
TEESSIDE UNIVERSITY – RELEASE OF FUNDING

Responsible Cabinet Member - Councillor John Williams, Economy Portfolio

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

SUMMARY REPORT

Purpose of the Report

1. To release £500k funding to support the proposed Teesside University development at Central Park.
2. To agree in principle to the draft Heads of Terms for the Funding Agreement

Summary

3. On 8th July 2008, Cabinet recommended to Council that the allocation of £500,000, towards the University of Teesside development, as detailed in the submitted report, be approved, should the funding be necessary. This was agreed by Council at its meeting on 17 July 2008.
4. A full revenue and capital business case for a new University Centre has been completed. On the revenue side, the feasibility work demonstrates that targets for increased student places can be met. In terms of capital, due to LSC funding not being available, negotiations have progressed and the University Board have agreed to a contribution from their own resources, with the remainder of the funding being provided by One NorthEast. However in the context of a potential £13m scheme there remains a gap. A contribution of £500,000 from Darlington Borough Council is therefore required to complete the funding package.
5. The Teesside University have also stated that their Board's agreement to the additional funding is reliant on contributions from One NorthEast and Darlington Borough Council.
6. The development would contribute strongly towards both priorities in One Darlington : Perfectly Placed within the Prosperous and Aspiring themes.

Recommendation

7. It is recommended that Cabinet:
 - (a) Approve the release of funding to the value of £500,000 towards the University development; and
 - (b) Approve the principles of the draft Heads of Terms appended to the report and the Assistant Chief Executive (Regeneration) in consultation with the Cabinet Member for

the Economy Portfolio be authorised to conclude negotiations.

- (c) Subject to negotiations being satisfactorily concluded, the Borough Solicitor be authorised to complete the Funding Agreement.

Reasons

8. The recommendations are supported as the securing of the University development in Darlington, which 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

Report to Council, Development of New University Centre in Darlington, 17 July 2008.

Rebecca Dent : Extension 2041

| | |
|----------------------------------|---|
| 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 release of funding already agreed by Council, so does not involve a change to the Budget on Policy Framework. |
| Key Decision | This is a key decision. |
| Urgent Decision | No. |
| One Darlington: Perfectly Placed | Contributes strongly towards both the Prosperous and Aspiring themes. |
| Efficiency | No issues for the Council. |

MAIN REPORT

Information and Analysis

9. The Council has been working with the Teesside University 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

10. Teesside University propose to develop 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.
11. 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.
12. The University will be situated on the College's existing playing pitches and be accessed through Central Park.
13. The playing pitches will be relocated elsewhere within Darlington to the satisfaction of Sport England.

Development Progress

14. The University are managing the construction process and have appointed independent consultants.
15. Tenders were returned in July with a view to appointing a contractor in August
16. The planning application was submitted in July and it is anticipated that it will be presented to October's Planning Applications Committee.
17. An anticipated start on site is programmed for April 2010, with completion in June 2011 and doors opening to students in September 2011.

Development Funding

18. The University development is estimated to cost around £13 million. This will be funded by the University itself and One NorthEast. Funding from the Learning and Skills Council is no longer available resulting in the University's input being greater than originally anticipated.
19. The development has been advertised through OJEU and tenders have been returned. This enables the firming up of the project costs, which confirms that a contribution and commitment from Darlington Borough Council is necessary to complete the funding package and secure the development and its consequential benefits.

| <i>Funder</i> | <i>Amount</i> |
|----------------------------|------------------|
| University of Teesside | £10.5 million |
| One NorthEast | Up to £2 million |
| Darlington Borough Council | £500,000 |

20. Draft Heads of Terms with the University on securing the precise benefits to Darlington which the University will deliver are attached (Appendix 1).
21. Significant public sector funding (mainly from One NorthEast and English Partnerships/HCA 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

22. Following agreement by Council in July 2008 to allocate £0.5M towards the University development, provision was made for both the capital and revenue costs in the 2009-13 medium term financial plan, which was approved by Council in February 2009.
23. It is unlikely that the expenditure can be funded from capital receipts and will, therefore, need to be funded from prudential borrowing with a subsequent cost in the Council's revenue budget of £50,000 p.a.

Statutory Power

24. This decision will be made under the power to promote or improve the well-being of the area. Use of the power requires that the decision maker have regard to relevant guidance. This decision is recommended to members on the basis that it will promote or improve the economic well-being of the area; there is no intention that the decision will raise income for the Council and it is not prohibited by any specific legislation. The decision is also consistent with the Council's Sustainable Community Strategy.

Outcome of Consultation

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