

North Tyneside Council Report to Cabinet Date: 13 January 2014

ITEM 7(e)
**Title: Jupiter PaRC@Swans
Business Incubation
Centre – Variation to proposed
scheme and Funding
Agreement**

Portfolio(s): Elected Mayor

Economic Development

**Cabinet Member(s): Mrs Norma
Redfearn**

**Councillor Frank
Lott**

Report from Directorate: Chief Executive's Office

**Report Author: Paul Buie,
Head of Business and Economic
Development**

Tel: 643 6091

Wards affected: Wallsend

PART 1

1.1 Purpose:

At its meeting of 8 July 2013 Cabinet approved the submission of the finalised business case for the Stage 2 bid to the European Regional Development Fund (ERDF) for a Business Incubation Centre (BIC) and Research and Development (R and D) facility at the former Swan Hunter site (now known as Jupiter PaRC@Swans), and gave authority to accept any subsequent offers of ERDF funding.

Following a further review of the project proposals, Cabinet are requested to agree that the scheme be revised to a refurbishment of the existing buildings only rather than a refurbishment with a new build element. The level of EDRF of funding will be varied to reflect the new project proposals rather than the previous proposals.

1.2 Recommendations:

Please see supplemental report.

1.3 Forward Plan:

It has not been practicable to give 28 days notice of this report. However, it is required to be considered without the 28 days notice being given because of the timing requirements associated with the EDRF funding already approved.

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 to support 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, would also be targeted.

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

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

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.

The Head of Regeneration, Development and Regulatory Services was authorised to undertake further design work 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.

Detailed design work for this project was therefore progressed, informed by a market needs assessment which DCLG required with the Stage 2 bid.

In March 2013 Cabinet was informed that the market needs assessment 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 estimated scheme cost of around £4.5m, which was within the approved Base Capital Plan allocation for this project of £5m for 2013-15.

In view of the deadline for submitting the stage 1 bid Cabinet authorised the submission of the Stage 2 bid without the business case, which at that time was still being prepared, subject to the business case being reported to Cabinet prior to any offer of ERDF being accepted. Further detailed design work and discussions with DCLG since March 2013 enabled the estimated cost of the scheme to be revised down to £4.231m, made up of £2.116m ERDF grant and £2.115m match funding from the Capital Plan.

To ensure the Stage 2 bid could be progressed quickly once the business case was agreed with DCLG, Cabinet granted delegated authority to approve the business case

providing it had no legal or financial implications for the Authority that could not be contained within existing budgets.

A further review of the proposals detailed above has been undertaken and it is suggested that the current scheme for the BIC and the R and D facility is no longer aligned with the delivery of the Council Plan priorities. It is suggested that the scheme be further revised to reduce it from a refurbishment and new build development to a refurbishment only development.

The reduction of the proposed scheme to a refurbishment only development, if agreed, will not require the same level of EDRF grant approval and match funding from the Capital Plan. A variation to the EDRF funding agreement will be required to encapsulate those changes.

A supplemental report will be circulated to all Members of Cabinet in advance of the meeting detailing the revised proposed scheme and the requirements for the variation of the EFRF funding agreement. Details of the appropriate delegations to Officers will be detailed in the supplemental report.

1.6 Decision options:

Please see supplemental report.

1.7 Reasons for recommended option:

Please see supplemental report.

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
Jonah Morris, Data Management Officer, Schools, Learning & Skills, tel. (0191) 643 6060
David Anderson, Principal Accountant, tel (0191) 643 5722
Sarah Heslop, Manager Legal Services Property, tel (0191) 643 5456

1.10 Background information:

Please see supplemental report.

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

Please see supplemental report.

2.2 Legal

Please see supplemental report.

2.3 Consultation/community engagement

2.3.1 Internal Consultation

Please see supplemental report.

2.3.2 External Consultation/Engagement

Please see supplemental report.

2.4 Human rights

Please see supplemental report.

2.5 Equalities and diversity

Please see supplemental report.

2.6 Risk management

Please see supplemental report.

2.7 Crime and disorder

Please see supplemental report.

2.8 Environment and sustainability

Please see supplemental report.

PART 3 - SIGN OFF

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