

NORTH LINCOLNSHIRE COUNCIL

**ASSET MANAGEMENT, CULTURE AND HOUSING
CABINET MEMBER**

**HUMBER UNIVERSITY TECHNICAL COLLEGE –
CAPITAL PROJECT PROCUREMENT ARRANGEMENTS AND LEASE**

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 The Humber University Technical College (UTC) has requested that the council implements the design and construction of the UTC capital project on its behalf. The council will be required to enter into a lease with the UTC for the proposed site.
- 1.2 This is key to achieving the UTC opening date.

2. BACKGROUND INFORMATION

- 2.1 The UTC has asked the council to procure the design and construction of the UTC capital project. They have reviewed the council's Building Schools for the Future Local Education Partnership (BSF LEP). They think it is the only way of designing and constructing the new UTC building within their required programme.
- 2.2 The council has a site that is suitable for the UTC. The UTC and Education Funding Agency (EFA) will agree to this site. The site in question is the former Scunthorpe Leisure Centre site located on Carlton Street, Scunthorpe. The council will need to enter into a lease with the UTC based upon an EFA model lease, for a 125 year term at a peppercorn rent.

3 OPTIONS FOR CONSIDERATION

- 3.1 Option 1 is for the council to procure the design and construction of the UTC capital project on behalf of the EFA using the BSF LEP. The EFA will provide a letter of grant to underpin the proposed development. Officers will work to agree a lease with the UTC for the former Scunthorpe Leisure Centre site.
- 3.2 Option 2 is for the council to reject the opportunity to procure the design and construction of the UTC building. However, officers would still seek to agree a lease with the UTC for the former Scunthorpe Leisure Centre site.

4. ANALYSIS OF OPTIONS

- 4.1 Option 1 would help the UTC achieve a September 2015 opening date. The contractual structure of the BSF documentation would require amendment to facilitate this. Careful consideration has been given to this to ensure the council remains compliant with EU procurement rules, consistent with established public law principles and that the council's exposure to risk is properly and reasonably mitigated.
- 4.2 Adopting option 2 would significantly compromise the prospect of opening the UTC by September 2015, with the consequences that flow from this.

5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)

- 5.1 Financial – the EFA will fund all direct project management costs via a single Project Support Grant provided direct to the council. They will also fund all capital costs in the same way. The EFA will make quarterly payments of these monies to meet project cash-flow requirements. The EFA could require the council to underwrite the financial risk associated with the entire project. The council will seek to agree with the UTC that it will repay any costs that the council may incur as a result of underwriting this risk.
- 5.2 Property – use of the site as a UTC is consistent with the councils emerging vision for the wider Church Square area.
- 5.3 Staffing - specialist legal support has been engaged to advise the Council on this project.
- 5.4 There are no other resource implications to consider.

6. OUTCOMES OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)

- 6.1 Not applicable as this report does not relate to a new project, policy, strategy or plan.

7. OUTCOMES OF CONSULTATION AND CONFLICTS OF INTERESTS DECLARED

- 7.1 The EFA have confirmed that option 1 is their preferred way to deliver the UTC project.
- 7.2 Both the Chief Executive and Director of Policy and Resources agree with this report.

7.3 Although not the decision maker, Cllr Redfern has declared her status as a council appointed director of the UTC pursuant to Regulation 13 2 (d) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

8. **RECOMMENDATIONS**

- 8.1 That the Cabinet Member approves option 1 as set out above.
- 8.2 That the Cabinet Member authorises the Chief Executive in consultation with the Assistant Director Legal and Democratic to approve the details of any agreement entered by the council with the UTC or EFA.
- 8.3 That the Cabinet Member receives monthly progress updates relating to both the lease and the capital project.

DIRECTOR OF PLACES

Civic Centre
Ashby Road
SCUNTHORPE
North Lincolnshire
DN16 1AB
Author: Nolan Bennett
Date: 13 May 2014

Background Papers used in the preparation of this report

- None