

# North Tyneside Council

## Report to Cabinet

### Date: 11 March 2013

#### ITEM 7(d)

Title: River Tyne Energy Centre – Stage 2 ERDF bid for a Business Incubation Centre and Research and Development Centre

Portfolio(s): Elected Mayor

Cabinet Member(s): Mrs Linda Arkley

Report from Directorate: Chief Executive's Office

Report Author: Graham Haywood,  
Chief Executive

Tel: 643 2001

Wards affected: Riverside

## PART 1

### 1.1 Purpose:

The purpose of this report is to seek authority to progress with the submission of a Stage 2 European Regional Development Fund (ERDF) bid for a Business Incubation Centre and Research and Development facility, in the office buildings at the former Swan Hunter site (now known as Jupiter PaRC@Swans), which will form part of the River Tyne Energy Centre.

### 1.2 Recommendations:

It is recommended that Cabinet:-

1. Note the progress made with the Stage 2 bid for ERDF grant;
2. Authorise the Head of Business and Economic Development, in consultation with the Head of Law and Governance and the Strategic Director of Finance and Resources, to formally submit the Stage 2 bid to the Department for Communities and Local Government (DCLG); and
3. Agree to receive a further report detailing the full legal and financial implications of any subsequent offer of ERDF grant funding being made to the Authority, for approval prior to accepting the offer of grant.

### 1.3 Forward Plan:

Twenty eight days' notice of this report has not been given; however it has appeared on the Forward Plan since the edition that was published on 13 February 2013.

## **1.4 Council Plan and Policy Framework**

This report is relevant to the Council Strategic Plan 2012-15 – Priority 5 “Work in Partnership to realise the full potential of the North Bank of the Tyne Regeneration, in particular Priority 5 (8); “The Council will begin the journey towards this vision by providing appropriate infrastructure and supporting investment in buildings. The council will actively seek endowments and collaborations between universities and companies in an innovative partnership. We will take this vision and our determination to Government and to our European representatives to seek their support.”

## **1.5 Information:**

### **1.5.1 Background Information**

In September 2012 Cabinet agreed that the Learning Village would be at the centre of a hub and spoke model in North Tyneside providing clear educational and vocational pathways into employment opportunities, focussed on supporting the workforce requirements of engineering and advanced manufacturing businesses on the River Tyne North Bank (RTNB). Other growth sectors such as creative industries, particularly film and television, which have already made significant use of the Jupiter PaRC site since it was acquired by the Authority, would also be targeted.

Cabinet also agreed in principle to the establishment of complementary facilities on the Jupiter PaRC site comprising:

1. a Business Incubation Centre (BIC) for new micro and small businesses to start up, with dedicated business support to grow and progress into larger managed work space; and,
2. a Research and Development (R and D) facility to support business led project work, innovation and entrepreneurial skills, including an internationally recognised “Fab Lab”.

These complementary facilities will provide an opportunity for new start up micro and small businesses aligned with the objectives of the RTNB regeneration strategy and the North East Enterprise Zone, to be supported during their key early stages, including support for innovation, research and development. This will provide an important source of new local businesses to support the growth of the River Tyne as an international hub for advanced manufacturing and renewables engineering into the future.

In November 2012 Cabinet was informed that the refurbishment of part of the existing Jupiter PaRC office buildings to accommodate the proposed BIC and R and D facility had received a Stage 1 ERDF grant approval of £2.750m towards the estimated £5.500m capital cost. This was matched with £2.750m of North Tyneside Council capital funded from the targeted capital fund originally set aside to support 14-19 provision within the Building Schools for the Future investment programme (shown in the Capital Plan as ED179 in 2013/14).

The (former) Head of Regeneration, Development and Regulatory Services was authorised to undertake further design work for the proposed BIC and R and D facility and to report back to Cabinet with a fully detailed business case prior to the Stage 2 bid, which was due to be submitted to DCLG by 28 February 2013. This DCLG deadline for the Stage 2 bid has been set because the current European Programme requires all qualifying expenditure to be incurred before July 2015.

Further detailed design work for this project has therefore been progressed, informed by a market needs assessment that was undertaken as DCLG require this to be submitted with the Stage 2 bid. The market needs assessment has indicated that the overall scale of the BIC and R and D facility should be reduced to around 1,500 square metres, with an overall scheme cost of around £4.500m, made up of £2.250m ERDF grant and £2.250m match funding from the Capital Plan, which has been included in the draft budget. Further design work is being undertaken by Capita Symonds to advise on the most advantageous layout of this amount of floorspace within the Jupiter PaRC buildings. Until this design work is completed it is not possible to complete a robust business case and therefore comply with the decision of Cabinet in November 2012.

In these circumstances DCLG has allowed the Authority to submit a draft Stage 2 bid by 28 February 2013, subject to subsequent submission of the detailed business case supporting the bid. It is therefore proposed that, should any offer of ERDF grant funding be received, Cabinet receive a further report setting out the full detailed business case for consideration in conjunction with the request for Cabinet's authorisation to formally accept the offer of ERDF grant

It should be noted that the Stage 2 submission does not commit the Authority to accept any offer of ERDF grant.

## **1.6 Decision options:**

The following decision options are available for consideration by Cabinet:

### Option 1

Cabinet may approve the recommendations as set out in paragraph 1.2 of this report to formally submit the Stage 2 bid to DCLG and receive a further report with a detailed business case if the bid is successful.

Submission of the ERDF bid will provide an important opportunity to move the RTNB regeneration strategy forward, by commencing the refurbishment of the Jupiter PaRC offices for a new complementary use that will support the start-up of new micro and small businesses, will be realised.

### Option 2

Cabinet may decide not to approve the recommendation to submit the Stage 2 ERDF bid.

If option 2 is selected it will be necessary for the Authority to withdraw the stage 2 bid. An important opportunity to move the RTNB regeneration strategy forward by commencing the refurbishment of the Jupiter PaRC offices for a new complementary use that will support the start-up of new micro and small businesses will be lost.

## **1.7 Reasons for recommended option:**

Option 1 is the recommended option as this will allow the Stage 2 bid to progress through the DCLG appraisal process. In parallel with this appraisal process, officers will complete a robust business plan, including all financial implications and report this back to Cabinet as soon as possible.

## 1.8 Appendices:

None.

## 1.9 Contact officers:

Francis Lowes, Senior Manager, Regeneration, tel. (0191) 643 6421

Kate Lovelock, Project Manager, Regeneration, tel (0191) 643 6426

Vicki Dixon, Senior Manager, Financial Strategy and Planning, tel (0191) 643 5723

David Anderson, Principal Accountant, tel (0191) 643 5722

## 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:

- a. River Tyne North Bank Strategic Development Framework Plan  
[http://www.northtyneside.gov.uk/pls/portal/NTC\\_PSCM.PSCM\\_Web.download?p\\_ID=516659](http://www.northtyneside.gov.uk/pls/portal/NTC_PSCM.PSCM_Web.download?p_ID=516659)
- b. North Bank Strategic Development Framework Plan: North Tyneside Council Cabinet report September 2009  
[http://www.northtyneside.gov.uk/pls/portal/NTC\\_PSCM.PSCM\\_Web.download?p\\_ID=508773](http://www.northtyneside.gov.uk/pls/portal/NTC_PSCM.PSCM_Web.download?p_ID=508773)
- c. River Tyne North Bank Regeneration: North Tyneside Council Cabinet report 12 July 2010  
[http://www.northtyneside.gov.uk/pls/portal/NTC\\_PSCM.PSCM\\_Web.download?p\\_ID=516230](http://www.northtyneside.gov.uk/pls/portal/NTC_PSCM.PSCM_Web.download?p_ID=516230)
- d. River Tyne North Bank Regeneration, Learning Village Options: North Tyneside Council Cabinet report February 2011 (pink paper report)
- e. River Tyne North Bank: Local Development Order Arrangements and Learning Village Phase 2: North Tyneside Council Cabinet report December 2011  
[http://www.northtyneside.gov.uk/pls/portal/NTC\\_PSCM.PSCM\\_Web.download?p\\_ID=531094](http://www.northtyneside.gov.uk/pls/portal/NTC_PSCM.PSCM_Web.download?p_ID=531094)
- f. River Tyne North Bank – Learning Village: North Tyneside Council Cabinet report September 2012  
[http://www.northtyneside.gov.uk/pls/portal/NTC\\_PSCM.PSCM\\_Web.download?p\\_ID=537624](http://www.northtyneside.gov.uk/pls/portal/NTC_PSCM.PSCM_Web.download?p_ID=537624)
- g. River Tyne North Bank Update: North Tyneside Council Cabinet report November 2012  
[http://www.northtyneside.gov.uk/pls/portal/NTC\\_PSCM.PSCM\\_Web.download?p\\_ID=539615](http://www.northtyneside.gov.uk/pls/portal/NTC_PSCM.PSCM_Web.download?p_ID=539615)

## **PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING**

### **2.1 Finance and other resources**

There are no direct financial implications arising from the submission of the Stage 2 ERDF bid the subject of this report.

If the recommendations set out in paragraph 1.2 are approved a full business case will be prepared, including all financial implications, and reported to Cabinet for approval prior to accepting any offer of ERDF grant.

The ERDF funding and matching capital contribution from the Council is included in the draft 2013-2015 Financial Plan and Budget.

### **2.2 Legal**

There are no direct legal implications arising from the submission of the Stage 2 ERDF bid the subject of this report.

Any offer of ERDF grant will be subject to conditions in relation to the future use of the site, disposals, income and other relevant matters. All legal implications arising from the grant conditions will be detailed in the further report to Cabinet..

It is envisaged that the preferred developer (to be identified) for the Jupiter PaRC site will carry out the refurbishment works should the ERDF bid be successful. .

### **2.3 Consultation/community engagement**

#### **2.3.1 Internal Consultation**

The regeneration of the Jupiter PaRC site has been the subject of extensive internal consultation as part of the preparation of the River Tyne North Bank Strategic Development Framework. Officers from Regeneration, Economy and Employment, Financial Strategy and Planning, Legal, Governance and Commercial Services, Strategic Property and Planning have been involved extensively in developing the projects. Briefings have been provided to Elected Members, including meetings of the Economic Prosperity and Housing Sub-Committee.

#### **2.3.2 External Consultation/Engagement**

Extensive engagement has taken place with businesses, partners and the community regarding the future development of the Jupiter PaRC site on an individual basis as well as strategic groups such as the Riverside Business Forum. The Masterplan for the site has been displayed at a number of recent public events including Area Forum meetings and drop in events.

Most recently a boat trip was organised in September 2012 for members of the North Tyneside Business Forum to provide a unique view of the River Tyne North Bank area, with presentations by land owners including the Council.

### **2.4 Human rights**

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

## **2.5 Equalities and diversity**

Equality and Diversity issues have been fully considered and addressed as part of the ERDF application process to date. These issues will continue to be considered throughout the detailed design process. It is considered that the development will have a significant positive effect upon equality of access and opportunity to new jobs for residents of local communities.

## **2.6 Risk management**

Any relevant risks associated with the offer of external grant would be assessed to ensure there were no adverse implications for the Authority.

## **2.7 Crime and disorder**

The continued development of the Jupiter PaRC site will have significant positive implications for crime and disorder as the size of the site means that there are currently opportunities for casual crime despite the provision of 24 hour site security.

The early re-use and development of the site and buildings will reduce the opportunities for crime by introducing a significant level of natural surveillance as well as new security systems, including CCTV.

## **2.8 Environment and sustainability**

The environment and sustainability are at the heart of bringing back into productive use the existing buildings by making best use of the investment and embodied energy.

The site is located close to Wallsend Metro Station and Bus Interchange, making it highly accessible by public transport and is immediately alongside a major east-west cycleway, providing for healthy and low carbon alternative transport. The site is also close enough to our local riverside communities for a substantial number of employees to walk into work. Businesses requiring riverside access for the transport of products will be prioritised, reducing the number of vehicles using the adjacent roads.

The proposed re-use of the site and buildings is targeted at industries that will contribute towards long term environmental sustainability for the UK by providing support for the emerging renewable energy sector, particularly offshore wind power. Site infrastructure works will be undertaken with recycling of materials within the site boundary as a priority and new materials will be selected from sustainable sources. The refurbishment of the existing buildings and the construction of new buildings will be undertaken to the required BREEAM standards.

The overall scheme provides for the protection of features that have heritage value associated with the adjacent Segedunum/Hadrians Wall World Heritage site.

### **PART 3 - SIGN OFF**

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