjoy at present.

Risk Management

The merger will be subject to full risk analysis as we move through the process over the coming months.

Health and Safety

Non

Sustainability

Non

Information Technology

Non

Equity and Diversity

Non

Crime and Disorder

Non

Human Rights

Non

Social Inclusion

The project will give greater training and employment opportunities to the people of Sedgefield Borough and so promote greater social inclusion.

Procurement

The procurement of the new training centre will be through Bishop Auckland College.

7. **OVERVIEW AND SCRUTINY IMPLICATIONS**

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Wards: All

Key Decision Validation: Result in the Council incurring expenditure or making savings of £100,000 or above.

Background Papers:

Examination by Statutory Officers

	Yes	Not Applicable
1. The report has been examined by the Councils Head of the Paid Service or his representative	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. The content has been examined by the Councils S.151 Officer or his representative	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. The content has been examined by the Council's Monitoring Officer or his representative	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. The report has been approved by Management Team	<input checked="" type="checkbox"/>	<input type="checkbox"/>