

# North Tyneside Council Report to Cabinet 10 November 2014

**ITEM 7(c)**  
**Embleton Avenue  
Skills and Enterprise  
Centre**

**Portfolio(s):** Children, Young People  
and Learning

**Cabinet Member(s):** Councillor Ian Grayson

**Report from Service Area:** Children, Young People and Learning

**Responsible Officer:** Jean Griffiths, Head of Children,  
Young People and Learning

**Tel:** (0191) 643 8089

**Wards affected:** Battle Hill

## **PART 1**

### **1.1 Purpose:**

The purpose of this report is to declare the property at Embleton Avenue Skills and Enterprise Centre surplus to the Authority's requirements and available for disposal to Tyne Metropolitan College for use as a Science, Technology, Engineering and Maths (STEM) Innovation Centre.

### **1.2 Recommendation(s):**

It is recommended that Cabinet:

- (a) note the information outlined in this report;
- (b) declare the property at Embleton Avenue Skills and Enterprise Centre surplus to the Authority's requirements and available for disposal to Tyne Metropolitan College for use as a centre for Science, Technology, Engineering and Maths Innovation Centre in accordance with the main principles outlined in this report;
- (c) authorise the Head of Environment and Leisure, in consultation with the Chief Executive (as Section 151 Officer), the Head of Law and Governance and the Elected Mayor to agree the final terms of the transfer of the property to Tyne Metropolitan College; and
- (d) authorise the Head of Environment and Leisure to deal with all ancillary matters arising that are consistent with the preceding recommendations.

### **1.3 Forward Plan:**

28 days notice of this report has been given and it first appeared on the Forward Plan that was published 6 October 2014.

## 1.4 Council Plan and Policy Framework

The report relates to the Council Plan – Our North Tyneside 2014 – 2018.

Priority 1 – Our People Will – Be supported to achieve their full potential, especially our children and young people.

## 1.5 Information:

- 1.5.1 Embleton Avenue Skills and Enterprise Centre is situated adjacent to Tyne Metropolitan College (the 'College') and is visible from the Coast Road. It is owned by the Authority and has been utilised as a Skills and Enterprise Centre for a number of years. The property is shown by dark outline on the plan attached as appendix 1.

In recent years the Authority has experienced a reduced need to utilise this building for a Skills and Enterprise Centre. This is due to improved provision available from Tyne Metropolitan College, changing demand and accessibility for local residents.

The Authority currently rents out rooms within the Skills and Enterprise Centre to the College and Tyne North Training. The licence arrangements for the College are for a period of 5 years from April 2012 subject to a 2 month termination notice period. The licence conditions for Tyne North Training are subject to a 6 month written termination notice period.

The centre costs the Authority approximately £0.084m per annum to run less rental and training income of circa £0.044m per annum. The net £0.040m cost to the Authority is currently funded by an external skills grant. With the reduced utilisation of this building, it is increasingly difficult to justify this revenue cost.

As part of the proposal to establish a STEM Innovation Centre the intention would be for the College to take a long term lease of the Skills and Enterprise Centre from the Authority. This will be subject to all of the terms and conditions being agreed between the parties.

In order to ensure the viability of this project, it will be necessary to enter into a long term leasehold arrangement at a peppercorn rent.

In these circumstances, the General Disposal Consent (England) 2003, issued by the Secretary of State for Communities and Local Government under the provisions of the Local Government Act 1972, enables Local Authorities to transfer property at less than best consideration where it is felt that the transfer will contribute to the promotion or improvement of the economic, social or environmental well being of the area. The consent is subject to the proviso that the "undervalue" must be less than £2,000,000.

The length of the lease that is finally agreed will be for a term that ensures that the value of the rental concession remains within the "undervalue" limit.

In March 2014, the Skills Funding Agency (SFA) Capital funding application process moved to be the responsibility of the North East Local Enterprise Partnership (the 'LEP'). In February 2014 the LEP invited colleges to apply for capital funding at very short notice. The College submitted an application in their name for this site for a Science, Technology, Engineering and Maths (STEM) Innovation Centre with full support of the Authority.

Following evaluation, government approved this proposal and £1m of funding has been allocated under the skills package, one of five such projects approved in the North East LEP area. The project is to be delivered during the 2015/16 financial year.

The STEM Innovation Centre will support the economic regeneration of North Tyneside and the wider region.

- 1.5.3 The current proposal from Tyne Metropolitan College will provide STEM facilities for formal education to pupils from age 14 and potentially ad hoc access to younger pupils.

This development will be included as part of the proposed solutions within the School Review. The aim of the STEM Innovation Centre will create a supportive Hub to introduce and continually raise aspirations of our young people in STEM related subjects and will support them to prepare for related careers. This will support schools to increase the take up of STEM subjects including A Levels within mainstream schools and Tyne Metropolitan College's expansion of vocational STEM learning.

The new facilities will also provide a base for vocational training directly linked to engineering and manufacturing industries operating from and linked to the River Tyne Enterprise Zone and their wider supply chain of smaller businesses.

## 1.6 Decision options:

The following decision options are available for consideration by Cabinet:

### Option 1

Approve all of the recommendations as set out at paragraph 1.2 above.

### Option 2

Reject the recommendations as set out at paragraph 1.2 above and request Officer to examine alternative options.

Option 1 is the recommended option.

## 1.7 Reasons for recommended option:

Option 1 is the recommended option as this will facilitate £1m capital investment to the building. This will provide new facilities as a focus for skills development and pathways which will support the economic regeneration of North Tyneside and the wider region. In addition, the Authority will no longer be liable for all premises related costs for this building.

## 1.8 Appendices:

Appendix 1: Plan detailing the site and boundary

## 1.9 Contact officers:

Jean Griffiths, Head of Children, Young People and Learning, tel. (0191) 643 8782  
Iain Betham, Senior Manager – Education Capital and Fair Access, tel. (0191) 643 8092  
Shona Duncan, Principal Manager Employment and Skills, tel. (0191) 643 6065  
Alison Campbell, Finance Business Manager, Finance & Commercial Services, tel. (0191) 643 7038  
Niall Cathie – Strategic Property Manager – tel. (0191) 643 6517  
Sarah Heslop – Manager Legal Services – tel. (0191) 643 5456

## 1.10 Background information:

The following background papers have been used in the compilation of the report and are available at the officer of the author:

Strategic Property Group Report (not publically available).

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

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

Whilst the letting arrangement proposed will be on a peppercorn basis there will be net revenue savings estimated at £0.044m per annum to the Authority if the grant can be redirected to fund relevant current expenditure elsewhere in the service.

Grant from the LSC (Learning and Skills Council, now the Skills Funding Agency) was awarded in 2005 to support remodelling and refurbishment works. Grant claw back may be an issue if the use of the building is changed from a Skills purpose. This however is not an issue from this immediate transaction as the building will still be used for this purpose.

In April 2014, the Strategic Property Group agreed that a report should be taken to Cabinet to seek approval to enter into negotiations with Tyne Metropolitan College to lease or sell the building on a basis that there are no adverse financial implications to the council if their bid is successful.

### **2.2 Legal**

The letting will be progressed and completed in compliance with the Authority's Financial Regulations and applicable legislation.

Section 123 of the Local Government Act 1972 allows the Authority to dispose of land and buildings which are deemed surplus to requirements.

The General Disposal Consent (England) 2003 issued by the Secretary of State for Communities and Local Government under the provisions of the Local Government Act 1972 enables Local Authorities to transfer property at less than best consideration where it is felt that the transfer will contribute to the promotion or improvement of the economic, social or environmental well being of the area. The consent is subject to the proviso that the "undervalue" must be less than £2,000,000.

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

#### **2.3.1 Internal Consultation**

This matter has been considered by the Strategic Property Group in April 2014 and it was agreed that a report should be taken to Cabinet to seek approval to enter into negotiations with Tyne Metropolitan College to lease or sell the building on a basis that there are no financial implications to the Authority if their bid is successful.

The Cabinet Member for Children, Young People and Learning has been fully consulted in relation to the proposals.

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

Both Tyne Metropolitan College and the North East LEP have been consulted in relation to these proposals.

### **2.4 Human rights**

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

### **2.5 Equalities and diversity**

There are no equality and diversity implications directly arising from this report.

## 2.6 Risk management

There are no risk management issues directly arising from this report.

## 2.7 Crime and disorder

There are no direct crime and disorder issues directly arising from this report.

## 2.8 Environment and sustainability

There are no environmental and sustainability issues directly arising from this report.

### PART 3 - SIGN OFF

- Deputy Chief Executive
- Head of Service
- Mayor/Cabinet Member(s)
- Chief Finance Officer
- Monitoring Officer
- Head of Corporate Strategy