



## Cabinet Report

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**Report of:** Executive Director, CYPF

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**Report to:** Cabinet

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**Date:** 27 May 2015

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**Subject:** **A second University Technical College serving Sheffield City Region**

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**Author of Report:** Tony Tweedy 0114 2296140

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**Key Decision:** YES

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**Reason Key Decision:** Expenditure/savings over £500,000\*

Affects 2 or more wards\*

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**Summary:** The Department for Education (DfE) has approved the City's application, submitted by the Sheffield College, to establish a second University Technical College (UTC2) in the Lower Don Valley. In return, the DfE has asked that the local authority transfers the land to the UTC Trust on a 125 year lease at a peppercorn ground rent. The local authority has been invited to be a member of the Governing Body of the UTC. The procurement of the construction of the building will be a matter solely for the UTC Academy Trust in association with DfE consultants.

The UTC 2 for Human Sciences and Computing has, as with the city's first UTC, been developed in partnership with local employers and is designed to address skills shortages and gaps reported by two key sectors of the local economy. It is also intended to create a relevant and motivating curriculum for those 14-19 year

olds in the city who respond better to an applied, work-focused programme that blends both academic and vocational skills and those who are considering careers in either the Healthcare Technologies, or the Computing sectors

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**Reasons for Recommendations:**

The following recommendations will enable the Sheffield College, as the sponsor, to move to the position of securing the UTC 2 Funding Agreement and thereby the procurement of the new building.

UTC 2 will help young people to exploit new opportunities in key sectors of the local economy and help employers to secure the better skilled recruits that they will need for growth in a global economy.

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**Recommendations:**

It is recommended that Cabinet:

- agrees that the implementation of the proposals contained in this report are likely to promote and improve the economic and social well-being of Sheffield
  - approves the selection of an elected member and a senior officer to represent the interests of the City Council on the governing body of the UTC
  - delegates authority to the Executive Director, Children Young People and Families, in consultation with the Director of Capital and Major Projects and with the relevant Cabinet Members, to agree the steps that need to be taken to further the project and protect the Council's interests
  - authorises the Director of Capital and Major Projects, in consultation with the, Executive Director, Children Young People and Families to instruct the Director of Legal and Governance to negotiate and agree the detailed terms of the lease to the UTC and instruct the Director of Legal and Governance to grant a lease of the site on the agreed terms, this will be shared with the relevant cabinet member
  - authorises the Director of Capital and Major Projects, in consultation with the, Executive Director, Children Young People and Families to instruct the Director of Legal and Governance to take all necessary steps and enter into such documentation as is required to further the project, and this will be shared with the relevant cabinet member.
  - Notes the current position on the development of the Olympic Legacy Park and the potential capital commitment from the Council
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**Background Papers:**

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**Category of Report:        OPEN**

**If CLOSED add 'Not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended).'**

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\* Delete as appropriate

## Statutory and Council Policy Checklist

<b>Financial Implications</b>
YES    Cleared by: Paul Schofield
<b>Legal Implications</b>
YES    Cleared by: David Hollis
<b>Equality of Opportunity Implications</b>
YES    Cleared by: Bashir Khan
<b>Tackling Health Inequalities Implications</b>
YES/NO    Cleared by:
<b>Human Rights Implications</b>
YES/NO    Cleared by:
<b>Environmental and Sustainability implications</b>
YES/NO    Cleared by:
<b>Economic Impact</b>
YES/NO    Cleared by:
<b>Community Safety Implications</b>
YES/NO    Cleared by:
<b>Human Resources Implications</b>
NO    Cleared by:
<b>Property Implications</b>
YES/NO    Cleared by:
<b>Area(s) Affected</b>
ALL
<b>Relevant Cabinet Portfolio Lead</b>
Cllr Jackie Drayton
<b>Relevant Scrutiny Committee</b>
CYPF
<b>Is the item a matter which is reserved for approval by the City Council?</b>
YES
<b>Press Release</b>
YES

## **REPORT TO THE EXECUTIVE DIRECTOR, CYPF**

### **INSERT REPORT TITLE**

#### **1.0 SUMMARY**

- 1.1 The Department for Education (DfE) has approved the City's application, submitted by the Sheffield College, to establish a second University Technical College (UTC2) in the Lower Don Valley. In return, the DfE has asked that the local authority transfers the land to the UTC Trust on a 125 year lease at a peppercorn ground rent. The local authority has been invited to be a member of the Governing Body of the UTC. The procurement of the construction of the building will be a matter solely for the UTC Academy Trust in association with DfE consultants.
- 1.2 The UTC2 for Human Sciences and Computing has, as with the city's first UTC, been developed in partnership with local employers and is designed to address skills shortages and gaps reported by two key sectors of the local economy. It is also intended to create a relevant and motivating curriculum for those 14-19 year olds in the city who respond better to an applied, work-focused programme that blends both academic and vocational skills and those who are considering careers in either the Healthcare Technologies, or the Computing sectors.
- 1.3 As such, UTC2 will:
- Boost opportunities for young people in the city – the setting up of UTC2 will make provision for 600 14-19 year olds to develop academic and technical skills in key economic growth sectors
  - Encourage business growth and investment – by providing a supply of young people to two growth sectors, both of which are reporting recruitment issues.
- 1.4 The bid has been led by the Sheffield College, with active support from the City Council and has been developed by a wide range of public and private sector partners in the city, including the Sheffield Teaching Hospitals Trust, The University of Sheffield, Sheffield Hallam University, Sheffield Chamber of Commerce and Industry; Sheffield Eagles; Sheffield Sharks; Sheffield International Venues and IT sector employers.
- 1.5 The proposed location of UTC2 is on a site within the Olympic Legacy Park in the Lower Don Valley. This is a key project in the Sheffield-Rotherham Economic Corridor and the development there will act as a stimulus to further regeneration in the vicinity.

#### **2.0 WHAT DOES THIS MEAN FOR SHEFFIELD PEOPLE**

- 2.1 UTC 2 will furnish the young people who enrol there with the skills they will need for life and work in the twenty-first century and it is designed to improve their chances of securing new employment opportunities in key sectors of the local economy.

- 2.2 UTC 2 will also support economic growth and the creation of more high quality jobs by increasing the supply of skills in these sectors. Healthcare Technologies and the Computing sectors have been identified in Sheffield's Economic Masterplan and by the Local Enterprise Partnership as priority growth sectors for the local economy. In both of these sectors new job entrants need to be equipped with a skills set and a level of attainment that surpasses that of previous generations.
- 2.3 The proposal will contribute to the following priorities in the Corporate Plan 2015-18:
- A strong economy
  - Thriving neighbourhoods and communities.

### **3.0 BENEFITS**

The benefits of the UTC are:

- 600, 14-19 year olds per annum will be able to access world class facilities with a focus on Healthcare Technologies and Computing
- the curriculum design will reflect the training needed to meet the requirements of the latest technological advances in these sectors
- young people will gain direct experience of the world of work through placements and curriculum-based projects supplied by employers
- the supply of skilled labour to two key sectors will be improved thereby supporting the transformation of the local economy
- the development in the proposed location will act as a catalyst to further regeneration on the Olympic Legacy Park and the wider Sheffield City Region.

### **4.0 BACKGROUND**

4.1 UTC Sheffield, specialising in Engineering and Creative & Digital, was the first University Technical College in Yorkshire. The new £9.9m building, located in the Cultural Industries Quarter, opened in September 2013. The popularity of new provision among young people, parents and carers was demonstrated by it recruiting more than 200 learners in its first year. This and the fact that it has continued to receive strong and active support from the business community confirmed that University Technical Colleges can be valuable in broadening the learning offer made to the city's teenagers and that they are recognised by local employers as an important means of strengthening those education-business links that help prepare young people for the jobs of the future.

4.2 The proposal for a second UTC serving Sheffield and the city-region was, in part, based on these conclusions and on the fact that the Healthcare Technologies and the Digital sectors are two sectors that are the focus for growth in the local economy. The second UTC, scheduled to open in September 2016 and offering a total of 600 places by 2019, will be at the forefront of creating a new generation of talented, versatile individuals able to take advantage of emerging job opportunities in these and related sectors

## 5.0 PROPOSAL

- 5.1 UTC 2 will be located in a new, purpose-built £10m building on the new Olympic Legacy Park in the Lower Don Valley. From this location, UTC 2 will work with the new Advanced Wellbeing Research Centre (AWRC), a collaboration between the Sheffield Hallam Sports Engineering Research Centre, the National Centre for Sports and Exercise Medicine and the Sheffield Teaching Hospitals Trust. Government funding of £14m for the AWRC was recently announced in the Budget. It will also connect to the English Institute of Sport, Ice Sheffield, Sheffield Arena, the Sheffield Hallam Athletics and Sports parks and, once plans are finalised, new facilities for professional rugby and basketball. The site is also adjacent to the new Don Valley School which is due to open in September 2015. This is an academy school managed by Oasis Academy Trust and will cater for children aged 2- 16. As such, the city's second UTC will provide a unique learning environment with direct access to range of sporting, educational and business facilities directly related to its subject specialisms.
- 5.2 UTC 2 will be established as a modern Academy under the Academies Act, 2010 and this involves setting up a trust. The Don Valley UTC Academy Trust comprises:
- Sheffield College, who are leading the project
  - Sheffield Hallam University
  - Sheffield Chamber of Commerce and Industry
- 5.3 Other organisations on the Project Steering Group of UTC 2 include representatives from:
- Sheffield City Council
  - University of Sheffield
  - Sheffield Eagles
  - Sheffield Sharks
  - Sheffield International Venues
  - Employers from the IT sector, including Goldfish Systems, Yoomee, Mundojumbo, the Better with Data Society and Sero Consulting.
- 5.4 The Olympic Legacy Park is being developed on the site of the former Don Valley Stadium. The Council reviewed options for the future of the site and concluded that a partnership approach to develop a new sports, health and well-being project offers significant benefits to the city. Whilst the wider Don Valley project remains in the early stages of development, a new school is currently being constructed and will open in September 2015, to be followed by the UTC in September 2016
- 5.5 With this timeframe in mind, there is some urgency in agreeing the disposal by the City Council of the site on the Olympic Legacy Park to the Trust so that construction of UTC 2 can commence by September this year in readiness for a 2016 opening.
- 5.6 It is intended that a new company, to be known as Legacy Park Ltd, will be created by Sheffield City Council, the Sheffield Teaching Hospitals Trust and Sheffield Hallam University to develop the Olympic Legacy site.

The future arrangements for the development of the site are not yet settled so in order to progress the construction of the UTC to the required timescale it is proposed in this report to grant a lease to the UTC 2 Trust for the immediate purpose of activating the release of funds from the Department for Education (DfE) for the building of the UTC, there is a recognition that, in future, Legacy Park Ltd might be granted an overriding lease giving it control over the development of the whole of the Olympic Legacy Park with the proviso that the Don Valley Oasis Academy School and the UTC have continued access to the sports pitch.

## **6.0 PROPERTY IMPLICATIONS**

- 6.1 As with the city's first UTC, the City Council is required by DfE to transfer the land to the UTC 2 Trust on a 125 year lease at a peppercorn ground rent. The procurement of the construction of the building will be a matter solely for the UTC.
- 6.2 The demolition of the former Don Valley Stadium and the site reclamation works are currently being progressed with funding provided by ERDF and the City Council. As part of the application for ERDF funding, it was necessary to obtain an independent valuation of the land once reclaimed and this has been valued at a rate of £200,000 per acre
- 6.3 The total UTC2 site area is approximately 1.57 acres but includes an area shown hatched blue on the plan which can be taken back from the UTC at no cost if required to construct a terrace/stand as part of the community stadium in future. On the basis of the valuation the total site would be worth £314,000. As stated above, the City Council is required by the DfE to dispose of the land at a peppercorn rent.
- 6.4 In order to reflect the fact that the site is being provided at less than market value the lease will include provisions requiring the property to be used solely for state funded educational purposes. The use requirements in this lease will remain regardless of whether a new overriding head lease is granted by the Council to Legacy Park Ltd in future.

## **7.0 FINANCIAL IMPLICATIONS**

- 7.1 DfE will, once it approves the build proposal, instruct the Education Funding Agency (EFA) to enter into a funding agreement with the UTC 2 Trust. This agreement will commit the EFA to funding for the UTC.
- 7.2 DfE will provide start-up funding for the UTC 2 Trust including the recruitment of necessary staff and finance support. The local authority is not expected to make any financial commitment to the UTC other than the gift of the land on a 125 year lease unless other ancillary works are required under the planning consent.
- 7.3 The UTC will require some sports facilities and the options for the provision of these are being evaluated. This will include the UTC 2 Trust committing to provide 50% towards the cost of an outdoor sports pitch up



to a maximum of £500,000. The cost of providing the pitch will be shared equally between interested parties on an open book basis but will include Don Valley Oasis Academy School and the UTC. Work is ongoing to develop a satisfactory solution which will meet the requirements of all stakeholders. The UTC and the School will have direct access and exclusive use of the pitch at certain times in accordance with a service agreement. This agreement will also cover programming and use of the pitch by other stakeholders including the new school.

- 7.4 There is an expectation that the land on which the UTC will be built will be fully serviced with the necessary utilities and appropriate public realm access. The current site does not fulfil these criteria so will need them providing. If no other party has the means to do so this obligation will fall upon the Council. The costs of these have not yet been estimated but could be up to £1m for which the Council has not made provision. Any such funding would have to be made prioritising the expenditure over projects in the capital programme
- 7.5 In anticipation of being granted rights over the land, Legacy Park Limited have made an application for funding from the Sheffield City Region Investment Fund (SCRIF) for a grant to provide, inter alia, services on the site.

## **8.0 LEGAL IMPLICATIONS**

- 8.1 The lease of the site to the UTC is classed as a disposal of the land, which is being granted at an undervalue. Under s123 Local Government Act 1972, the Council cannot dispose of property for less than the best price reasonably obtainable, unless it obtains the consent of the Secretary of State. Pursuant to the powers conferred by section 128(1) of the 1972 Act, the Secretary of State has issued the General Disposal Consent (England) 2003. Where the terms of a proposed disposal fall within the scope of this consent there is no requirement to obtain a specific consent for it. This consent permits the disposal of land at an undervalue of up to £2,000,000 where the Council considers that it will help to secure the promotion or improvement of the economic, social or environmental well-being of its area.
- 8.2 As stated in the Property Implications section of this report, the current market value of the site has been assessed at £314,000, which means that the proposal to grant a lease at a peppercorn rent would fall well within the threshold of £2,000,000 permitted under the terms of the consent
- 8.3 In determining whether the disposal will help to secure the promotion or improvement of the economic, social or environmental well-being of its area the consent states that the Council should have regard to its Sustainable Community Strategy prepared pursuant to Section 4 of the Local Government Act 2000. It is considered that the use of the site as detailed in this report would help to deliver the vision for Sheffield as a

sustainable community set out within the City Strategy. On that basis, there will be no requirement to obtain a specific consent from the Secretary of State for the grant of the proposed lease to the UTC 2.

## **9.0 ENVIRONMENTAL AND SUSTAINABILITY IMPLICATIONS**

The accommodation for UTC2 will be designed to achieve a BREEAM (Research Establishment Environment Assessment Method) rating of 'Very Good'

## **10.0 CONSULTATIONS**

10.1 The UTC 2 Trust carried out an initial consultation, in advance of its application to DfE to create the new institution. The consultation encompassed relevant stakeholders including Sheffield secondary schools, others in the education and training community; and employers through the Chamber of Commerce and the Cutlers Company.

10.2 A second formal and wider consultation was carried out by the Trust from 28 January to 27 March this year.

## **11.0 ECONOMIC IMPACT**

11.1 UTC 2 will, as set out in paragraph 4.2 above, support economic growth and the creation of more and better quality jobs by increasing the supply of high skills in the Healthcare Technologies and Computing sectors. It is designed to provide a high quality curriculum that motivates those 14-19 year olds who prefer a technical education with the result that it will drive up attainment, train and equip young people to meet the demands of these sectors and, by doing this, make a significant contribution to the raising of the skills levels of the city's prospective labour force.

11.2 As stated in paragraph 5.3 above, the development of UTC 2 on the Olympic Legacy Park site will act as a catalyst for further development of the wider site which will result in with significant economic benefits.

## **12.0 EQUALITY OF OPPORTUNITY**

12.1 An Equality Impact Assessment has been carried out (attached).

12.2 UTC 2 will strengthen equality of opportunity for young people in the city by:

- helping young people to prepare for opportunities presented by the economic upturn and the Sheffield City Region's plans for growth
- improving, by 19, the outcomes young people, including those who are the least well-qualified and the most likely to disengage from learning.

## **13.0 ALTERNATIVE OPTIONS CONSIDERED**

13.1 UTC 2 to proceed without LA support – UTC 2 is widely seen as having the potential to make an important contribution to the city's economic growth and is supported by key local employers accordingly. This is a key objective for the local authority and merits the active engagement and support of the City Council.

- 13.2 Sheffield City Council to deliver the programme – a local authority is not allowed by DfE regulations to lead on the establishment of a UTC Trust. However, the City Council was instrumental in creating the conditions and partnerships that has allowed the Sheffield College to make an application and it is proposed in this Cabinet paper that the City Council maintains its influence and support by making an appointment to the UTC 2 Trust as a governor.

## **16.0 REASONS FOR RECOMMENDATIONS**

- 16.1 The following recommendations will enable the Sheffield College, as the sponsor, to move to the position of securing the UTC 2 funding agreement and thereby the procurement of the new building.
- 16.2 UTC 2 will help young people to exploit new opportunities in key sectors of the local economy and help employers to secure the better skilled recruits that they will need for growth in a global economy.

## **17.0 RECOMMENDATIONS**

- 17.1 It is recommended that Cabinet:
- agrees that the implementation of the proposals contained in this report are likely to promote and improve the economic and social well-being of Sheffield
  - approves the selection of an elected member and a senior officer to represent the interests of the City Council on the governing body of the UTC
  - delegates authority to the Executive Director, Children Young People and Families, in consultation with the Director of Capital and Major Projects and with the relevant Cabinet Members, to agree the steps that need to be taken to further the project and protect the Council's interests
  - authorises the Director of Capital and Major Projects, in consultation with the, Executive Director, Children Young People and Families to instruct the Director of Legal and Governance to negotiate and agree the detailed terms of the lease to the UTC and instruct the Director of Legal and Governance to grant a lease of the site on the agreed terms, this will be shared with the relevant cabinet member
  - authorises the Director of Capital and Major Projects, in consultation with the, Executive Director, Children Young People and Families to instruct the Director of Legal and Governance to take all necessary steps and enter into such documentation as is required to further the project, and this will be shared with the relevant cabinet member.
  - Notes the current position on the development of the Olympic Legacy Park and the potential capital commitment from the Council.

