



SCARBOROUGH
BOROUGH COUNCIL

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**Business Case Approval Record for
Green Construction Skills Village**

Summary Document Submission Date

12 January 2022

DOCUMENT CONTROL

Author	
Owner	Regeneration
Date	12 Jan 2022
Version	V1

DOCUMENT APPROVALS

		Date
Appraisal completed by		11 Nov 2022
Financial checks completed by		11 Nov 2022
Capital Working Group Assessment		11 Nov 2022
Regeneration Programme Delivery Board Decision		30 Nov 2022
AGREED:		
1. The Board accepts the Green Construction Skills Village Business Case with the condition that: i) The project sponsor addressed the Subsidy Control advice received. This will form part of the conditions of the Grant Agreement		
2. The Board recommends that the council approves the submission on the Summary Document for the Green Construction Skills Village Business Case		
Cabinet acceptance of RPDB recommendations and permission to submit Summary Documents		12 Dec 2022 (21/230)
Or ICM acceptance of RPDB recommendations and permission to submit Summary Documents		
Town Deal Board endorsement of Business Case		16 Dec 2022

SUBMISSION OF SUMMARY DOCUMENT

		Date
Town Deal Board Authorisation	David Kerfoot	06 Jan 2022
	Chair	
SBC Authorisation	Mike Greene	06 Jan 2022
	Chief Executive	
Date of Submission		12 January 2022

Item 5

Scarborough Town Deal Board

Green Construction Skills Village Full Business Case Summary

1 PURPOSE OF THE REPORT

- 1.1 This report presents Full Business Case (FBC) for the Green Construction Skills Village to the Scarborough Town Deal Board. The Board should consider whether to support the acceptance of the FBC and the submission of the Summary Document to the Department of Levelling Up, Housing and Communities (DLUHC).

2 BACKGROUND

- 2.1 The Green Construction Skills Village (GCSV) will provide training on low carbon construction and energy efficient technology for local people and SME's. The project will convert existing buildings at High Eastfield Farm, adjacent to the established Construction Skills Village. In addition to the expanded training facilities, new business facilities and a community café will also be created.
- 2.2 GCSV have a Towns Fund allocation of £535,313 which will contribute to the capital build of the project.
- 2.3 The applicant for the project is Sohoco Developments Limited. The project is done in collaboration with Construction Skills Village (operating brand of Northern Regeneration CIC) and private limited company CSV Construction & Training
- 2.4 The scenario presented in the FBC is for an affordable scheme within the current secured funding envelope. Calculations for benefits and costs are derived from this. The project sponsors have the ambition to secure additional funding that will enable a larger scheme to be delivered. This scenario is also described in the FBC for reference. The affordable scheme should form the basis of the investment decision and endorsement from the Scarborough Town Deal Board.

3 PROJECT APPRAISAL

- 3.1 The Business Case submitted is extensive for the scale of the project and provides in depth reasoning behind the project concept and the impact it has the potential to make on the fortunes of local people and SME's. The project background is framed against the global climate emergency and SBC's aspirations for a zero carbon borough. The business case could have been more concise.
- 3.2 The Strategic Case makes a good *Case for Change* by indicating that there is the need to provide low carbon homes to address the climate change and the lack of skills in the local area to be able to meet this demand. It is stated that currently labour is brought in from outside the area because of the lack of local expertise in green construction techniques. The document also highlights the recent decision of the TEC to stop plumbing courses which are essential for much of the low carbon technologies and trainees currently travel outside the area to gain these skills highlighting the urgency of the investment.
- 3.3 The Project contributes towards the Town Investment Plan by delivering the skills for zero carbon and affordable homes, increasing aspirations among Scarborough's young people and providing Level 3+ qualifications and building on the success of the Scarborough Construction Skills Village. Observations are provided later in the document to show that qualifications are below the national average in the local area.
- 3.4 A long commentary is provided on Barriers and Opportunities. Although much of this section relates to general industry conditions or national information, it does demonstrate an understanding of the boarder context.
- 3.5 The business case gives a good explanation of its contribution towards the following strategies;
 - Y&NY LEP Covid-19 Economic Recovery Plan (Version 1 dated 19 October 2020)
 - Y & NY LEP's Local Industrial Strategy (2020)
 - Homes England's Strategic Plan (2018)
 - Department of Education Post-16 Skills Plan (2016)
 - Scarborough Borough Local Plan – July 2017
 - Better Borough Brighter Futures SBC Corporate Plan 2020- 2030
- 3.6 The Economic Case was prepared by Amion with support from the Council's Financial Officer. The economic case looks at the desired full scheme, a value engineered option and a reduced scheme based on the current secured funding envelope. These produce a BCR of 5.16, 5.59 and 8.09 respectively. Further non quantified benefits are significant. However these may be reduced if the construction of zero carbon homes are removed which are excluded from the reduced scheme.
- 3.7 The Commercial Case provides the philosophy behind Sohoco's procurement strategy and why the procurement option was chosen to maximise local social and economic value. A procurement plan shows the chosen procurement method but not how the procurement will be undertaken and managed/ environmental sustainability considered. The milestones for procurement are provided in the master plan – these are quite high level.

- 3.8. The Financial Case is presented for the affordable scheme. A cost plan is prepared for the full scheme circa £900,000. However, because some of this funding is not secured the case demonstrates that a scheme can be afforded within the secured funding envelope and shows how that the scheme is commercially viable, and that the business is profitable. Subsidy advice received required a profit share to be taken if a profit was achieved. Current calculations show a loss in year 1, with a profit in subsequent years of 18-20k creating a profit share to SBC of between 8-10k. It is worth noting that current calculations are based on high level assumptions of the business operating model and occupancy and therefore may not be the profit levels achieved.
- 3.9 The management case is good. The section of project assurance could be expanded upon. It is missing a section on Public Equalities Duty.

4 RECOMMENDATIONS

- 4.1 The Board is recommended to endorse the FBC for the Green Construction Skills Village and the submission of the Summary Document to DLUHC, subject to the applicant to addressing the conditions identified during the appraisal process, these being:
- i) The project sponsor addressed the Subsidy Control advice received. This will form part of the conditions of the Grant Agreement with SBC.

5 ADDITIONAL INFORMATION

- 5.1 Full Business Case for the Green Construction Skills Village
- [REDACTED]
- [REDACTED]



Green Construction Skills Village. High Eastfield Farm, Scarborough
Green Book Business Case Introduction



Building a sustainable future for everyone

Green Book Business Case Introduction

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Introduction

The following Business Case submission is written in support of the proposal included in the Town Investment Plan to create a Green Construction Skills Village (GCSV).

The GCSV was one of the nine projects included in the Scarborough Town Deal Town Investment Plan and has gained much support from the Council, local MP's, Local Businesses, and the wider community.

We have been engaged with [REDACTED] and the Town Deal team for most of 2021 and have submitted many project templates in support of our application.

We would also confirm that we have monthly review meetings with the SBC Towns Deal team to ensure that the stage 2 process both complies with MHCLG guidelines, but also maintains the programme needed to achieve the desired timescales.

This project is to provide the equipment and infrastructure to deliver new training in low carbon construction training techniques to the construction workforce and opportunities for higher value employment and high quality learning.

Who will carry out the project?

The following parties will carry out and implement the works necessary to deliver the above.

- Sohoco Developments Limited (House Building Company) – was formed in 2020 between three organisations those being: Northern Regeneration CIC, CSV Construction and Training alongside Echo Green Developments. With the support from Scarborough Borough Council this house building company will
 - Lead on the application for the Towns Deal funding.
 - Plan, design (via its design team partners), procure and deliver the construction works necessary to create the GCSV.
 - Operate, manage and promote the new facilities
 - Use the learners, SME's, Designers and Local Suppliers to build zero carbon housing developments in the Scarborough Borough. These developments will start on site in 2022 and will provide the foundation for the Green Construction and Energy sectors to grow in the Borough.
- Northern Regeneration/The Skills Village – was formed in 2015 to provide training and skills in the region NR are now recognized nationally as one of the UK's most innovative and pioneering construction training organizations.

Over the past five years they have successfully secured, and project managed over £2.5 million of government funds.

As a result, they have created over 300 employment and apprenticeship opportunities.

Northern Regenerations role at the GCSV will be

- Identify suitable qualification courses and apprenticeship opportunities in the low carbon sector.
- Secure revenue funding to run these courses.
- Recruit trainers to deliver these courses.
- Match local learners with local SME's to create apprenticeship opportunities.
- Support SME's to develop their business model and become more sustainable in the emerging low carbon sector.

Introduction

- CSV Construction and Training was established in 2018 with a view to bridging a local gap in plant training provision. Over the past 3 years they have successfully supported local company's and individuals to upskill and retrain a local workforce.
 - CSV Construction and Training role at the GCSV will be:
 - Support Northern Regeneration to deliver carbon literacy courses to local employers and the broader community
 - Recruit qualified trainers to deliver these courses and engage the broader community.



What will be created?

- **Small Barn** – 2,325 sqft – provision of training bays, dedicated classroom, storage, and ancillary facilities to support the training of plumbing and electrical apprentices. These apprenticeships will also cover the skills needed to install the emerging green technologies and systems.
- **Large Barn** – 4,405 sqft – provision of training space for Retrofit activities.
- **Side Building** – 2,902 sqft – provision of conference/training/meeting rooms, rentable coworking offices, simulator room, training/classroom, reception, kitchen, toilet, and ancillary spaces. These spaces will support emerging businesses to thrive, expand, develop, and learn the business skills and acumen required in order to grow and succeed.
- **Café** – 867 sqft – provision of a professional café for use by the learners, trainers, businesses, and staff that are based on the facility. It will also be open to the public and will encourage interaction and involvement with the local Eastfield community.
- **Car Park** – 22,000 sqft – construction of a 62 space car park for use by users and visitors to the facility. Whilst this will only initially have a temporary surface further funding will be sourced to form a permanent facility.
- Expansion of provision for both Northern Regeneration and CSV construction and Training into low carbon skills provision.

Further funding is also being sourced in order to complete the fitting out works in the Stable Block, the construction of the Innovation Hub and completion of the car park and external landscaping works.

Introduction

What opportunities will this generate?

The partnership between Sohoco, Northern Regeneration and CSV Construction and Training gives a unique opportunity for sustained growth in zero carbon housing in the Borough, and a fantastic opportunity for local SME's to grow their business's in this emerging sector.

The ultimate aim is to provide a circular, growing opportunity in the local economy



Introduction

Structure of the Business Case

The following forms the structure of our submission and complies with MHCLG guidance on Green Book Business Case submissions.

Strategic Case – this sets out the rationale for the proposed investment and contains the following sections

- Evidence of Need
- Barriers and Opportunities
- Policy and Wider Growth Context
- The Proposed Investment
- Strategic Alternatives Test
- Incorporating Stakeholder Views

Economic Case – this determines the value for money of the investment and contains the following sections

- Practice Notes
- Approach to Economic Case
- Economic Costs and benefits
- Additionality
- Non-Quantified Benefits
- Value for Money Assessments

Financial case – this assesses the affordability of the investment, identifies costs, revenue and funding sources and contains the following sections

- Approach to Financial Case
- Costs
- Funding and Revenue
- Affordability Assessment
- Wider Financial Implications

Commercial Case – this assesses the commercial viability of the investment and contains the following sections

- Procurement Strategy
- Commercial Deliverability
- Market testing
- Treatment of Risks

Management Case – this assesses the deliverability of the investment, identifying timescales and project responsibilities and contains the following sections

- Project Organisation and Governance
- Assurance
- Scope Management
- Programme Management

Introduction

- Cost Management
- Risk and Opportunity Management
- Project Management
- Stakeholder Engagement
- Benefits, Monitoring and Evaluation

We would also confirm that we have used the following guidance in preparing our documents

- Towns Fund Delivery Partner document entitled “Translating your TiP into the Strategic Case”.
- TFDP – Stage 2 Business Case Template.
- Economic Case – this section has been written by an external consultant who is an expert at these documents.
- HM Treasury – Guidance – The Green Book (2020) updated 3 December 2020.
- Various resources on the Towns Fund.org website.
- Guidance documents issued by [REDACTED]





Get in touch

Call us at **01723 585009**, email the team on **info@sohoco.co.uk** or look at our website **sohoco.co.uk**





Green Construction Skills Village. High Eastfield Farm, Scarborough
Strategic Business Case



Building a sustainable future for everyone

Strategic Business Case

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A. LEDA experience and Capabilities Document



1. Introduction

Welcome to the Strategic Case section of our submission in which we will set out our rationale for the GCSV.

We will demonstrate a clear evidence of need, share our vision and objectives, detail the proposed investment and then show the outcomes and impacts we will achieve.

Scarborough is a nationally renowned seaside resort with an economy that is underpinned by its traditional tourism, hospitality, and leisure sector offerings.

Whilst this traditional economy has many benefits there are economic and social implications, such as seasonal employment patterns and an ageing population that need to be recognized.

Within the Town Investment Plan the nine projects seek to take advantage of Scarborough strengths and address some of these challenges by broadening the opportunities for the town's residents, workforce, and businesses.

Between the 31st of October and the 12th of November 2021, the UK hosts COP 26. This is the United Nations Climate Conference to try to reach an agreement to speed up action globally to address the climate emergency. Like many councils, Scarborough Borough Council declared a Climate Emergency in January 2019.

In a meeting of the Council in January 2019, a motion to declare a 'Climate Emergency' was passed. This motion resolved the Council to pledge to do everything within its power to make the Borough of Scarborough carbon neutral by 2030. Sohoco Developments was established to support the council help deliver these targets through local house building, by designing and delivering new homes to Passivhaus standard.

Most recently, a report was published by The Intergovernmental Panel on Climate Change (IPCC). The report states that, Human activity is changing the climate in unprecedented and sometimes irreversible ways. The landmark study warns of increasingly extreme heatwaves, droughts and flooding, and a key temperature limit being broken in just over a decade. The report "is a code red for humanity", says the UN chief.

But scientists say a catastrophe can be avoided if the world acts fast. There is hope that deep cuts in emissions of greenhouse gases could stabilise rising temperatures. This is where Sohoco and the Green Construction Skills Village can do our part in help shaping the future by educating, training, and supporting local businesses and trades people in emerging low carbon construction.

In a post pandemic world that has seen an increased awareness of global environmental challenges, the route to Net Zero has been brought into sharper focus and the need to take account of Net Zero in the Town Investment Plan is even more critical.

In order to deliver Net Zero and to address the Climate Emergency declared by over 280 UK Local Authorities we need to ensure that we have a workforce and a supply chain capable of delivering the installation of low carbon technologies.

The UK government has set out ambitious plans to support up to 220,000 British jobs in this emerging sector as we transition to Net Zero by 2050.

Some of the challenges faced by Scarborough and identified in the Town Investment Plan are as follows. If the current situation is therefore to change then our strategic case for the Green Construction Skills Village needs to show how these are to be addressed.

1. Introduction

- Low population growth and retention of younger residents
- Deprivation including low wage economy and poor levels of educational attainment.
- Underutilized and Seasonal Workforce
- Low Skills base and the contributory factor in low-income levels.

The key therefore is to provide modern facilities to provide training in these emerging sectors, to offer a range of training opportunities for younger residents in a welcoming, professional environment that actively promotes business skills as well as technical skills.

It is also essential to support the SME businesses who are striving to increase their capacity in this sector by providing ancillary business support, services, and facilities so their business can grow, expand, and diversify to cater for the known demand.

As training is key to the success of the drive to Net Zero it was therefore a shock to see Scarborough Technical College stop offering apprenticeships in plumbing and electrical services in 2021.

This withdrawal essentially means that any young resident wanting to train, or to continue their apprenticeship would need to travel to Leeds.

This failure in an essential part of the strategic plan meant that our plan to provide Green Skills Training has become an urgent priority to the region's businesses and young residents.

Finally, we would highlight that public sector intervention is required to provide these facilities as no other capital funding streams are currently available.

Whilst revenue funding is available through a range of funding streams including but not exclusive to, ESFA, DWP, CSF, CLLD and community grants, for staff, trainers, and the provision of the course this would not cover the capital costs of providing the facilities.





2.

Evidence of Need

2. Evidence of Need

Evidence of Need

- The Government has committed to reduce greenhouse gases, make homes more energy efficient and to deliver net zero carbon emissions by 2050.

On page 38 and in the section on Policy and Wider Growth Context we give details of why the Green Construction Skills Village is needed if this national target is to be met. We also demonstrate how the more local targets and strategies to reduce carbon emissions and to become England's first carbon negative region can only be achieved by training and developing local SME's and the local workforce.

- Scheme scope

The scope of the works to provide a Construction Green Skills Village are all located at High Eastfield Farm in Scarborough.

As can be seen from the below drawing the site is currently home to the following companies who will also operate from other parts of the site.

- Northern Regeneration – Skills Village
- CSV Construction and Training – plant and training provider.

Green Construction Skills Village Overall Site Layout



2. Evidence of Need

With regard to the Green Construction Skills Village, we will aim to provide the following facilities using the TIP funding allocation.

- o **Small Barn** – 2,325 sqft – provision of training bays, dedicated classroom, storage, and ancillary facilities to support the training of plumbing and electrical apprentices. These apprenticeships will also cover the skills needed to install the emerging green technologies and systems.
- o **Large Barn** – 4,405 sqft – provision of training space for Retrofit activities.
- o **Side Building** – 2,902 sqft – provision of conference/training/meeting rooms, rentable coworking offices, simulator room, training/classroom, reception, kitchen, toilet, and ancillary spaces. These spaces will support emerging businesses to thrive, expand, develop, and learn the business skills and acumen required in order to grow and succeed.
- o **Café** – 867 sqft – provision of a professional café for use by the learners, trainers, businesses, and staff that are based on the facility. It will also be open to the public and will encourage interaction and involvement with the local Eastfield community.
- o **Car Park** – 22,000 sqft – construction of a 62 space car park for use by users and visitors to the facility. Whilst this will only initially have a temporary surface further funding will be sourced to form a permanent facility.



2. Evidence of Need

- Sustainability context

Scarborough Council declared a Climate Emergency in January 2019 and committed the council to doing all it can to meet its target to reduce its carbon footprint and to be carbon neutral by 2030.

A climate change task group made up of councilors found that whilst the biggest contributing factor to the council's carbon footprint was its fleet of vehicles, gas boilers were the second contributor.

With over 500tCO₂e being emitted from gas boilers that heat many council buildings and with most houses in the borough being heated by gas, the need to convert to an alternative greener heating source is key to the strategy of carbon neutrality.

The need therefore to increase the capacity, capability, and skills of the local SMEs to deliver these new technologies is fundamental.

Key to this is the Green Construction Skills Village which has the potential to train 1405 learners between 2022 and 2036.

- Whilst the government and local council's desire to reduce carbon emissions is undeniable will home owners and Registered Social Landlords commission these works, and will local SME's see an increase in business?

We would confirm we have engaged with these SME's and this increase in business can be seen now. This can be demonstrated by the fact that we have actually started delivering courses a year early in September 2021, and that we have over 15 apprentices starting this year.

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Total
Learners																
Electrical	20	30	30	30	30	30	30	30	30	30	30	45	45	45	45	
Plumbing	20	30	30	30	30	30	30	30	30	30	30	45	45	45	45	
Dry Lining	-	15	30	30	30	30	30	30	30	30	30	30	30	30	30	
Total	40	75	90	90	90	90	90	90	90	90	90	120	120	120	120	1405
Business																
Farm Fit Out works	22	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1st Floor coworking desks	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	
1st Floor Conference room	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	
Cafe	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
Cleaner	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
Total	41	19	19	19	19	19	19	19	19	19	19	19	19	19	19	307

It also has the ability to support 307 businesses as well as providing networking and meeting space opportunities

- Economic context

The economic impact of the Green Construction Skills Village can be seen in 3 different outputs.

Firstly, the actual facility will generate an income from rentable spaces, have an income from the Café, pay salaries to its staff, and pay Business rates to the council. This has been calculated assuming a normal level of inflation as being in excess of £5m

2. Evidence of Need

Secondly, we aim to train 1,405 learners who will all earn a wage from their employers and will go on in their careers to earn in excess of the current average regional wage. The current estimate of a median weekly income for the workforce population is £459 which is well below the national average of £520.

We estimate that qualified tradespeople in the Green Skills sector could earn in excess of £550 per week.

With 1,405 learners this has the potential to input an additional £40m into the local economy during the term of the Town Investment Plan.

Finally, we aim to support 307 businesses and to work with them to grow and develop their businesses. Whilst the economic effect to the borough is difficult to project, we would estimate that (assuming a turnover of circa £100k per annum) an output of £30m into the local economy during the term of the Town Investment Plan.

Overall a potential £75m increase in the local economy could be generated by the Green Construction Skills Village.

As evidenced in our Commercial Case – page 7/8 – we have committed to using local Scarborough supply chain for 80% of all work packages and are convinced that this £75m will remain local.

- Demographic context

Importantly for the industry, borough, and business the Green Energy training and business support is available to people of all ages, genders, ethnicity, and social backgrounds.

All parts of the local demographic can take advantage of the facilities proposed at High Eastfield farm.

However as we are close to a deprived, ethnically mixed location at Eastfield we will be able to address specific eco/social issues in the area.

During the design stage for the facilities, we have considered how each area will be accessed and have made the appropriate provisions for people with disabilities.

The breadth of offering will also be developed from the current diversity being offered at the Construction Skills Village being operated on site by Northern Regeneration. Their work is recognized by the Council and by Industry leaders as being one of the best offerings in the country.



2. Evidence of Need

- Social context

The location of High Eastfield Farm is ideal when it comes to interacting with the surrounding community. We are at what will be the heart of the new housing estate which is covered in the Local Plan as HA9 and 10.

This new allocation will see a further 600 new homes being constructed and has the potential to be a rich source of work for the businesses and learners being trained and supported at the facility.

Also, the new Café will provide a welcome link between community and facility and will ensure we interact with the residents of Eastfield and the wider area.

- Why a scheme could help to support local economic performance

The key to local economic growth and strong performance is ensuring that the borough's business's have the skills and support needed to fulfill the demands of the local economy.

By offering training in new and emerging sectors we will ensure that future demand for green energy systems and green construction can be met by local SME's rather than bringing in companies from outside the region.

- What does the TiP say?

Within the TiP the rationale behind selecting the Green Construction Skills Village was tested against a number of regional strategies.

These included (as page 50 of the TiP)

- o York and North Yorkshire LEP Local Industrial Strategy
 - Invest in places, communities, identity, and culture to drive productivity.
 - Unlock constrained growth and realise productivity potential
 - Leading the transformation to a carbon negative circular economy.
- o Scarborough's Building a Better Borough initiative
 - A good quality home for all
 - A clean, green, and attractive environment

Also, the project was assessed against the Strategic Case test of "Does the scheme strongly align with national and local policies, programmes and strategies?"

2. Evidence of Need

The table on page 52 of the TiP showed the following

Rating	Description
VH	Very High - Comprehensive evidence of the scheme addressing a criterion
H	High - Robust evidence of the scheme addressing a criterion
M	Medium - Variable evidence of the scheme addressing a criterion
L	Low - Weak evidence of the scheme addressing a criterion
VL	Very Low - Very weak evidence of the scheme addressing a criterion
NE	No Evidence available to score a scheme against a criterion

Table 3. Scoring Table Key

	Strategic fit					Economic case	Financial	Commercial	Management				
	Town Deal Priorities			Wider policy fit									
	Urban regeneration, planning and land use	Skills and Enterprise infrastructure (including COVID-19 response)	Connectivity	York, North Yorkshire and East Riding LEP LIS	Scarborough Borough Council Build Back Better Initiative	To what extent is the scheme considered transformational in its impact?	To what extent will the scheme provide an economic return?	To what extent is the ask for Town Deal funding considered affordable?	To what extent will the scheme leverage non-Town Deal funding?	To what extent does demand or support exist for the scheme?	To what extent is the scheme considered viable and sustainable?	To what extent does the scheme fit within the timescales of Town Deal funding?	To what extent does the lead body / applicant have a track record of successfully delivering similar (size or theme) schemes?
Weighting	35%			5%	5%	20%	15%	10%	10%				
Green Construction Skills Village	VL	VH	NE	VH	VH	H	H	VH	VH	VH	VH	VH	NE

- Golden Thread

Reviewing the above Strategic Case and the work carried out for the Town Investment Plan the following is the rationale behind the need for investment and the case for change

1. Aspirations to increase delivery of net zero carbon homes
2. Ambition for Y and NY to become England's first carbon negative region
3. A need for more affordable homes.
4. A need to increase skills at Level 3+.
5. A need to increase aspirations among Scarborough's young people.
6. Build upon the success of the Scarborough Construction Skills Village.

2. Evidence of Need

The Strategic case evidence here would support this rationale by delivering the following activities and outputs.

1. Increase delivery of net zero carbon homes

Included within the plans for the Green Construction Skills Village is the construction of an innovation centre consisting of two prototype houses.

As virtually no zero carbon homes have been built in the area the local supply chain is not skilled in the techniques and materials needed to achieve the required standards.

The actual construction of the houses will therefore give our supply chain the opportunities to develop their skills in achieving the standards necessary to achieve full Passive House certification.

The prototype houses will also form a fundamental link between the skills being taught in the classrooms to the Skills Village learners, and the real-life installations that they will be moving onto in the real world.

Shell only house

- The 2-bedroom, 1.5 storey bungalow will only be completed to a shell only finish. This means that the external envelope (walls, windows, doors) will be complete, however the interior of the house will be empty.
- This unit will give our learners the opportunity to practice the installation of green technologies in real life situations.
- For example, the whole house ventilation unit will be fitted by the learners, connected to the outside grilles, and connected to the electric supply, and the controls wiring.
- The learners can then see the unit in operation.
- This will then be removed, ready for the next set of learners to install the system.

Fitted out house

- The 3-bedroom, 2 storey houses will be complete inside. As can be seen from our cost plan we have pared back this fitting out works from the current plan, however we have other funding bids in progress that would fund the purchase of the green technology equipment.
- This equipment and the fitting out work could then be carried out by our learners.
- Once complete this unit would give the learners then opportunity to learn how to maintain, set up and monitor actual installations.
- Again, using the whole house ventilation unit as an example, we could show the learners how to change filters, set up controls and to clean grilles and ducting. All essential works if such systems are to operate efficiently.
- This finished house will also have smart metering installed in order to monitor the actual energy use of the building. This will give real life data to show how green energy technologies can reduce energy use, and ultimately reduce monthly bills.



2. Evidence of Need

So how does this increase the delivery of net zero carbon homes?

- Local SME's can use the construction of these as a "test bed" to gain skills required.
- Training during construction will be carried out by LEDA who are our Passive House specialist designer.
- The extra time and cost required to produce Passive House products can be monitored and reported.
- Products can be reviewed and tested in real life situations rather than just samples.
- Local SME's, Designers, Developers, Self-Builders and House Builders can come to view the innovation centre to see how low carbon homes can be delivered, and what is the premium.
- Apprentices and learners can gain both knowledge and experience in the emerging Passivhaus standards and low carbon technologies which will become the future for construction related activity.
- Once complete all these stakeholders can also see the savings generated in the running of these prototypes.

In turn all this knowledge, skills and data can be used to substantiate that low carbon houses are economic to construct.

As noted previously the construction of the Innovation Hub will be completed once further funding has been sourced to fund the build.

Finally, we would note that Sohoco are currently reviewing four local sites which could yield 150-200 low carbon units. This again will give clients, supply chain and designers the confidence to construct low carbon homes.

2. Ambition for Y and NY to become England's first carbon negative region

Obviously, such a bold target needs many factors to be in place, and many contributory factors to be implemented.

As noted in the Scarborough Council's climate change plan published in 2019 the largest contributor to GHG's in the borough was its fleet of vehicles. As such a switch to Electric or Hydrogen vehicles would be the biggest contributor to achieving the target.

However, the second higher contributor was heating sources in their building as so a change to alternative sources such as air source heat pumps would be a significant contributor.

This is especially so in council owned buildings as they procured electricity on a 100 per cent renewable energy tariff and so could report net zero emissions from electricity.

Ultimately to convert to sources such as air source the supply chain needs to be in place for the skilled labour and supplier contacts. This is where the new Green Construction Skills Village plays its part in training over 1400 trades people in the next 15 years.

3. A need for more affordable homes

Whilst Sohoco have been unable to engage with Beyond Housing with regard to their ambitions for the project and for the future home designs we have positively engaged with Broadacres who are a Registered Social Landlord who operate and own over 6,000 affordable homes in the borough.

We understand that Beyond Housings strategy is to follow an offsite modular strategy for their new homes.

Whilst this may standardize construction methods, and are carried out in a controlled environment they would contribute nothing to the local economy, local SME's or local training as the factory is based in West Yorkshire.

2. Evidence of Need

Discussions with Broadacres have progressed well, and they partnered with Sohoco on the Musham Bank proposal submitted to SBC on the 29 April 2021.

This proposal would see

- 42 new sustainable homes being built.
- 10 of these would be passive house, zero carbon homes
- 10 of these would be constructed to Future Homes Standards
- A multi-generational community being formed.
- Broadacres input into the scheme to adopt some of the homes for affordable homes.
- Almost £2m of planned social value
- 80% of the work being carried out by Scarborough SME's.



2. Evidence of Need

4. A need to increase skills at Level 3+

We have all experienced exceptional times, and the COVID-19 pandemic has drastically changed the world we live in. But we need to keep the focus on what matters most – retaining talent and building a solid foundation for the future of both Scarborough and the construction industry. In order to deliver what industry needs now and into the future, we need skilled individuals for a modern industry.

We will need to Up-skill and re-skill in the skills that are required to transform the industry. This will incorporate focus on both new technologies / methods, (e.g. offsite, Passivhaus), and the requisite behaviours, (e.g. creativity, sustainability, and inclusion)

Following the Governments two stage review on level 3 qualifications which was launched in 2019 and concluded earlier this year (2021) and with the expansion of the Green Construction skills Village, we will be in a strong position to offer training to students at level 3 and above which will incorporate qualifications at Level 4 Diploma in construction site supervision up to level 6 in construction site management. By providing these opportunities locally, we will help discourage local talent leaving the area and support the local economy to build a strong local workforce fit for purpose.

Over the next five years we anticipate delivering the following qualifications once the new facilities are up and running.

Year	Level 3	Level 4	Level 5	Level 6
2021/22	10	0	0	0
2022/23	15	12	0	0
2023/24	20	12	12	0
2024/25	20	18	18	18
2025/26	20	18	18	18
Total	85	60	48	36

5. A need to increase aspirations among Scarborough's young people

More should be done to ensure young people who leave their northern hometowns to go to university return, and prevent the brain drain to the south east which is resulting in "stark geographical inequalities" in Britain's economic prosperity.

Those who move out to London and the south-east still have much better job prospects and higher pay than those who stay, irrespective of their background, a new report by the Social Mobility Commission shows.

"Movers" will on average earn 33 per cent more than "stayers" and are 50 per cent more likely to have a degree, the research found.

In Scarborough for example, realistically someone is not going to stay at home and go to university." The study also showed stayers are less likely to be in a professional or managerial job than movers and often find themselves in low-paid work with fewer prospects, which is prevalent in Scarborough.

However, we believe if young people are offered good sensible advice and guidance there are opportunities for young people to stay locally and earn good salaries, which Lewis Watherstone can clearly demonstrate.

Lewis joined the Construction Skills Village and had taken an apprenticeship at CSV in 2016 and was now running his own successful joinery business, L. W. Joinery.

2. Evidence of Need

Lewis openly talks about how being a CSV apprentice turned his life around. At 18 he had a gambling addiction and as a result had lost his job and was on Job Seekers Allowance.

"I didn't have the best start at work due to my addiction. CSV saw I had potential and there was no judgement – and it was the turning point where I could start to build my life."



The Jobcentre suggested visiting a CSV Open Day which led to him joining a full-time Programme followed by being taken on as a joinery apprentice

6. Build upon the success of the Scarborough Construction Skills Village

In 2015 Northern Regeneration CIC was formed in order to address the chronic skills shortage in the construction industry. The business was established as a Community Interest Company and was formed in partnership and with the support of Scarborough Borough Council.

The aim was to develop a Construction Skills Village which would be recognised locally and nationally by Government departments and MP's. The Construction Skills Village was established to help address the skills gaps within the construction industry by supporting SME's and large house builders to increase the uptake in apprenticeships.

This is now recognised as one of the UK's most innovative and pioneering construction training organisations and our model has been replicated across the country.

Over the last five years they have successfully secured, and project managed in excess of £2.5 million of government funds (from The Department for Education, Minister for Housing, Communities and Local Government, European Social Fund, Community Led Local Development Fund, Education and Skills Funding Agency, and Department for Work and Pensions)



2. Evidence of Need

As a result, they have created over 300 employment and apprenticeship opportunities whilst continually supporting the industry to upskill and meet current and future industry needs.

Starting from modest beginning they are now established at their new campus at High Eastfield Farm, Scarborough. These extensive facilities covering over 3 acres and 5000 square feet of floor space include workshops, classrooms, training facilities and ancillary spaces.

Working closely with senior members and councilors of Scarborough Borough Council alongside over 250 Sme's from across the Borough, they collectively identified a need in North Yorkshire to further help SMEs enter the housing market whilst creating further local employment and apprenticeship opportunities.

Current projections are that over 75 apprentices will be employed through the facility from September 2021 with additional numbers being facilitated by the new Electrical and Plumbing facilities which open from the 6 September 2021.

Furthermore, Northern Regenerations track record in securing revenue funding to hold workshops, training and educational courses has recently seen a bid being submitted for significant funds from the Community Renewal Fund.

This funding will be used to raise awareness of the opportunities and challenges the small construction employer will begin to face regarding the move to net zero carbon housing.

In 2018 CSV Construction and Training was established to help address a gap in both plant and Health and Safety training locally. Since its operation began in late 2018, CSV Construction and training has built a solid reputation with key partners, local employers and individuals and has become a recognized NPORS Training establishment based at High Eastfield Farm.

Over the last three years, they have delivered over 500 plant qualifications including, industry required site supervision and site management health and safety qualifications in order to upskill, train and retain a workforce which was fit for purpose locally.

With the expansion of the new facilities this will enable CSV construction and Training to expand operations and support the delivery of higher-level skills for site supervisors and site management, alongside the delivery of Plant NVQ's.



2. Evidence of Need

Below is a summary of our achievements up to June 2021

Activity	Total
Contractor Site visits	85
Work Experience (hours completed)	23,190
CSV provision (learners on site looking for employment)	366
Learners supported in looking for employment	92
Existing college students on CSV site	270
People engaged at job fairs/events	16,086
Workshops on site (students reached)	833
Employment or Apprenticeships created	316
Qualifications achieved (including additional courses and upskilling)	1,228
Site inductions	1,066
CSV Experience (hours on site)	182,279





3.

Barriers and Opportunities

3. Barriers and Opportunities

- Barriers

In order to identify and address potential barriers to the success of the project we will use the PESTEL analysis toolkit to structure our response.

In this way we can ensure that all sectors of potential external forces that may face Sohoco.

External Force/Barrier	Strategy
Political	
<p>Planning Permission is not granted for the proposed works at High Eastfield farm.</p>	<p>Engagement sessions have been held with Marcus Whitmore to discuss and develop the scheme.</p> <p>Innovation Centre was unanimously approved at the planning committee on the 5 August 2021 with Councillor Norton taking time to stand up and back the scheme.</p> <p>The alteration works to the farm building and the car park applications should be proceeding through planning shortly.</p>
<p>Devolution and the change to a mayoral led combined authority affects plans for delivering net zero carbon housing.</p>	<p>We have shown the Chief Executive of the NYCC, Richard Flinton, around the current Skills Village and have discussed the proposed Green Construction Skills Village with him. He fully supports our proposals.</p> <p>It is also clear that the government's energy white paper and the Prime Minister's Ten Point plan for a Green Industrial Revolution will be a strategic part of all local authorities' green targets.</p>
<p>SBC and the new combined authority do not support Sohoco in their bid to find housing sites in the borough and develop net zero carbon housing.</p>	<p>Sohoco have met with both Mike Green and Steve Siddons from the SBC, and both have confirmed the council's commitment to supporting sustainable, low carbon, energy efficient housing. This is especially the case when they are also supported by a RSL such as Broadacres.</p>
Economic	
<p>Cost increases due to Brexit and Covid 19 factors.</p>	<p>Cost increases of as much as 30% for some materials have been reported and even during the early works to fit out the small barn, we have seen significant increases in material costs.</p> <p>The strategy once the Towns Deal funding has been secured is to purchase all materials in month 1. These will then be stored in the large barn until required. In this way we can reduce the risk of price increases.</p> <p>We have also tried to accelerate the delivery of the works by submitting our Green Book business case at the earliest opportunity.</p> <p>Finally, we have included a suitable allowance for price increases in our financial case.</p>

3. Barriers and Opportunities

External Force/Barrier	Strategy
<p>Additional Funding is not secured to complete the works at High Eastfield farm.</p>	<p>Should additional funding not be secured to complete the fitting out of all the buildings we have formulated a “Plan B” business plan.</p> <p>This plan shows that the project still remains viable even if the whole of the fit-out works is not complete.</p> <p>Full details are included in the financial case.</p>
<p>Development finance is not available for Sohoco to commence their housebuilding activities in 2022 and beyond.</p>	<p>We would confirm that we are in advanced discussions with a fund who is interested in our delivery model and in providing finance for our projects.</p> <p>As a backup plan we have been introduced to a number of funders through our membership of the HBF (House Builders Federation). Through these sources we can confirm that funding is available.</p>
<p>House price volatility and uncertainty in the housing market puts pressure on the Sohoco delivery model.</p>	<p>We have partnered with CPH, a local estate agent, and can confirm that we are actively tracking and monitoring the housing market in the region.</p> <p>Currently the housing demand is extremely active and house prices continue to rise despite changes to the stamp duty rules.</p> <p>Our market intelligence is that whilst price rises may cool, the underlying trend is on the up.</p>
<h4>Social</h4>	
<p>House buyers reject the need to build and buy net zero carbon homes and demand is suppressed.</p>	<p>Before 2032 the SBC target is to deliver 9,700 new homes in the borough.</p> <p>The Sohoco business plan looks to deliver 450 new homes in this period.</p> <p>This equates to under 5% of the total and a small percentage of the market.</p> <p>Our market research, advise from our agent, and feedback from other sources is all positive that securing interest for this number of homes is achievable.</p>
<p>The change in working practices that have expanded those working flexibly and from home do not continue and so Coworking spaces become redundant.</p>	<p>Part of the refurbished areas at the farm will be dedicated to renting out desk space in a modern coworking environment.</p> <p>Again, discussions with our agent, CPH, has given us confidence that there is a requirement from people who want the flexibility of home working, but also the interaction with other businesspeople in a coworking environment.</p> <p>One of the main advantages here is that the lease terms are short (monthly contracts) so large commitments to large overhead costs are avoided.</p>

3. Barriers and Opportunities

External Force/Barrier	Strategy
<p><i>continued</i></p>	<p>The Business Relationship Manager (Scarborough District) York & North Yorkshire Local Enterprise Partnership has confirmed the raising concerns from local business across the borough needing to find local, affordable and flexible office accommodation following the Covid 19 Pandemic.</p>
<p>House buyers return to the “lego” box and a small garden with a 2m fence scenario rather than a socially inclusive eco home.</p>	<p>Again, as noted above we are looking to secure a 5% share in the new build housing market.</p> <p>The Office for National Statistics research into trends in the housing market (January 2021) reported that</p> <ul style="list-style-type: none"> ○ Higher growth in house prices in Rural locations vs Urban. ○ Increased demand for houses with outdoor space. ○ Increase demand for houses rather than apartments. <p>These changes are largely fueled by the pandemic and peoples changing attitudes after long periods in lock down.</p> <p>The value of open space, outdoor areas and the ability to homework has increased dramatically.</p> <p>We believe these changes are here to stay, and the Sohoco model looks to service these desires.</p>
<p>Technological</p>	
<p>The Building Regulation changes in 2025 and the Future Homes Standards are rejected and do not become legislation.</p>	<p>With a change in government looking exceptionally unlikely in the short/medium term the central policy to reduce the UK's net emissions of greenhouse gases to zero by 2050 looks like it's here to stay.</p> <p>Certainly, therefore in the short term these legislations look almost certain to become law.</p>
<p>The manufacturing industry do not respond to the increasing demand for green technologies.</p>	<p>Discussions held with industry leading companies including Daikin and LG – their business projections show strong growth and investment in green technologies.</p>
<p>Electricity infrastructure is not sufficiently advanced to cater for the demand for electric heating, ventilation, and car charging.</p>	<p>The government's policy to “Build Back Greener” includes a £160m investment to upgrade ports and infrastructure to hugely increase our offshore wind capacity. This is already the largest in the world and meets 10%of the UK's electricity demand.</p> <p>Government targets also include confirming that offshore wind will produce more than enough electricity to power every home in the country by 2030.</p>

3. Barriers and Opportunities

External Force/Barrier	Strategy
Environmental	
<p>Funding application is delayed and pushes construction into the winter months.</p>	<p>We have confirmed our commitment to submit our Green Book business case to SBC by the 2 September. This will then be reviewed and presented to the Towns Deal Board on the 14 October.</p>
<p>Innovation Centre prototype houses do not comply with Passive House certification process.</p>	<p>Sohoco have employed LEDA to carry out the PHPP modelling for the innovation centre, and they will ensure that the houses are certified as Passive House.</p> <p>A copy of their experience and credentials are contained in Appendix A.</p>
Legal	
<p>SBC won't grant a lease over the additional land required for car parking.</p>	<p>Within our overall site plan and contained in our planning application submitted 23 April 2021 – ref PP-09772003v, are details of our proposed new car park to the north of the existing buildings.</p> <p>This new facility will give car parking for an additional 62 car parking bays.</p> <p>As can be seen from the above outputs we expect the following with regard to people on site from 2023.</p> <ul style="list-style-type: none"> • Additional Learners – 75nr • Businesses – 19nr • Café customers – potential 33nr • Total = 127nr <p>Whilst we expect some of the learners will use either public transport or have motorcycles/mopeds we do expect the majority of business users and customers to travel to site by car.</p> <p>However SBC have recently advised that the land to the North is now not available.</p> <p>Alternative land has been identified to the South of the site which is currently being reviewed.</p> <p>How would not having the additional car parking space affect the outputs?</p> <p>Currently we believe approx. 15nr additional spaces could be formed on site without the additional land take.</p> <p>We would estimate that whilst we could still achieve the learner outputs by prioritizing their car parking, we would significantly affect the business outputs and in turn the financial viability of the centre.</p> <p>A conservative estimate would reduce the business outputs by 50% and reduce the business plan to a break even position of a loss.</p>

3. Barriers and Opportunities

External Force/Barrier	Strategy
Towns Deal grant is deemed not to be State Aid compliant.	Initial meeting held 29 July with Carol Rehill and colleagues to discuss State Aid and Subsidy Control requirements. Discussions are ongoing but general feedback from the meeting was positive.
Sohoco are not suitably qualified to deliver the construction works at the High Eastfield farm.	<p>The business is led by [REDACTED] who has over 40 years' experience in the construction industry. This experience ranges from being Managing Director of a £70m region of a national main contractor, negotiating land deals for a national housebuilder to securing planning permission for a 2.5 million square feet industrial warehousing scheme.</p> <p>Sohoco are also a member of the House Builders Federation.</p> <p>Sohoco are currently proceeding through the certification process for ISO 45001 and Chas.</p>
SBC highways Department won't allow access to the site from the Capella side of the development.	Discussions are ongoing with the planning department and the highways department of the council to obtain the required permissions for accessing the site from the East.

- Areas of Market failure

From our experience, and from analysis of the operational data from the existing Skills Village it is clear that significant failures occur in the "standard" Housing delivery model and the "standard" educational delivery model.

Volume House building is purely based around delivering profit to the companies shareholders in a consistent manner in order to give the stock market and shareholders confidence in their investment.

To deliver this consistency they simply adopt a "cookie cutter" approach to standardized house designs, and use the same supply chain to deliver their product. This however means that innovative designs and local supply chain are not used and are simply never considered.

Similarly in education the delivery model largely revolves around catering for the majority of students and their requirements. In this way the college can deliver profitably and commercially work within the grant allowances they receive.

Quite simply the minority and those with different needs are simply marginalized. It is only in this way that such large establishments can remain profitable.

Our model however is different. We have a different way of delivering education, and a different way of building houses.

It is by adopting this strategy that we will be able to make the Green Construction Skills Village a success and ensure that the individuals trained, and the companies they work for have sufficient opportunities for work in the future.

3. Barriers and Opportunities

Market Failure	Sohoco Response
<p>From September 2021 Scarborough Technical College stops supporting plumbing apprentices.</p>	<p>We initially heard the news from our supply chain contacts who approached the existing Construction Skills Village to see if they would be able to run the apprenticeship courses.</p> <p>After discussing the possibility between Sohoco and Northern Regeneration (who operate the Construction Skills Village) we decided that we could begin running the courses from September 2021.</p> <p>Sohoco would fit out the existing small barn to form work bays, classroom space and storage.</p> <p>Northern regeneration would employ trainers, find the apprentices and place them with local companies. They would also fund the equipment and materials required to run the courses.</p>
<p>Lack of provision in Scarborough for the provision of Coworking spaces.</p> <p>These have become increasingly popular as people work more flexibility.</p>	<p>From our market testing we have been unable to source any facility providing flexible coworking desks for rent in the Scarborough borough.</p> <p>We have however found facilities in</p> <ul style="list-style-type: none">o Leedso Wakefieldo Hullo Doncastero Bridlington <p>As afore mentioned, The Business Relationship Manager (Scarborough District) York & North Yorkshire Local Enterprise Partnership has confirmed the raising concerns from local business across the borough needing to find local, affordable and flexible office accommodation following the Covid 19 Pandemic.</p> <p>Phil Fletcher from CPH Commercial Agents has been integral in our strategy to provide coworking spaces in Scarborough and is confident that a market exists for these spaces. He has already had tentative enquiries for these spaces.</p>
<p>Lack of community meeting spaces in Eastfield.</p>	<p>Whilst "More than Books" provides a small café this is at the other end of Eastfield and doesn't cater for the large number of new homes being built by Keepmoat.</p> <p>As noted later in this Strategic Case our survey of locals and especially dog walkers shows that a café facility at this end of Eastfield would be hugely popular and a great way of the Skills Village to interact with the local community.</p>

3. Barriers and Opportunities

Market Failure

Lack of Meeting Spaces in this part of Scarborough.

Sohoco Response

With the increase in people working flexibly after the pandemic our market research indicates that there will be an increase in the need for people to rent meeting spaces and conference facilities.

As businesses decide that renting a large office for its staff and for meetings is economically expensive, they may opt for a more flexibly approach.

Allowing staff to work from home part or all of the time, renting a much smaller office, and then renting meeting rooms for occasional large meetings or conferences makes much better financial sense.

The meeting rooms at the Green Construction Skills Village will be able to be rented out for such events and for community, family and personal events too.

- Areas of market opportunities

In a post pandemic world, and with people drivers having been changed by extreme events in the world we believe that huge opportunities are available for Sohoco and Scarborough Council.

We would see the main opportunities arising out of the following.

Live Here – Work Anywhere

Employers and employees alike have recognized that how they do their jobs is far more important than where they do their jobs.

An example of this is the Nationwide Building Society.

A staff survey held recently showed that 57% of staff wanted to work from home full time after lockdown, with 36% saying they would like a mix of home and office based.

This flexibility has allowed Nationwide to close 3 offices in Swindon with 3,000 staff either moving to the nearby HQ, working from home or a mix of the two.

This type of arrangement is becoming much more common amongst many industries.

With this flexibility comes the ability to live anywhere as long as you have facility for home working.

The Sohoco housing model not only incorporates home working spaces within their homes, but also a community building in the central green space to allow for "home" working from a remote hub if you desire a change of scenery sometimes.

3. Barriers and Opportunities

The drive for low and zero carbon homes and retrofit the 26.7 million homes currently built in the UK

Other local authorities in the region have recognized the need to deliver Zero Carbon Homes with City of York Council starting the delivery of homes in 2022.

Our designer, LEDA, are working on this project for COYC and as such we are able to learn lessons and adopt best practice wherever possible.

Also, other schemes nationally have shown that zero carbon and eco homes are extremely popular and have been a huge success.

The scheme at Goldsmith Street in Norwich was also the first housing scheme to win the coveted Stirling Prize for design.

Other examples include

- Heartlands by Igloo – Cornwall
- Marmalade Lane, Cambridge
- CITU Climate Innovation District, Leeds.
- The Staiths, Dunston, Gateshead.

To help address the retro fit challenges our Training partners have engaged local housing associations and submitted a proposal to the Government's Community Renewal fund via North Yorkshire County Council with support from the LEP. If the funding application is successful, we will support local businesses, individuals, and communities work towards addressing some of the retro fit challenges.

Over 220,000 construction jobs in the Green Energy will be supported by government policies.

The Energy White paper issued by the government in December 2020

Business and Energy Secretary, Alok Sharma said

"The plan establishes a decisive and permanent shift away from our dependence on fossil fuels, towards cleaner energy sources that will put our country at the forefront of the global green industrial revolution.

Through a major programme of investment and reform, we are determined to both decarbonise our economy in the most cost-effective way, while creating new sunrise industries and revitalising our industrial heartlands that will support new green jobs for generations to come.

With this long-term plan, we are turning climate ambition into climate action – putting the UK firmly on the course to net zero to end our contribution to climate change as we build back greener."

3. Barriers and Opportunities

- Stakeholders' engagement – opportunities and barriers for people and places.

Barriers and challenges	Sohoco Response
Local SME's do not have the current skills, knowledge and capacity to support SBC deliver their ambitious Climate Change targets.	<p>Working in partnership with Northern Regeneration and CSV Construction and training, we have engaged Sme companies to engage their knowledge and appetite to understand the Green Agenda.</p> <p>As a result, we have developed a broad range of qualifications to support SMEs to help understand the challenges and opportunities around the green skills agenda.</p>
Local apprentices, learners, do not have the skills and knowledge to support Sme's deliver outputs and outcomes to support SBC deliver their ambitious Climate Change targets.	We have consulted our apprentices and they have expressed a desire to learn about the green and sustainability agendas and as a result we will be looking to embed this into their curriculum from September 2021.
Understanding challenges around Building skills for Net Zero.	Our Partners Northern Regeneration and CSV Construction and Training have pulled together a working group which includes CITB the sector Skills Council for construction, Industry leaders, housing associations, architects and SBC with a view to developing a series of workshops to communicate the challenges and opportunities which will become available in the future. They have also been working closely with awarding bodies to develop a series of retro fit and green skills qualifications. These will be promoted to Sme's businesses and apprentices from September 2021 and expanded further once the green Construction Skills Centre is complete.
<ul style="list-style-type: none"> • How is sustainable economic growth being held back? <p>Reviewing the Town Investment Plan, and the Scarborough Local Plan there are some common threads which identify factors which are holding back sustainable economic growth in the borough.</p> <p>We would summarise the main factors as follows. Note figures come from the Scarborough Local Plan.</p>	
Population Mix	<ul style="list-style-type: none"> ○ Ageing population – 31% of the population is aged 60 years plus compared to 23% in England and Wales as a whole. Whilst this age bracket spend in the local economy they are unlikely to work or drive economic growth.
Income and Earnings	<ul style="list-style-type: none"> ○ Income and earnings – 66.8% of the local population earn less than £23,400 per year and the median weekly income is well below the national average. Again this does not promote economic growth.

3. Barriers and Opportunities

Narrow Economic income

- Local economy is highly dependent on Fishing and Tourism.
- 22.8% of jobs are in the tourism industry which are largely low paid or part time.
- 33.5% of jobs are in Public administration, education and health again which are largely focused on running the borough rather than growing the economy.
- 6.5% are unemployed.
- This accounts for almost 63% of all jobs in the borough.

Education and Skills

Levels of educational attainment are lower than national average with 61.9% having qualifications equivalent to 5 or more GCSE's at grades A-C against a national average of 73.3%.

Whilst the council has promoted continued improvement of skills within the population an alternative to the traditional school/ college environment is needed if all needs within the population are to be catered for.

As we have seen at the Skills Village many of the learners have chosen this over more the college or university as it offers education and skills in a non traditional setting.

- Future demand

As we have noted above there is a bright future in the green skills and technologies sector which aligns with government policy.

To summarise some of the headlines

- 220,000 new jobs nationally in the Green Energy Sector.
- Government has signed up to be net zero carbon by 2050.
- 600,000 air source heat pumps to be installed each year.
- 9,700 new homes to be built in the borough by 2032.
- Scarborough Council declared a Climate Emergency in 2019 and committed to be carbon neutral by 2030.
- IPCC have published a report which clearly states that, Human activity is changing the climate in unprecedented and sometimes irreversible ways.
- The carbon action toolkit published by the CIOB identified that construction currently uses 32% of all natural resources and contributes 42% of CO2 emissions.
- There are currently 26.7 million homes in the UK and the real challenge lies in retrofitting the current housing stock.

3. Barriers and Opportunities

- Capacity restraints

Whilst the opportunities and future demand can be seen from our above summary there are also restraints present that could restrict capacity and stifle economic growth.

We would summarise our thoughts as follows



Potential Restraint	Strategy to mitigate
Availability of suitable land	<p>We have a 3-prong strategy to identify and secure land for future developments. This is</p> <ol style="list-style-type: none"> 1. Negotiate purchase of land from SBC <p>An example of this strategy is the land purchase proposal submitted for land at Musham bank. This was submitted to Mike Green on the 29 April 2021.</p> 2. Identify and negotiate land direct from land owners <p>Two example of this are</p> <p>Middle Deepdale – negotiation to purchase land from Kebble Homes who own a sizeable area of land. Negotiations are ongoing.</p> <p>Broomfield Farm – negotiations to purchase land at Whitby. We have submitted a PQQ and are waiting to submit a formal bid for the land. Whilst this will also involve other potential purchasers we are confident that we can secure this land.</p> 3. Identify and bid for land on the open market. <p>An example of this is a parcel of land at East Ayton. This was brought to us by our agent CPH and is approximately 4 acres in size, Negotiations are ongoing.</p> <p>Finally we would add that the ongoing Better Homes programme being considered by SBC has a significant impact on the availability of land to deliver zero carbon homes and their actual strategy has the potential to significantly influence and enhance the delivery of such houses. We await the actual details of the scheme, and how Sohoco can get involved.</p>
Obtaining acceptable planning permission	<p>We have had numerous discussions with Marcus Whitmore at SBC and are confident that the planning department would welcome something different to the volume housebuilders “lego” house model approach.</p> <p>We would also note that the Prototype houses obtained planning approval on the 5 August. The committee voted unanimously to approve and Councillor Norton even stood up to commend the designs and the strategy.</p>

3. Barriers and Opportunities

Potential Restraint	Strategy to mitigate
Availability of Materials	<p>Construction News reported in June 2021 that the Construction Leadership Council (CLC) had warned that material shortages were set to continue for months.</p> <p>Shortages of cement, steel, bricks, timber, roof tiles and insulation boards have all been reported.</p> <p>This has also led to price inflation as demand outstrips supply.</p> <p>Whilst we have experienced some issues during the early works in the small barn, we are hopeful that the situation will have improved when we start the remaining works later in 2021.</p> <p>Also, our good relationships with local suppliers and our work planning should alleviate major issues.</p>
Availability of Labour	<p>The Federation of Master Builders reported in May 2021 that its members had reported increased difficulties in recruiting almost all key trades. It reported that 38% of its members had reported bricklayer shortages, and 34% had reported joinery shortages.</p> <p>These shortages have been made worse by the furlough scheme, Brexit and a change to IR35 taxation rules.</p> <p>However Sohoco and Northern Regeneration are connected to over 250 SME's in the borough and we believe we have the depth and breadth of relationships to ensure both our short term and medium term requirements will be met.</p>
Availability of financing	<p>Through our membership of the House Builders Federation we have already had contact with 7 funders who would be will to either fully or partly finance our developments.</p> <p>We are also meeting a local businessman who is interested in our Business Plan and delivery model on the 20 August and should be able to report further on developments in Q3.</p>
Ability of buyers to obtain a suitable mortgage	<p>To help first time buyers Homes England has announced that first-time buyers interested in new-build homes can apply for the new Help to Buy: Equity Loan scheme from Wednesday 16 December 2020.</p> <p>With a Help to Buy: Equity Loan, the government lends homebuyers up to 20% (40% in London) of the cost of a newly built home. Customers pay a deposit of 5% or more and arrange a mortgage of 25% or more to make up the rest. The equity loan is interest-free for the first five years.</p> <p>Homebuilders are getting into contract for the new scheme and starting to market their new build homes. Eligible first-time buyers will be able to reserve their homes from mid-December and get the keys to move in from 1 April 2021.</p>

3. Barriers and Opportunities

Potential Restraint	Strategy to mitigate
<i>continued</i>	<p>Housing Secretary Rt Hon Robert Jenrick MP said:</p> <p>The Government is providing more ways to help families onto the housing ladder, and provide that life-changing moment when you get the keys to your own home.</p> <p>Alongside First Homes, Shared Ownership and our £12bn investment in affordable housing, our new Help to Buy scheme will help thousands more families take their first step into a home of their own.</p> <p>Will German, director of Help to Buy at Homes England, said:</p> <p>Help to Buy has already helped more than 270,000 people into home ownership and 82% are first-time buyers. The new Help to Buy builds on this success with first-time buyers in front of mind.</p> <p>We're pleased we can help homebuyers with smaller deposits to own a home, at a time where there are fewer options open to them. Housing, like most sectors, has experienced a slowdown during the Covid-crisis. But Help to Buy continues to give homebuilders the confidence to keep on building at a more crucial time than ever.</p>
Ability for low-income households to get on the property ladder.	<p>Sohoco have recognized that a partnership approach is best when it comes to helping low income households to get on the property ladder.</p> <p>That is why we have partnered with Broadacres on the Musham Bank land purchase proposal, and are also in discussions about partnership arrangements on our other developments.</p> <p>Broadacres are also supporting the existing Skills Village and have shown an interest in the training and facilities that will be available at the Green Construction Skills Village.</p> <p>Broadacres have committed to a zero carbon target for 2050, have begun installing air source heat pumps in their existing properties and have even started construction of their first Eco houses.</p> <p>That scheme is called Echo and is being constructed by Hartforth Homes in Colburn near Catterick Garrison. These seven homes will be constructed to Passive House standards and will include green energy technologies in order to reduce carbon emissions and save fuel costs.</p>
<ul style="list-style-type: none">• Covid 19 influences	<p>We have talk much in this section about the changes in society as a result of the pandemic and it would appear that the “short” term pain of lockdowns and restrictions could make way for longer term gains in terms of the way we live, work and relax.</p> <p>The Green Construction Skills Village coupled with the house building business plan of Sohoco can play a huge part in transforming the business landscape in Scarborough, and make a real impact on the ambition for Yorkshire and North Yorkshire to become Englands first carbon negative region.</p>



4.

Policy and Wider Growth Context

4. Policy and Wider Growth Context

- Does this fit with wider local growth plans?

The TiP shows clearly that the provision of a Green Construction Skills Village complements the other projects to be provided under the plan, however it also demonstrates a fit with wider local growth plans and complementary policies.

In this way, and with the collaboration of local partners, the investment return, outcomes and objectives will achieve maximum impact for the local community.

Local Growth Plan	Objective / Target	GCSV Strategy to Achieve
Y&NY LEP Covid-19 Economic Recovery Plan (Version 1 dated 19 October 2020)	<p>Green, Connected and affordable housing.</p> <p>New housing adapts to changing needs in terms of design, affordability, energy efficiency, digital connectivity and space.</p> <p>Delivery of comprehensive and cross tenure housing retrofit initiatives to reduce carbon.</p> <p>Identify opportunities for Innovation in the bio economy, new zero carbon markets and Green Jobs.</p>	<p>Delivery of Green, Connected and Affordable homes through future Sohoco housing projects.</p> <p>Innovation Hub and some future Sohoco homes will be Passive House and Future Homes Standard certified.</p> <p>Retrofit skills and NVQ courses will be delivered at the GCSV in order to train the local supply chain.</p> <p>GCSV will deliver the latest training to learners to ensure they are qualified in the latest technologies and techniques.</p> <p>Innovation Hub will be used as a role model for how new homes could achieve zero carbon.</p>
Y & NY LEP's Local Industrial Strategy (2020)	<p>Become England's first carbon negative region.</p> <p>Scarborough Construction Skills Village are helping to match the skills base in the local community to local business needs, leaving a legacy for future careers.</p> <p>People with skills and aspiration to reach their full potential, earning higher wages and living healthy lives in thriving communities.</p>	<p>GCSV will train the workforce of the future in Green skills.</p> <p>The great work achieved by the Construction Skills Village will be replicated in the new GCSV.</p> <p>Lessons learned and the skills of the existing support staff will be harnessed to achieve the targets set.</p> <p>Learners will be given the required skills, will achieve higher qualifications and will be taught the required business acumen to reach their full potential.</p>

4. Policy and Wider Growth Context

Local Growth Plan	Objective / Target	GCSV Strategy to Achieve
Homes England's Strategic Plan (2018)	<p>Create a more resilient and competitive housing market by supporting smaller builders and new entrants.</p> <p>Promote better design and higher quality homes.</p>	<p>Sohoco have already engaged with Tamsin Hart Jones and Helen Wilkes to ensure that Homes England and Sohoco support each other's business targets and objectives.</p> <p>The innovation hub design has been developed with a view to incorporating better design into our homes.</p> <p>Local supply chain will be used in order to foster a sense of local "ownership" and to achieve a high-quality finish.</p>
Department of Education Post-16 Skills Plan (2016)	<p>Reforming the skills system is one of the most important challenges we face as a country. Getting it right is crucial to our future prosperity, and to the life chances of millions of people.</p>	<p>The business template adopted by the existing Construction Skills Village promotes a new way of teaching skills in a real life environment.</p> <p>The recent Ofsted report identified we had made reasonable progress in the following themes:</p> <p>How much progress have leaders made in ensuring that the provider is meeting all the requirements of successful apprenticeship provision?</p> <p>What progress have leaders and managers made in ensuring that apprentices benefit from high-quality training that leads to positive outcomes for apprentices?</p> <p>How much progress have leaders and managers made in ensuring that effective safeguarding arrangements are in place?</p>

4. Policy and Wider Growth Context

Local Growth Plan	Objective / Target	GCSV Strategy to Achieve
<p>Scarborough Borough Local Plan – July 2017</p>	<p>Objective 9 - The proportion of energy secured from renewable sources will have been increased and developments will have been built to a higher standard of energy and resource efficiency.</p> <p>This in turn will have resulted in reduced carbon emissions from all new developments.</p>	<p>The innovation hub will demonstrate the energy savings that can be achieved by building to Passive House standards.</p> <p>These energy and carbon emission savings will then be replicated in the Sohoco housing developments.</p>
	<p>5.16 A Government report(1) published in 2008 revealed that buildings are responsible for almost 50% of the UK's energy consumption and carbon emissions.</p>	<p>The new skills gained by learners and local supply chain partners can be used to promote and accelerate the delivery of green energy systems in the borough.</p>
	<p>Clearly there are significant carbon savings to be made by making our buildings more energy efficient; both in terms of reducing the need for energy and by using energy more efficiently.</p>	<p>This coupled with the retrofit skills that will be taught will make the borough housing stock much more energy efficient and reduce the need for energy.</p>
	<p>5.18 A significant reduction in carbon emissions can be achieved by ensuring that buildings use energy more efficiently.</p>	<p>By involving national suppliers of products and materials that will make houses more energy efficient in local projects we will raise the profile of Scarborough as a leader in energy efficient housing delivery.</p>

4. Policy and Wider Growth Context

Local Growth Plan	Objective / Target	GCSV Strategy to Achieve
Better Borough brighter Futures SBC Corporate Plan 2020- 2030	<p>Ensure everyone in the borough has a decent home to live in, and has access to good quality, affordable Housing.</p> <p>Where there is economic growth which benefit everyone and where more businesses and residents benefit from regeneration and investment.</p> <p>Residents are able to develop their skills and maximise earnings potential.</p>	<p>Sohoco will build homes which are low in energy consumption, affordable and a mix which meet local needs.</p> <p>Our partners Northern Regeneration will build on the £2.5m previously secured and help SBC support inward investment by securing additional funding streams to support the skills agenda.</p> <p>Alongside supporting the application for inward investment, we will provide additional business space for new startup businesses once the Green Skills Business center is complete.</p> <p>We will help local residents develop the skills they need through Northern Regeneration and CSV Construction and Training.</p> <p>We will continue to build on our employer network with local businesses and develop additional and higher-level apprenticeships to meet current and emerging green skills needs.</p> <p>We will further develop our mentoring Programme to support industry and education come together for the benefit of local residents.</p>

- Complementary policies

- o Net Zero Targets.

Coupled with the above local growth plans is the governments commitment to reduce greenhouse gases, make homes more energy efficient and to deliver net zero carbon emissions.

Whilst a hugely complex subject we have highlighted the below example to demonstrate how the Green Construction Skills Village complements the governments targets.

4. Policy and Wider Growth Context

Government legislation to reduce the UK's net emissions of greenhouse gases to zero by 2050.

One target in the strategy is the installation of 600,000 air source heat pumps per year providing green heating to both new and existing homes.

This is also coupled with the new Future Homes Standards which will become regulatory by 2025 and seeks to ensure that gas cannot be used as a primary heat source for new houses. This again will increase the demand for air source heating and green technologies.

With a national target of 300,000 new homes being constructed per year by 2025 this means that the same number of heat pumps will need to be installed in existing properties. This will need to be coupled with other complementary environmental retrofit installation works to ensure these existing homes perform efficiently.

In Scarborough, and in line with the Local Plan, this translates to the provision of over 9,700 new dwellings by 2032. If the national target is to be replicated this would also equate to a further 9,700 existing homes being converted to air source heat pumps together with other retrofit works.

In total 19,400 new air source heat pumps would need to be installed, mainly in the next 10 years.

This equates to almost 162 being installed ever month.

So, who would carry out this work?

Currently the only local installers offering air source heat pump installations are

- o EMCE, Scarborough.
- o IW Electrical Services, Scarborough
- o MY Electrical, Scarborough
- o Phil France Plumbing and Heating Limited.

However, these companies are only just starting their journey to installing renewable energy systems and need training as well as an increased workforce.

How will capacity be increased?

The key therefore to ensuring that the Scarborough Council Borough has the necessary regional capacity to install the new systems and to retrofit thermal and energy efficient upgrades to the existing housing stock is local training.

This is recognized in the TFDP's publication "Taking account of Net Zero in your Town Investment Plan".

The document on page 9 encourages TIP's to "invest in skills development for low carbon sectors, providing business development and incubation support to low carbon SME's and startups, and supporting the development of local climate networks and community organizations"

Training more plumbers and electricians is therefore the answer to increasing capacity as it is these trades which essentially install these new technologies.

This is the training that will be provided at the Green Construction Skills Village.

- o What is the plan with local partners to maximise impact?

The Business Plan for the Green Construction Skills Village whilst being robust needs a collaborative approach if the outputs and impact of the scheme are to be maximized.

4. Policy and Wider Growth Context

As can be seen from the sustainability context in Section 2 above we are already targeting an increased output when compared with the initial TiP.

1. Learners supported – target 1405nr compared with 680nr in TiP.
2. Businesses supported – target 307nr compared with 170nr in TiP.

In order to achieve these outputs we have identified the following local partners and the support required

Local Partner	Support Required
Sohoco Developments Limited	<p>Following completion of the fitting out of the GCSV and the Green Oak Business Centre the plan is to begin constructing houses for sale on local sites.</p> <p>This stable, predictable workload for local SME's will give them the confidence to expand their businesses and to recruit more trainees.</p>
Northern Regeneration CIC	<p>Northern Regeneration will be responsible for the operation of the Skills Village training facility element of the GCSV.</p> <p>Using some of the business principles and contacts they will source revenue funding in order to operate the training facilities.</p> <p>Also by utilizing their existing business contacts they will be able to source and match local learners and local employers for the new courses.</p>
CSV Construction and Training	<p>CSV Construction and Training will be responsible for the operation of the plant training facility element of the GCSV.</p> <p>Using some of the business principles and contacts they will source revenue funding in order to operate the training facilities.</p> <p>Also by utilizing their existing business contacts they will be able to source and match local learners and local employers for the new courses.</p>
Scarborough Borough Council	<p>As well as supporting the Towns Deal funding for the initial works we see the Council as being pivotal in the strategic housing planning which will release land and opportunities for both Sohoco and other house builders (both big and small).</p> <p>The Better Homes programme will see hundreds of new houses come to market and we look to SBC to ensure that these incorporate green technologies. It is in this way that demand led business growth can be sustained and seen to be sustainable by local SME's.</p>

4. Policy and Wider Growth Context

Local Partner	Support Required
North Yorkshire CC	<p>North Yorkshire CC is the Unitary Authority for Education, and they have and will continue to support Northern Regeneration develop demand led training to meet economic priorities.</p> <p>Northern Regeneration will work closely with NYCC to increase skills levels and ensure that the workforce meets the needs of the County and Ensure a clear pathway for young people from education to training and employment. Undertake measures to support the development of the workforce that meet the social and economic needs of the county. NYCC will work with partners, including the Local Enterprise Partnership, to support skills and training provision in North Yorkshire and seek to ensure that it meets the needs of North Yorkshire businesses and supports the aspirations of all the people of North Yorkshire especially as we emerge from the COVID-19 pandemic and adapt to new ways of working.</p>
YNY LEP	<p>YNY Lep have supported Northern Regeneration for over 5 years and provided funds via SBC to support phase 1 development of High Eastfield Farm.</p> <p>They also work very closely with Northern Regeneration in identifying, supporting, and securing additional funding streams to support the delivery of employment and skills and green skills provision.</p> <p>YNY LEP have a strong track record of addressing employment and skills challenges and upskilling for growth. They have invested £39m in skills training and Northern Regeneration will continue to support the LEP to deliver their priority in unlocking exciting employment opportunities across the region and in doing so, drive economic prosperity for all, now and in the future.</p> <p>Through the development of the Green Construction Skills Village, we will support YNY LEP develop a greener, fairer, stronger economy.</p>
Broadacres	<p>We have been discussing the GCSV and Sohoco's Business Plan with Broadacres for almost a year now and our strategic plan aligns with the direction of Broadacres.</p> <p>As noted previously we have already partnered with Broadacres on the land purchase proposal for land at Musham Bank and have discussed the training requirements for their existing staff.</p> <p>As a landlord who own and manage more than 6,000 homes, they have a huge programme of retrofit as well as a programme to construct new homes.</p> <p>Again, this business need demonstrates to our local SME's that they have a sustainable business need in order that they can grow.</p>

4. Policy and Wider Growth Context

Local Partner	Support Required
Kebble Homes	<p>Sohoco have been discussing a land purchase at their site in Middle Deepdale and have identified part of the site which would suit the delivery model.</p> <p>We expect to begin constructing new homes on this particular site in 2022.</p> <p>Again, we have discussed this with our local SME's and will be using only local SME's on this scheme.</p>
Keyland Developments Limited	<p>As above we are in a procurement process at the moment with Keyland which should see homes being delivered in 2022.</p> <p>The site at Broomfield Farm is extremely interesting as this is part of the Whitby Town Deal bid and will see the delivery of zero carbon homes on the site.</p>
CPH Estate Agents	<p>We have engaged with CPH to ensure we are delivering the products that are desired by the local home buyers.</p> <p>This process is however a two way review as we also have the opportunity to influence buyers and educate them on the advantages of matters such as Passive House and Air Source Heat Pumps.</p> <p>Educating local residents will not only highlight the benefits of the new Sohoco products but will also open up a market for retrofit in the private sector.</p> <p>Once again this market will sustain business growth for our local SME's.</p>
Local SME's	<p>Our local SME's are the backbone of the GCSV and the Sohoco Business Plans.</p> <p>We have engaged with over 250 local companies and have used many already in the early works we have carried out on site this summer.</p> <p>They understand our plans for the GCSV and understand the delivery model for Sohoco.</p> <p>We can also confirm that 86 of these companies have already taken on new apprentices for a start in September 2021.</p> <p>These figures are in addition to those outputs identified earlier.</p>

4. Policy and Wider Growth Context

Local Partner	Support Required
More for Eastfield	<p>Northern Regeneration recently met with the More for Eastfield Project Team. MORE for Eastfield is a CLLD/SBC funded project that provides support to residents of Eastfield in Scarborough to access employment, training and education as well as addressing soft skills in confidence, self-esteem etc. The aim of the visit was to ascertain what training the Construction Skills village could offer our clients, eligibility criteria and who would be suitable for referral. The visit also provided us with the opportunity to see how students at the Construction Skills Village may benefit from the MORE for Eastfield Project if this was a more appropriate route for them or if they needed support on completion of their training at the CSV.</p> <p>Following the visit, we are now able to determine which of our clients would be suitable for referral, and have established an excellent working relationship and agreed referral pathway to and from CSV and the MORE for Eastfield Project going forward.</p>

- What are the effects if these wider investment plans do not take place? Conduct some sensitivity testing to the outputs if these are not achieved.

Whilst difficult to fully predict the impact of some or all of the government, regional and local investment plans not being implemented we have assessed the results as follows.

This is based on the Better Homes programme not being implemented and the new homes target in the Scarborough Local Plan not being achieved.

These assessments are based on limited growth from the number of apprentices **ACTUALLY** signed up for September 2021.

This shows

1. Learners supported – target 774nr compared with 680nr in TiP.
2. Businesses supported – target 307nr compared with 170nr in TiP.

4. Policy and Wider Growth Context

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Total
Learners																
Electrical	12	15	15	15	15	15	15	15	18	18	20	20	25	25	25	
Plumbing	12	15	15	15	15	15	15	15	18	18	20	20	25	25	25	
Dry Lining	-	8	10	10	10	15	15	15	20	20	20	20	25	25	25	
Total	24	38	40	40	40	45	45	45	56	56	60	60	75	75	75	774
Business																
Farm Fit Out works	22	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1st Floor coworking desks	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	
1st Floor Conference room	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	
Cafe	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
Cleaner	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
Total	41	19	19	19	19	19	19	19	19	19	19	19	19	19	19	307

○ Effects of the devolved authority situation?

The Scarborough Construction Skills Village has been working in very positive and close co-operation with Scarborough Borough Council and also with North Yorkshire County Council over recent years.

Both local authorities have been supportive in much-appreciated ways for our plans, in talks and meetings, advice and encouragement, site visits and mutual updates. They have been supportive in complementary and not competitive ways.

It is therefore our view that the effects of the new authority will not impact adversely on our progress and that the opposite is much more likely.

It is also our view, based on the partnerships and exceptional support that we have received from SBC and NYCC, that they will continue to support us during the transitional period to spring 2023.

They have both been extremely helpful in securing the allocation of funding under the Town Deal, plus other matters, and which will enable us to focus further on the core objectives - ie the vital needs of this region and the country for construction skills, employment-ready apprentices trained to national standards, accredited plant and construction industry training, a fresh beginning for people described as NEETS, crucial support for trades people and the building sector - and for our green construction endeavours, which include the important provision of eco homes to be developed locally through our subsidiary company SoHoCo, to the new national carbon-neutral requirements.



5.

The Proposed Investment

5. The Proposed Investment

In this section we will look at the current “Business as Usual” scenario and what long list of potential options are available to improve the situation and achieve the outcomes and impacts desired by the TiP.

We will then review the process that we have gone through to narrow down the options to establish the current preferred scheme.

- Do Nothing and Do Minimum.
 - What is business as usual.

It is important to understand what a “Business as Usual” scenario would look like in order to gauge the actual benefits and outputs that will be achieved by the TiP investment.

Resource or Output	Current Business as Usual Status
Plumbing Apprenticeships.	Scarborough Tec ceases to run a plumbing apprenticeship scheme from July 2021. Existing apprentices who are part way through their course would need to travel to Leeds to continue their course. New starters would be put off taking the course due to the travel distance.
Number of Net Zero Carbon Homes delivered in Scarborough Borough as a yearly average.	We could find no evidence of any Net Zero Carbon Homes being constructed in the Scarborough Borough.
Number of Affordable Homes delivered per annum.	93 affordable homes were built between 2019/2020.
Level 3+ skills being delivered in Green Construction Skills per annum.	Zero number of Green Construction Skills were delivered during 2019/2020 academic year across the Borough.
Green Energy systems (Air Source Heat Pumps) being installed per annum.	Between 25 and 40 systems are being installed in the region per annum.
Local SME companies being employed by volume housebuilders in Scarborough – Keepmoat, Strata etc.	The feedback from our 250 SME's is that there are a negligible number of local companies being employed on the current housing sites.
Coworking Business space available for rent by new or fledgling businesses in the Scarborough Borough.	As previously noted no Coworking spaces are available locally.
Social meeting and Café facilities available in the West of the Eastfield estate.	No current facility available.

- Risks and interdependencies of scheme to other projects.

As all the other projects in the Scarborough TiP generally relate to tourism and public amenities, we don't believe the Green Construction Skills Village has any interdependencies on other schemes.



Cycling & Walking Improvements

Scarborough Cricket Club

**Fablab+
Woodend PLUS
Scarborough Fayre**

Harbour Regeneration

Station Gateway

Nature Tourism Scarborough (Wild Eye)

Green Construction Skills Village

9 Priority Projects associated with the Town Deal

5. The Proposed Investment

- Smart objectives and measure of success

- Outcomes sought of the project

By 2035 Scarborough has a resilient and talented workforce and is recognized as an area where people are supported to fulfil their potential.

Alongside the established manufacturing and engineering sector, there are growing innovations in tourism, digital, creative and renewable and carbon reduction technology.

Our businesses are supported by strong strategic partnerships between business, education and culture.

Scarborough embodies an entrepreneurial culture and pioneering spirit as the town continues to support and nurture its start-up, social and home-grown enterprises as well as attracting like-minded businesses to the area.

To support this the Green Oak Business Centre will supply high quality, well connected, flexible coworking spaces as well as professional and well-equipped meeting and conference facilities.

To compliment and support these facilities a community café will provide nutritious, sustainable refreshments as well as a connected social space for people to meet, socialize and relax.

- Our SMART Objectives

Our Smart Objectives have been developed from the Outputs and Impacts contained in the Theory of Change contained on page 65 of the TIP.

- Short term: Increased ability of Scarborough SMEs to secure contracts to deliver green housing solutions, improved skill levels in green construction techniques
 - Medium term Improved quality and sustainability of new homes, increased number of high value jobs and businesses
 - Long term: Circular economy supported by a modern tourist economy.



5. The Proposed Investment

Objectives	Measuring Success
From the TIP	
Increased ability of Scarborough SMEs to secure contracts to deliver green housing solutions.	A minimum of 22 local sub-contractors on Sohoco's supply chain when we start to build our homes, increasing this number to 50 local sub-contractors once we have built 50 homes.
Improved skill levels in green construction techniques.	A minimum of 300 Green Skills Qualifications delivered by 2025.
Improved quality and sustainability of new homes.	A minimum of 250 new homes constructed to Passive House or Future Homes Standards by 2030.
Increased number of high value jobs and businesses.	A minimum of 15 high value jobs created by 2025 for Local people.
Additional	
Support the self-employed, learners and small and micro enterprises through community focused workspace.	Insert number of calendar weeks of business desk space rented in the Centre per annum source: SBC Local plan Annual Housing report April 19- March 2020).
Provide Plumbing, Electrical and Retrofit apprenticeship courses to Level 3 or above.	Academic year 2021/22 enrolled starters 20 Plumbing apprentices 20 Electrical apprentices 20 Retrofit apprentices
Provide training courses to local residents on Green Energy, Carbon reduction and Green Skills.	300 Green qualifications delivered by 2025 across the following skills areas. <ul style="list-style-type: none"> • Loft / floor and cavity wall insulation • Domestic retrofit • Dry Lining • Installation of air source heat pumps • Photovoltaic
Construction of the Farm buildings, café and build of prototype properties built by 2023.	A minimum of 25 local trades people used in the development A minimum of 8 existing apprentices working for a minimum of 16 weeks throughout the development 2 new apprentices created and working on the build programme for a minimum of 4 weeks A minimum of 12 learners provided with 24 weeks work experience throughout the build programme



6.

Strategic
Alternatives
Test

6. Strategic Alternatives Test

- Present strategic alternatives.

Included in the TiP submission were a number of alternative uses for some of the spaces at the project.

During the design and business development phase these have been investigated and found to contribute less towards the outcomes and objectives.

Also the pandemic and other external factors have changed the direction of travel for the business.

These alternatives are scheduled below, together with the appraisal process.

Alternative Strategy	Appraisal
Development of a timber frame academy.	<p>Proposal – utilize the large barn space to set up a timber frame academy to train learners on the manufacture and assembly of timber frames.</p> <p>Investigation – as part of the appraisal process we consulted with the following specialists</p> <ul style="list-style-type: none">- ██████████ – Turner Timber, Hull.- ██████████ – Yorkshire Timber Engineering, Beverley. <p>Following factory visits and discussing the options with these stakeholders it became apparent that the proposed academy would not be financially viable for the following reasons.</p> <ul style="list-style-type: none">- The area of the large barn would be too small to cater for all the different processes required.- Specialist equipment would be required to be installed which would be a high capital cost – estimated at £200,000.- Both companies train their workforce inhouse at their facilities using their own expertise and equipment.
Partnership with Beyond Housing	<p>Discussions have been held with senior managers at Beyond Housing regarding the TiP proposals and how these could be incorporated into the Beyond Housing business.</p> <p>This was especially relevant following the purchase by BH of 3 plots of housing land from SBC in December 2020.</p> <p>Full details can be found in the Report to Cabinet on the 15 December 2020.</p> <p>This transaction brought 3 sites into the BH portfolio with a site area of circa 5.73 acres and a potential to build 62 homes on the sites.</p> <p>Sohoco discussed with BH how the GCSV could be incorporated into the model however BH decided that they wanted to pursue a full off site modular approach for the sites.</p> <p>Unfortunately this would mean no input from the GCSV and no work for any local SME's</p>

6. Strategic Alternatives Test

Alternative Strategy	Appraisal
Ground Source training and skills.	<p>Following the appointment of our specialist designer, LEDA, we revisited the decision to offer ground source training and skills at the GCSV.</p> <p>This would involve the installation of a typical system for trainees to replicate and train upon.</p> <p>After re-visiting the costs, reflecting upon the current overspend and discussing the likely demand for such systems it was decided that this would not be pursued.</p> <p>The costs to install the initial system was circa £100,000 and we assessed that less than a handful of potential systems would be installed in the borough.</p> <p>It was therefore decided to concentrate on the Air Source systems.</p>
Anaerobic Digestion Course	<p>Following discussions with Matthew Girking at GWE Biogas in Driffield it was felt that this new technology sector was too specialized to be effectively taught at the GCSV.</p> <p>The equipment used in the process is extremely large and costly and the best route to any training is to use the working facilities at Driffield.</p> <p>GWE Biogas also confirmed that these type of digestors were hugely complex and costly to build and so would be quite niche in the region.</p> <p>For this reason, we decided to simply inform students of the technologies and specialists during the wider Green Energy syllabus and not dedicate funds and resources to this sector.</p>
Student Hub	<p>The Student Hub is essentially a coworking office for students who are either still at school, college or university.</p> <p>After an initial discussion with [REDACTED] SBC we began discussions with 4 students who had contacted the council with a similar concept.</p> <p>Whilst their idea revolved around a hub in the town centre we asked if they would be willing to work on a potential site at the GCSV.</p> <p>A number of meeting have been held, and these are now chaired by [REDACTED] from SBC.</p> <p>The next stage is to engage with Pindar School as they are the closest secondary school and without their buy in to the concept the project is essentially a non starter.</p> <p>We have also contacted Pindar School but up to press have not managed to meet to discuss the proposals further.</p> <p>Whilst not discounted yet this option remains open to development.</p>



7.

Incorporating Stakeholder Views

7. Incorporating Stakeholder Views

Throughout the TiP process and then during the Planning and Design stage we have continually sense checked our Business Plan and Designs with industry specialists and local stakeholders.

Ultimately the Strategic Plan for the site is sound, however ensuring we hone our plans to this emerging market is essential.

The support we have received from Scarborough Council has been fantastic and has ranged for the initial discussions regarding setting up Sohoco, through to investing £500,000 at High Eastfield Farm to make the buildings weathertight.

This has laid the foundations for the Green Construction Skills Village, and it is the Towns Deal funding that will enable these authority owned buildings to be transformed into a vibrant, industry leading training and business center.

We would take this opportunity to thank all those stakeholders who have contributed, and would briefly summarise their input as follows

Stakeholders	How have they shaped, influenced and supported the GCSV?
Scarborough Borough Council.	<p>In 2020 the existing Construction Skills Village moved to their new home at High Eastfield farm. The site is owned by SBC and is leased to Northern Regeneration who operates the Skills Village.</p> <p>SBC actively encouraged the concept of expanding the Skills Village to incorporate Green Construction Skills, and to seek Towns Deal funding to fit out the farm buildings.</p>
Local and Government Councilors.	<p>Since Northern Regeneration set up the construction skills village in 2015, we have had strategic support from Government MP's Robert Goodwill. We have had visits from the senior management teams of CITB, who provided circa £20m of funds to replicate our model across the country.</p> <p>We have had strategic support from previous councilor's including the Ex-leader of SBC Cllr Derek Bastiman and deputy leader Cllr Sandra Turner, who were influential in helping set up the first construction skills village.</p> <p>Most recently we continue to have strong support from the new leader of SBC, Cllr Steve Siddons and the Chief Executive Mike Greene, who have congratulated us on our achievements to date and fully back our proposal to build low carbon homes with local tradespeople, whilst expanding our offer into Green Skills.</p> <p>We recently put forward our proposal to build 2 low carbon homes as part of the Towns deal and we gained a unanimous decision by the planning and development committee to approve full planning permission for the two prototype homes with both Cllr's Norton and Trump saying this was an excellent scheme, innovative and much needed for the Borough.</p>

7. Incorporating Stakeholder Views

Stakeholders	How have they shaped, influenced and supported the GCSV?
YNY LEP.	<p>We continue to maintain strong strategic support from YNY LEP. Most recently we were encouraged to put forward a Green Construction skills proposal to the Community Renewal fund, managed by North Yorkshire County Council with full support of James Farrah (Chief Officer) and [REDACTED] (Programme Manager Economic response). In addition, we work closely with [REDACTED] (Senior Strategy Manager for Skills) and [REDACTED] [REDACTED] (Workforce Skills Lead) in developing proposals for the future prosperity fund.</p>
Northern Regeneration.	<p>The new Facilities which Sohoco are developing through the Towns Deal funding, will help take the construction Skills Village to a new level as we continue to develop and deliver programmes to learners and apprentices which are demand led and industry focused. It will also enable us to expand our provision into the emerging green skills agenda which will be critical if the Government; s ambitions to hit net zero by 2050. In addition, with the building of the two prototype homes, this will enable us to develop a current and future workforce to meet local, regional, national and international priorities.</p>
Non Executive Directors.	<p>The Non- Exec Directors have governed Northern Regeneration from inception, and they have played a key role steering NR through these last 5 years. They have encouraged and fully support the new development at High Eastfield Farm as they see the creation of many opportunities for local residents, learners and businesses, those being:</p> <ul style="list-style-type: none">• New housing being built in the area with modern technologies and low carbon facilities which will enable the local workforce and apprentices to develop new skills and techniques• Apprentices and learners will have the opportunity to learn new skills and modern methods which is not delivered locally or in the county• The economy will significantly benefit as more individuals gain employment or apprenticeships with the opportunity to earn good salaries with the funds being spent locally.
CSV Construction and Training	<p>The new Facilities which Sohoco are developing through the Towns Deal funding, will help support CSV Construction and training to engage more construction companies and support the development of their workforce through Plant training alongside Health and Safety Training and NVQ's. which are in high demand as the industry continues to thrive</p>

7. Incorporating Stakeholder Views

Stakeholders	How have they shaped, influenced and supported the GCSV?
Broadacres.	<p>Broadacres have outlined a sustainability strategy which will lead all its homes and operations having net zero carbon emissions within the next 30 years. They have already started changing traditional boilers to air source heat pumps and will install over 200 in 2021/22. However to achieve our targets we need a trained and skilled workforce and supply chain and this is where our partnership with GCSV and Sohoco comes into play.</p>
Keyland Developments.	<p>Discussions with Keyland regarding their drive to improve the Social Value delivered on their developments led to the involvement of their Architectural partner, Spawforth.</p> <p>Keyland have funded the design of the Innovation Hub and have indicated that it is this design of home that they would like to promote on their development sites.</p>
Design Team and Specialist Designers.	<p>The design team including SALT Architects, Spawforth, LEDA and others have all contributed their expertise in designing the proposed fitting out and new build works at the GCSV.</p>
CPH Agents.	<p>██████████ who has over 20 years experience in the local housing market in Scarborough has input his expertise into the design of the Innovation Hub to ensure we capture the house buyers desires in our final designs.</p>
EMCE.	<p>EMCE are a local electrical and mechanical subcontractor and are currently carrying out the Early Works M&E installation in the Small Barn.</p> <p>They have also committed to taking four new apprentices when the electrical and plumbing courses start on the site in September 2021.</p> <p>We have also asked for their input into how the courses can be structured, and how the new green skills training is best incorporated within the syllabus.</p>
Skills Village Apprentices.	<p>Throughout the development the Skills Village apprentices will be involved in both the development of the two prototype houses with their employers who will be part of the supply chain. They will also be involved in the development of the Barn building, small barn, café etc, as this will provide them with real hands-on experience to help develop their skills, knowledge and behaviors which is a key requirement of their apprenticeship.</p>

7. Incorporating Stakeholder Views

With regard to future engagement activities, we have continued the excellent foundation laid by the original TiP and have considered the future strategy included on page 82 of the TiP report.

Interestingly Richard Askew makes comment on the need for better office space for SME's and as this is part of the project at the GCSV we will include Richard in our engagement programme.

Future Stakeholder Engagement	Desired Feedback / Outcome
Richard Askew – Woodend Plus.	Commentary and feedback on what type of office space would suit local SME's.
Eastfield Public Consultation.	Open invitation public consultation to be held at High Eastfield Farm to showcase the proposals and to obtain feedback on the community café, office space, student hub and the training facilities.
Scarborough Chamber of Commerce	Open invitation public consultation to be held at High Eastfield Farm to showcase the proposals and to obtain feedback on the community café, office space, and general facilities.
CITB	Open invitation to discuss working together with a view to working towards Net Zero.
FMB	Open invitation to invite their members to understand the benefits of Passivhaus standards and how their members could become part of Sohoco supply chain and upskill their workforce in Green technologies.
Schools	Open invitation for pupils and teachers across NY to come along and understand the challenges around climate change and learn new skills and gain knowledge on the benefits of reducing their carbon footprint.
Colleges across NY	Open invitation to collaborate with college students and trainers across NY to come along and understand the mechanisms around Passivhaus and low carbon homes and learn new skills and gain knowledge on the benefits of reducing their carbon footprint.
Universities	Open invitation for graduates and lecturers across NY to come along and understand the mechanisms around Passivhaus and low carbon homes. Collaborate with us to develop programmes locally to meet the net zero challenge, whilst developing higher level job opportunities through our supply chain.
SBC Climate Change Strategy Group	Collaborate with the group to ensure we keep abreast of the challenges and opportunities which will be presented over time.



Sense Check and Strategic Case Summary

Sense Check and Strategic Summary

As a final summary and sense check we would record a progress statement with regard to the Early Works being carried out in the Small Barn, and the progress being made to deliver Electrical and Plumbing Apprenticeships from September 2021.

As noted previously the Scarborough Tec College will stop delivering these apprenticeships from summer 2021, with no alternative venue closer than Leeds.

In order to deliver these from the Green Construction Skills Village we would confirm.

- Sohoco have forward funded £95,000 to carry out fitting out works in the small barn. Whilst these funds will ultimately be reimbursed from the Town Deal funding we have needed to cash flow these funds from our working capital.

These construction works are well advanced and will be finished on the 3 September.



- Northern Regeneration have agreed to lease this area of the GCSV from Sohoco and have agreed a rent payable.
- NR have recruited an additional three trainers who will deliver the following courses from September 2021. Plumbing | Electrical Installation | Joinery | Groundworks | Brickwork | Plastering.
- NR have approached local learners and local businesses and have recruited 86 apprentices who will start their courses in September 2021.
- NR have successfully secured £365,000 of funding from the ESFA to deliver training to unemployed individuals and adults on low wages.
- NR has successfully secured uncapped apprenticeship funding from the ESFA to support the delivery of Apprenticeships, this currently stands at £240K
- NR has successfully secured £200k of funding from Community Locally Led Development funding

Sense Check and Strategic Summary

- NR are awaiting the outcome of two funding applications this being: £200k from the Department for Work and pensions and £310k from the Community Renewal fund, both decisions are imminent. If successful we will deliver a whole range of green skills qualifications including the installation of Air source heat pumps and photovoltaic

We believe this clearly demonstrates there is a need locally for the Green Construction Skills Village, and that the outputs and outcomes identified will be achieved.



Get in touch

Call us at **01723 585009**, email the team on **info@sohoco.co.uk** or look at our website **sohoco.co.uk**





Green Construction Skills Village. High Eastfield Farm, Scarborough
Economic Case



Building a sustainable future for everyone

Economic Case

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1. Introduction

Welcome to the Economic Case section of our submission in which we will demonstrate the wider economic benefits of the Development.

As this section of our submission needed specific economic skills, and knowledge of how MHCLG and Government needed the various metrics calculating, we employed a specialist to write the Economic case.

Our consultant is Amion Consulting who are based in London and Liverpool – www.amion.co.uk.



They are extremely experienced in writing economic cases and are currently involved in 13 Town Fund bids.

AMION Consulting



AMION has been assisting with **Town Funds** bids for:

Blackpool	Boston	Burton	Clay Cross	Dudley
Skegness	Smethwick	Stocksbridge	Runcorn	Nuneaton
	Telford	Wolverhampton	Worcester	

Further analysis was then carried out in collaboration with the SBC Towns Deal Team on the financial costs and planned operations of the businesses.

Further work has also been completed in collaboration with SBC on the benefits of the scheme to better reflect the Value for Money the project brings.

1. Introduction

Our Economic Case shows

- A long list of options have been considered and have been narrowed down to our preferred option in a logical and considered manner.
- The preferred option has been shown with three funding levels /scenarios and associated benefits. These are
 1. Complete the full initial project scope.
 2. Complete the full scope with value engineering adjustments.
 3. Complete a revised scope to meet Towns Fund allocated capital only. These changes include
 - Removal of the Innovation Hub
 - Removal/holding the development of the stable block.
 - Reduction in external works.
 - Light fit out to the café area.
 - Benefit in kind added for works being undertaken by trainees from the Skills Village.
- Our Value for Money Assessment shows a Project BCR of
 1. Option 1 – BCR is 5.16
 2. Option 2 – BCR is 5.69
 3. Option 3 – BCR is 8.09
- Our VFM analysis showed the greatest value for money option to be the scheme with the reduced scope, this is due to the capital elements that have been removed being attributable to a smaller proportion of benefits per £1 invested.
- Further non quantified benefits are significant including those resulting from the construction of zero carbon homes which is part of the wider Sohoco business plan.



2.

Practice Notes

2. Practice Notes

The Economic Case determines the value for money of the investment. It should include an analysis of monetised benefits and costs, as well as non-monetised benefits. The benefits and costs assessed should be aligned to the objectives set out for the project in the Strategic Case. It is important that Economic and Strategic Cases are closely aligned.

As noted in the MHCLG Stage 2 guidance “Net present social value and benefit-cost ratios should not be treated as a full representation of value for money. Rather, they should be used to summarise the benefits and costs that can be readily monetised or quantified. There may be wider strategic or social value to an intervention which may not be easily assimilated into calculations.”

The level of modelling should be proportionate to the funding ask and size of the scheme.

Towns should decide how to treat Covid-19 impacts. We recommend this is factored into the projections of benefits either in a core scenario or as a sensitivity test. Additional resources to help you consider the impact of Covid-19 are available on the TFDP website.





3.

Approach to Economic Case

3. Approach to Economic Case

Introduction

The purpose of the **Economic Case** is to identify the proposal that delivers best public value to society, including wider social and environmental effects.

Approach to Economic Case

The Economic Case assesses the economic impacts of the **Green Construction Skills Village** project and whether value for money for the public sector is optimised. This initially involved developing a long-list of options, with the options qualitatively assessed to identify a short-list. A quantitative comparison of the shortlisted options and the base case is then set out to identify the preferred option. Sensitivity analysis follows to test the quantitative findings of the preferred option.

The assessment of economic benefits for this **Towns Fund** scheme has been undertaken in full compliance with the latest **HM Treasury Green Book** (2020) and relevant Departmental guidance, such as Ministry for Housing, Communities and Local Government (MHCLG).

There are a number of overarching assumptions which apply to the value for money assessment (unless otherwise stated):

- all short-listed options have been appraised over a 30-year period
- where Present Value figures are presented, cost and values have been discounted at 3.5%
- all monetised costs and benefits have been converted to 2021/22 prices
- costs and benefits of the intervention option are presented in net terms, relative to the base case
- Adjustments have also been made for additionality e.g. leakage, displacement and multiplier effects where appropriate (as detailed below).
- Optimism Bias of 20% has been calculated using HM Treasury methodology and included in the value for money analysis.

As set out within the MHCLG Appraisal Guide, projects should be appraised on the basis of a **Benefit Cost Ratio** (BCR). Benefit Cost Ratios, or BCRs are widely used in government to assess the overall value for money of intervention. They are expressed as ratio of benefits over costs. For example, a BCR = 1.34:1 means that a project will generate £1.34 of benefit for every £1.00 of cost. It is important to note that these inputs are not financial and are only used in the Economic Case to assess VFM

The calculation of costs and benefits has accounted for latest recommendations from MHCLG in relation to the Towns Fund, as well as other recent publications for regeneration and cultural projects. Reflecting the diverse nature of the interventions and their expected impacts, as well as the existing conditions within Scarborough, a wide range of external benefits have been assessed in accordance with guidance as set out in the Economic Benefits section below.



4.

Economic Costs and Benefits

4. Economic Costs and Benefits

Long-list of options

A range of alternative options for the development of the Green Construction Skills Village in Scarborough have been considered, as shown in Table 4.1.

Table 4.1: Summary of options

No.	Option description
1.	Do nothing

- Scarborough TEC ceases to run plumbing apprenticeships from July 2021 meaning existing students would have to commute to Leeds and new starters would be very unlikely to enroll in the course
- There would continue to be no provision of Green Construction skills in Scarborough
- No co-working business space would be available locally

DISCUSSION:

- The Green Construction Skills Village is critical to ensuring Scarborough has the necessary skills to support the construction industry
- Risk of “brain drain” as individuals may relocate to gain the skills and qualifications elsewhere, reducing the economic capabilities of Scarborough and its labour force
- Historic market failures would fail to be addressed and Scarborough would continue to lack the necessary skills required for the transition to Net Zero
- Although this option does not align with stakeholder objectives, it represents the Base Case and therefore it is recommended to be taken forward by HM Treasury Green Book

2. Green Construction Skills Village (preferred option)

- Town Deal funding is used to deliver a new training centre specifically for low carbon construction skills which will upskill the local population offering higher level courses and qualifications

DISCUSSION:

- Aligned with strategic priorities for Scarborough Borough Council and national government such as The Ten Point Plan for a Green Industrial Revolution
- Supports the Scarborough Town Investment Plan vision supported by Scarborough Town Deal Board
- Will address market failures currently experienced in Scarborough

3. Development of a timber frame academy

- Utilising the large barn space to set up a timber frame academy to train learners on the manufacture and assembly of timber frames

DISCUSSION:

- Investigations into the feasibility of the option found that it would not be financially viable due to the size of the barn (too small), high capital cost for specialist equipment and lack of demand (both specialist companies consulted train their workforce inhouse at their own facilities)

4. Economic Costs and Benefits

4. Provision of Ground Source training and skills

- This option would involve the installation of a typical ground source heat pump system for trainees to replicate and train upon

DISCUSSION:

- After re-visiting the costs, reflecting upon the current overspend and discussing likely demands for such systems, the option was deemed to be unfeasible for Sohoco

5. Anaerobic Digestion Course

- Provision of a course focussing on Anaerobic Digestion – a new technology sector

DISCUSSION:

- Following discussions with [REDACTED] at GWE Biogas in Driffield it was felt that the sector was too specialised to be effectively taught at the GCSV
- The equipment required for the process is extremely large and costly and the best route to training is through use of working facilities at Driffield

6. Student Hub

- Coworking office for students who are either still at school, college or university

DISCUSSION:

- Option considered in response to requests from 4 students for a similar concept
- Preferred option from students is for a hub located in Scarborough town centre rather than High Eastfield Farm
- Although SBC are continuing engagement on a potential student hub, it was judged that the GCSV site was unsuitable due to its peripheral location and accessibility issues for young people

Short-listed options

Reviewing the long-list of options, it is clear that a number of scenarios do not provide for a satisfactory outcome for Scarborough Borough Council and the Town Deal Board. Following initial engagement and consultation with specialists in their respective fields (including low carbon construction), a number of options were discounted due to their lack of feasibility and the risks associated with the options. Additionally, many of the options involved new technologies with high initial capital costs and relatively little experience in operation elsewhere.

Overall, following the short-listing process, the following option has been carried forward into the Economic Appraisal:

(i) Preferred option

This option involves delivering the new Green Construction Skills Village at High Eastfield Farm. The preferred option has been shown with three funding levels / scenarios and associated benefits. These are

Option 1 – Complete the full initial project scope.

Option 2 – Complete the full scope with value engineering adjustments.

4. Economic Costs and Benefits

Option 3 – Complete a revised scope to meet Towns Fund allocated capital only. These changes include

- Removal of the Innovation Hub
- Removal/holding the development of the stable block.
- Reduction in external works.
- Light fit out to the café area.
- Benefit in kind added for works being undertaken by trainees from the Skills Village.

Findings

Value for money

The analysis showed the greatest value for money option to be the scheme with the reduced scope, this is due to the capital elements that have been removed being attributable to a smaller proportion of benefits per £1 invested.

Costs	Option 1	Option 2	Option 3
Capital costs	1,108,554	988,917	586,927
Economic costs	1,852,540	1,679,732	1,170,875
CBR	5.16	5.69	8.09

Affordability

The finance business case showed a small profit from operations, and is based on a service charge cost model with low risk revenue contracts. Minimising the risks and providing sustainability assurance of the facility. Details of the assumptions and models are given in the report.

Business model overview

The Project can be split into 3 distinct parts – each with different end markets and operating models – this brings an element of diversity to the business which reduced its market risks elements

The 3 business operations are

Training facilities	Green construction skills village	Areas sublet to Northern Regeneration for training in green energy solutions
Café	Café area public and business use	Area sublet or managed use
Green Business Centre	Meeting rooms, conference facilities and desk space for rent	Managed externally or internally

4. Economic Costs and Benefits

Capital Costs

Capital Costs have been identified from quotes for work received – based on the current design plans. The quotes assumed an earlier start date than now expected and will therefore be subject to materials and labour inflation uplifts

Cost have been broken down to the specific work areas looking at the communal works and facilitation M&E costs. And subsequently different building elements as follows – with the base case representing the project under the current funding restraints

The Capital costs for these and the current additional funding requirements are shown below:

Work Area	Max Case	Medium case - Appendix B	Revised Base case plan
Project planning and design			
Project plan development	35,823	35,823	35,823
Project Management & business case	37,505	37,505	34,005
Total	73,328	73,328	69,828

Required for entire build			
Internal works			
M&E works	84,772	72,772	72,772
Entrance & Floor works	48,300	35,300	35,300
	133,072	108,072	108,072
External works			
Car park	131,895	131,895	15,987
Relocation CSV	46,051	46,051	46,051
Building signage	3,000	3,000	3,000
	180,946	180,946	65,038
Total	314,018	289,018	173,110
Training areas			
Small Barn	65,026	65,026	65,026
Large barn	5,000	5,000	5,000
Side Building Part	41,871	14,333	27,537
Innovation Hub	121,518	106,518	0
Total	233,415	190,878	97,563

4. Economic Costs and Benefits

Required for entire build			
Business operational space			
Side Building - Part	83,742	68,279	55,075
Stable Block	42,061	42,061	0
Total	125,803	110,340	55,075
Retail area			
New café area	59,946	48,446	48,446
Total	59,946	48,446	48,446
Other development impacts			
Phase 3 works once funding sourced	50,000	50,000	0
Total	50,000	50,000	0
Total Capital build costs	783,182	688,682	374,195
Contingency – building works	79,148	69,698	37,900
Risk adjusted capital costs	862,330	758,380	412,095
Development on costs			
Prelims	49,390	49,390	49,390
Developer costs 6%	46,991	41,321	22,452
Total on costs	96,381	90,711	71,842
Total project development costs	1,032,039	922,419	553,765
Project contingency	76,515	66,498	33,162
Project capital cost Total	1,108,554	988,917	586,927
Funding			
Towns fund	535,000	535,000	535,000
Match in kind	0	46,000	46,000
Total	535,000	581,000	581,000
Funding Gap	-573,554	-407,917	-5,927

4. Economic Costs and Benefits

Assumptions and estimate basis

Planning and design –

- Costs have been based on quotes received and works complete

Building works

- Max case: based on quotes for initial full work scope
- Mid case: based on value engineered quoted
- Base case: based on reduced scope
- Contingency: based on 10% of costs – excluding work complete and fixed quotes to allow for price inflation

Professional fees

- Prelims: based on 26 weeks cost quotes
- Developer fee: based on developer margin of capital build costs (6%)
- Project Contingency: Capital cost: based on 10% total costs – less fixed quotes

Operating costs

Operating costs have been included to each model based on the area developed and end use. This has been calculated based on business segments, and a business model incorporating the sub lease of 3 distinct operating areas to established entities to run the operations.

This is thought to be the preferred operating model as it allows the businesses to be run efficiently and minimises financial volatility and therefore risk to Sohoco, to ensure greater sustainability of operations.

Revenue costs

Revenue costs included in the project model include

- Lease payments: for the land and car park subleased from Northern Regeneration at 30% of head lease value, based on the value of the development incorporate to the lease over the 30 year period
- Business rates: Based on the 3 separate business occupancies, calculated on estimated rateable income of the units and the current business rates multiplier. It is expected that 70% of this cost will be passed over to the unit tenants on entering lease agreement
- Corporate overheads: this includes insurance, security and maintenance costs for the whole development – paid and operated by Sohoco
- Staffing costs: this is based on a Building Manager and cleaner employed by Sohoco, it includes allowance for on costs and holiday cover
- Other Running costs: include utilities, internet and phone services, general supplies
- Variable costs: includes marketing and professional service costs, these are expected to be stepped costs on business operations, and have been included at 15% of business services income and 5% operating income retrospectively.

4. Economic Costs and Benefits

Service charge

Building operations will be completed for all lease holders by Sohoco as building managers, as such a proportion of the shared costs will be recharged to the tenants. This has been included at a rate of 60% (excluding premises and corporate overheads)

Due to the operating model with low consistent lease payments and service charges, the operating risks are reduced significantly

Operating Income

Based on the sublease model – on the operating elements of the build, including the following assumptions:

Area	Assumption	Option 1	Option 2	Option 3
Training space:	Price between £4.50 - £6.50 psf with quality premium for innovation hub and additional fixtures	£48,429	£44,027	£40,027
Business operational space	£5 psf rate assumed for long lease and low risk	£22,691	£20,628	£9,673
Café area	10% expected gross profit	£9,900	£9,000	£9,000
Total		£81,020	£73,655	£58,700

Economic Costs

The below table shows the estimated economic costs (Gross and net) over a 30 year period: incorporating the above

Option	Description	Short list option ref	Total project capital	Contingency requirement 10%	Optimum bias	Total capital	Economic cost (30 years)	Total economic cost	30 year income generation	Net economic cost
1	Construction of the planned project – full scope	1	952,891	79,148	76,515	1,108,554	743,986	1,852,540	1,462,417	390,123
2	Construction of the planned project – including value engineering	2	852,721	69,698	66,498	988,917	690,815	1,679,731	1,329,797	349,934
3	Revised scope for the project meeting – affordability criteria	3	515,865	37,900	33,162	586,927	583,948	1,170,874	1,060,524	110,350

4. Economic Costs and Benefits

Economic Benefits

The economic modelling included a number of monetised benefits. These included (i) development learning; and (ii) productivity benefits from moving residents into employment.



5.

Additionality

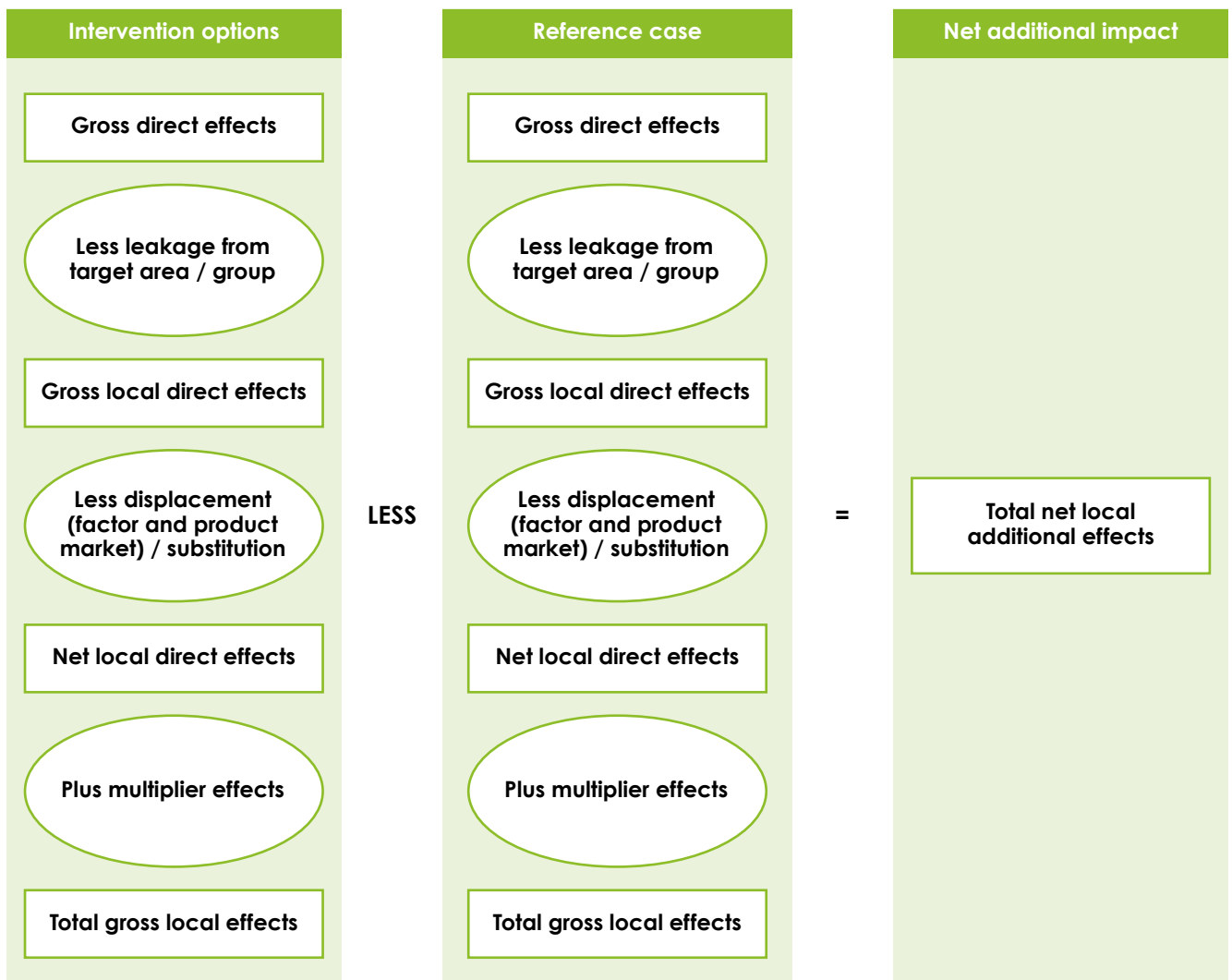
5. Additionality

Of key importance in assessing the impact of the proposals on the local economy is the extent to which new activity is truly additional, in other words it does not simply displace existing activity. Furthermore, it is important to understand who is likely to benefit from the impacts generated and the degree to which further demand and investment is stimulated.

To assess the net additional impact of the proposals and overall anticipated additionality of the proposed project options, the following factors have therefore been considered:

- **Leakage** – the proportion of outputs that benefit those outside of the project's target area or group
- **Displacement** – the proportion of project outputs accounted for by reduced outputs elsewhere in the target area. Displacement may occur in both the factor and product markets
- **Multiplier effects** – further economic activity associated with additional local income and local supplier purchases
- **Deadweight** – outputs which would have occurred without the project (Base Case)

The approach to assessing the net additional impact of a project, taking into account the above adjustments, is shown diagrammatically below.



5. Additionality

For the economic modelling, we have assumed a composite additionality factor of 70%.

There are a number of significant economic benefits driven from this project, these have been identified and assessed in terms of the business segments and the key value drivers of the operations. Including:

Quantified benefits and VFM indicators

The below models link to that in the overview economic case, however include additional benefits and adjustments for

- Income generation in project (net economic cost private sector)
- Additional annual investment inflow
- Land value uplift estimates
- Updated training and learning benefits (over 30 year timeframe)
- Optimism bias capital only

Costs	Option 1	Option 2	Option 3
Towns Fund	565,000	535,000	535,000
Private sector capital	543,554	453,917	51,927
Total capital	1,108,554	988,917	586,927
Private sector revenue costs	743,986	690,815	583,948
Total costs PV	1,852,540	1,679,732	1,170,875

Benefits	Option 1	Option 2	Option 3
Private sector income	1,462,417	1,329,797	1,060,524
Net present value	390,123	349,935	110,351

Training and learning benefits	3,259,209	3,259,209	3,259,209
Additional inward investment	5,793,494	5,793,494	5,793,494
Land value uplift	300,000	300,000	240,000
Employment Benefit	203,700	203,700	183,330
	9,556,404	9,556,404	9,476,034

BCR Gross costs	5.16	5.69	8.09
------------------------	-------------	-------------	-------------

* all training benefits are realised all scenarios

5. Additionality

Benefit notes and assumptions

- **Company Income:** there are revenue income streams driven by the businesses to Sohoco based on the estimated rates available for the lease space giving the following Present value estimates based on the 30 year period for the 3 scenarios – shown above
- **Investment:** income provisions provided for the new training, would not be possible without the investment enabling space.
 - ESFA Apprenticeship funding – uncapped amount based on provision numbers. Based on current average income for apprenticeships of £5450, new apprentice offering illustrated would increase investment to the town by £490k based on a 20% leakage factor and 20% risk adjustment factor this is estimated at £315k pa
 - Additional funding pots are also available to support the training which are actively bid for through Northern Regeneration. The increased course provision will gain greater access to funds and further increase the available investment to the town.
- **Land Value uplift:** The development improvements is estimated to generate a land value uplift of £300,000. This incorporates the overall area value and impact to neighbouring properties. This has been reduced by 20% for the base case option

Training and learning benefits

- Included in the model using the wage premium percentage uplift to gross annual earnings for each apprentice or further education student, based on the average level 2 and level 3 increase. Benefits are included at the additional student numbers, with annual impacts shown as a 2 year lag, with 70% assumed to move to employment on-course completion, over the 30 year period = £4,074,012 adjusted for 20% leakage – £3,259,209 PV
- Increase local skilled labour: increases productivity of local firms, due to availability and location of skills (To Be Quantified)

Employment

- There are various levels of employment benefits attached to this project in the form of Short Term
 - Temporary jobs created throughout construction period
 - Direct Jobs created from the facility management
 - Direct jobs created in the training provision
 - Apprentice jobs created through the schemes
 - Direct jobs created in the business and café area

Medium/longer term

- Permanent jobs created through specialist skill and industry shifts
- Increase jobs SME due to increased demand
- Temp construction jobs through increased development investment

The economic case has been based on 20 FTE roles being created.

This excludes apprentice jobs, but includes supply chain multiplier with a total labour supply benefit quantified at £203,700 - This has been used for the purpose of the options costing, but is considered low for the scheme outlook. Reduced by 10% base case



6.

Non-
Quantified
Benefits

6. Non-Quantified Benefits

Building upon the analysis of quantifiable effects, consideration of the wider economic, social, and environmental benefits associated with each option has been undertaken. The GCSV will deliver significant image and reputational benefits to Scarborough, as well as improving residents' perception of the town by demonstrating the range of opportunities and careers open to them.

Other additional benefits not quantified include

Employment

- Increased employment opportunities in the town
 - Reduced unemployment
 - Increased wealth in the town
 - Increased spending GVA
 - Increased public health benefits
 - Reduced benefit payments
- Employment balance movement
 - Reduction of industry risk concentration
 - Increase in diversity of skills
 - Increase local career opportunities

Increase average wage

- Increased wealth in town
 - Increased surplus cash
 - Increased local spending
 - Increased public health

Office space

- Create space available for local people to work and removes barriers from agile working ability, local people working for companies outside the borough, generating a wage spent locally.
- Increases the ability to retain high skilled individuals in the town

New Homes

- The skills and reputation of the GCSV will increase the branding of the town and create interest from developers for future quality house builds.

Benefits attached to quality new homes

- Council tax income for local authority
- Regeneration of areas
 - Increased social rating
 - Greater diversity among estates
 - Reduced crime and anti-social behaviour

6. Non-Quantified Benefits

Zero carbon homes

The availability of local labour and increased skilled people will act to reduce the additional premium for building a zero carbon home, and therefore increase the commerciality of the builds. This is expected to increase the proportion zero carbon homes built in the town, gradually as supply becomes readily available.

Benefits from Zero carbon homes include:

- Reduced average carbon emissions
 - Cleaner air / less air pollution
 - Increased public health

- Reduced running costs for home owner
 - Increased surplus cash
 - Increased spending

- Lower dependence on imported goods
 - Lower export and import risk
 - Greater confidence economic projections



7.

Value for Money Assessment

7. Value for Money Assessment

A bespoke economic model was created to calculate the Benefit Cost Ratio for the proposed intervention. The results are summarised below.

Costs	Option 1	Option 2	Option 3
Capital costs	1,108,554	988,917	586,927
Economic costs	1,852,540	1,679,732	1,170,875
CBR	5.16	5.69	8.09

Sensitivity testing

A sensitivity analysis has been undertaken to test the robustness of the value for money estimates and their susceptibility to change in any of the key conditions and assumptions underlying the programme. The sensitivity analysis has taken the following form:

- **identification of switching values** – this approach identifies the point at which the project moves from offering ‘acceptable’ value for money (BCR > 1.0) to ‘poor’ value for money (a BCR of under 1.0), as defined in the DCLG Appraisal Guide. The switching values for both costs and benefits are identified for the preferred option.

Switching values

This analysis calculates how much public sector costs or benefits would have to change in order for the project’s BCR to be less than 1.0 (i.e. the standard set by MHCLG guidance to be unacceptable, and the point at which the project would be considered to represent “poor” value for money in relation to the assessed public sector economic costs). The table below presents the results which indicate that the costs of the preferred option could increase by 181% before it became ‘poor’ value for money, whilst the benefits could fall by 64%.

Table 4.7: Switching Values

	Intervention option
Percent change in net additional benefits	-64%
Percent change in net costs	181%



8.

Summary

8. Summary

The analysis undertaken in this Economic Case was consistent with HM Treasury's Green Book and other departmental guidance. For the **Green Construction Skills Village** project, specific benefits come from benefits associated with wage premium from education and labour supply. The costings have been calibrated for Optimism Bias and discounted using HMT's 3.5% discount rate.

The **BCR = 8.09 for the preferred option** provides a "strong" value for money. (MHCLG Appraisal Guide classes a BCR greater than two as 'high' value for money and between one and two as 'acceptable').



Get in touch

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Green Construction Skills Village. High Eastfield Farm, Scarborough
Financial Case



Building a sustainable future for everyone

Financial Case

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1. Introduction

Welcome to the Financial Case section of our submission in which we will demonstrate the affordability of the scheme, the robust nature of the costs we have collated, where the revenue will come from and potential sources of funding.

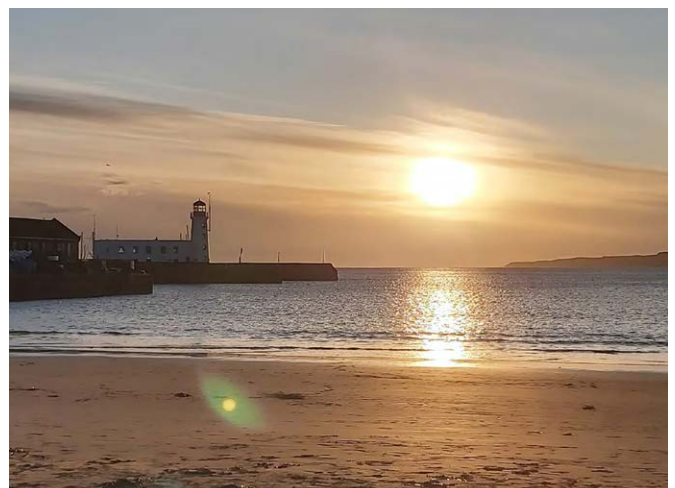
We will also detail a Financial Business Case that shows the scheme making a profit from 2023, and a strategy to retain this profit to maintain a contingency in our accounts for any future unknowns or to weather an economic downturn.

Our plans deliver on the Outcomes sought by the Scarborough Town Investment Plan.

- **“New direct and indirect jobs created”**
- **“Higher Value Employment Opportunities”**
- **“Leveraging in at least £35m of further public and private investment”**
- **“More enterprises utilizing high quality spaces including start-ups and/or scaleups”**
- **“Successful diversification of its key economic sectors”**
- **“More opportunities to learn new skills and new learners assisted”**

Our Financial case shows

- We have an accurate and market tested cost plan for the expenditure of the Town Deal Funding.
- We have a plan to source the remaining funding needed to complete our vision for the GCSV.
- We understand the current volatility in construction prices and have a plan to mitigate these.
- Carrying out our fit-out works will increase the SBC Asset value at High Eastfield Farm by approximately £300,000.
- The local economy could benefit by £75m over the next 15 years from the activities of the GCSV.





2.

Approach to Financial Case

2. Approach to Financial Case

a. Funding options considered

Funding should be considered in two quite distinct categories and should follow the intention in the original TIP.

This was clarified on page 65 of the TIP document where it was stated that £0.535m was to come from Towns Fund capital investment and that £3m co-funding would be sought from the Devolution Deal.

Revenue Funding

In this section we would like to give an update on Revenue Funding and where this is likely to come from.

As can be seen from our Main Introduction and the Strategic Case the strategy is for Sohoco to receive the capital grant, carry out the construction works and then rent the completed spaces to Northern Regeneration.

Northern Regeneration will then source Revenue Funding to fund trainers, overheads, teaching resources and materials as well as the support staff needed to run the new courses.

This funding will come from current contracts which are secured such as, the ESFA funding of Apprenticeship delivery, CLLD programme delivery, ESFA Adult Education delivery. Alongside this we will aim to secure long term funding contracts which will come on line in 2022 for example the Shared Prosperity Fund.

Capital Funding

As can be seen from the Cost Plan included in Appendix A the estimated total cost for completing all the proposed fit out and construction works is circa £900,000.

As the Towns Deal funding is capped at £535,000 we have investigated alternative sources for the remainder of the monies.

It should however be clarified that the Business Plan included later in this section is based on only part of the overall project being completed. This however does show that the scheme is commercially viable, and that the business is profitable.

Sources of funding

i. Towns Deal Fund

As included in the original TIP the amount of funding available through the Towns Deal is £535,000.

This however is subject to the deduction of SBC costs which have yet to be advised.

For the purpose of our Green Book Business Case we have assumed that this deduction will be relatively small.

ii. Business Loan from NR

Our partner/sponsor business, Northern Regeneration is a registered Community Interest Company and as such has no desire to make a profit. However, as the business has traded strongly for 6 years, they do have a surplus in the business that could be used to fund capital works.

This facility has recently been used to cross fund the fitting out works in the small barn, and a Business Loan of [REDACTED] has been agreed.

It should also be noted that should the new facility have early periods of financial shortcomings through either increased costs or lower than planned income a Bridging Loan facility has been agreed with Northern Regeneration. Whilst these loans will need to be repaid it will provide a flexible and instant credit facility should the need arise.

2. Approach to Financial Case

The rationale behind this is multi-dimensional however the principal reasons for Sohoco carrying out the works are

- Experience and Capability – the directors of Sohoco have over 40 years' experience in carrying out construction projects whereas NR expertise is in training and skills.
- VAT – as noted later Sohoco are VAT registered and will be able to claim back the VAT spent on the works. NR are not as their funding mainly relates to training and education.
- Ongoing Business – Sohoco's business strategy is to continue their construction and house building activities on other sites. By carrying out the works at High Eastfield and constructing the Innovation Hub they will begin a long and sustainable journey with the local SME businesses.

iii. Commercial Loans.

As Sohoco is a relatively new business we have been advised that it is unlikely that a commercial lender/bank would sanction a loan of circa £365,000. We are however talking to other lenders regarding finance.

We are also using the contacts made via our membership of the House Builders Federation and would confirm that these include.

- ASG Finance Limited
- Paragon Finance.
- Invest and Fund
- Barclays
- United Trust Bank
- Close Brothers

iv. LEP Funding

We have close contact with the LEP and they have been hugely supportive of the work of the Skills Village in the past. As noted previously we met with Simon Middleton recently to discuss business and funding.

We believe that further capital funding programmes are likely to be available in the coming year and are hopeful that our plans will be supported.

v. Scarborough Borough Council

It is worthy of note that the freehold of the site at High Eastfield Farm belongs to SBC.

During 2020 a capital contract to make the buildings watertight was carried out by SBC and circa £500,000 spent on the existing buildings.

It should also be noted that whilst some of the proposed works to be carried out using Town Deal funding will be specialist training fit out (Small Barn fit out for example) the majority will be general fit out works and will ultimately increase the asset value of the property.

We have requested additional capital funding from SBC to complete the remainder of the works, however at present no additional funds are available.

vi. Others

Key Fund

Key fund, provide loans and grants to enterprises that make a positive impact, tackling social issues in the heart of their communities. Key Fund reinvest their profits back into helping other community and social enterprises, deliver a positive social impact at a local level.

2. Approach to Financial Case

b. Inflation considerations

Whilst currently national inflation is approx. 2.1% the rate of increase in the construction sector has been considerably higher.

Reported price increase for materials have been quite shocking for some items

- Chipboard - +10%
- Bagged cement - +15%
- Plywood - +66%
- Steel - +53%

During the Early Works carried out in the small barn in July and August this year we experienced price increases and material shortages. These however were carefully managed by buying materials direct and buying them early. This meant storing the materials on site, however we negated the risks and cost increases.

Element	Strategy
Material prices	<p>Included in the costs for the works we have made an allowance for material price increases. Our strategy is that once funding is approved by the Town Deal Board, we will buy the majority of materials for the construction works and store them in the large barn.</p> <p>Materials will be stored correctly to avoid damage and will be identified and allocated for their ultimate location.</p> <p>In this way we will mitigate any exceptional cost increases.</p>
Labour Prices	<p>We have been discussing the Phase 2 works at the farm with our supply chain for many months now and many are excited about the facility and the benefits to the local economy.</p> <p>By generating this level of enthusiasm, we hope that the rates we receive for the works will be at a reasonable level.</p>
Energy Costs	<p>During the design stage we have worked closely with our designers to ensure that the energy usage in the facility will be as low as possible.</p> <p>The use of low U value components, multi levels of insulation and the selection of low carbon M&E equipment should all mean that energy usage is extremely low.</p> <p>We are also reviewing the installation of Photo Voltaic panels, wind generation and other forms of alternative energy generation in order to minimize energy costs.</p> <p>We will however use some electricity and we are discussing options with our supplier to ensure that we minimize the costs whilst also ensuring that all our electricity comes from renewable sources.</p>

2. Approach to Financial Case

Element	Strategy
Business rates	We are currently reviewing the level of business rates with SBC and will request a guide on how much inflation we can expect over the term of the lease.
Staff Wages	Sohoco will as a minimum be paying all its staff the National Living Wage. As the business grows and develops, we will also be reviewing how we incentivize our staff, and how we can include them in the overall Business Performance.
Insurance	Currently how the buildings are insured is being discussed with SBC. Once these discussions have been concluded we will seek to put in place suitable insurance together with a strategy to mitigate any inflationary rises.



3.

Costs

3. Costs

a. Cost Plan

The cost plan for all the fitting out works at High Eastfield farm is included at Appendix A

This cost plan includes

- All elements of the designed works.
- An allowance to cover the relocation of the CSV Construction and Training area.
- Costs identified in the Development Funding application (design fees, Green book BC costs etc).
- Contingency.
- Overheads and Profit allowance.

The total for the Cost Plan is £968,350

This total excludes VAT which is reviewed later in this Financial Case.

The cost plan has been collated using a variety of rates and allowances based on our experience. We would confirm

- Stable Block and Side Building – rates used are mostly current quotations provided by our supply chain.
- Café – ditto.
- Small Barn – actual costs expended.
- Large Barn – budget costs given by EMCE.
- Prototype Houses – rates used are mostly current quotations from our supply chain.
- Car Park – quantities and rates used are for the new location of the car park on the existing CSV training area.
- Relocate CSV Training – quantities and rates are mostly current quotations from our supply chain.
- Preliminaries – budget assessment
- Design Fees – actual costs
- Contingency – budget assessment
- OHP – % included in Business Case submission

b. Risk Register

We would confirm that a risk register is included in the Commercial Case – Appendix F.

Also the management and mitigation of risk is discussed in depth in the Management Case – section 7.

Please refer to the above for further details.

3. Costs

c. Priced BQ for Phase 2

The Priced BQ for the phase 2 works is largely based on the overall cost plan for the whole of the scheme noted above.

However as the whole scheme costs have been calculated at £968,350 we have needed to change the scope in order to correlate with the allocated Town Deal Budget.

This has been done by the following reductions

- Omitting all works to the Innovation Hub and the Stable Block.
- Reducing the specification of the car park to a basic gravel parking area.
- Reducing the level of some provisional sums.

The reduced scope and specification alterations have reduced the costs to £536,467 which equates to the Town Deal allocation of £535,324.

We would confirm that the Priced BQ includes allowances for price inflation and contingency.

d. Finance models

Finance models have been complete on each of the 3 scenarios to show sustainability of the operations over the 30 year estimates benefit period. A summary of the initial 5 year position is shown below.

As noted in the Economic Case Option 3 is the preferred option in order to align with available finances and to maximise the BCR.

Financial estimates are based on the following assumptions

Cost assumptions

- Lease payments: assumes 3% uplift every 3 years in line with head lease agreement
- Other costs increased 2% inflation YoY (labour 3%)

Lease income:

- Training and business leases: assumes 3% inflation every 3 years
- Café area increased with inflation – est 2% pa

Finance costs:

- Depreciation: Based on the value of lease benefit (intangible asset) written down 30 years
- Tax: based on 30% Net profit
- SBC profit share: 50% profit after tax - see our statement regarding Subsidy Control and State Aid Compliance later in this case.

Option 1	Year 1	Year 2	Year 3	Year 4	Year 5
Net Revenue costs	████	████	████	████	████
Net income	████	████	████	████	████
Gross profit	████	████	████	████	████
Taxable profit	████	████	████	████	████
Net profit	████	████	████	████	████
SBC profit share		████	████	████	████
		████	████	████	████

3. Costs

Option 2	Year 1	Year 2	Year 3	Year 4	Year 5
Net Revenue costs	35,442	38,646	39,803	40,829	41,887
Net income	44,193	73,835	75,958	76,145	76,336
Gross profit	-8,751	-35,189	-36,155	-36,316	-34,449
Taxable profit	5,804	-22,764	-23,730	-22,891	-22,024
Net profit	4,063	-15,935	-16,611	-16,024	-15,417
SBC profit share		-5,936	-8,306	-8,012	-7,709
		-5,936	-8,306	-8,012	-7,709

Option 3	Year 1	Year 2	Year 3	Year 4	Year 5
Net Revenue costs	31,881	32,592	33,628	34,531	35,462
Net income	35,220	58,880	60,554	60,742	60,933
Gross profit	-3,339	-26,288	-26,927	-26,211	-25,470
Taxable profit	11,216	-13,863	-14,502	-13,736	-13,045
Net profit	7,851	-9,704	-10,151	-9,650	-9,132
SBC profit share		-926	-5,076	-4,825	-4,566
		-926	-5,076	-4,825	-4,566

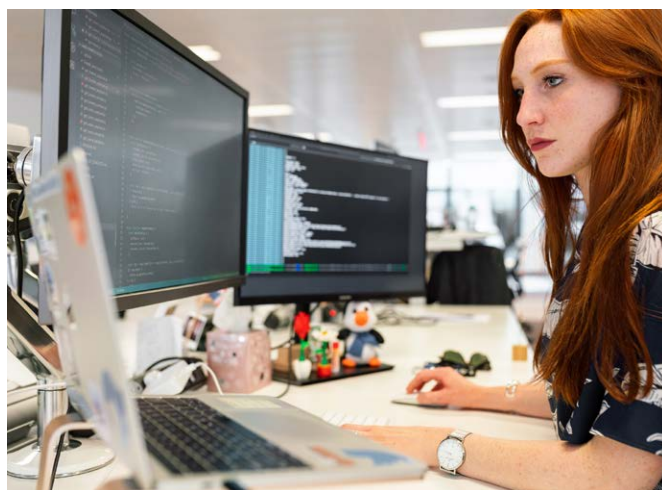
e. VAT

i. Treatment of VAT on income and expenditure

We would confirm that Sohoco are VAT registered – nr 381 3454 96

We would further confirm that we have issued Option to Tax documents to HMRC and that any invoices for works under the Town Deal Funding will have VAT applied to them.

Sohoco and their accountant, Gibson Booth, will then produce quarterly VAT returns in order to claim back the VAT on materials and services.





4.

Funding and Revenue

4. Funding and Revenue

In the above sections and in the appendices, we have discussed in depth the robust nature of our Cost Plan, the pricing of Phase 2 and the GCSV Financial Business Plan.

We have also discussed the sourcing of Revenue funding for the ongoing running of training courses through our partner company Northern Regeneration.

We believe we have

- Demonstrated that we have a robust cost plan for the whole of our plans at High Eastfield Farm.
- Demonstrated that the works to be funded by the Towns Deal Funding have been well designed, priced by local SME's, have suitable contingency allowances and are deliverable.
- Presented a Profitable Financial Business Plan that has known revenue income and a sensible level of costs included.

Base upon the Financial Business Plan, and over the next 15 years we estimate (based on a reasonable assessment of inflation) that we will generate.

- £1.2m of income.
- £225,000 in Business Rates payable to SBC.
- £500,000 in wages to local people.

Subsidy Control and State Aid Compliance – we would confirm that advise was issued by Carol Rehill in the email dated 5 October 2021.

Whilst extremely comprehensive the advise concluded that the GBER Article 56 could be relied upon provided that the Council inserts a provision in the relevant agreement that any profit made by Sohoco from the skills village would be shared with the Council.





5.

Affordability
Assessment

5. Affordability Assessment

In order to assess the affordability of the project, and the financial risks to Sohoco and SBC we would highlight the following with regard to the financial stature of Sohoco.

Our business model includes sufficient contingency and we have a robust plan should the economic landscape change or should a national recession occur.

The following details our plan, and the level of contingency included.

Element	Value	Comment
Surplus generated by construction activity will be retained within the company.	£16,000	An overhead and profit element has been included in the financial figures submitted. Whilst Sohoco have overhead costs to pay we would estimate that a 3% profit would be generated in its 2021/22 accounts and retained within the company as a contingency for unforeseen future costs.
Green Construction Skills Village Profit	£7,932 pa	<p>The Financial Business Plan shows a profit being made each year. In the early years this would again be retained within the business as a contingency for future costs and voids.</p> <p>With the above surplus we estimate that after 5 years Sohoco would have sufficient funds in their accounts to pay for a full year of costs without any income generated.</p> <p>This however would be a doomsday scenario but prudent for the longevity of the business.</p>
SBC Asset Value	£250-300,000	<p>The fitting out works to the Side Building, Café, Car Park and external works are essentially increasing the asset value of the SBC owned farm buildings.</p> <p>Currently the buildings are watertight but unusable and would not be a rentable asset.</p> <p>Once the Towns Deal Funding has been expended these parts of the works will have increased in value.</p>

We would also highlight the financial stability of the Sponsor organisations. Both Northern Regeneration and CSV Construction and Training are established and robust businesses with conservative and cautious accounting principles.

We would confirm that should the projected Financial Business Plan require support then the directors of our sponsor companies have committed to giving this support



6.

Wider Financial Implications

6. Wider Financial Implications

In the above strategy we have demonstrated that we have a robust plan to implement the construction works at the GCSV and that the business plan to operate the business has solid accounting foundations.

As noted in our Strategic Case we would also highlight the wider financial implications of the Sohoco business plan.

Firstly, the actual facility will generate an income from rentable spaces, have an income from the Café, pay salaries to its staff, and pay Business rates to the council. This has been calculated assuming a normal level of inflation as being in excess of £5m

Secondly, we aim to train 1,405 learners who will all earn a wage from their employers and will go on in their careers to earn in excess of the current average regional wage. The current estimate of a median weekly income for the workforce population is £459 which is well below the national average of £520.

We estimate that qualified tradespeople in the Green Skills sector could earn in excess of £550 per week.

With 1,405 learners this has the potential to input an additional £40m into the local economy during the term of the Town Investment Plan.

Finally, we aim to support 307 businesses and to work with them to grow and develop their businesses. Whilst the economic effect to the borough is difficult to project, we would estimate that (assuming a turnover of circa £100k per annum) an output of £30m into the local economy during the term of the Town Investment Plan.

Overall a potential £75m increase in the local economy could be generated by the Green Construction Skills Village.





Get in touch

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Green Construction Skills Village. High Eastfield Farm, Scarborough
Commercial Case



Building a sustainable future for everyone

Commercial Case

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1. Introduction

Welcome to the Commercial Case section of our submission in which we will demonstrate the commercial viability of the scheme, and the principles upon which our Business Case rests.

The following section will demonstrate that the core Sohoco Business principles flow through all sections of our plan and that the Green Construction Skills Village will be an exemplar model of how business, training, and entrepreneurial ambition can thrive in a Borough which wants to be at the forefront of the drive for Net Zero.

Playing a key part in the governments strategy to build back better for future generations starts with foresight.

This all started with the Vision in the Scarborough Town Investment Plan.

“By 2035 Scarborough will be a rejuvenated town, the premier Yorkshire coastal destination for visitors and businesses”

“Supports its existing business community and welcomes new sustainable, forward-thinking entrepreneurs”

“Creates new opportunities for high quality learning and employment”

Our Commercial Case shows

- We will procure our supply chain locally using a Procurement Strategy that is both fair, sustainable and ethical.
- We will make commitments to use the local supply chain and will monitor and report on our achievements.
- We will deliver real Social Value and will measure our success.
- We know the current construction market pressures both locally and nationally and will use our intelligence to mitigate both cost, programme and quality risks.
- We have consulted the market with regard to our Financial Business Plan and are confident that our plan is both profitable and sustainable.
- No venture is risk free but we have a system in place to identify, manage and mitigate these risks.





2.

Procurement Strategy

2. Procurement Strategy

- i. Sohoco are acutely aware of how their business impacts on society and the environment, and they are proud of being a company that does business responsibly and ethically.

To ensure that this ethos is reflected in our business we have developed a formal Procurement Strategy for our business. See Appendix A.

Sohoco believe that the decisions they make today defines their customers' lives tomorrow and therefore have policies, processes and controls which reflect their commitment to:

- Protecting the environment
- Protecting the employee
- A safe and healthy workplace
- Equality, Diversity, Inclusion and Ethics
- Community Involvement.
- Meeting their Customers' needs

Sohoco Code of Conduct extends to how they do business with their suppliers and they commit to:

- Treating suppliers fairly and objectively at all times
- Paying suppliers in accordance with the agreed terms and dealing with any exceptions in a timely manner
- Selecting suppliers without prejudice.
- Working with suppliers to support improvements in their social and ethical practices
- Continuously improving their knowledge of socially and environmentally responsible supply chain management practices
- Maintaining a supply chain that reflects and aligns to our own standards of conduct for how we do business

Sohoco strive to work with like-minded businesses; they therefore require suppliers to comply with their Supplier Code of Conduct and be able to demonstrate compliance.

The Supplier Code of Conduct safeguards the relationships between Sohoco and their suppliers, to establish standards that ensure their suppliers operate ethically, are environmentally responsible and that workers are treated with respect and dignity.

The purpose of the Procurement Policy is to set out the sustainable procurement objectives and practices in relation to this project and to guide specification towards sustainable construction products from inception through to completion.

This policy is issued pre-Concept Stage but in no way relieves the Design Team, the Principal Designer, the Principal Contractor, Suppliers or Consultants of their responsibilities, duties, compliance with legislation and best practice through all stages of the project's development.

2. Procurement Strategy

ii. Sustainability

Sohoco are a services-based company that uses natural resources to run their business. We are acutely aware how their action impacts the climate.

Our strategy is to build resilience and do more each year with fewer natural resources. Sohoco require their suppliers to consider their impact on the environment.

Sohoco encourage all their suppliers to provide positive solutions to reduce the effects their products, services and delivery processes have on the environment.

As a minimum, suppliers must comply with all applicable environmental regulatory requirements and employs reasonable measures to mitigate any adverse impacts its products and services may have on the environment.

As a minimum we expect

- Timber to FSC Certified.
- Plastic to be recycled wherever possible
- Concrete to include cement alternatives where possible.
- Waste on site to be minimized.
- Zero waste to landfill.

We will also engage with likeminded organisations. To illustrate this, we have included in Appendix B a document from Interface who have been advising us on floor coverings.

iii. Ethical Sourcing

Sohoco as part of our procurement policy will ensure that good labour law standards are met whilst all our products are being manufactured, delivered and installed.

Through the design and procurement of the innovation hub we will ensure that all our specified materials have a fully documented cradle to grave record for each product.

We will also review if companies carry the BES 6001 certification for their products.

iv. Process for sending out for prices

Whilst Sohoco may be a relatively new company we have the benefit of partnering with Northern Regeneration and the team at the Skills Village.

They engage with over 250 local SME's and know the local supplier and subcontract market through their employer engagement programme.

We have engaged with a large number of these SME's over the past 12 months and have shared our plans for the fitting out and construction works at High Eastfield Farm.

As the designs have now been finalised for the works we have issued tender enquiries to a number of these companies and expect their quotations to be returned in the coming weeks.

It will be these prices that will demonstrate Value for Money, and compliance with the SBC Procurement Rules.

2. Procurement Strategy

v. Vetting our supply chain

Whilst we have noted above that we will use the known local supply chain to carry out the works on the project we still have a duty of care to ensure that these companies are vetted, and that they are suitable for using.

This is also part of our policy to comply with ISO45001. Whilst we are still undergoing the registration process, we have developed systems to comply with their requirements.

As an example of this vetting process, we have attached in [Appendix C](#) a copy of the completed vetting form from EMCE who are carrying out the Mechanical and Electrical work in the small barn at the current time.

vi. Policy for local SME's only

Sohoco are committed to only using local SME's to carry out the works at High Eastfield Farm and also on our housing developments.

Whilst we appreciate some specialist elements may need to be procured from farther afield, we have committed to

- Local Scarborough Subcontractors and Suppliers will deliver 80% (by value) of all our works packages.
- Subcontractors and Suppliers from the wider Yorkshire and Humberside area will deliver the remaining 20% (by value) of all our works packages.

In order to monitor the above we will include a spend profile in the monthly Sohoco Board Reports.

Also in the Annual Accounts we will make a statement on the spend in the year, and how this reflected the above commitment.

In order to demonstrate our commitment, we would confirm that the Early Works being carried out to convert the small barn into a training centre for Electrical and Plumbing apprenticeships the following subcontractors have been employed.

As can be seen almost all of these are from the Scarborough Borough, with a number being from Eastfield itself.



2. Procurement Strategy

Subcontractor/Supplier	Trade	Location	Postcode
West Building Supplies	Material supply	Eastfield	YO11 3UY
Elliot Consultancy	Arboriculturist	Whitby	YO21 2PF
Wold Ecology	Ecologist	Driffield	YO25 6XA
Watts Mix	Mortar Supply	Bridlington	YO16 7NU
SRS Developments	Brickwork	Scarborough	YO13 0FD
Scarborough Scaffold	Scaffold	Eastfield	YO11 3EE
Dobson & Sons	Temp Plumbing	Scarborough	YO12 6DW
Deren Bunyan	Temp Electrics	Scarborough	YO11 3HY
EMCE	M&E	Eastfield	YO11 3TU
A S Painting Contractors	Painting	Scarborough	YO12 6SN
Eurocell	UPVC	Eastfield	YO11 3XT
John Atkinson Ceilings	Suspend Ceiling	Leeds	LS27 9QT
L W Joinery	Joinery	Eastfield	YO11 3FP

vii. Modern Methods of Construction

Whilst we fully support the use of Modern Methods of Construction in the industry, we see the conflict with our commitment to use local SME's.

As noted in our Strategic Case the relationship with Beyond Housing has currently stalled as they have decided to move along the modular housing route for their new developments.

Companies such as Ilke Homes, and the Legal and General provide a great service to supply modular housing however whilst this has advantages with regard to waste and standardization it does have disadvantages.

The main disadvantage is that local SME's do not benefit as the homes are made in West Yorkshire. This then reflects upon the need to support local training and apprenticeships, and of course the flow of money into the local economy.



2. Procurement Strategy

However, our Business Plan does support some MMC. As can be seen from the plans for our Innovation hub we will be using a timber frame to form the skeleton of our homes.

We would further confirm that the two preferred manufacturers of these frames are based in Beverley and Hull, and both are extremely supportive of our training and apprenticeship targets.



i. Supporting Net Zero – calculate operational carbon.

As noted in our Strategic Case we fully support the governments, and SBC's target to achieve Net Zero by 2030.

Our Innovation Hub has been designed to Passive House standards and we will be incorporating energy monitoring equipment in the finished unit to help us assess the operational carbon usage.

We will be using this completed unit for our operational meetings, training and visitor experience and will be of course use the heating, hot water and ventilation systems.

The monitoring equipment will be able to record energy used, and energy created (by the Photovoltaic Panels) and we will track the operational carbon footprint on a quarterly basis.

Again this will form part of the Sohoco monthly board reports.

b. Project Sponsors

i. Northern Regeneration/The Skills Village – was formed in 2015 to provide training and skills in the region NR are now recognized nationally as one of the UK's most innovative and pioneering construction training organizations.

Over the past five years they have successfully secured, and project managed over £2.5 million of government funds.

As a result, they have created over 300 employment and apprenticeship opportunities.

Northern Regenerations role at the GCSV will be

- Identify suitable qualification courses and apprenticeship opportunities in the low carbon sector.
- Secure revenue funding to run these courses.
- Recruit trainers to deliver these courses.
- Match local learners with local SME's to create apprenticeship opportunities.
- Support SME's to develop their business model and become more sustainable in the emerging low carbon sector

2. Procurement Strategy

- ii. CSV Construction and Training was established in 2018 with a view to bridging a local gap in plant training provision. Over the past 3 years they have successfully supported local company's and individuals to upskill and retrain a local workforce.

CSV Construction and Training role at the GCSV will be:

- Support Northern Regeneration to deliver carbon literacy courses to local employers and the broader community
- Recruit qualified trainers to deliver these courses and engage the broader community

c. Social Value

In the strategic case we have outlined our links with Northern Regeneration and CSV Construction & Training and our core values of ensuring we achieve a high level of Social Value from all our projects.

In the Economic case we have also highlighted the Benefit Cost Ratio and the Planned Social Value calculated using "The Social Value Engine".

In this section we would additionally submit a bespoke Employment and Skills Plan for the works at the GCSV.

Please see Appendix D for details.

Whilst this is an excellent plan and will deliver class leading outcomes for the Borough it is also essential that this does not get forgotten during the construction phase.

It is our intention that the Employment and Skills generated will be reported on a monthly basis in the Sohoco board meeting reports, and that any shortfalls are reviewed and addressed wherever possible.





3.

Commercial Deliverability

3. Commercial Deliverability

a. Commercial Options

Fundamental to our planning strategy for the procurement of the construction works at the GCSV was the method of tendering and procuring the works.

The following were options considered, and the reasons we decided to pursue option B.

Option A – Single D&B contract with an SME Contractor

This option would follow the route taken by SBC in procuring the Phase 1 works. In this scenario a single stage D&B tender would be issued to a number of suitably qualified contractors and a selection criteria would be used to select the winning bid.

This of course could be based on a Quality/Cost basis, however we would always need to be mindful of SBC Procurement Rules.

This option was not selected for the following reasons.

- No real control of subcontractor selection – as was evident on the Phase 1 works we would have no control of who the contractor sublet works to.

On the Phase 1 works the main contract was issued to [REDACTED] (based in Northallerton) with only one of the trade packages being let to a Scarborough company.

- No suitable contractors based in Scarborough – the value of the Phase 2 works is circa £500,000 plus an additional £300-400,000 for the follow on works to complete the fitting out. During our market due diligence we could not locate a suitable contractor in Scarborough.
- Programme – We have always been mindful that the programme interdependencies between funding, design, construction works and the academic terms times are critical.

With so many critical and key dates in the programme the risk of a single contractor either failing or taking a commercial advantage was much higher with this option.

- No control of risk allowance included in tender – with the material and labour market being extremely volatile at the moment we felt that there was a risk under this option for the contractor to include a significant risk allowance for inflation.

Whilst this would fix the risk at tender stage, we would have no control over the costs, and would see no benefit if the market stabilized.

- Current balance of supply and demand – the current construction market is definitely supply driven. There is a shortage of materials, labour and contractors and this is currently driving up prices and lead times. With this option we felt that our options were narrow and that the risk of receiving tenders that were over budget, inflexible and did not reflect our core business beliefs were too high.

Option B – Management Contract

This is our preferred option and the contract under which the Early Works in the Small Barn have been procured.

In this scenario Sohoco manage the works employing the Project Management, Site Management, Commercial, Accounting and Management teams.

Separate Purchase Orders and Subcontract Orders are then placed with local companies to carry out the works. These would generally be on a lump sum basis for providing materials or labour.

3. Commercial Deliverability

This option was selected for the following reasons

- Complete Control of Subcontractor Selection – As can be seen from the schedule in Section 2 above this has been extremely successful in allocating work packages to local companies. These companies have committed to the ethos of Sohoco, and many have recruited apprentices from the Skills Village.
- Programme Flexibility – as Sohoco are in control of all elements of the programme and we are in constant dialogue with the Skills Village and their academic timetable we have much greater control. For example, the delays in Development Funding have caused some challenges with regard to design production and have subsequently delayed the issue of tender packages for pricing. As we are in overall control these delays have been closely managed, and our supply chain have been brought along the journey with us.
- Material and Labour Volatility – whilst we cannot ultimately control this, we can do much to manage the consequences. With the Early Works for example we took the decision to buy the majority of materials early and store them in the large barn. Subsequent subcontractor packages were let on a labour only basis.

Ultimately, we controlled the material price increase risk, however did take on some risk with regard to quantities, damage and theft.

- Current Balance of Supply and Demand – our local suppliers have been fully briefed on the wider plans for the GCSV and Sohoco and have a vision for sustained business and sector growth over the coming years. In this way they can see the benefits of working with us on the project and we find a high level of cooperation and flexibility.

Option C – Cost Plus – Sohoco employ labour direct and buy materials

With this option Sohoco would purchase all materials (similar to option B) but would simply employ all the labour directly.

This would generally be on a short term contract or agency basis and they would simply be paid on an hourly rate.

In this scenario we would have ultimate control, however we would have an elevated level of programme and financial risk.

This option was not selected for the following reasons

- Subcontractor and Supplier Selection – whilst we would be able to control supplier selection, we would be at the mercy of the labour market for availability of labour and where they would come from.
- Suitability of labour – as described above the construction labour market is supply led at the moment meaning that the quality and competence of agency labour carries an increased risk.
- Uncertainty of Costs – ultimately the actual costs we would incur are extremely uncertain as the hourly rates payable and the outputs achieved are not fixed.
- Risk of defects – whilst Sohoco would manage the construction there is a heightened risk that defects would occur. Also these defects would ultimately be addressed using additional labour which would again attract additional costs.

3. Commercial Deliverability

b. Key Contractual Arrangements

We would set out in the following section the key contractual arrangements that are either in place, are currently being put in place or will be put in place in the future.

Parties Involved	Arrangement	Description
Scarborough Borough Council and Northern Regeneration	Lease of High Eastfield Farm	Head Lease for the whole of the property as shown on the redline boundary in the lease document. Currently in the process of being completed.
Northern Regeneration and CSV Construction and Training	Sublease for part of the site	To be completed once the Head Lease is completed.
Northern Regeneration and Sohoco	Sublease for part of the site	To be completed once the Head Lease is completed.
Sohoco and Northern Regeneration	Rental Agreement for the Small Barn	Following fitting out works being carried out by Sohoco, NR will rent this part of the site for their training activities.

i. Personnel implications

With regard to Sohoco personnel we would confirm that the following people are either employed or are going to be employed on site.

- TBA – Site Manager
- [REDACTED] – Trainee Site Manager
- [REDACTED] – Finance and Operations Administrator
- Kickstart labour – we have had approval to employ two kickstart labourer's and are currently interviewing candidates.
- NR Apprentices – whilst not employed by Sohoco we are actively working with the Skills Village to provide task specific activities that can be carried out on site by their apprentices.

A recent example of this was the joinery work being carried out in the small barn.

- TBA - Business Manager – employment of a manager to operate and manage the GCSV.
- TBA – Catering Staff – employment of catering staff to operate the Café.
- TBA – Cleaning Staff – employment of cleaning staff.

3. Commercial Deliverability

ii. Charging and payments

Whilst the Financial Case will expand upon our Financial Business Plan and how we plan to profitably operate the GCSV, we would confirm the following charging and payments will be put in place.

- Northern Regeneration

Small Barn Rental – we have agreed a monthly amount for the rental of the small barn as a training facility.

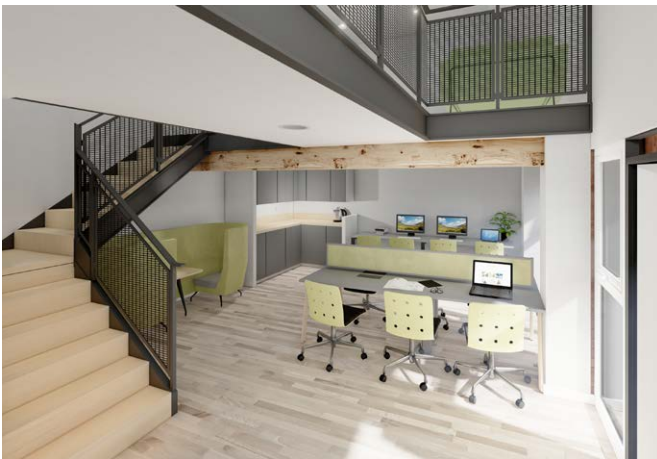
This rental income is being charged from the 4 October 2021 at an agreed rate of £1,200 per month.

- Café operator

Currently the intention is for Sohoco to operate the Café and employ catering staff to operate the business. This is currently preferred over an option to rent the facility to a local catering company for them to operate.

- Coworking Desks, Conference Room and Education Room

Once the side building is complete the first floor coworking desks will be offered for rent to local businesses and startup companies.



3. Commercial Deliverability

c. Roles and Responsibilities

In order to ensure that all current and future employees of Sohoco understand their roles and responsibilities we have in place a specific policy to outline their duties.

Whilst many of these responsibilities focus on Health and Safety matters they also address business matters and general duties.

Please see attached Appendix E for the above policy.



4.

Market Testing

4. Market Testing

Fundamental to the Financial Business Plan included in our Financial Case is our confidence that the income levels we expect can be achieved, and that the local market demands the services that will be offered.

Whilst compiling the Financial Business Plan we have consulted with local stakeholders and experts to sanity check our strategy as well as give confidence at the rates and values we have used.

We would confirm the following consultations have taken place.

Element	Consultee	Comment
Training Spaces including the Small Barn	Northern Regeneration	<p>As the training spaces will be operated by NR and the revenue funding will be sourced and allocated by NR we have consulted with them with regard to the facilities required, and the rental income that would be generated.</p> <p>The Small Barn is the first area to be completed and the specification and extent of the fit out contract completed by Sohoco has been done in consultation with NR.</p> <p>These works will be completed on the 3 September 2021 and will be rented to NR from the 6 September.</p> <p>A rental income of £13,950 per annum has been agreed with NR for this space.</p> <p>Rental income for the other training spaces has also been agreed and these will commence once works are complete. This has been assumed as September 2022 in the Financial Business Plan.</p>
Coworking Spaces	SBC and CPH	<p>We have consulted with [REDACTED] (Business Relationship Manager SBC/ LEP) who has indicated the need to provide both co working space and small office space is in high demand since the covid pandemic.</p> <p>We have also consulted with [REDACTED] from our local commercial agent CPH. The feedback from CPH is that a coworking facility would be extremely popular in the town as no other such facility exists.</p> <p>Similar facilities are available in West Yorkshire and our feedback is that these are proving extremely popular with smaller businesses and start ups who do not want the burden of signing long leaseholds on commercial office space.</p> <p>They are also proving popular for businesspeople who want the flexibility to home work, but also want a facility where interaction with other business people is possible.</p>

4. Market Testing

Element	Consultee	Comment
Cafe	Local Community and Members of the Public	<p>We have canvassed opinion from the local community, the local subcontractors being used on site at present, members of the public and also the NR learners.</p> <p>All believe that a café facility that is open to the users of the GCSV as well as the local community would be extremely popular.</p>
Green Oak Business Centre	Eastfield Town Council / Local Enterprise Partnership	<p>The GCSV has been well received by both officer and councilors of Eastfield Town Council and York and North Yorkshire LEP.</p> <p>Eastfield Town Council are interested in developing links with Sohoco in relation to house building and developing small scale developments for local residents.</p> <p>York, North Yorkshire LEP are very keen to see the development of green skills to help them achieve a fairer, greener, stronger economy in order to meet the net zero carbon challenges.</p>



5.

Treatment of Risks

5. Treatment of Risks

The assessment, management and transfer of risk through the whole life of the project is key to ensuring that the outcomes identified can be realized.

During the early stages of the project a Risk Matrix has been developed using the SBC template.

The latest matrix is attached as Appendix F.

A comprehensive section on risk management is included in the Management Case and we will go into more detail in this section.



Get in touch

Call us at **01723 585009**, email the team on **info@sohoco.co.uk** or look at our website **sohoco.co.uk**





Green Construction Skills Village. High Eastfield Farm, Scarborough
Management Case



Building a sustainable future for everyone

Management Case

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1. Introduction

Welcome to the Management Case section of our submission in which we will demonstrate how the development will be delivered. We will also show how this will be delivered

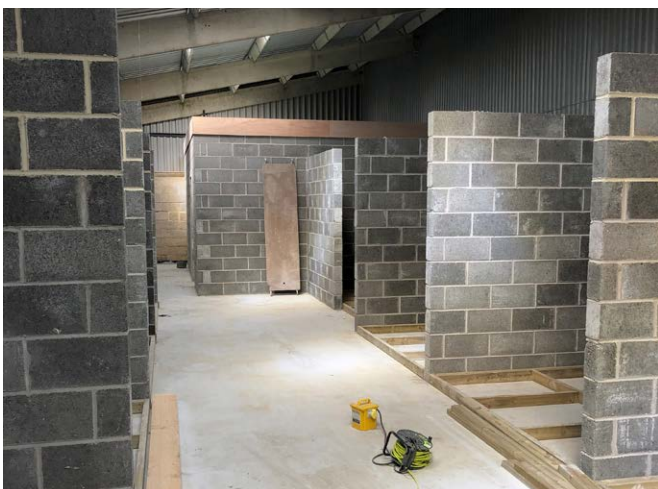
- On Programme
- On Budget
- To the agreed quality
- And all done Safely

Delivery of the scheme will contribute to an early success for the Town Deal Board as some of the other nine projects are less well advanced. We will deliver on the ambitions of the TIP in particular

- ***“Investment in skills and training provision is crucial to delivering the vision for the town”***
- ***It is a “key focus of the proposed interventions within the skills and enterprise workstream”***
- ***“Generate SME growth, better office space and connectivity is crucial if we’re to stabilize current SMEs in town and encourage others to start”***

Our Management Case shows

- We have the capability and capacity to carry out and deliver the works. Led by [REDACTED] who has over 40 years' experience in the construction sector our plans are robust, well planned and ready to go.
- We have already demonstrated our expertise by assisting SBC to complete the Phase 1 works on site.
- We have completed the Small Barn work this summer ready to receive new learners in September. These works were completed on time, on budget and safely using local SME's.
- The design information is ready, coordinated and has been passed by SBC planning department.
- Once funding is approved, we will complete the works within 20 weeks on site.
- We have a strategy to deliver results, and these will be monitored and reported back to the SBC Town Deal Board to demonstrate our success. We have already started collecting outcomes and impacts from the early works, and will continue to liaise with SBC to report these in an agreed format.





2.

Project Organisation and Governance

2. Project Organisation and Governance

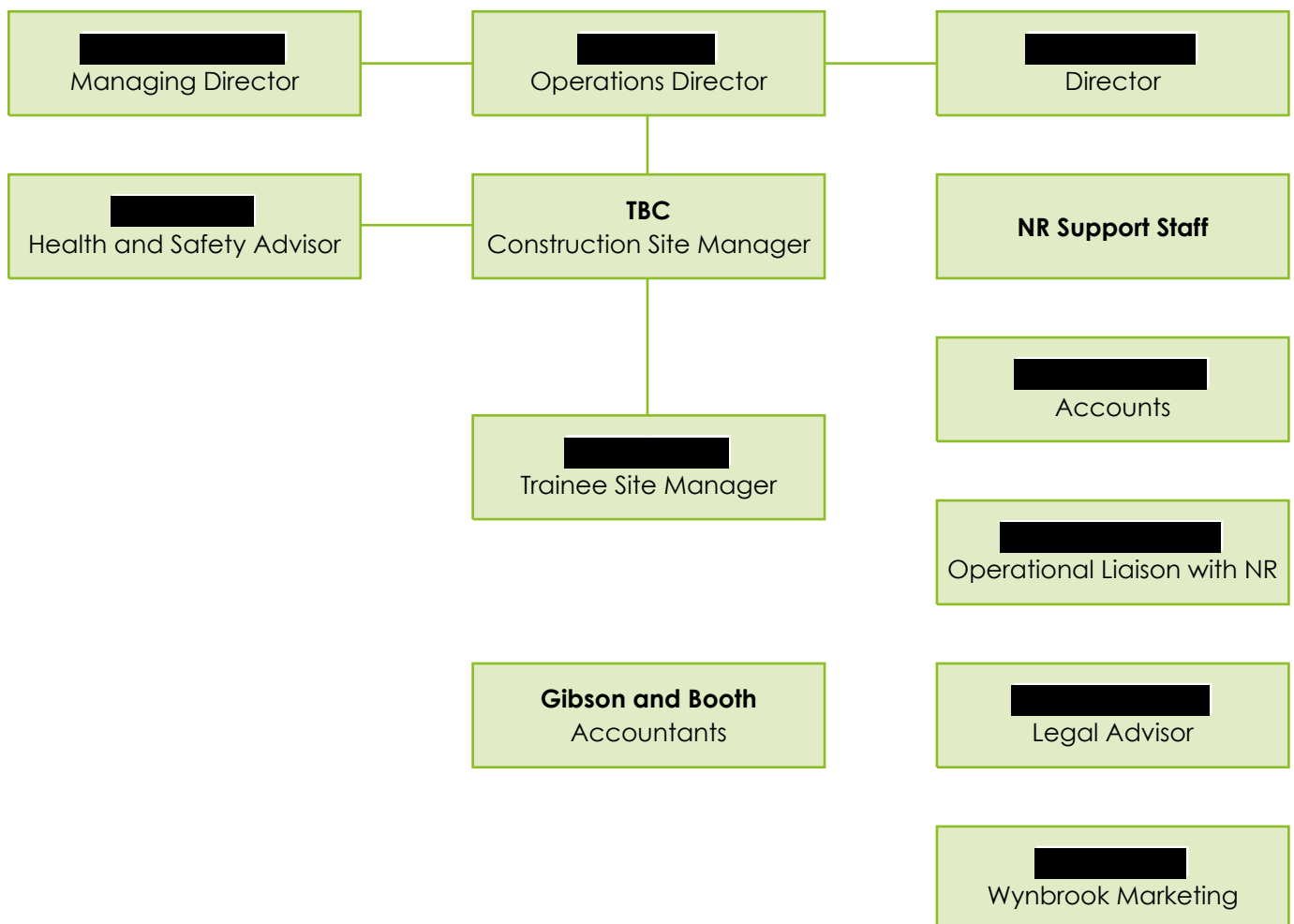
With regard to project organisation, we would set out below how the different phases of the project will be managed. As there are two distinct phases to the GCSV we have organized the structure to suit.

We would also note that we are also part of the wider Towns Deal programme and form an integral part of the programme along with the other 8 projects. We have regular monthly meetings with the SBC Town Deal Management team, and have contact with other project teams and members of the Town Deal Board.

Construction Phase

This phase of the work which has begun in the small barn this summer revolves around the safe delivery of the construction works, on time, on budget and to the quality expected by the management team and to the satisfaction of SBC.

We would confirm the following organizational structure



We would confirm that whilst the small barn works have been supervised by [REDACTED] a construction site manager will be employed to oversee the next phase of works on site.

We would also note the key inputs from [REDACTED] with regard to Health and Safety and the other support staff.

We would also note that Sohoco are also currently undergoing an assessment by BSI in order to qualify for ISO45001 certification.



2. Project Organisation and Governance

Within this certification are requirements to plan, document and record all operational matters both on site and off site including those being conducted pre-construction.

Whilst we can't include the full suite of documents in this case, they are available for inspection on our Sharepoint site.

Capability and Confidence

Our Experience

Ultimately all successful business relationships are about people, and we have formulated the very best people to deliver our Business Plan.

These include

██████████ – Managing Director

██████████ is also the inspiration behind Northern Regeneration and the Construction Skills Village.

██████████ has dealt with Scarborough Borough Council and many of our stakeholders for many years whilst setting up and running the Skills Village. It is Graham's overwhelming business driver to ensure that the housing industry should contribute significantly towards training, apprenticeships, the growth of local subcontractors and should provide exceptional homes for local people.

Unfortunately, national house builders sometimes do not share this passion which is why Sohoco has been founded.

██████████ – Managing Director

██████████ MD of CSV Construction and Training and is also a Non-Executive Director of Northern Regeneration CIC.

██████████ supported and recruited apprentices whilst working for a national housebuilder and understands the challenges local individuals face in securing sustainable jobs post apprenticeship with housebuilders, who show limited desire to utilise local trades people.

Working alongside ██████████ has been a key driver in addressing this imbalance and has been instrumental in delivering key priorities for SBC in relation to delivering industry recognised training and sustainable employment outcomes for learners and residents of the Borough.

██████████ is also a key driver in working towards bringing education and the construction industry closer together in order to help minimise housing shortages whilst maximising sustainable employment opportunities for local residents.

██████████ – Operations Director

██████████ Joined Sohoco in the summer of 2020 and is the operational lead on our projects.

With nearly 40 years' experience in the construction industry his ability to formulate and motivate teams on construction projects ensures that we will deliver safely, to the required quality, on programme and on budget.

In brief his previous experience includes

- Shepherd Construction – 5 years technical apprenticeship in all aspects of construction with the final 2 years specialising in Quantity Surveying.
- Laing – 11 years' experience as Qs and then Commercial Manager looking after the procurement, commercial reporting and profitability of multi-million-pound projects.

2. Project Organisation and Governance

- Wates Construction – 14 years' experience as Commercial Manager progressing to Regional Director in 2008. Responsible and accountable for all aspects of running the £70m region of this £1bn company. With over 60 staff and multiple contracts on site at any one time the need to deliver a quality product meant over 70% repeat business whilst he was in charge.
- GMI Construction and Highgrove Group – 6 years as initially Pre- Construction Director for GMI then progressing in 2016 to Operations

Director for the parent company Highgrove.

Being in charge of the operational aspects of this predominantly private sector business meant building teams to deliver projects from concept, through planning, procurement, enabling and ultimately delivering on site.

Recent projects include

- Follingsby Max – the scope of work here involved taking 100 acres of arable land near Gateshead and transforming it into 2.5 million squares feet of logistics and warehousing buildings for Amazon. ██████ was operational leader for Highgrove who owned the land. ██████ led the team from selection of consultants and designers, multiple planning applications, negotiation of a £15m grant from the local LEP, letting a £12m enabling contract to form serviced plots and ultimately overseeing a purchase of the site by Amazon.
- Axiom Castleford – this site near Castleford started off as 120 acres of arable land and has now been enabled and derisked to allow the planning consent for 600,000 sqft of retail, a stadium for Castleford Tigers and country park scheme to be constructed. <http://axiomyorkshire.co.uk/>
- Burlington House, Manchester – David's role as Employers Representative began as the building was reaching watertight stage in October 2018. His role then developed into leading the client side team to make decisions on fitting out, furniture procurement and the interior design and fit out of communal spaces. <http://burlingtonmcr.co.uk/>

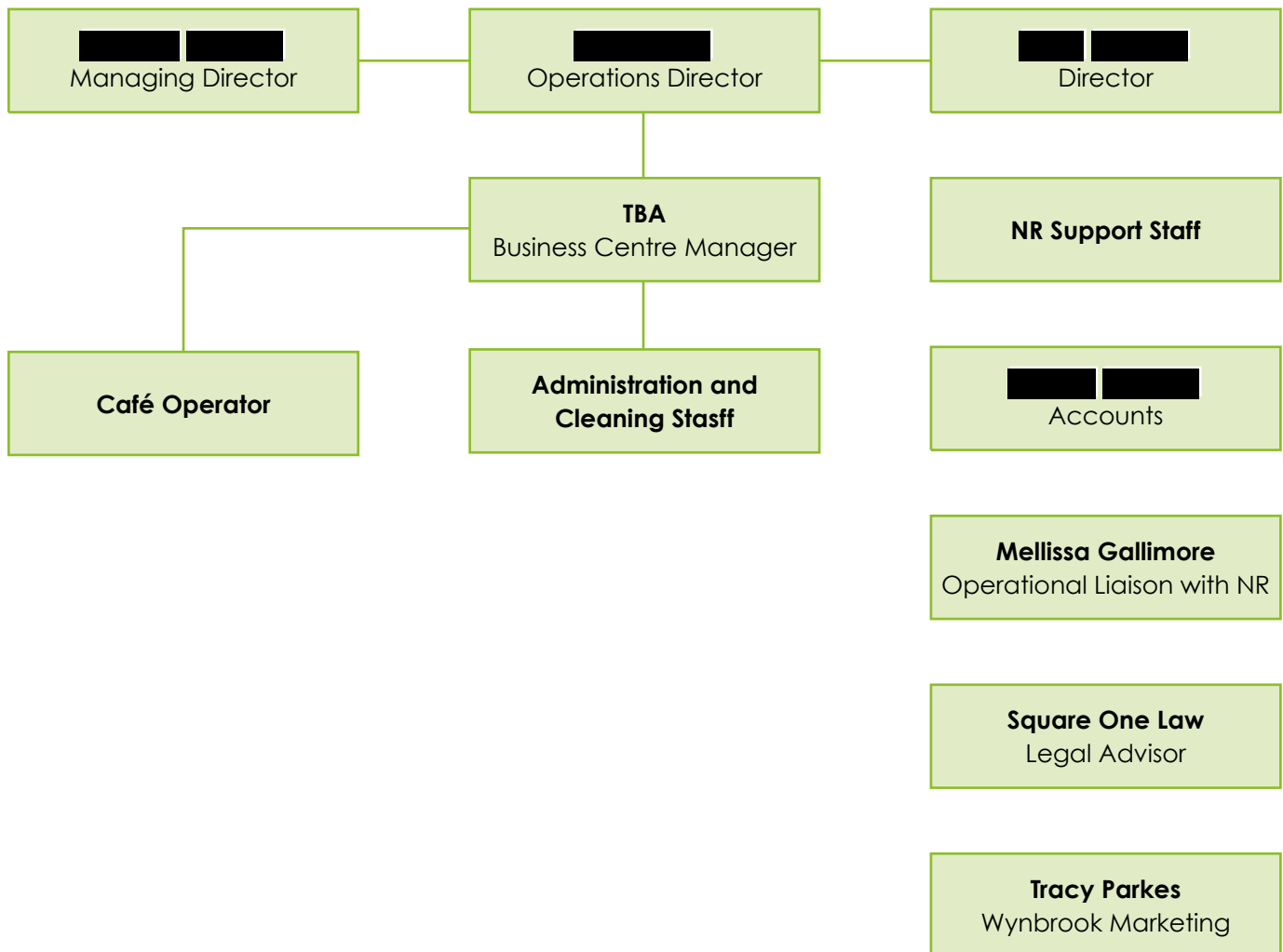


2. Project Organisation and Governance

Operational Phase

Once construction is complete the GCSV will change into an operational business delivering a multitude of business and training opportunities in one location.

In order to achieve this, we will build upon the structure that has been put in place for the Construction phase to ensure there is continuity and an overlap of information and intelligence.



a. Governance Approval and Delegated Authorities

Construction Phase

As the organisation structure is extremely shallow on the project the governance and delegated authorities' policy is extremely simple.

Whilst we will go into more detail about the management of programme, costs etc. later in this case we would confirm that ultimate control of the project is the responsibility of [REDACTED] supported by [REDACTED] and [REDACTED] alongside Melissa Gallimore and Martin Waller of Northern Regeneration.

In order that the other directors are involved in the project a monthly directors meeting is held.

The latest meeting was held on the 31 August 2021.

2. Project Organisation and Governance

A formal Operations Report is produced for these meetings together with a cost report and programme update.

Copies of these can be provided if required.

Operational Phase

Similar controls will also be in place once the operation of the facility is implemented however as this is Q1/22 we are still developing the format of this governance.



3.

Assurance

3. Assurance

a. Three Lines of Defence Model

We would confirm that a three lines of defense model is and will be implemented to ensure an effective and efficient governance, risk management and control strategy.

Whilst the detail of the procedures we have in place are explained later in this case we would summarise our model as follows.

- **1st Line of Defence**

1. Management Controls
 - a. Safety – ISO 45001 compliance
 - b. Quality – QA inspection procedure
 - c. Programme – monthly report
 - d. Cost – monthly Cost Value Reconciliation
 - e. Social Value – data taken at induction
2. Internal Control Measures
 - a. Safety – H&S policy
 - b. Quality – Building Control sign off
 - c. Programme –
 - d. Costs – Monthly review

- **2nd Line of Defence**

3. Financial Controllers – [REDACTED] / [REDACTED]
4. Cyber Security – Deepdale Services
5. Risk Management – risk register
6. Quality Assurance – QA procedures and Building Control sign off
7. Inspection – Inspection and Test plan
8. Compliance – Building Control Certificate

- **3rd Line of Defence**

9. Internal Auditor
 - a. H&S – John Barker
 - b. Accounts – Gibson Booth
 - c. Programme – [REDACTED]
 - d. Quality – SALT, Struct Design and LEDA to inspect and report
 - e. Social Value – [REDACTED] to produce monthly report.

3. Assurance

b. Key Reviews and Decision Points

Whilst the commencement date for the project is largely dictated by the approval of the grant, and the availability of funds, we would confirm that the following key reviews and decision points will be diarized once a start date is set.

- Management Controls
 - Monthly Contract Review incl reports on safety, quality, programme and costs.
 - Weekly Subcontractor Meetings.
 - Weekly liaison meetings with Skills Village and CSV Construction and Training.
 - Daily Site Manager reviews and toolbox talks.
- Design
 - Monthly Design Team Meetings
 - Specialist Design Workshops – timber frame to innovation hub, oak frame to entrance, M&E, catering etc.
 - Information Required Schedule review
- Operational Matters
 - Recruitment of Business Centre Manager
 - Café operation and resourcing
 - Marketing and promotion events

We would also confirm that the following reviews and decisions are currently ongoing

- Car Park Options – following the decision by SBC not to allocate the northern land for car parking an alternative piece of land to the south has been identified.
Options with regard to this land have been designed by SALT and we are currently reviewing the optimum solution.
- Large Barn – we are currently liaising with NR with regard to the fit-out requirements for this space, and the training that will be provided.
- Café – We are liaising with both NR and CSV Construction and Training with regard to the management of this facility



4.

Scope Management

4. Scope Management

a. Scope Summary and Key Elements

The design for the GCSV is now complete and we have architectural, structural and building services designs for all areas.

Whilst some elements remain provisional until the operational aspects of the GCSV are fully known (Café, Large Barn etc) the remainder has a defined scope.

We would confirm that all design details are held on a Sohoco Sharepoint site and access can be granted to SBC staff if required. We would further confirm that details have been submitted to [REDACTED] and [REDACTED] during the initial stages of the Towns deal process.

We would confirm the following is the scope of works in our grant application.

- Small Barn – 2,325 sqft – provision of training bays, dedicated classroom, storage, and ancillary facilities to support the training of plumbing and electrical apprentices. These apprenticeships will also cover the skills needed to install the emerging green technologies and systems.

We would confirm that these works were completed on the 3 September 2021.

- Large Barn – 4,405 sqft – provision of training space for Retrofit activities.
- Side Building – 2,902 sqft – provision of conference/training/meeting rooms, rentable coworking offices, simulator room, training/classroom, reception, kitchen, toilet, and ancillary spaces. These spaces will support emerging businesses to thrive, expand, develop, and learn the business skills and acumen required in order to grow and succeed.
- Café – 867 sqft – provision of a professional café for use by the learners, trainers, businesses, and staff that are based on the facility. It will also be open to the public and will encourage interaction and involvement with the local Eastfield community.
- Car Park – 22,000 sqft – construction of a 62 space car park for use by users and visitors to the facility. Whilst this will only initially have a temporary surface further funding will be sourced to form a permanent facility.



4. Scope Management

b. Interface with 3rd Parties

The communication of our plans, and the interface with other stakeholders and key influencers is key to the sustainable success of the GCSV.

We would confirm that this dialogue is well established and builds upon the 6-year relationship built between Northern Regeneration and Scarborough Council.

We would also confirm that whilst many of our relationships will be managed by the directors of Sohoco some will be managed by our marketing team.

This joint team comprises Tracy Parkes from Wynbrook Marketing and Ed Asquith from Four Tigers. Both are based in Scarborough, and both understand the local dynamics.

With regard to other relationships and interface we would highlight the following

Company	Comments
Northern Regeneration and Skills Village	<p>As this relationship is key to achieving the outputs identified in our Business Case, we have identified Melissa Gallimore and Martin Waller as the key people who will liaise with the Skills Village.</p> <p>Melissa has worked for NR for 6 years and has an integral knowledge of their business, and the NR business plans.</p> <p>Martin is the quality and curriculum manager who leads on the delivery and quality of training which will be delivered within the small, large barns and innovation hubs.</p>
CSV Construction and Training	<p>██████████ is a director of both Sohoco and CSV Construction and Training and is ideally placed to liaise between the businesses.</p> <p>One critical matter is the current discussions about car parking on site, and how the overall site is to be used.</p> <p>As the northern land identified for car parking has been withdrawn, we will need to review the site wide allocation if safety, customer experience and convenience is to be maximized.</p>
Scarborough Council – Towns Deal Team	<p>Currently this relationship is held by ██████████ and the interface with the Towns Deal Team this year has been extremely productive.</p> <p>The vision of the overall TIP is shared by all parties, and the part the GCSV is recognized as being one of the early “wins” for the team.</p>
Scarborough Council – Planning Department	<p>The relationship with the planning team and in particular Marcus Whitmore has been extremely productive this year.</p> <p>The Innovation Hub and the existing building alterations have been granted planning approval.</p> <p>It was also interesting to note that Councilor Norton even took the time in the planning meeting to condone the scheme as “exactly the kind of housing the Borough needed”.</p>

4. Scope Management

Company	Comments
Scarborough Council – Highways	Access to the site has been a critical element and we continue to liaise with Highways on how this is best achieved.
Keepmoat	As our neighbour we continue to liaise with regard to both risks, incidents and opportunities that may arise on site.
Eastfield Town Council	Both [REDACTED] and [REDACTED] recently met with members of Eastfield Town Council, to share our vision and plans with them. These were well received, and they were fully supportive of our plans for the site.



5.

Programme
Management

5. Programme Management

a. Programme

Attached in Appendix A is our Master programme for the works. As noted previously the actual start date for the works on site is largely dependent on approval of funding.

As noted in the Milestones below however this is targeted as April 2022 with completion on 19 August 2022.

Notable highlights from the programme are

- Lead in and detailed design – 5 weeks
- Small Barn – works completed 3 September 2021.
- Large Barn – complete week 3
- Side Building – complete week 19
- Café and Entrance Lobby – complete week 20
- CSV Relocation and Car Park – complete week 20

b. Milestones

As reported against in our monthly Project Manager reviews with [REDACTED] we would confirm the following milestones with regard to the scheme.

5. Programme Management

Actions	Start date	Planned End Date	Current Est End Date	Current Delay	Prev Delay	Comments
Prepare Design Drawings and specifications for Phase 2 works.	15/2/21	26/6/21	13/8/21	n/a	-	Design Drawings now complete
Consult with SBC Planning Department	19/2/21	26/3/21	n/a	n/a		Complete
Submit Planning Application for the works.	31/3/21	30/4/21	n/a	n/a		Complete Main Farm submitted 14 April reference – 21/00957/4RG – Approval granted 5 November 2021. Car Park submitted 23 April reference PP-09772003v1 – application withdrawn. Prototype houses submitted 13 May reference 21/01245/RG4 – approved at committee 5 August 2021
Negotiate Lease for additional land to be used as car parking.	15/2/21	28/5/21	27/10/21	28 weeks		Yellow land identified and offered by SBC. As DP email to HJ dated 28 Sept three key questions to be answered by SBC before we progress any further.
Issue request for Development Funding	15/2/21	15/2/21	n/a	n/a	-	Complete
Investigate options for top up funding for fitting out works.	22/3/21	Ongoing	Ongoing	n/a	-	Ongoing discussions with LEP, Private funders and banks.

5. Programme Management

Actions	Start date	Planned End Date	Current Est End Date	Current Delay	Prev Delay	Comments
Investigate specialist to complete Green Book Business Case application.	22/3/21	30/4/21	n/a	n/a	-	Complete – Sohoco to write the bulk of the case with editorial support from ██████ ██████ at Nth Degree and Simon Danser at Amion.
Prepare drawings and specification for fit out works required for September training courses.	26/4/21	28/5/21	n/a	n/a	-	Complete
Tender for early works	31/5/21	25/6/21	n/a	n/a	-	Complete
Carry out early works on site.	5/7/21	20/8/21	3/9/21	2 weeks	-	Complete
Tender for Main Works	5/7/21	29/7/21	2/9/21	n/a	-	Priced BQ complete and emailed to SBC 26 October 2021.
Carry out main works on site.	9/8/21	17/12/21	19 August 2022	7 months	-	Completion of works delayed by delays in funding.
Marketing and Promotion of new facilities to the local business community.	4/10/21	Ongoing	n/a	n/a	-	Marketing to commence once GBBC has been signed off.
Recruit staff for the new facilities.	4/10/21	Ongoing	n/a	n/a	-	-

5. Programme Management

c. Decision Points

We have identified in the above sections and also on our master programme the key decisions and decision points.

These include the following

- i. Town Deal Board approval
- ii. Place critical orders
- iii. Secure additional funding
- iv. Car Park – agree strategy

d. Consents and approvals

We would confirm the following with regard to consents and approvals for the scheme

i. Planning Approval

- Approval granted for the Innovation Hub (ref 21/01245/RG4) and the alterations to the existing buildings (ref 21/00957/4RG)
- Car Park – we have met with Marcus Whitmore on site and have agreed the principles of what would be acceptable on site with regard to planning.

ii. Building Control

Building Control for the site has been implemented and we are liaising with Mike Helm and Mike Collins at North Yorkshire Building Control to ensure inspections take place and that a Final Certificate will be available at Practical Completion.

iii. Additional land for car park

Discussions will be required to extend the current lease redline with the Council. This will be implemented once a preferred scheme is identified.

iv. Access from Capella roundabout

Discussions and agreements will be needed with SBC Highways Department with regard to vehicular and pedestrian access from the new road at the Capella side of the site.

v. Environmental Health

Once the GSCV is complete we will need to discuss licensing and certification with the Environmental Officer at SBC.

5. Programme Management

e. Critical Path and high-risk activities

We would confirm the following critical path items have been identified and will be monitored in our monthly programme management reviews.

- Place orders for materials and subcontractors
- Metal Stairs and walkway – lead in and material availability.
- Platform lifts – ditto
- Reclaimed facing bricks to match existing – availability.
- Oak Frame to entrance Lobby – lead in and availability
- Innovation Hub timber frame – ditto
- Car Park construction – ecological seasons to carry out the works.

f. Programme, handovers, sequence

See attached Master programme – Appendix A – for details

g. Completion Dates

As discussed, this very much depends on the timing of the funding approval, however we are targeting.

h. Programme Risks

We would confirm the following have been identified as potential programme risks. Whilst due risk allowances have been included in our Master Programme, they remain a risk.

- i. Availability of materials and labour
- ii. Decision on additional land for car park
- iii. Completion of access road from Capella
- iv. Ground Risks
- v. Discharge of Planning Conditions
- vi. Weather



6.

Cost Management

6. Cost Management

Whilst the Commercial case and the Financial case contain details of the actual costs, we would detail here how these costs will be managed in order that the budget is controlled.

We would however note that Sohoco have been advised and accept that any cost over-runs on the scheme are our responsibility.

a. Cost reporting and use of Kashflow

We would confirm that we are using an accounting system called "Kashflow". Further details of the system can be found on their website – www.kashflow.com.

We would also confirm that this is the same system that is used by Northern Regeneration and CSV Construction and Training.

All costs reports and accounting information is produced on this system.

These reports are produced by [REDACTED] [REDACTED] on a monthly basis and a full suite of cost reports are produced by [REDACTED]

These systems will be used to control costs, predict any under/over spends, and will allow the team to revise the scope of the works should costs over run.

b. Purchase Order system

In order to control the costs and the placing of orders we use the Purchase Order system incorporated into Kashflow.

Requests for Purchase Orders are raised by the site team and are authorized by [REDACTED]

Purchase Orders are then issued by [REDACTED] in our accounts team. [REDACTED] has been part of the NR team for just over 12 months and comes from a banking background having worked for Yorkshire Bank for over 5 years. [REDACTED] is supported by Gibson and Booth Accountants.

The system then tracks invoices paid, invoices received, and purchase orders raised in order to give a complete picture of financial exposure at any given point.

This system has worked extremely successfully on the Small Barn project, and costs have been controlled within the allocated budget.

c. Cost Report and CTC system

In addition to the Kashflow system we formulate a Costs to Complete and Cost Reporting system.

Using over 40 years of experience in Construction Commercial Management, [REDACTED] formulates spreadsheets and reports to track, monitor and report upon the finances on our projects.

These reports together with the Kashflow system are reviewed with the Directors on a monthly basis and can be viewed and reviewed by the Towns Deal team should this be required.



7.

Risk and Opportunity Management

7. Risk and Opportunity Management

We would confirm that the latest Risk Matrix is included in Appendix F of the Commercial Case.

We will detail here how the management of risk will be managed on the scheme. We will address here how risks in each major category will be identified, assessed, mitigated and managed.

The overarching Risk Matrix will be a live document and will be used throughout the contract to record the procedure and to show how risk is managed.

Category	Management Strategy
Safety	Design Risk – we have asked all our designers to identify on their information any design risks that are inherent or embedded in their parts of the design.
	Principal Designer – we will continue to employ a PD on the scheme who will ensure that our duties as client under CDM regulations are fulfilled, and that whole life risk management principles are adopted. As the buildings are leased this will also include residual risks for future users or the freeholder.
Quality	Subcontractors and suppliers have been engaged during the design stage to ensure details and material specifications are scrutinized prior to tender
	Quality Management process to be implemented on site with high quality Method Statements being required from all subcontractors.
Programme	Detailed and Verified programme produced in conjunction with the supply chain. Programme Monitoring dealt with in section 5 above.
Cost	Detailed Pricing Schedule submitted for the Phase 2 works, robust accountancy procedures employed, and cost management procedures are in place.
Operational	Operational Risks to be identified from NR experience on site over the past 12 months. Also, once the Business centre Manager has been recruited, we will use their experience to record and manage risk.



8.

Project Management

8. Project Management

We have detailed Project management procedures within Sohoco and many of these controls have been described in previous sections.

However, the main tool for collating these controls will be our monthly directors review and the reports that accompany it.

These reports will be made available, however for ease of reference the following contents schedule detail how the major items will be managed.

- Health and Safety (this always comes first on our agendas)
- Project Overview
- Planning – approvals, discharge of conditions
- Programme and Progress
- Consents and Agreements
- Financial Report
- Variations and Change Requests
- Procurement
- Supplier and Subcontractor Matters
- Design and Information
- Decisions Required
- Quality matters
- Defects
- Complaints and Communications

a. Information Management

In order to ensure the latest information is being utilized at all times we use Sharepoint to manage our information.

All Sohoco information including design information, information for our ISO45001 certification, and our management documents are stored on the site.

The site is currently managed by [REDACTED] and [REDACTED]. As an online document portal this is a secure and safe way of storing information.

We also use the site to share information with our Supply Chain and a way of collaborating with 3rd parties.

We will also be developing an Information required Schedule, especially in relation to the items that remain as Provisional Sums. This schedule is currently being collated and will be updated with dates once a start date has been established.

b. Managing Change

We have detailed earlier in the case about cost management and would confirm that all changes to the scope of the works will only be approved and authorized by [REDACTED]. In this way the Scope, Cost and Change Management process and authorization goes through one person.



9.

Stakeholder Engagement

9. Stakeholder Engagement

We have included details of the how we have incorporated Stakeholder Views into the scheme in section 7 of the Strategic case and have detailed how these views have shaped and formed our Business Strategy.

Moving forward we envisage further engagement sessions and would detail our thoughts below

Stakeholder	Strategy
Public	<p>Once we have confirmation that our funding application has been approved, and we have established a timeline for works on site we intend to host a public event at High Eastfield farm to showcase our designs and share our plans.</p> <p>We will also ask for comments and thoughts from the attendees.</p>
Local Business	<p>In a similar way to the public consultation, we will also be hosting open events for local business.</p> <p>We will engage with the local Chamber of Commerce, SBC and the LEP to generate as much interest in the scheme as possible.</p>
National Green Energy Stakeholders	<p>Through our membership of the House Builders Federation, we will engage with national suppliers, consultants and specialist companies in the Green Construction market.</p> <p>They will then be invited to come and view the plans, and to see the works as they progress.</p>
Eastfield Town Council	<p>As previously mentioned, we have engaged members of Eastfield Town Council and gained their full support.</p>

Communication Strategy

As with all engagement and activities at High Eastfield Farm we have employed [REDACTED] at Wynbrook Marketing and [REDACTED] at Four Tigers to manage our communications and marketing strategy.

Both companies are local to Scarborough, and both have in depth knowledge of the local market, and the local economy.

WE will develop our marketing plan over the coming weeks ready for a launch once funding has been secured.



10.

Benefits, Monitoring and Evaluation

10. Benefits, Monitoring and Evaluation

We would confirm that in this overall Green Book Business case we have

- Strategic Case – Section 2 Evidence of Need – identified that 1,405 learners can be trained, and 307 companies can be supported.
- Strategic Case – Section 5 The Proposed Investment – identified our objectives and shown how we would measure success.
- Economic Case – shows a BCR of 2.8.

However, to ensure that SBC complies with their obligations to MHCLG and the Towns Deal Funding Agreement these will need to be tracked and reported against during the coming years.

Whilst the TIP notes that actual plans for monitoring and evaluation are yet to be firmed up, we would confirm that Sohoco are happy to comply with all and any reasonable requests for information.

Tracking and Reporting Benefits could include

i. During construction

- Sohoco are currently monitoring the following for the Early Works.
 - a. Jobs created
 - b. Apprentice Hours on site
 - c. Apprenticeships created
 - d. Work Experience carried out
 - e. Local Companies used
 - f. Local suppliers used
 - g. Local Spend

ii. During Operation

- Jobs created
- Learners trained
- Qualifications achieved and to which level
- Businesses Engaged
- Business Desk space rental achieved
- Social Value generated
- CO² emissions reduced



Get in touch

Call us at **01723 585009**, email the team on **info@sohoco.co.uk** or look at our website **sohoco.co.uk**

