

Appraisal Panel Summary

Project Name	Specialist VFX Training Equipment		
Grant Recipient	DN Colleges Group (DNCG)		
SCR Executive Board	Skills	SCR Funding	£906,000
% SCR Allocation	58.6%	Total Scheme Cost	£1,546,000

Project Description

Funding is sought by DN Colleges Group (DNCG) to purchase and install specialist Visual Effects (VFX) equipment to deliver special effects and digital animation courses designed by leading industry experts.

360DM are investing £45m in the High Melton site to create an international film and TV hub, presenting a step change in SCR's digital technology and media sector. This project will train students to meet the anticipated skills demand for significant numbers of high-quality jobs within the hub, whilst also broadening SCR's HE offer and help bridge the GVA, productivity and skills gap.

With capacity for 140 additional students over 5 years, the equipment will transform delivery of Level 4 and 5 digital skills offer, supporting both academic to vocational courses in digital technology and enabling students to achieve good job outcomes in this growing and dynamic sector.

Strategic Case

The rationale for public sector and LFG investment in this project is to support high skilled high paid job creation in SCR that will positively increase GVA. The project will alleviate skills shortages, promote jobs growth and help to increase the number residents qualified at NVQ level 4 and above, which is below the national average.

The digital sector in the SCR has shown strong employment and GVA growth recently, with high productivity. As 'digitisation' proceeds, driven by new technology and the rapid expansion of data, more businesses will need to become digitalised, presenting challenges for some incumbent firms, as well as significant opportunities.

The digital and creative industry is prominent in national policy and reinforced by the recent UK Digital Strategy and creation of institutions such as Tech North. SCR faces an economic challenge in overcoming weak productivity, relatively low workforce skills and limited entrepreneurship. The skills gap in growth sectors is an obstacle for expansion and further investment. This is reflected in the new SCR Local Enterprise Partnership (LEP) Scale Up report, which highlights **'the top scale-up by employee growth in the SCR is a games developer'**.

This project will support regional business in this sector, including 70+ video games publishers/developers, and significant employers such as Sumo Digital, who employ over 300 people across the SCR. Channel 4 has recently announced it will transfer office-based activities to Leeds. This is not a threat to SCR, but rather an added dimension in TV production. An increase in job opportunities can only be beneficial for the students emerging from the courses offered through this project.

Value for Money

Over a period of 10 years, this project is estimated to support gross additional 1,504 learners with an estimated 634 of the net additional learners moving into employment subsequently.

This indicates a potential cost equivalent of £1,429 per job to SCR and is estimated to generate benefits of £12,985,408 of GVA.

This project therefore offers good value for money for SCR.

Risk

The key identified risks for this investment, as set out in the business case are: development of High Melton is delayed; failure to secure SCR funding; low demand (regionally and locally) from students to take the VFX course; low demand (regionally and locally) from digital media employers across the region and nationally and; costs of keeping VFX course infrastructure and equipment up-to-date with technological advances in the VFX, film and TV industry. The probability, potential impact and acceptable mitigation for each of these have been presented in the FBC and assessed as part of the assurance process.

Delivery

The Project Director (named in the FBC), is responsible for the successful delivery of the project and will manage day-to-day activities aligned to an approved plan. He will report progress to the Doncaster College Acting Principal weekly and will seek guidance/approval from in relation to any minor changes to plan that are required to maintain the project's delivery of outputs, outcomes and benefits.

A wider Project Group, which includes DNCG's Group CEO, 360 Degrees Media and an independent DNCG Governor, will monitor the project through quarterly meetings. Any major changes to the project plan will be referred to the Project Group for review and approval.

Legal

The applicant has conducted the 4 state aid tests and concluded that two of the four characteristics of state aid are not present, and thus no state aid is provided for this project.

The funding is being granted by the state and it favours certain undertakings, but it will not distort competition in the provision of HE funded VFX training or affect trade between EU member states.

Recommendation	Full grant award
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Payment Basis	Payment on defrayal
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Conditions of Award (including clawback clauses)

The following conditions must be satisfied before contract execution.

1. Formal confirmation of all other funding approvals required to deliver the project.
2. Confirmation that the profiled LGF spend can be defrayed in year, as SCR is unable to guarantee that this will be reprofiled beyond year end, and/or that the applicant will cover any unfunded works from alternate sources.
3. Update objectives to confirm estimated annual learner numbers for all qualifications.
4. Agree detailed schedule of inclusive growth indicators and targets (e.g. % of [previously unemployed] locals offered permanent contracts and apprenticeships, mentoring and school engagement and engagement with the local supply chain) to ensure the project delivers wider socio-economic benefits and that these can be captured, monitored and reported.

The conditions above should be fully satisfied by 30th June 2019. Failure to do so could lead to the withdrawal of approval.

The following conditions must be satisfied before drawdown of funding.

5. Submission of compliant procurement plan
6. Formal confirmation all relevant statutory requirements (including any planning permissions) are in place and have been satisfied.
7. Submission of evidence of Board approval from the applicant and all scheme delivery partners
8. Formal confirmation of commitment to address any cost overruns (without recourse for further LGF support) without unduly compromising project outputs and outcomes.
9. Confirmation of the agreed contract price with the preferred contractor(s) and any relevant conditions precedent thereof.

The following conditions must be included in the contract

10. Clawback on outputs and not outcomes.