
DEVELOPMENT OF A NEW UNIVERSITY CENTRE IN DARLINGTON

Responsible Cabinet Member - Councillor John Williams, Economy Portfolio

Responsible Director - Richard Alty, Assistant Chief Executive (Regeneration)

SUMMARY REPORT

Purpose of the Report

1. To consider funding support for the proposed University of Teesside development at Central Park.

Summary

2. Work to develop a revenue and capital business case for a new University Centre is making good progress. On the revenue side the feasibility work to date demonstrates that targets for increased student places can be met. In terms of capital, negotiations are progressing well and the University Board will consider a contribution from their own resources in late July. However it would appear that in the context of a potential £11m scheme there is likely to remain a gap. A contribution of up to £500,000 from Darlington Borough Council may be required to secure the funding package.
3. The development would contribute strongly towards both priorities in One Darlington : Perfectly Placed within the Prosperous and Aspiring themes.

Recommendation

4. It is recommended that Council:
 - (a) Supports the allocation of £500,000 towards the University development; and
 - (b) such funds be agreed should they be necessary.

Reasons

5. The recommendations are supported as the securing of the University development is an important step in achieving wider educational skills, prosperity and market positioning for Darlington, in line with the two priorities, and Prosperous and Aspiring themes, in One Darlington : Perfectly Placed.

Richard Alty
Assistant Chief Executive (Regeneration)

Background Papers

There were no background papers used in the compilation of this report.

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S17 Crime and Disorder	No impact.
Health and Well Being	No impact.
Sustainability	By increasing the provision of higher education within an accessible location in central Darlington, this has the potential to reduce travel from within Darlington and the surrounding area to other institutions further afield. The environmental performance of the building would be a matter for the University, but influenced through the Planning and Building Control processes.
Diversity	Increasing the provision of higher education within Darlington has the potential to increase take-up of higher education amongst groups and areas where it is currently low.
Wards Affected	Located in Lingfield wards but benefiting all wards.
Groups Affected	See 'Diversity' comments.
Budget and Policy Framework	This report seeks the allocation of an additional £500,000 to the Capital Medium Term Financial Plan.
Key Decision	This is a decision for Council and therefore not a key decision.
Urgent Decision	No.
One Darlington: Perfectly Placed	See Paragraph 3 in the Summary and Paragraph 12 in the main report.

MAIN REPORT

Information and Analysis

6. The Council has been working with the University of Teesside and other partners and stakeholders to explore the feasibility of developing a greater physical presence in Darlington. Since relocating to Central Park, Darlington College has continued to expand the range of courses offered, particularly in the Further Education (FE) and Higher Education (HE) sectors. By developing alongside the College, the new University building will deliver a step change in higher education activity within the town, providing a high quality higher education learning environment and will assist in promoting wider Community Strategy objectives.

The Proposed Development

7. It is proposed to provide a separate University Centre, providing a high quality venue for HE course and conference activity, co-located with, but separate from, Darlington College. This will be targeted mainly at the part time adult market and will initially offer courses in leadership and management, health and social care, media and journalism and a range of arts and humanities courses. The University Centre will also be a base for developing a suite of programmes tailored to employers in the public and private sectors, including business and financial services, education, engineering, logistics and hospitality sectors. The range of HE provision will expand as the demand for HE from different markets (including traditional HE students) grows. Efficiencies of scale will be possible as there will be opportunities to share services with the college.
8. Further research will be undertaken into the development of new programmes that would appeal to rural residents and businesses, as well as exploring the development of courses which will appeal to those in the East Coast transport route catchment area.
9. There is also potential to develop some outreach activity, which could include business consultancy, collaborative R&D, Knowledge Transfer Partnerships, business networking events, conferences and potentially some support for business incubation. This would help to raise awareness of the University, whilst supporting engagement with key partners and stakeholders and directly engaging with employers.

Why Darlington?

10. Darlington has the potential to attract investment and jobs that might not otherwise come to the region, as confirmed by the Darlington Gateway research. More recent sectoral analysis of the future economic potential for the town has indicated the potential growth sectors to include: business, financial and professional services, engineering design and construction, and knowledge intensive businesses. The University has strengths which match the demands for higher skills needed by these sectors and can help to increase the supply of professional (graduate) engineers and managers.
11. Darlington serves as a centre for Tees Valley, South Durham and North Yorkshire and has potential to serve a much wider area. Redevelopment of the town centre's Pedestrian Heart and the attraction of new businesses to Morton Palms, Lingfield Point and Faverdale have brought about a significant increase in business activity, which has demanded a higher skilled workforce. This was one of the main priorities identified by businesses during the

consultation process for the Sustainable Community Strategy.

12. The Council has been working with the University on the potential for the development to house courses which relate to the potential growth sectors in Darlington's economy identified in the Taking Forward Darlington Gateway research.
13. The University will also be an important next step and catalyst in securing the further development of Central Park through raising confidence in the overall project.

Benefits to Darlington

14. The development of a University Centre in Darlington will support the Sustainable Community Strategy – One Darlington : Perfectly Placed by:
 - (a) Addressing the key skills needs of our local companies;
 - (b) Addressing the aspirations and educational ambitions for Darlington;
 - (c) Helping to increase progression rates through to higher education;
 - (d) Contributing to raising the well-being of areas with experience of deprivation;
 - (e) Helping to attract and retain talent in the area;
 - (f) Engaging with local businesses and stimulating entrepreneurship;
 - (g) Helping to achieve the economic potential of Darlington.

Development Funding

15. Proposals are emerging to locate the University building on part of the Council's Depot, adjacent to Darlington College. No detailed design of the building has yet been prepared although there are several concept drawings illustrating a high quality modern design.
16. The University development is estimated to cost around £11 million. This will be funded through a number of sources including the University itself and potentially One NorthEast. There is a potential shortfall in the funding package of up to £500,000. Whilst negotiations are ongoing to firm up the funding package, a contribution and commitment from Darlington Borough Council may be necessary to complete the funding package and secure the development and its consequential benefits. The potential funding sources also include the Learning and Skills Council, via Darlington College.
17. Further negotiation will be required with the University on securing the precise benefits to Darlington which the University will deliver. A further report would be brought to Cabinet on the details of the arrangements with the University, when seeking release of the funding.
18. Significant public sector funding (mainly from One NorthEast and English Partnerships through Tees Valley Regeneration) has already gone into preparing the Central Park land generally for development, and the proposed University development will benefit from this.

Financial Implications

19. There is no allocation of funding contained within the Council's Medium Term Financial Plan (MTFP) for the proposal contained within this report. The proposed £500,000 subsidy to the relocation and build costs of the University would be categorised as capital expenditure and therefore capital resources will need to be allocated to fund the expenditure.

20. The existing capital MTFP is underpinned by the sale of assets and at the current time sale targets for the programme have not been achieved. The majority of planned sales relate to the disposal of land for residential purposes and given the current economic position, there is a significant risk that these targets will not be met. Should this be the case, the Council will need to prudentially borrow to cover any shortfall in receipts. The cost of such borrowing equates to an increase of £100,000 per annum in capital financing costs for each £1m borrowed. This risk can be managed within the Council's MTFP by utilisation of headroom in future years and revenue balances if required.
21. Due to the risk identified above, Members need to be aware that in approving this scheme it is likely that the expenditure cannot be funded from capital receipts and that it will need to be funded from prudential borrowing with the subsequent increase in the Council's revenue budget of £50,000 p.a.

Outcome of Consultation

22. Consultations on the Sustainable Community Strategy indicated strong support for the expansion of HE provision in Darlington.