

To the Chair and Members of Cabinet

**AN UPDATE ON PROJECT PROGRESS AND APPROVAL OF EXPENDITURE
TO FUND PRE-CONSTRUCTION AND DEVELOPMENT COSTS ON THE
NATIONAL COLLEGE FOR HIGH SPEED RAIL**

Relevant Cabinet Member(s)	Wards Affected	Key Decision
Mayor Ros Jones	All	K1286

EXECUTIVE SUMMARY

- 1.0 On the 30th September 2014, the Government announced that the National College for High Speed Rail would be based in Doncaster and Birmingham.

The College will represent a large investment in Doncaster and the Sheffield City Region and is seen as a catalyst for attracting further rail related business and Further and Higher Education establishments to the local area.

Following the previous report to Cabinet in January 2015 a significant amount of work has been undertaken in respect of the key project strands including governance, curriculum and design and build. This report provides a progress update on these key areas.

In respect of the design and construction of the Doncaster building there is a critical path of pre-construction activity that needs to be completed to ensure the opening of the College by the stipulated date of September 2017.

This report therefore seeks the approval of funding to support the development of the National College for High Speed Rail.

EXEMPT REPORT

- 2.0 No

RECOMMENDATIONS

- 3.0 It is recommended that Cabinet:
- i. Approves the allocation of £1.1m of capital corporate resources to meet the capital pre-construction costs for the development of the National College for High Speed Rail. The allocation will be returned to corporate resources once grant funding is secured.

- ii. Approves the allocation of an additional £150k from the “Revenue Contributions to Capital Programme” reserve for the additional costs associated with the development of the College which are unlikely to be capital in nature,
- iii. Note the positive progress made on the project to date and the key programme milestones
- iv. Note that delegated authority for individual decisions on the High Speed Rail Project was provided in the January 7th Cabinet report to the Chief Executive in consultation with the Mayor, the Director of Finance and Corporate Services and Director of Regeneration and Environment.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

- 4.0 One of the central aims of the college will be to improve the diversity and inclusivity of the rail industry through the creation of clear pathways into employment and promotion of the rail industry as a career choice. Acting as a catalyst, the rail college will be a key reason that further rail related businesses look to locate and invest in the region, creating jobs, which residents can access, delivering economic growth and improving economic and social well-being as a result. The college will provide local residents with direct access to the training and qualifications needed to access highly skilled, well-paid jobs. Local businesses will therefore also benefit through an increase in local residents with the skills to meet business requirements.
- 4.1 The college will represent one of the largest investments in Doncaster in many years and is already becoming a nucleus for attracting further rail related investment in Doncaster. The plan is to develop lakeside as a specialist rail and engineering campus, attracting further education and training provision, such as a University Technical College for example, and providing a number of clear pathways into the employment opportunities created through HS2 and other large national infrastructure schemes. Connecting the rail college to schools and colleges is essential to ensuring the impact of high speed rail can benefit generations of families that reside within the city region.
- 4.2 The college will raise further the standing and positive image of Doncaster and the Sheffield City Region (SCR) at a regional and national level with the location of such a high profile institution, as it has the potential to attract further and higher education establishments to locate in Doncaster, further boosting the economy.
- 4.3 To ensure that the tight delivery programme (the opening of the College in September 2017) can be achieved this report seeks approval for capital expenditure on pre-construction costs.

BACKGROUND

- 5.0 On the 30th of September 2014, the Government announced that the National College for High Speed Rail would be based in Doncaster and Birmingham with a single governing body chaired by Terry Morgan

including representatives from both areas.

The college will represent a large investment in Doncaster and the SCR and can become a nucleus for attracting further rail related investment. Work has been underway to deliver the college since the announcement and this report provides an update for Cabinet.

The rail college is one of seven national colleges announced by the government so far. The others are:

- Nuclear
- Onshore Oil and Gas
- Digital Skills
- Wind Energy
- Advanced Manufacturing
- Creative and Cultural Industries

In terms of profile for the city region, the rail college is having a positive impact acting as a beacon for the strengths and ability of the city region. It will play a critical role in the delivery of the strategic economic plan's ambition to create 70,000 jobs, and will also make a significant contribution to the higher level skills targets with level 4 and 5 qualifications being the focus of the college.

On the 7th of January 2015, Cabinet agreed to a number of recommendations in relation to the National College for High Speed Rail including the Council's continued involvement in the development and implementation of the Rail College including the key project strands of governance, curriculum development and the design and construction of the College building in Doncaster.

5.1 An update on progress on the key project strands is outlined below;

5.2 Design and Construction

Following the Cabinet approval in January extensive work has been undertaken by the Council's Project Team leading on the delivery of the National College for High Speed Rail.

5.3 In January, Willmott Dixon was appointed as the lead contractor for the Design and Build of the College building in Doncaster. This appointment was made via the OJEU compliant Scape3 Framework through which the Council is already working with Willmott Dixon on the delivery of the new Waste Transfer Station, Primary School construction and the delivery of new build housing.

5.4 Willmott Dixon subsequently appointed Bond Bryan Architects, Buro Happold Mechanical and Electrical Consultants and Curtins Civil and Structural Engineering Consultants to their Design Team to assist in the preparation of a Feasibility Report for the National College for High Speed Rail.

5.5 Working in partnership with the Birmingham delivery team the strategic brief for the whole College has been developed through this period to

identify a series of overarching principles for incorporation into the design and development of both the Doncaster and Birmingham hub buildings. Bond Bryan has co-ordinated the development of this strategic brief for both sites.

- 5.7 The Feasibility Report for the Doncaster site was submitted by Willmott Dixon on 20th April and included the following key outputs;
- i. Feasibility Concept Design (RIBA Stage 1)
 - ii. Feasibility Cost Plan indicating Construction Cost of approximately £23,500,000
 - iii. Project Delivery Programme

5.8 The Project stipulates the need for a fully constructed and operational College by September 2017 and the delivery programme has been developed to ensure this can be achieved. Willmott Dixon has advised that to allow sufficient time for the actual construction of the building the Construction start date has been set for March 2016. In order to achieve this date the Pre-Construction Phase commenced immediately following National College for High Speed Rail Shadow Board approval of the Feasibility Study. Overall there is little allowance for slippage within the Pre-Construction programme due to the constraints of the fixed completion date so it is critical that all project work proceeds in a timely fashion in line with the key Pre-Construction project milestones outlined below;

- | | |
|---|------------|
| i. Project Order Signed | May 2015 |
| ii. Submit RIBA Stage 2 (Concept Design) Report | June 2015 |
| iii. RIBA Stage 2 Report Sign Off | June 2015 |
| iv. Submit RIBA Stage 3 (Detailed Design) Report | August 15 |
| v. RIBA Stage 3 Report Sign Off | August 15 |
| vi. Submit Planning Application | August 15 |
| vii. Planning Approval | October 15 |
| viii. Submit RIBA Stage 4 (Technical Design) and Tender | Jan 2016 |
| ix. Contract Award | Feb 2016 |

5.9 Through the Scape Framework arrangement the Feasibility Stage work, including the preparation of the Feasibility Report, was undertaken at nil cost to DMBC.

5.10 However, the signing of the Project Order commits DMBC to expenditure on the pre-construction fees set out in the Feasibility Report in addition to other identified pre-construction project costs such as surveys and other appointed professional services fees.

5.11 The estimated pre-construction costs including detailed design, surveys

and QS is £1.1 million.

The identified Pre-Construction Costs is eligible expenditure against the proposed Capital Budget to be allocated from relevant budgets identified with the Department of Business Innovation and Skills (BIS) and the Sheffield City Region.

- 5.13 However, the application for funding towards the design and construction of the National College for High Speed Rail is not due for submission until July 16th 2015. It is understood this application, which is being co-ordinated by the overall College Project Manager from HS2 Ltd will constitute a single application for both identified central BIS funding and LEP allocations but the approval notification for the capital funding for the project is not anticipated until the Autumn.
- 5.14 There will, however, be a funding requirement on the project prior to this date to cover site surveys and professional services necessary to progress the design and project development work through the pre-construction phase in line with the programme milestones identified in section 5.8 of this report.
- 5.15 Previously, in order to have funding in place to continue the progress on the project between signing of the Project Order on 5 May and the originally anticipated capital funding by BIS in July, a budget has already been approved for £250,000 to support pre-construction costs including surveys and professional fees. This in effect covers anticipated expenditure on the project during May and June.
- 5.16 All the outlined pre-construction costs are considered eligible expenditure for the BIS funding application and if the full Capital Project Cost of £23,500,000 is approved the £1.1m of pre-construction costs will be reimbursed from the BIS funding allocation.

There are also likely to be additional costs associated with the development of the College including further detailed development of the curriculum and creation of opportunities for local residents to access the College. It is anticipated that the remainder of the budget may be used to support these activities for any unforeseen costs due to the relatively early stage of the project. It therefore proposed that a maximum of £400,000 would be earmarked for this purpose.

- 5.17 The table below shows summarises the above costs and the proposed funding:-

	£k
Costs:-	
Pre-construction (detailed design etc.)	1,100
Additional costs	400

Total costs	1,500
Funding:-	
Capital Corporate Resources	1,100
Earmarked Reserves	400
Total Funding	1,500

5.18 Governance

5.19 A NCHSR Shadow Board, which will become the governing body of the National College for High Speed Rail, is leading the development and delivery of the College project. Local members of Shadow Board include Doncaster Council's Chief Executive, the Managing Director of Rhomberg Sersa UK Ltd and Director of Training for University of Sheffield Advanced Manufacturing Training Centre (AMRC).

5.20 Following the submission of an application for incorporation of the College to the Secretary of State a draft order was published in the national press on 27th March. The target date for completion of the incorporation process is 31st July 2015.

5.21 The shadow board is progressing with the recruitment of a Chief Executive for the College. A full appointment cannot take place until the college is incorporated, however, after an extensive recruiting process it is anticipated that interviews for short listed candidates will take place in June 2015.

5.22 An advisory group supports the work of the shadow board and this also has local representation. In Doncaster, the Rail Partnership is providing the local specialist rail business input into the development of the college. To date this has been primarily in respect of the College curriculum development but there are several stakeholder engagement workshops programmed during RIBA Stages 2 and 3 design in which employer input into the training facility will be facilitated.

5.23 Curriculum Development

5.24 The development of the College Curriculum is progressing at pace as it affects the operation of the college i.e. what is delivered at what site, the role of hubs (existing providers), the physical design of the college and the mix of learners.

5.25 The curriculum will focus on delivering the higher technical skills needed across the rail industry, initially for HS2 and associated infrastructure but also for the wider rail supply chain. This wider focus will ensure the long

term viability of the college. Doncaster's Rail Partnership has held a workshop to inform and shape the emerging curriculum including steering the location for delivery of specific learning pathways across the Doncaster and Birmingham campuses.

- 5.26 Endorsed by Shadow Board the proposed split of the curriculum pathways across both sites is as follows;

Doncaster

- i. Traction, rolling stock and advanced manufacturing – preparing students with knowledge and understanding of engineering principles, design, manufacture and operation of rail vehicles.
- ii. Railway infrastructure – providing students with knowledge and understanding of management and construction of HS2 and the national system including; preparation of the permanent way, cuttings to tunnels, to viaducts, to bridges, to stations and also designing and installing track and switches on which trains run.
- iii. Traction power supply and distribution – the electrification of the HS2 line will be a major engineering project working with national electricity supply networks.

Birmingham

- i. Command, control, communications and systems – HS2 will use the latest digital technology developments for train control utilising a system which is similar to aviation flight control than traditional railway signals.
- ii. Advanced constructions, logistics and sustainability – HS2 will utilise the latest construction techniques to deliver 100+ year life expectancy and deliver a cost effective and sustainable construction programme.
- iii. Digital Skills – Rail is now a technology and service driven, transport business. With digital control of the trains, the high technology built into the trains themselves and the designs for customer information and ticketing systems there is a real convergence between aviation and rail in the use of technology to drive design, build and operations.

Both sites

- i. Business administration / management – This programme prepares individuals to work effectively in business operations, building skills and knowledge for rail and other transport industries.
- ii. Rail operations, planning and management – The programme provides an opportunity for those wanting to work in the rail sector, appealing to those who do not have an engineering or science background.

- 5.27 Indicative timescales for the curriculum development are;

- July 2015: Business Model for NCHSR demonstrates viability
- July 2015: Delivery mechanisms work commences
- August 2015: Qualification development commences

OPTIONS CONSIDERED

- 6.0 As outlined in the report there is funding currently approved to enable pre-construction related works, surveys and design related professional services, to take place in May and June to the value of £250,000.
- 6.1 Following completion of works to this value, unless other DMBC funding is allocated, work on the project design and development will have to be suspended until formal notification of full Capital Funding is received from BIS, currently anticipated at the earliest in October.
- 6.2 This option is not feasible as any delays on progressing the pre-construction work as per the programme outlined in this report will mean the required opening of the College in September 2017 will not be achieved.

REASONS FOR RECOMMENDED OPTION

- 7.0 The recommended option of approving funding for the design and development of the National College for High Speed Rail will enable the delivery programme to be adhered to and the project delivery timescale of September 2017 to be achieved.

IMPACT ON THE COUNCIL'S KEY PRIORITIES

8.0

	Priority	Implications
	<p>We will support a strong economy where businesses can locate, grow and employ local people.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Creating Jobs and Housing</i> • <i>Mayoral Priority: Be a strong voice for our veterans</i> • <i>Mayoral Priority: Protecting Doncaster's vital services</i> 	<p>The location of the National College for High Speed Rail in Doncaster will have a measurable impact on the economic transformation of the region, helping build economic resilience and rebalancing the economy towards exports, innovation and production.</p>
	<p>We will help people to live safe, healthy, active and independent lives.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Safeguarding our Communities</i> • <i>Mayoral Priority: Bringing</i> 	

	down the cost of living	
	<p>We will make Doncaster a better place to live, with cleaner, more sustainable communities.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Creating Jobs and Housing</i> • <i>Mayoral Priority: Safeguarding our Communities</i> • <i>Mayoral Priority: Bringing down the cost of living</i> 	<p>The College will be the facility to support the high skilled workforce of the future, locally trained in state of the art engineering technology and techniques needed to support the delivery of high speed rail and other infrastructure projects in the UK. The College will provide training and job opportunities for local people.</p>
	<p>We will support all families to thrive.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Protecting Doncaster's vital services</i> 	<p>The College will provide training and job opportunities for local people.</p>
	We will deliver modern value for money services.	
	We will provide strong leadership and governance, working in partnership.	<p>The Centre for Rail Engineering and Technical Excellence (CREATE) partnership is a real example of strong local leadership, effective governance and partnership working. Only by working as Team Doncaster was it possible through local and regional support to develop a winning bid that will see major investment in Doncaster that will be the catalyst for economic transformation.</p>

RISKS AND ASSUMPTIONS

- 9.0 The biggest risk relates to the delivery of the College building by September 2017. If the preconstruction work is not carried out as per the programme outlined in this report this delivery date is unlikely to be achieved. The approval to the funding requested in this report will remove this risk in terms of enabling the timely financing of the necessary work.
- 9.1 The approval of the capital funding outlined in this report will commit the Council to potentially funding £1.25m towards the project pre-construction costs. The intention is that this will be reimbursed from BIS Capital funding following formal approval in autumn. However, if the capital funding is not approved for any reason or the project does not proceed to construction there is a risk that the expenditure on pre-construction costs could be abortive. It is not, however, considered likely that either of these options will transpire.
- 9.2 There is the risk that delays in the capital grant allocation process may mean that the Council does not get approval of the capital grants before the contract award date 5 February 2016. Should that look likely the Council will need to consider whether additional funding needs to be

“lent” to the project prior to the approval of grants or whether the opening date of September 2017 needs to be delayed.

LEGAL IMPLICATIONS

- 10.0 In accordance with Section 111 of the Local Government Act 1972, a local authority shall have power to do anything (whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions.
- 10.1 The Localism Act 2011 provides the Council with the so called general power of competence which allows a Local authority to do anything which an individual may generally do.
- 10.2 The Council’s contractor has been appointed using the SCAPE 3 Framework which is compliant with both EU Procurement Regulations and Contract Procedure Rules. Any further contracts must be procured in accordance with Contract Procedure Rules and EU Procurement Regulations.
- 10.3 The Council expects to receive BIS funding to deliver the scheme. Specific legal advice will be required on any funding agreement which the Council is required to sign up to. Legal advice will also be required going forward, particularly in relation to construction contracts and property matters.

FINANCIAL IMPLICATIONS

- 11.0 The Rail College project is contained within the Council’s capital programme with a budget of £30m. The capital programme currently assumes the whole project will be funded by grant.

As stated above the pre-construction costs have been estimated at £1.1m. These pre-construction costs are capital in nature and will be funded by the allocation of £1.1m of capital corporate resources to the project. The allocation will be returned to the corporate resources once grant funding is secured

Additional capital receipts of £2.1m are expected for 2015/16, as this was not confirmed until after the Capital programme budget had been set. £1.1m of this can be allocated to this project without affecting the immediate Capital programme. There is pressure on the delivery of asset sales to provide funding for the Capital programme and so the return of the £1.1m once grant funding is secured will help to mitigate that pressure.

The capital programme will be amended to reflect the change in funding.

A further £400k of costs have been identified that are more likely to be revenue in nature. These costs will be funded from the “Revenue

Contributions to Capital Programme” reserve – use of this reserve for the first £250k of costs has already been approved. There is sufficient uncommitted balance in the reserve to allow it to be allocated to this project. It is less likely that these costs will be eligible for grant but where they are they will be claimed and funding will be returned to the reserve.

It was originally planned to meet the capital costs from the £250k from the reserve but this has now changed as the full £1.1m of pre-construction costs will be met from a new allocation of corporate resources.

HUMAN RESOURCES IMPLICATIONS

- 12.0 There are no direct Human Resources implications relating to the decisions detailed within the content of this report.

EQUALITY IMPLICATIONS

- 13.0 Decision makers must consider the Council’s duties under the Public Sector Equality Duty at s149 of the Equality Act 2010. The duty requires the Council, when exercising its functions, to have ‘due regard’ to the need to eliminate discrimination, harassment and victimisation and other conduct prohibited under the act, and to advance equality of opportunity and foster good relations between those who share a ‘protected characteristic’ and those who do not share that protected characteristic.
- 13.1 The Rail College will deliver improved access and opportunity for local residents to develop key skills that are required to deliver future infrastructure schemes across the UK. The College Curriculum Manager has advised that the inclusion of residents from deprived neighbourhoods will be a key focus for the College.
- 13.2 One of the central aims of the college will be to improve the diversity and inclusivity of the rail industry through the creation of clear pathways into employment and promotion of the rail industry as a career choice. The strategic brief for the College has diversity and inclusivity embedded in its principles, for example the institution must be attractive to all persons regardless of sex, ethnicity or disability. The building itself must be a welcoming, approachable building that encourages widening participation in education and encourages interest in the rail industry.
- 13.2 The College is seen as a catalyst to inward investment particularly from rail related businesses looking to locate in Doncaster and the Sheffield City Region creating jobs, which trained local persons will be in a position to access and delivering economic growth as a result.

CONSULTATION

- 14.0 Extensive consultation is ongoing in respect of the project including the Mayor, Portfolio holders, Chief Executive, Director of Regeneration and Environment, Director of Finance and Corporate Services, Local

Enterprise Partnership, National College for High Speed Rail Shadow Board and Rail Sector businesses

This report has significant implications in terms of the following:

Procurement	x	Crime & Disorder	
Human Resources		Human Rights & Equalities	
Buildings, Land and Occupiers	x	Environment & Sustainability	
ICT		Capital Programme	x

BACKGROUND PAPERS

15.0 Cabinet Report
7th January 2015
High Speed Rail College

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