

Meeting:	Cabinet
Meeting date:	21 July 2016
Title of report:	Council support for the development of the New Model in Technology and Engineering (NMiTE) university – sites.
Report by:	Cabinet member contracts and assets

Classification

Open

Key decision

This is a key decision because it is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function to which the decision relates.

Notice has been served in accordance with Part 3, Section 10 (General Exception) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) Regulations 2012.

Wards affected

Central and Dinedor Hill. Benefits are countywide.

Purpose

To approve the approach to council-owned property and land disposals in support of the development of a university for Herefordshire.

Recommendation(s)

THAT:

- (a) approval is given for one or more of the sites identified in this report, to be sold or leased to the Herefordshire Tertiary Education Trust (HTET) subject to achieving market value;**
- (b) authority is delegated to the director of economy, communities and corporate, to take all operational decisions necessary, following consultation with the section 151 officer and relevant Cabinet members, to implement the above recommendation, and,**
- (c) authority be delegated to the cabinet member contracts and assets, following**

consultation with relevant cabinet members, to determine disposal to HTET of any additional sites on similar terms.

Alternative options

- 1 The council could choose not to support the development of the university. This option is not recommended because of the economic and social benefits expected to accrue from the establishment of a university in the county.

Reasons for recommendations

- 2 To continue to respond to the resolution passed by Council in 2014 to support the creation of a university in the county and the subsequent cabinet member decision to negotiate with HTET on options on land and buildings owned by the council and the Homes and Communities Agency.

Key considerations

- 3 It is anticipated that a new university in Herefordshire would have the following transformative economic benefits both locally and regionally:
 - With up to 5,000 students there would be an immediate and direct benefit to the Herefordshire economy;
 - There would be value added by local firms benefitting from knowledge transfer, research and access to university expertise;
 - 10-40% of students are likely to remain in the area either as employees or starting their own businesses;
 - Over 25 years the university will add some 7,000 economically active residents which is about a third of the estimated 20,000 needed to make the county sustainable as a separate entity: and,
 - With some 500 well paid staff the university will help raise average wages in the county.
- 4 In May 2014 the cabinet member contracts and assets gave authority for the director of economy, communities and corporate, in consultation with the section 151 officer and relevant Cabinet members to enter into a memorandum of understanding and commence negotiations for options on a number of council and Homes and Community Agency owned sites.
- 5 To date none of the sites originally identified in the 2014 report have transferred to the HTET and since signing the memorandum of understanding things have moved on in terms of the property requirements of the council and HTET and HTET's ability to fund the initiative.
- 6 In his autumn statement in 2015 the Chancellor of the Exchequer George Osborne, pledged that Government support would be provided to secure launch funding to create the New Model in Technology and Engineering university and said "I hope this will allow the institution to start teaching the engineering students of the future that our country needs before the end of the Parliament."
- 7 Government funding of circa £18m is earmarked for this launch funding but access to this is dependent upon HTET submitting a sound Green Book business case, the Office of Government Commerce's recommended standard for the preparation of business cases, and it being approved by the Department for Business, Innovation and Skills (BIS)

8 Key elements of the case will be:

- the commitment from the council to work in partnership with HTET;
 - tangible evidence of how and where the teaching, administration and student accommodation will be located;
 - connection with and impact of those university buildings with the city/county
 - the soundness of the financial and economic business case the associated wider benefits
10. Officers have met with members of HTET and their architects, to look at available sites across the city and to assess suitability, taking into account the proposed delivery model for the colleges that will form the NMiTE university.
11. Importantly the business model centres on a dispersed group of colleges incorporating student accommodation, administration and teaching facilities. The model does not propose a stand-alone campus.
12. HTET have identified that initially they require teaching, administration and accommodation space for upwards of 1,500 students and this number is anticipated to rise to 5,000 by 2029-2030. Premises for the administration of the university is a critical early requirement.

Potential sites for transfer

13. The sites now being considered, outlined on the plan at appendix 1 are as follows:
- 1. Franklin House
 - 2. Gaol Street car park
 - 3. Essex Arms, Police training ground (part)
 - 4. North Magazine plot (part)
14. The estimated indicative value of these sites is shown at appendix 2.
15. HTET are keen for Franklin House, given its central position, to become the administrative hub and would include some teaching space. For this site the Homes and Communities Agency has a financial interest and any transfer/sale and the recycling of any receipt, will need to be agreed with them in advance.
16. Sites 1-3 could be considered for the teaching/student accommodation buildings and site 4 for a teaching/research unit. In addition to Franklin house NMiTE have advised that for the first phase they are seeking to locate a site/s to accommodate at least 3 colleges of 350 students. The suitability of the identified sites in terms of the potential to accommodate required teaching/administration/student accommodation needs will be subject to feasibility studies to be commissioned separately by NMiTE
17. The Gaol Street site currently generates circa £275K per annum in car parking revenue and provides 130 car parking spaces. As a key shopper's car park on the east of the city centre, alternative replacement car parking to meet this demand will need to be provided in advance of this site being progressed. The timing of any development would also need to be managed so as not to conflict with the development of the link road and resultant loss of parking at Merton Meadow.

18. For all of the sites key considerations around parking, impact on infrastructure and the knock on effect on the local rental market will need to be addressed. Importantly, the proposed built model for the new university, based upon a series of dispersed sites or colleges within the city, will need to be developed within the context of proposals for improvements to the wider public realm, transportation, infrastructure and related regeneration and growth proposals for the city. All proposals will be subject to the normal planning process.
19. In addition, any future memorandum of understanding with HTET should ensure suitable linkages are maintained between the operation of the university and delivery of the county economic development strategy.
20. It should be noted that securing one or more of the sites could be the catalyst for HTET to attract match funding in order to enable the delivery of the university.
21. It should also be noted that it will be the responsibility of the trust to determine the suitability of the identified sites against their requirements.
22. The council will continue to review sites across its land and building holdings for suitability in developing the new university in order to drive the project forward and inform the development of the business plan. For instance: the council will have opportunities to evaluate site opportunities which may arise following the implementation of the schools capital strategy. This report therefore, also seeks permission for the decision on any further sites to be delegated to the cabinet member contracts and assets.

Community impact

23. Development of the higher education proposals would enable both residents and businesses to have much needed access to higher education and be a catalyst for learning progression in Herefordshire. The new university would also help address the challenge around raising average wage levels in the county.

Equality duty

24. Supporting the establishment of a university for Herefordshire is totally compatible with our general duty under section 149.
25. Using council land and buildings will make a positive contribution toward the general duty of Herefordshire, namely to eliminate discrimination, advance equality of opportunity and foster good relations between those who share and who do not share relevant protected characteristics. This build on the community cohesion and integration work being carried out across the county.

Financial implications

26. Full market value will be sought for all sites.
27. The exact value of each of the sites identified for inclusion in the options will be determined by an RICS valuation and appropriately recorded within the council's asset register and the council's accounts.
28. The disposal of any sites shall be in accordance with the requirements of the council's accommodation and disposal strategy. In the event that specific terms are to be negotiated in respect of deferred or phased payment for sites in supporting the establishment of NMiTE such arrangements will be considered on a case by case basis and will be subject of the approval of the relevant cabinet members.

29. The estimated value of the sites being considered are shown at appendix 2.

Legal implications

30. Legal services will need to conduct a title review of the proposed sites and check for any restrictive covenants or other issues which could affect the proposal of transfer for university use. Consent will be required from HCA in relation to Franklin House.
31. The use of the site(s) transferred will need to be carefully protected by the appropriate legal mechanism including provision for the council to be able to take back sites in the event of a breach.
32. Once the decision has been made in principle on a site, consideration should be given in consultation with legal and asset management to the best form of legal disposal with the meaning of the Land Registration Act 2003 – a leasehold arrangement with rent payable, and an option for the university to acquire the freehold in the event of success should be considered.

Risk Management

33. The amount of land available on the Essex Arms site has yet to be determined and a flood risk assessment and mitigation measures will need to be agreed in the context of the wider urban village.
34. When the assets have been formally identified a full diligence exercise will need to be undertaken to identify the risks associated with each transaction. The director, advised by the chief finance officer and solicitor to the council, will need to be satisfied that sufficient mitigation is in place to protect the council.
35. By releasing the site 3 (listed above) to the Trust there would be a reduction in the delivery of general needs housing within the urban village area. However, the inclusion of student accommodation supports the delivery of the university and the overall regeneration of the city. It can reasonably be expected that additional sites for housing will emerge as regeneration of the urban village area progresses and officers are seeking alternative housing development sites within the city to redress any shortfall.
36. Should the Gaol Street site be progressed, alternative parking provision will need to be identified.
37. There is a risk that should the new university fail to become fully operational the loan payments would be at risk of not being repaid.

Consultees

38. The ward members for Dinedor Hill and Central wards, the Homes and Communities Agency the managing director of the Herefordshire Enterprise Zone were consulted and were supportive of the proposals.

Appendices

Appendix 1: Plan showing sites under consideration

Appendix 2: Estimated values of sites

Background papers

None

