

North Tyneside Council

Report to Cabinet

Date: 10 September 2012

ITEM 7(g)

Title: River Tyne North
Bank – Learning Village

Portfolio(s): Elected Mayor

Cabinet Member(s): Mrs Linda Arkley

Report from Directorate: Chief Executive's Office

Report Author: Gill Alexander, Strategic Director of Children, Young People and Learning Tel: 0191 643 8001

Jean Griffiths, Head of Schools, Learning and Skills Tel: 0191 643 8782

Wards affected: Wallsend, Riverside

PART 1

1.1 Purpose:

To consider proposals for the second phase of the Learning Village and seek authority to progress to a detailed business case. This includes bidding for external funding for the Learning Village.

1.2 Recommendation(s):

It is recommended that Cabinet:-

1. Agree in principle to explore the opportunities to establish a Studio School, research and development space including a Fabrication Laboratory ('Fab Lab'), incubator space for micro businesses and move-on accommodation for small and medium sized businesses within Phase 2 of the Learning Village within the former Swan Hunter office buildings;
2. Authorise the Strategic Director of Children, Young People and Learning, in consultation with the Strategic Director of Finance and Resources, the Head of Legal, Governance and Commercial Services and the Elected Mayor to undertake appropriate consultation, prepare detailed proposals and submit bids for external funding to deliver phase 2 of the Learning Village as set out in the report;
3. Agree to receive a further report for the purpose of approval of a detailed business case for the delivery of the business development element of the Swan Hunter site and to receive, for information, progress made on the Studio School proposals. These reports will contain all relevant additional legal, financial and/or other implications.

1.3 Forward Plan:

This report is listed on the Forward Plan for the period 1st May 2012 to 31st August 2012 under the title 'River Tyne North Bank'.

1.4 Council Plan and Policy Framework

Council Strategic plan 2012-2015 – Priority 2: Maintaining excellent education, training and employment opportunities including apprenticeships and working in collaboration with partners.

1.5 Information:

1.5.1 River Tyne North Bank (RTNB)

At its meeting in September 2009 Cabinet approved the Strategic Development Framework Plan (SDFP) for RTNB as the preferred strategy for the economic and social regeneration of this important riverside corridor. The SDFP highlights the strategic importance of key sites within the RTNB area to the economic regeneration of both the river corridor and the adjacent Wallsend town centre, as well as the need to provide local training facilities within a Learning Village to improve the skills of local residents and to meet the requirements of the advanced manufacturing industries that are key to securing this economic regeneration objective.

1.5.2 Swan Hunter Site

The former Swan Hunter site ("the Site") was acquired by the Council in 2009 to ensure it would be retained in employment use. The acquisition was assisted by Single Programme grant from (ONE) which is subject to a Joint Venture Agreement (JVA) that is now administered through the Homes and Communities Agency (HCA).

The Site was virtually cleared of existing buildings, structures (including cranes) and other demountable equipment by the previous owner when acquired by the Council, other than the main office buildings, which provide this significant opportunity to introduce new appropriate uses quickly.

1.5.3 The Learning Village Phase 2

At its meeting on 7 February 2011 Cabinet were advised that the development of a Learning Village would provide the essential skills required by existing and new businesses and was therefore a key part of the overall economic regeneration of the RTNB area. The Learning Village would also provide existing local residents and employees with access to training and create new opportunities, especially for young people, to improve their skills and employment prospects.

Phase 1 of the Learning Village on the former Shepherd Offshore Cold Storage Site on Hadrian Road is now operational and called the Energy Academy. This is a joint initiative between Newcastle College, Shepherd Offshore, (One North East (ONE)) the Sector Skills Council and major employers such as Duco and Wellstream, and was also supported by the Council. The Energy Academy is believed to be the first Further Education facility of its kind in the UK providing an offshore wind and wind technologies centre of innovation, training and development.

In February 2011 Cabinet authorised officers to continue to work up detailed procurement options for a further phase of the Learning Village, including consideration of funding opportunities and requested that officers submit a further report back to Cabinet within 6 months with a preferred option and the financial implications of delivering this next phase of the Learning Village. However, in December 2011 Cabinet was informed that changes in the funding of education providers meant that training requirements must now be responsive to demand from the businesses. The potential for a second phase of the Learning Village development was therefore dependent upon the needs of business and the HE/FE providers response to this demand.

In March 2012 a study was commissioned to review the position and make recommendations as to what Phase 2 could include. The work included considering the Evidence of Need, the recommended option for the site and the development of a business case for the recommended option.

The study concluded that a key priority for the Learning village should be to increase the number of local young people who could access a career in engineering related employment. This is based on evidence that there is a growing concern regarding the potential rapid growth of this sector and the ageing workforce in the North East with a need to increase numbers of young people achieving qualifications in Science, Technology, Engineering and maths (STEM) subjects. The Learning Village would support the improvements already being delivered within North Tyneside with the Council's 14-19 Strategy that is based on developing skills pathways that will allow progression into related industries. The Learning Village would provide further progression pathways from school to Further and Higher Education and increase access to new employment prospects.

The Learning Village would provide the central hub for a hub and spoke model in North Tyneside that provides clear educational and vocational routeways into employment opportunities, particularly those created on the RTNB. This would focus on supporting the development of engineering and other advanced manufacturing businesses but could also support other growth sectors (such as creative industries, particularly film and television) which have made significant use of the former Swan Hunter buildings since they were acquired by the Council.

The development would provide facilities that are focussed on young people, support their achievement of vocational learning linked directly to jobs in Engineering and Manufacturing.

The study concluded that the Learning Village phase 2 should include 3 key elements:

- A **Studio school** that provides education facilities for 14-19 year olds in vocational areas linked to the RTNB
- A **Research and Development** facility to support business led project work, innovation and entrepreneurial skills, including an internationally recognised "Fab Lab"
- A facility that provides **Business Incubation** space for businesses to start up, supports them to grow and progress into larger managed work space

Studio Schools

The Department for Education (DfE) has recently published new guidance (July 2012) inviting applications to establish Studio Schools that will provide high quality, aspirational, education for 14-19 years olds using project-based learning to deliver mainstream

qualifications, develop students' employability skills and prepare them for work, or further or higher education.

Studio Schools are all-ability and mixed gender state funded schools which are independent of local authorities. They are a new model of educational provision, delivering mainstream qualifications through practical project-based learning. Studio Schools are new Academies which are expected to be at the heart of its community, promoting community cohesion and sharing facilities with other schools and the wider community.

The Department wants to improve the education system so that children thrive and prosper, whatever their background with the aim to raise standards across the school system and provide progression routes to sustainable employment.

Studio Schools will typically have around 300 pupils and will provide high quality aspirational education for 14-19 years olds using project-based learning. The schools will deliver mainstream qualifications, provide a broad and balanced curriculum including the core subjects of maths, english and science, and at the same time develop individual students' employability skills and prepare them for work, further or higher education. All students will have a 'personal coach' to help tailor the curriculum to their individual needs.

Based on the Academies framework, any Studio School will be a company, referred to as an Academy Trust, constituted specifically for the purpose of establishing and running a school which will be set up as a company limited by guarantee.

In Studio Schools, students will spend a significant portion of their weekly time on real work placements. Students will work as employees in local businesses and crucially, students over sixteen will earn a wage. Students in Year 10 and 11 will participate in a minimum of four hours work experience each week, and students in Year 12 and 13 will spend two days per week in work. There is considerable evidence that this direct, 'hands on' experience better prepares young people for life and work.

The DfE are encouraging applications from proposers seeking to establish a School based on the Studio School model that has its own Academy Trust and separate funding agreement; or that will be part of a Multi-Academy Trust, with a supplemental funding agreement with the Department. Although it is not possible for the Local Authority to act as the lead applicant for this initiative (based on DfE guidance), it is proposed that the Local Authority would work in partnership with the North Tyneside Learning Trust and Tyne Metropolitan College to develop the initial expression of interest linked to the opportunities around the engineering and manufacturing sector.

A summary of the guidance document is attached at Appendix 1.

Research and Development Facilities

The Research and Development (R and D) facilities would provide a variety of workshop space for rent by business to carry out research and testing for their business development. In addition the facilities would include a Fabrication Laboratory ('Fab Lab') which is summarised below:

A Fab Lab is a fully kitted branded fabrication workshop which gives everyone in the community from small children through to entrepreneurs and businesses, the opportunity and capability to turn their ideas and concepts into reality. Initiated by the Massachusetts Institute of Technology, Fab Labs have now gained international recognition. They are

designed to foster innovation closely linked to education and training within the STEM field. Their aim is to put science, digital fabrication and learning into the hands of the individual through hands-on testing.

Two exist in the UK – Manchester, and Airedale with others in the planning stage, (Ellesmere Port, Brighton, Troon).

The work undertaken can include production of bespoke design and products, proof of concept prototyping, problem solving, and intellectual property resources. Lab hire can also assist businesses, community groups and schools in team building, and recruitment and assessment activities.

Fab Labs specifically provide access for schools, colleges or universities, fostering innovation, entrepreneurship and a hands-on experience of STEM and engineering at an early age. Structured activity days can be mapped to various subjects within the national curriculum and sessions which can be tailored around individual projects.

Business Incubator space and Small and Medium Enterprises (SME) accommodation

It is considered that providing dedicated business incubator space on the same site and expansion accommodation for micro businesses and SME's would provide an integrated centre of excellence to help develop young entrepreneurs.

Incubator space is aimed at very new small businesses requiring business support services to survive and grow. Successful design and testing of new products can then be supported by the on site Research and Development space. The incubation space will provide entrepreneurs including Studio School graduates with an ideal level of business support they need to start up and become sustainable businesses. Once established they can then move on to SME accommodation in the same location, which could be important to creating and nurturing a local supply chain for larger manufacturing businesses based in the River Tyne North Bank.

Excluding the Studio School, the research and development and business incubation space project is expected to require up to 3,000 square metres of business floorspace, creating approximately 35 new businesses and 50 new jobs initially.

Funding opportunities

The provision of a Studio School, research and development, incubator space and SME move-on accommodation could be located within the existing Swan Hunter office buildings. The February 2011 Cabinet report indicated that refurbishment of the existing buildings would be a more cost effective option as it could be achieved for around £9.8m, compared to between £23-31m for new build. It would also be possible to undertake these works on an incremental basis as funding and end users were identified.

The guidance supplied by DfE opens up the application process for Studio Schools as being between the 17th December 2012 and 4th January 2013. Submissions would be for creation of a Studio School opening in the autumn of 2014. The submission if successful could provide both capital and continued revenue funding for the Studio School. Further business consultation would be required to ensure the commitment of business to both financially and operationally support the Studio School. Early indications are that business would welcome a clear point of contact for recruitment of their workforce.

On the basis of a requirement of 3,000 square metres for the incubation space, research and development facilities (including Fab Lab) and SME move-on accommodation, it is anticipated that these would require a capital cost of £5.5m. A first stage European Regional Development Fund (ERDF) grant application has therefore been submitted to Department of Community and Local Government (DCLG) in August for £2.75m with an ERDF match funding rate of 50%. A decision is expected by mid October and if successful a second stage bid including a full Business Plan could then be submitted by the end of February 2013.

If the ERDF submission is successful at the first stage a further report will be brought to Cabinet following the outcome of the ERDF bid together with the full business plan, including sources for the capital match funding for approval prior to the second stage being submitted.

The Studio School application and business case including the finance package, although not requiring Cabinet approval would be provided for a future meeting.

1.6 Decision options:

The following decision options are available for consideration by Cabinet:

Option 1 - Approve the recommendations as set out in section 1.2 of this report.

Option 2 - to authorise some, but not all, of the recommendations as set out in section 1.2.

Option 3 - not to approve the recommendations as set out in section 1.2.

1.7 Reasons for recommended option:

Option 1 is the recommended option.

This would provide a clear commitment from the Council to take the necessary steps to implement the Learning Village as a new facility for residents, communities, young people and businesses that would create the platform for sustainable business and provide a locally available and skilled workforce. It will stimulate and accelerate business growth and wealth creation for our borough during this period of austerity.

1.8 Appendices:

Appendix 1 DfE Studio Schools in 2014

1.9 Contact officers:

Francis Lowes – Senior Manager, Regeneration, tel: 0191 643 6421

Kate Lovelock – Regeneration Project Manager, Regeneration, tel: 0191 643 6426

Ken Wilson – Head of Regeneration, Development and Regulatory Services, tel: 0191 643 6091

Jean Griffiths – Head of Schools, Learning and Skills, tel: 0191 643 8782

Anthony Gollings – Finance Business Manager supporting CYPL and Finance and Resources, tel: 0191 643 8071

Shona Duncan-Principal Manager Employment and Skills, Schools, Learning and Skills, tel: 0191 643 6065

Iain Betham – Senior Manager Education Capital Planning, tel: 0191 643 8092

1.10 Background information:

The following background papers/information have been used in the compilation of this report and are available at the office of the author:

River Tyne North Bank Regeneration, Learning Village Options: Cabinet report 7
February 2011

River Tyne North Bank: Local Development Order Arrangements and Learning Village
Phase 2: Cabinet report December 2011

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

2.1.1 Learning Village

The refurbishment of existing buildings and business support is proposed to be financed by £2.75m which will be matched by an ERDF grant (should the bid be successful). The Council contribution of £2.75m will be funded from the targeted capital fund that was originally set aside to support 14-19 provision within the Building Schools for the Future investment programme and is shown in the capital plan as ED179 in 2013/14. In addition to this there is £0.600m (one off) funding identified by the North Tyneside Learning Trust which could be used to support any capital funding, or fund additional works and services on the site.

At present there is no additional revenue budget identified in the Council's strategic plan and budget process for 2012-15 to support any additional revenue costs. It is assumed that any revenue costs within delivery of the scheme can be met from existing budgets, however a full business plan will be prepared for approval by Cabinet prior to a stage 2 application being submitted.

The Studio school is proposed to be financed from the DfE application and contributions from business. The responsibility for securing this funding will be the sponsor Trust, likely to be the North Tyneside Learning Trust.

2.2 Legal

Any procurement undertaken pursuant to the proposals in this report will be undertaken in full compliance with the Council's Financial Regulations, Contract Standing Orders and all applicable UK and European procurement requirements. Any legal implications will be considered in a further report to Cabinet.

2.3 Consultation/community engagement

2.3.1 Internal Consultation

Internal consultation has taken place with the key Council officers from Regeneration, Economy and Employment, Strategic Finance, Legal Services, Strategic Property and Planning.

Presentations on the Learning Village and related skills issues have been made at various times as part of briefings on the River Tyne North Bank project. Most recently a presentation was made to the Economic Prosperity and Housing Sub-Committee on 21 November on the River Tyne North Bank.

Officers attend regular programmed Member briefings to update on progress of the River Tyne North Bank regeneration strategy.

2.3.2 External Consultation/Engagement

A range of employers, and Further Education, Higher Education, Work-based Learning and school partners have been consulted on the vision for the Learning Village. Feedback on the proposed scope and remit of the Learning Village has been strongly positive. The North Tyneside Learning Trust has been formally consulted and is fully supportive of the development.

Changes in the provision of funding for education providers mean that training requirements must be responsive to demand from businesses. Therefore, an Employers Forum was held on 24 November 2011 not only to inform businesses of the benefits of the Enterprise Zone designation but to obtain feedback regarding their training and skills needs in relation to the development of the Learning Village. Education partners also attended the event in order to hear first hand the needs of the business community which will assist them in the preparation of a robust business case for bespoke education provision.

The Elected Mayor has established, and is the Chair of, the Riverside Business Forum which brings together partner local authorities, the Ports and key private sector partners. It acts as a strategic driver for the "One River" approach to the promotion of the North East in order to capitalise on its considerable natural assets to mutual advantage and become internationally renowned for the production, research and development and education and training in advance manufacturing and renewable technologies by 2030.

North Tyneside Business Forum, which is managed by a group of local business people from across all sectors, was set up to encourage and develop business growth in the borough through a shared focus on promoting economic success. Through this Forum, businesses can become better informed, get more involved in the local business community and access a wealth of information on issues affecting their company. It is a vital conduit in business consultation and has been beneficial in ascertaining skills gaps which can be addressed as part of the Learning Village.

A drop-in for local residents and other stakeholders was held on 23 November to provide information on a range of different initiatives benefiting Wallsend, including the Learning Village and former Swan Hunter site.

Initial consultation of Secondary Head Teachers has taken place with regards to the Studio School proposal and was fully supported.

2.4 Human rights

There are no human rights implications directly arising from this report.

2.5 Equalities and diversity

Equality and Diversity issues will be fully considered and addressed as part of the ERDF and DfE application processes. The development will demonstrate a commitment to a meaningful integration of equal opportunities issues including where appropriate positive activities to ensure equality of access and opportunity.

2.6 Risk management

Any relevant risks associated with the acceptance of the grant funding will be considered in the full Business Case production.

2.7 Crime and disorder

The approval of the recommendations will support the implementation of improvements to the Sites, which should have a positive impact on the reduction of crime and disorder.

2.8 Environment and sustainability

The approval of the recommendations will support the implementation of improvements to the environment and long term sustainability of the RTNB area.

Development of the Swan Hunter site has a high level of sustainability in relation to alternative means of travel. The Site is immediately adjacent to Wallsend Metro Station and bus interchange, and is also alongside a cycleway. Various shops and services are within easy walking distance of the Site. The use of the Site for employment development offers the option of goods being transported to and from the Site by river, reducing the number of vehicle movements on the road network.

All ERDF funded development must be to BREEAM Very Good standard. It is expected that similar standards of construction and sustainability would be targeted for non-ERDF funded development.

PART 3 - SIGN OFF

- Chief Executive
- Strategic Director(s)
- Mayor/Cabinet Member(s)
- Chief Finance Officer
- Monitoring Officer
- Strategic Manager Policy and Partnerships