

Apply to the levelling up fund round 2

Submission details

Submission reference	LUF20316
Created time	Wed, 10 Aug 2022 08:59
Signed-in user	24189a97-91af-49a6-bbe9-41df935ec423

What is the legal name of the lead applicant organisation?

Blaenau Gwent County Borough Council

Where is your bid being delivered?

Wales

Select your local authority

Blaenau Gwent

Enter the name of your bid

HiVE

Does your bid contain any projects previously submitted in round 1?

No

Bid manager contact details

Full name	Tara Lane
Position	Team Manager - Connected Communities
Telephone number	07805759903
Email address	Tara.Lane@ blaenau-gwent.gov.uk
Postal address	Blaenau Gwent County Borough Council The General Offices, Steelworks Road Ebbw Vale Blaenau Gwent NP23 6DN

Senior Responsible Officer contact details

Full name	Eleanor Fry
Position	Head of Regeneration and Development
Telephone number	07817925877
Email address	Ellie.Fry@blaenau-gwent.gov.uk

Chief Finance Officer contact details

Full name	Rhian Hayden
Telephone number	07752332023
Email address	rhian.hayden@blaenau-gwent.gov.uk

Local Authority Leader contact details

Full name	Stephen Thomas
Position	Leader - Blaenau Gwent County Borough Council
Telephone number	01495 355005
Email address	stephen.thomas@blaenau-gwent.gov.uk

Enter the name of any consultancy companies involved in the preparation of the bid

WSP

Enter the total grant requested from the Levelling Up Fund

£9360000

Investment themes

Regeneration and town centre	100%
Cultural	0%
Transport	0%

Which bid allowance are you using?

Full constituency allowance

How many component projects are there in your bid?

1

Are you submitting a joint bid?

No

Grant value declaration

I am submitting a bid as a single applicant and can confirm that the bid overall does not exceed £20 million grant value

Tick to confirm

Gateway criteria: costings, planning and defrayment

I confirm that some LUF grant funding will be defrayed in the 2022/23 financial year

Tick to confirm

Costings and Planning Workbook

*1 s exc

that new technologies that enable advanced robotics and automation are embraced and brought to the forefront of our community. At HiVE, there will be focus on the use of augmented and virtual reality to design, analysis of data in real-time and manufacturing. Students and industry will have access to the latest in materials technology such as metal additive manufacturing and composites.

The vision is to equip local people with the right skills for a changing world and to build capacity for lifelong learning. HiVE will be constantly adapting to produce highly trained students who have a real passion for engineering and will also upskill the current engineering workforce, ready for the next industrial revolution.

It is envisaged that schools across Blaenau Gwent and the Heads of the Valley primary and secondary schools will have access to HiVE and will be able to have guest lectures, demonstrations and develop STEM knowledge through project work through accessing the equipment and experiences outside of a school's limited capability. A remote taster hub is being created in Tredegar comprehensive school and further hubs will be created at other comprehensive schools within the borough to enable secondary and primary schools access to advanced robotics to promote the educational pathway towards HiVE's offering.

Once construction of HiVE is completed, it is proposed that there will be up to 600 full time, part time, HE, apprenticeships and commercial learners by 2026/27. This will lead to an increase in the number of students enrolling/completing Further Education/Higher Education courses.

Coleg Gwent college is committing up to £200,000 per annum to operate the facility as well as to lease the building for the term of the lease (aligned to Coleg Gwent's Innovation centre in Lime Avenue this gives a lease of 80 plus years). To date Coleg Gwent has invested a significant amount of time on developing the specification for HiVE technologies that s

HiVE is well-aligned with the Welsh Government's priorities. Engineering is a Welsh Government priority, evident in policy, educational funding, initiatives and investment funds such as the Tech Valleys programme. The vision for the Tech Valleys programme is to create a vibrant, world-class, high technology focus on Welsh-based manufacturing companies of all sizes spanning many key sub-sectors, including digital, cyber, AI, robotics, manufacturing, etc. programming to meet the challenge of digital and value chain

Manufacturing Future for Wales' document. The ten themes to future proof the manufacturing community across the Heads of the Valley feature as cross cutting themes; one of the key points is the collaboration between Government, Industry and Academia which is the basis of the partnership for the delivery of this proposal.

The 1.96-acre site is just off the A4046. The current building area is 17,593sqft, while the proposed building area is 21,808sqft. The site is a closed down former sign manufacturing facility that ceased its industrial life more than five years ago. The council purchased this site for redevelopment and its size and location fit well with the intended purpose and local travel plans. HiVE's location will mean that it will be a 10 mins walk from the rail/bus and existing Coleg Gwent provision; it has potential for immediate uses on receipt of investment which will be used to complete the refurbishment works.

Optional Map Upload

4 Attachment 4_Map Defining the Area for Development - Map Upload

Optional Map Upload

Does the support measure confer an economic advantage on one or more economic actors?

No

Provide further information supporting your answer

The support will be provided to Blaenau Gwent County Borough Council. The Council will be acting in its capacity as a local authority, not as an economic actor. The Council will use the funding to develop an advanced engineering centre (HiVE), a facility which will be used in the provision of public education that is available on a non-discriminatory basis.

It is proposed that Coleg Gwent will be granted a lease of the centre for a peppercorn rent. Coleg Gwent will be required to use this for the purpose of public education that is available on a non-discriminatory basis. The lease will only provide for permitted use of the property for the provision of education and training as defined by Planning Use Class D1. There will therefore be no potential for Coleg Gwent to obtain an economic advantage as an economic actor.

Is the support measure specific insofar as it benefits, as a matter of law or fact, certain economic actors over others in relation to the production of certain goods or services?

No

Provide further information supporting your answer

As explained above, the support will not benefit any economic actor over others.

Does the support measure have the potential to cause a distortion in or harm to competition, trade or investment?

No answer

Provide further information supporting your answer

No, as explained above, the support will not benefit any economic actor over others. Also, the support will be used to provide facilities for education service f ined

Describe what engagement you have undertaken with local relevant stakeholders. How has this informed your bid and what support do you have from them?

Overall, stakeholder engagement in relation to the construction and delivery of HiVE has been extensive thro



Provide evidence of the local challenges / barriers to growth and context that the bid is seeking to respond to

Ebbw Vale is a town in South Wales, located in the county of Blaenau Gwent, it is the largest town in the area and an important centre for manufacturing and engineering. The town is home to a population of 70,020 (2020).

Despite the area's strong history in the coal mining, iron and steel making industries, the gradual decline in mining and steel industries have contributed to the area having one of the highest unemployment rates in the United Kingdom. As a result, the area has significant socio-economic challenges including but not limited to high deprivation levels, low skill attainment levels, low productivity, low wages and generally lower wellbeing levels.

As documented above, one of the key challenges facing the area is low skills attainment levels, this not only impacts wage potential but also contributes to a large skills gap. In Blaenau Gwent, only 27% (2021) of the residents have an NVQ level 4+, this in contrast to 43% (2021) in the UK, and this coupled with a very high proportion of residents with no qualifications (16%, 2021) when compared with Wales (8%, 2021) and the UK (7%, 2021) figures. Adding to this narrative, educational attainment is lower than the regional and Welsh average at grades A*-C and under 50% of the population have skills level 3 and above.

A low-skills level environment is often associated with low pay and Blaenau Gwent is no exception. Median gross weekly pay in Blaenau Gwent was £578 (2021), which compares to £611 (2021) in the UK. With such a substantial gap, there is a strong need to raise the overall skills level to ensure that residents are best placed to secure employment opportunities including higher skilled and paid work.

Another local challenge observed in the labour market is that there are comparatively very high unemployment levels in Blaenau Gwent. In 2021 the unemployment rate was 5.7%, this in contrast to 5.3% for the UK. The area has had an inability to replace all the jobs lost to the demise of traditional heavy industry. The significant numbers of jobs lost are near impossible to replace in the short to medium term and the lack of business competitiveness has combined to exacerbate the situation, creating generational high unemployment and a demotivated populous who have seen little incentive to engage with education as their prospects in the area are so poor. There is also evidence that attitudes have become reinforced with time and gender stereotypes for employment opportunities have become entrenched. As a consequence, great efforts are now being made with regard to the promotion of STEM to young females.

In terms of the business environment, in 2021 the UK Competitiveness Index (UKCI) found that the competitiveness of Blaenau Gwent was well below the UK average (100.0) with a UKCI score of 72.3. This means that Blaenau Gwent in 2021 was classed as the least competitive locality benchmarked; a position retained since the 2018 survey. Only 10.1% of its businesses were classified as knowledge-based businesses, this is less than half of the UK figure of 24.6% in 2021. The figure below provides greater context for the area's performance in this area. It highlights that the strong need to invest in the future of businesses and young people within this locality cannot be overstated while there have been improvements following the pandemic.

- Raise aspiration and inspire future generations;
- Improve accessibility;
- Raise attainment levels in STEM;
- Align with partners/stakeholders to develop a skills package/offer; and
- Address the gender imbalance in Engineering.

The Centre will offer employment and skills opportunities with training, specifically allowing students to experience the world of work and equipping them with a qualification such as BTEC, HNC or HND. It will be a Centre of academic excellence for relevant engineering qualifications up to level 6 and therefore responding to industry and their needs. The business environment will be bolstered by the increased number of skilled residents, adding to the area's competitiveness.

The development of the Centre will future proof the area by being able to respond to companies that locate themselves within the Tech Valleys by having residents with the appropriate skillsets. The appropriate skillset will lead to the reduction in the number of young people classified under the NEET status, thus raising employment and economic activity in the area.

The Centre will ensure that young people will have the relevant training and skills to apply for jobs in the Advanced Materials and Manufacturing Sector and the Digital and Enabling Technologies. Students will be trained to have the STEM skills required by local employers.

Upload Option Assessment report (optional)

How will you deliver the outputs and confirm how results are likely to flow from the interventions?

Theor5M

and Settings;

- To deliver community engagement activities, including adult learning courses and career education events;
- Encourage underrepresented groups studying STEM subjects which lead to STEM jobs;
- To work with Industry, particularly SMEs to generate income for the college, without compromising the teaching and learning experience
- To target a net zero carbon; and
- Provide clear education and career pathways for Learners by improving the tranSoepr

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(as well as ONS NOMIS labour market data) and c]



- Main contractor's preliminaries (14%)
- Main contractor's overheads and profits (4%)
- Project/design team fees (£673,704)
- Other development/project costs (£60,152)
- Risks (design development risks, 1%, construction risks, 2%, employer change risks, 1% and employer other risks, 4.5%)
- Client procured items (£2,685,652)

Before applying Optimism Bias (OB) for the Economic Case costs, the total capital costs are £10,392,736 (£10,400,000). The Stage 4 Cost Plan was prepared in June 2022, however with the unpredictability of cost certainty within the current market conditions this base line cost estimate has been reviewed, and the following additional costs have been added to the base line cost to provide the estimated overall project out-turn cost

Additional Project Design Fees £450,000
 Market Tender Risk £600,000
 Equipment Inflation £300,000
 Legal Fees £100,000
 Optimism Bias Risk Contingency £500,000

The Estimated Overall Project Out-Turn Cost is £12,350,000

OB totals £500,000 of additional economic cost. This amount reflects the current uncertainty regarding delays in obtaining funding. The Council's current understanding is that the LUF approval is not anticipated until Autumn 2022. This means the authority cannot award a contract until all the funding is in place. The level of OB therefore reflects this uncertainty.

Describe how the economic benefits have been estimated

As described in Section 5.2.2, the monetised benefits of HiVE comprise three components: 1) the financial benefits associated with student fee revenue streams, 2) the economic benefits associated with higher productivity in the county (as measured by workers producing more GVA per head as they are able to enter higher value employment once they have left HiVE with suitable qualifications) and 3) local additional expenditure impacts.

The financial benefits are calculated by taking the forecast number of students at HiVE and applying the respective course fees to these students. There is a five-year 'ramp-up' period with respect to student numbers whilst the forecasts of student numbers represent the following:

- Coleg Gwent know the existing numbers of students that will transfer to the new building – this provides confidence with respect to the 'baseline' number of students in the early phase of HiVE operations;
- Coleg Gwent are also aware of the current trends and Welsh Government priorities with respect to further education and training / skills development. This reflects Coleg Gwent's status as a very large college in the region;
- Coleg Gwent intends to operate the new curriculum based upon its knowledge of the Labour Market Information (LMI) and local needs based on its engagement with local industry, universities and schools – this provides confidence that there is demand for these types of courses; and
- There is evidence of progression between levels and from Year 1 to Year 2 of the two-year courses.

For the economic benefits, the following apply:

- Productivity (GVA per worker) gains are calculated by taking ONS and NOMIS metrics for Blaenau Gwent (covering GVA and labour market data respectively) and calculating the difference between GVA per worker across three 'lower value' and three 'higher value' occupations;
- The 'lower value' occupations cover 1) Transportation and Storage, 2) Accommodation and Food Service Activities and 3) Administration and Support Service Activities;
- The 'higher value' occupations cover 1) Manufacturing, 2) Construction and 3) Wholesale and Retail Trade / Repair of Motor Vehicles;
- The averages of these two sets of occupations are £24,333 and £46,898 per

case at the current time given the uncertainty surrounding the extent and timing of the post-COVID 'bounce back'. With respect to risks associated with the forecast take-up of courses at HiVE, the usage forecasts are based on robust, prudent analysis of current demand for student places at Coleg Gwent as well as the anticipated take-up of the new courses given what is already being seen at the college in terms of student demand for various courses.

Sensitivity testing on the economic benefit calculations shows that a decrease in the anticipated productivity gain per worker (GVA per worker) from £22,564 to £15,000 per annum will reduce the BCR from 4.3 to 3.3. This still places the VfM category in the High range.

Upload an Appraisal Summary Table to enable a full range of impacts to be considered

Appraisal Summary Table 1

Upload appraisal summary table	8 BCR Appraisal Summary Table_HiVE_25Jul2022.docx
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Additional evidence for economic case

Additional evidence 1

Upload additional evidence	Economic Impacts_25Jul2022.xlsx
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Confirm the total value of your bid

Total value of bid	£12350000
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Confirm the value of the capital grant you are requesting from LUF

Value of capital grant	£9360000
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Confirm the value of match funding secured

£2990000

Evidence of match funding (optional)	9 Grant Offer Letter - Tech Valleys Funding for Capital Expenditure 18-03-22.pdf
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Where match funding is still to be secured please set out details below

N/A

Land contribution

If you are intending to make a land contribution (via the use of existing owned land), provide further details below

N/A - Blaenau Gwent County Borough Council owns the land

Upload letter from an independent valuer

Confirm if your budget includes unrecoverable VA

to mean validated price (not lowest validated price).

As outlined in the previous question, a variety of contingencies are in place.

Upload risk register

13 2022-06-01 HIVE - Risk Register - Rev 03a.xlsx

We have considered alternative procurement approaches e.g two stage tendering, however we considered that this approach in the current market situation would significantly impact on delivery programme and not meet the occupation date of September 2023. The response from the market in regards to single stage design and build at RIBA Stage 3 was negative due to the risks to contractor's of supply chain cost increases. On that basis we decided that we would therefore take the scheme forward to RIBA Stage 4 design, to give more certainty to the cost a tender stage, and less risk to the tenderers by aligning the successful contractor to place orders as soon as possible as they are appointed. It also allows us to maintain the programme for occupation by September 2023.

Following the conclusion of the tender design Stages 4, and planning approval received for the project, a suitable contractor is being procured through the SEWSCAP 3 Framework, satisfying the requirement to follow the public procurement tendering directives. Tendering procedures will be in accordance with the guidelines set out in Council's Contract Procedure Rules. The selected Contractor to construct the facility will appoint their own consultants to develop the construction phase technical design for the project.

no completed tender responses/submissions received from the successful Contractor. The estimated timescales and milestones for this programme are set out in the below figure:

Stage HiVE

Council / Coleg Gwent Scheme Approval
January 2021

Wales Government - £200k Development Funding Approval April 2021

Project Brief Client Approved
May 2021

Submission of combined SOC/OBC to Welsh Government for Advanced Engineering Centre

May 2021

Site Surveys: and Investigations
February-August 2021

Planning submission
September 2021

Approval of Project SOC/OBC
July/August 2021

Tender documents preparation/detailed design
May 2022

Planning Approval
February 2022

Procurement of Contractor
August 2022

Tender Evaluation

August 2022

Contractor Appoap

Community benefits requirements are included within the tender documents for the project and will be assessed as part of the quality evaluation process and will follow the Welsh Government Guidelines, as identified within the SEWSCAP framework. The community benefits process will be managed by experienced officers within the Council, and will work with the appointed Contractor's community liaison representative to deliver the outcomes required. As the procurement process is currently being undertaken no responses/submissions have yet been received.

The aspiration for this project is in addition to BREEAM excellent, it will also align with Net Zero Carbon ambition e.g. the design incorporates PVs, and heat pump energy source. The team includes a Net Zero Carbon consultant advising on this specialist area of work.

Risk allocation

The regional SEWSCAP Framework arrangement is in place to allow access to suitably experienced building Contractors, enabling local authorities to appoint Contractors for construction activities in relation to educational and other public buildings. The procurement process will provide an opportunity for early Contractor involvement, to facilitate timely and cost effective delivery

The general principle is to ensure that risks should be passed to 'the party best able to manage them', subject to value for money (VFM) being achieved. Figure 5 below provides an indication of how the associated risks might be apportioned between the contractor and Blaenau Gwent County Borough Council.

Ecological surveys have been commissioned, and there are no current significant restrictions required to affect the delivery of the project.

Risk Transfer Matrix:

Risk Category HiVE

Potential Allocation

Public Private Shared

1. Design risk x

2. Construction and development risk including Covid x

3. Transition and implementation risk x GVD

4. Availability and performance risk x

5. Operating delivery risks indicate p d v d p e

6. Availability of revenue risks x

7. Termination risks x

8. Technology and obsolescence risks x

9. Control risks x

10. Residual value risks x

11. Financing risks x

12. Legislative risks x

13. Other project risks As assessed within the Economic Case above

Who will lead on the procurement and contractor management on this bid and explain what expertise and skills do they have in managing procurements and contracts of this nature?

Blaenau Gwent will lead on the procurement of services, and this will fall in j e p r i h p p t

offered

at each campus are indicated):

- Ebbw Vale (Blaenau Gwent Learning Zone)
 - Construction and Built Environment
 - Advanced materials (partners with NCC)
 - City of Newport
 - Institute of the Motor Industry (IMI) accredited motor centre
 - Baxi gas heating training academy
 - Crosskeys
 - IMI accredited motor centre
 - Pontypool
 - Usk
 - Cwmbran (Torfaen Learning Zone)
 - Cyber Security
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Are you intending to outsource or sub-contract any other work on this bid to third parties?

We do not intend to sub-contract any other works associated with this project.

How will you engage with key suppliers to effectively manage their contracts so that they deliver your desired outcomes

The procurement strategy for delivery of this project since its inception has needed to develop and change as the consequences of external factors such as Covid19, energy costs escalation, supply chain programme unpredictability, cost uncertainty, Ukraine war, have manifested themselves and impacted on the construction sector over the past two years.

We have consulted with the key suppliers in the construction market through the design process and will continue this dialogue when a preferred contractor is appointed, to ensure

than test the concept over a pilot period. The partnership working will happen immediately, and it is felt momentum for the centre will soon gather pace once the facility is available and the team will be able to showcase its attributes and delivery model. Below is a target programme for this development which will require early funding decisions. We are currently in project delivery months 13 and 14.

Activity Timeline

Request for Information (RFI) Issued 12:00 on Monday 8th August 2022
Tender Submission Deadline 12:00 on Monday 15th August 2022
Tender Evaluation 9th - 26th August 2022
Inception meeting/work plan W/c 29th August 2022
Contract Award 12th September 2022
Construction Completion (excluding client fit-out) 11th August 2023
Defects and Maintenance Period August 2023 to August 2024

The project team is a multi-disciplinary team, comprising experienced Client and Construction Project Managers, Architects, Mechanical and Electrical Engineers, Structural Engineer, Construction Cost Manager, Geotechnical Engineer, Specialist Consultants e.g. BREEAM, Ecology and Zero Carbon, Environmental Consultant, and Legal Consultant



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Additional file attachment 7

Upload attachment	9 Grant Offer Letter - Tech Valleys Funding for Capital Expenditure 18-03-22.pdf
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Additional file attachment 8

Upload attachment	10 HiVE Delivery Plan.docx
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Additional file attachment 9

Upload attachment	11 DECNFGC C_2021_0307.pdf
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Additional file attachment 10

Upload attachment	12 Integrated Assurance Plan.docx
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Additional file attachment 11

Upload attachment	13 2022-06-01 HIVE - Risk Register - Rev 03a.xlsx
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Additional file attachment 12

Upload attachment	14 LUF Round 2 Pro formas V6.1 Proforma 7 (005).docx
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Additional file attachment 13

Upload attachment	15 LUF Round 2 Pro formas V6.1 Proforma 8.docx
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Additional file attachment 14

Upload attachment	16 HoT.pdf
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Additional file attachment 15

Upload attachment	17 Organogram.docx
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