

Title: North East MSA Construction Skills Programme – CTEC Capital Projects
Portfolio: Home of Real Opportunity
Responsible Director: Charlotte Carpenter – Director of Skills, Inclusion and Public Service Reform
Report Author: Michelle Stone – Head of Skills Programmes and Delivery

Purpose of the report

The purpose of this report is to seek approval to enter into eight Grant Funding Agreements with the North East MSA's regional Further Education Colleges including Sunderland College, designated as the North East MSA regional Construction Technical Excellence College (CTEC). The cumulative value of the grant agreements is **£7,769,500** and will be for the provision of eight capital projects to support additional capacity in the construction sector as part of the North East MSA's Construction Skills Package.

This capital programme will deliver a targeted, high-impact upgrade of the region's Further Education construction training infrastructure, increasing capacity, modernising facilities, and aligning provision with regional workforce and employer needs.

Recommendations

The Chief Executive is recommended to authorise entering into 8 Grant Funding Agreements with seven regional Further Education Colleges including Sunderland College, designated as the CTEC as set out in paragraph 2.2 of this report. The cumulative value of the grant agreements is £7,769,500 and will be for the provision of eight capital projects to support additional capacity in the construction sector as part of the North East MSA's Construction Skills Package.

Executive Summary

This report seeks approval for the North East Mayoral Strategic Authority (MSA) to enter into eight Grant Funding Agreements with seven regional Further Education colleges, including Sunderland College as the region's Construction Technical Excellence College (CTEC), to deliver eight construction capital projects with a total value of **£7.77 million**. The investment forms a major element of the North East MSA's wider Construction Skills Package and will create **4,441 additional construction training places** across the region.

The proposal responds directly to growing workforce shortages in the construction sector and the increasing demand for skilled labour required to deliver the Mayor's ambitions for housing, infrastructure and economic growth. Significant regional investments, including the Mayor's commitment to unlock over 15,000 homes over the next decade and major developments such as Crown Works Studios, will require a larger pipeline of skilled workers across trades, technical occupations and site management roles.

The programme will modernise and expand construction training facilities across the North East through new industry-standard learning environments, workshop expansions, refurbishment of existing facilities, acquisition of additional training space and innovative projects such as a Regional Demonstrator House focused on sustainable construction. The investment has been designed in partnership with the region's FE sector and employers to ensure training provision reflects current and future industry needs.

This investment is a key component of the North East MSA's Construction Skills Package and supports delivery of the Mayor's manifesto commitments, the Local Growth Plan and the Corporate Plan mission of creating a **"Home of Real Opportunity"**. By expanding access to construction skills training and addressing critical workforce shortages, the programme will help ensure local people can benefit from the

jobs created by the region's housing, transport and infrastructure ambitions while supporting long-term economic growth and productivity.

A. Context

1. Background

- 1.1 The Employment & Skills pillar of the North East MSA's Integrated Settlement includes £5m of skills capital funds to support additional capacity in the construction sector. In February 2026 the Department of Education (DfE) devolved an additional £11.1m of capital funds in a Memorandum of Understanding (MoU) bringing total skills capital funds to £16.1m.
- 1.2 In March 2026 the North East MSA's Cabinet approved up to £7.9m of the skills capital funds to support additional capacity in the construction sector as part of the North East MSA's Construction Skills Package. This included approval to enter into grant funding agreements with the region's Construction Technical Excellence College (CTEC) and its delivery partners for the provision of capital projects which will provide additional training spaces to support the delivery of construction skills courses.
- 1.3 The recommended approach to utilising the remaining £8.1m of the MSA's skills capital funds is being taken forward to Cabinet in September 2026. These proposals have been designed to add value to the Construction Skills Capital Programme and will be utilised to deliver an increase in 16-18 teaching and learning space across wider sector areas.
- 1.4 The construction sector capital investment set out in this report is aligned to the Combined Authority's wider Construction Skills Package (CSP) which includes over £5m per annum of skills revenue over the 3-year period of the Integrated Settlement. The CSP underpins major housing, transport and infrastructure investment driven by the North East MSA Local Growth Plan and expands our commitment to inclusive employment opportunities as set out in our employment and skills strategy 'New Deal for North East Workers'. The programme will play a key part in delivering the Mayor's and Cabinet's missions set out in the North East MSA's Corporate Plan, particularly in relation to 'Home of Real Opportunity'.
- 1.5 The Mayor's Plan for Homes commits to deliver over 15,000 homes over the next decade, including unlocking over 4,600 homes by 2030 through funding secured from the National Housing Delivery Fund. The advancement of this housebuilding programme, alongside other significant investments in infrastructure projects such as Crown Works Studios in Sunderland, will result in the demand for skilled construction workers rising sharply. Current skills shortages in the region remain acute across trades, groundworks, technical occupations and site management.
- 1.6 North East MSA officers are working in partnership with Sunderland College, which is designated as the region's Construction Technical Excellence College (CTEC), to deliver the CSP including the development of an Industry Placement Scheme for construction Level 2 learners aged 16+ and a Teacher Industry Exchange Scheme which aims to strengthen partnerships between construction employers and Further Education (FE) providers, enabling FE teachers to spend time in industry to refresh their skills as part of their continuing professional development to improve teaching practice.

- 1.7 The CTEC and its partners play a pivotal role in supporting the CSP by offering a diverse range of adult training programs, 16-18 provision, T Levels and apprenticeships, recruitment support for employers and collaborative initiatives tailored to meet the construction sector's evolving needs.

2 Proposed Capital Programme

- 2.1 Cabinet have approved a recommendation under the Officer Scheme of Delegation to authorise the Chief Executive, in consultation with the Mayor, the Portfolio Leads for the Finance and Investment and Home of Real Opportunity Portfolios and the Director of Finance and Investment to approve capital funding of up to £7.8m from FY 2025-26 to FY 2029-30 for Grant Funding Agreements with the CTEC and its delivery 'spokes'. These grant funding arrangements will be for the provision of additional training spaces to support delivery of construction skills courses.
- 2.2 It is proposed to enter into eight Grant Funding Agreements with seven regional Further Education Colleges including Sunderland College, designated as the CTEC. The cumulative value of the grant agreements is £7,769,500 and will be for the provision of eight capital projects to support additional capacity in the construction sector as part of the North East MSA's Construction Skills Package.
- 2.3 The eight projects and headline activities are summarised in Table 1 below:

Table 1

Delivery partner	Project	Funding requested	Additional spaces created
City of Sunderland College (CTEC)	Regional Demonstrator House [Regional Project]	£800,000	1405
New College Durham	Construction Centre of Excellence	£1,200,000	615
East Durham College	Transforming an underutilised street of terraced houses into live renovation projects [Regional Project]	£419,900	100
Newcastle College	Construction curriculum remodelling and refurbishment	£1,200,000	372
Derwentside College	Construction Centre Expansion	£1,600,000	362
Bishop Auckland College	Brick workshop expansion/Groundworks training zone and Joinery Workshop reconfiguration	£721,600	63
East Durham College	Reconfiguration and refurbishment of space for Construction training, Willerby Grove Campus	£748,000	320
Gateshead College	Extension to Construction Centre	£1,080,000	1204
Total		£7,769,500	4441

- 2.4 The Construction Capital Programme will deliver a targeted, high-impact upgrade of the region's Further Education construction training infrastructure, increasing capacity, modernising facilities, and aligning provision with regional workforce and employer needs. Appendix 1 of this report provides further detail on the eight projects that have been brought forward.
- 2.5 This investment will significantly increase capacity in construction training, creating over 4,400 additional places and enhancing quality and relevance of provision with embedded employer engagement and real-world learning.
- 2.6 Key components of the projects include:
- New **Learning Space** delivering flagship, industry-standard facilities
 - **Expansion and reconfiguration** of core workshops (brickwork, carpentry, joinery, and groundworks)
 - Acquisition and fit-out of **additional buildings** to increase capacity
 - Refurbishment and remodelling of existing curriculum spaces
 - Development of a **Regional Demonstrator House** focused on sustainable construction and based on the Copenhagen model
 - **Extension of a Construction Centre**, including flexible teaching and employer-led space
 - Creation of a **“real-world twin”** training environment through repurposed buildings into a real-world work experience hub.

B. Impact on North East Mayoral Strategic Authority Objectives

The North East MSA's Construction Skills Package is a key part of delivering the Mayor and Cabinet's mission as well as delivering our Local Growth Plan ambitions and the Mayor's manifesto commitments.

The programme also fully contributes to the 'home of real opportunity' where we want everyone to have the opportunity to thrive, with access to good employment and progression. Supporting the availability of good quality, well paid work, whilst providing the right support for people to access these jobs and further training which is crucial to our economic and social success.

C. Key risks

A summary of key risks relating to the Programme is included below:

Risk	Explanation
<u>Operational</u>	
Insufficient demand from residents to meet the outcomes/outputs of the programme	The impact will be failure to deliver project targets and risk of funding clawback. Mitigating measures will include promotion of services offered through the Programme appropriately implemented via the Communications Plan. Robust monitoring will flag early indicator warnings and remedial action implemented if required.
Delivery Partners unable to fulfil the terms of their funding agreement and/or meet delivery targets	The impact will be failure to meet IS requirements resulting in potential subsequent penalties. Mitigating measures will include stringent performance management and monitoring. Obligations will be clearly stated in appropriate and comprehensive grant funding agreements. All partners have a strong track record in delivering similar projects.

<u>Management</u>	
Failure to recruit Programme management staff with required skills and knowledge.	This will result in insufficient capacity to support programme delivery. Mitigating measures: Recruitment of additional capacity for the Skills team is complete. Additional resource joined the MSA in July 2026.
<u>Financial</u>	
Underspends/overspends	If the project is not delivered in line with the budget, underspending could result in performance penalties, while overspending would require the MSA to identify additional resources. Mitigation includes robust performance management to monitor spend/overspend against budget with reconciliation points-built in.

D. Corporate Implications

D1. Financial and other resources implications

Table 2 below illustrates Skills Capital income included in the North East MSA's Integrated Settlement in FY 2026-27 for use up to 31 March 2029. The proposed commitment set out in this report is fully funded from the Skills Capital Allocations, with a remaining unallocated balance of £77,235.

Table 2

Skills Capital Income	£
CTEC Construction Skills Capital	£4,994,348
Post 16 Sufficiency Capital	£11,066,161
Total	£16,060,509

Table 3 below illustrates Skills Capital committed expenditure, this table includes the allocation of £7,769,500 for the CTEC Construction Skills Capital projects as set out in this report.

Table 3

Skills Capital Committed Expenditure	£
Management Costs	£118,996
CTEC Construction Skills Capital Projects	£7,769,500
Proposed Post 16 Sufficiency Capital Projects	£8,094,778
Total	£15,983,274
Funds remaining	£77,235

D2. Legal implications

The Monitoring Officer's comments have been incorporated within this report.

D3. Equalities implications

The North East MSA follows the [Public Sector Equality duty](#) and this report has due regard to the need to achieve the objectives set out under s149 of the Equality Act 2010.

An Equality Impact Assessment has been completed on the overarching North East MSA Skills Programme.

D4. Consultation and engagement

Throughout the development of the business case and proposed delivery model for the North East MSA's Skills Programme we have carried out consultation and engagement, as reported in March 2026.

As part of the remit of the region's CTEC, Sunderland College have been engaged with a number of FE institutions and employers regarding the Construction Skills programme. Wider stakeholder engagement includes:

- North East LSIP –Chief Executive, NEAA
- North East Housing Partnership – Chief Executive, Bernicia
- Constructing Excellence in the North East - Chief Executive
- CITB - Customer Engagement Manager North East, Yorkshire & Humber
- CECA North East - Regional Director
- Northern Counties Federation of Builders

Appendices

Appendix 1 – Construction Skills Capital Projects and Funding Stream

E. Background papers

Cabinet Report 17/03/2026 - [Cabinet on Tuesday, 17th March, 2026, 2.00 pm - North East CA](#)

F. Contact officers

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G. Glossary

AY	Academic Year
CTEC	Construction Technical Excellence College
DfE	Department for Education
FY	Financial Year
IS	Integrated Settlement
ISOF	Integrated Settlement Outcomes Framework
EPNE	Education Partnership North East
KPI	Key performance indicator
North East MSA	North East Mayoral Strategic Authority

Appendix 1 - Construction Skills Capital Projects and Funding Stream

Provider	Detail	Completion	Allocation and Funding Stream
New College Durham	The project will develop a new dedicated Learning Space in the College's Construction Centre of Excellence at Langley Moor, creating high-quality, industry-standard teaching and workshop facilities to expand construction curriculum capacity, enhance learner experience, and better align provision with regional skills demands. The investment supports the College's strategic growth, will be delivered within a £2.5m budget, and is scheduled for completion in August 2026 to enable delivery from the 2026/27 academic year. The project is tendered and contractor ready to begin work immediately.	August 2026 onwards	£1.2m [Post-16 Sufficiency Capital]
Bishop Auckland	Capital development to expand and enhance the existing brickwork workshop facility for both full-time students and apprentices, comprising five inter-related elements. Part 2 Reconfiguration of the existing carpentry and joinery workshops to increase usable training space and expand capacity for both apprentices and full-time students.	Jan 2027 onwards	£721k [CTEC Phase 2 Capital]
Derwentside College	Purchase of an adjacent building and internal fit out to provide increased space for construction workshops and classrooms	Sep-27	£1.6m [CTEC Phase 1 Capital]
Newcastle College	Remodelling and refurbishment of the college construction curriculum areas to support the expansion of practical teaching. This will involve upgrading existing facilities and developing new workshop spaces to accommodate increased capacity and enhanced learning opportunities	Jan-27	£1.2m [Post-16 Sufficiency Capital]
East Durham College	Project will see a reconfiguration of existing buildings at Willerby Grove Campus.	August 2026 onwards	£748k [CTEC Phase 2 Capital]
EPNE – Regional Project	The regional demonstrator house is a building designed to showcase modern, sustainable technologies and construction methods, such as renewable energy systems, smart controls, and efficient insulation. It helps people understand how homes can be more energy-efficient and environmentally friendly. It can also support schools and the local community. Schools can use it as a hands-on learning space for subjects like science and sustainability, while the community can benefit from workshops, advice sessions, and events on reducing energy use and improving homes. Overall, a demonstrator house acts as both an educational tool and a community resource, promoting sustainable living.	ASAP	£800k [CTEC Phase 2 Capital]
Gateshead College	The proposed extension to the College's Construction Centre will deliver industry-standard training facilities aligned to the Construction Technical Excellence College objectives. The development will enable high-quality, hands-on learning through realistic live-build environments that reflect real site conditions and support advanced technical skills development and assessment. The inclusion of a mezzanine floor will provide flexible space for specialist teaching, employer-led activity and applied theory, strengthening the integration of knowledge, skills and behaviours. Together, the extension will enhance employer alignment, learner progression and readiness for skilled employment, apprenticeships and higher-level technical pathway.	12-24 months	£1.08m [CTEC Phase 2 Capital]
East Durham College – Regional Work Experience Project East	This project will deliver a pioneering “real-world twin” in a construction training environment at Houghall Campus, East Durham College as part of the Construction Technical Excellence Centre. The concept focuses on creating a large volume of regional work placement opportunities by transforming an underutilised street of terraced houses within the land-based campus into a secure, gated community of live renovation projects, creating a realistic, industry-aligned setting where learning and practical experience are fully integrated.	TBC	£419k [CTEC Phase 2 Capital]