

Meeting of the City Council

20 September 2017

Report title	City of Wolverhampton College	
Referring body	Cabinet, 13 September 2017	
Councillor to present report	Councillor Roger Lawrence	
Wards affected	All	
Cabinet Member with lead responsibility	Councillor Roger Lawrence, Leader of the Council	
Accountable director	Tim Johnson, Strategic Director - Place	
Originating service	Place	
Accountable employee(s)	Claire Nye Tel Email	Director of Finance 01902 550478 claire.nye@wolverhampton.gov.uk
Report to be/has been considered by	Cabinet	13 September 2017

Recommendation(s) decision:

The Council is recommended to:

1. Approve a capital budget of £50.0 million for the City Learning Quarter.
2. Approve that authority be delegated to Cabinet to approve the final business case and funding strategy.

1.0 Purpose

- 1.1 This report provides an update on the development of a City Centre Learning Quarter and seeks approval to a capital budget for the project.

2.0 Background

- 2.1 The vision for the City Learning Quarter is to create a learning hub of flexible spaces in the City Centre, to meet the future needs of four key learning functions: the relocation of the City of Wolverhampton College, the City Council's Adult Education including the relocation of some offsite provision, modernisation of the City's Central Library and the potential creation of a new 6th form centre. There also needs to be sufficient flexibility and capacity to accommodate additional learning functions in the future.
- 2.2 The proposal provides an exciting opportunity to breathe vibrancy into this part of the City through the proposed relocation of the College's Paget Road Campus, alongside the Metro One site, the Adult Education Service and a transformation of the Central Library. The City Learning Quarter can provide flexible spaces that support learning, social and civic participation for people of all ages and backgrounds. The site will also provide opportunity for commercial units.
- 2.3 On 13 September 2017, Cabinet are due to consider a report on City of Wolverhampton College.
- 2.4 The report being presented to Cabinet recommends that:
- That a separate report will be taken to Council to seek approval to a capital budget to facilitate the development of a City Centre Learning Quarter subject to Cabinet approving the final business case.

3.0 Progress

- 3.1 In October 2016, external funding was secured for a feasibility study for the City Learning Quarter, as part of the Government's One Public Estate agenda. The Council is receiving support from "inspire" (the Local Education Partnership) to develop the business case for the City Learning Quarter. Detailed design work is being undertaken by Rock Townsend.
- 3.2 Work is currently being undertaken to complete detailed design, finalise the business case and secure external funding.
- 3.3 On 7 February 2017, Cabinet (Resources) Panel gave authority to enter into negotiations to acquire the properties to assemble sites for the City Learning Quarter. The approved capital programme includes an allocation of £6.0 million for the acquisitions and associated costs. A report to Cabinet on 13 September 2017 sought approval to utilise this budget for the remainder of site acquisitions and for professional fees to bring the site forward for development.

3.4 It is estimated that the overall cost, including site acquisitions, will be in the region of £40 million to £50 million. A number of external funding opportunities are being explored as detailed in the financial implications. This report proposes the establishment of the capital budget for the development of the scheme and that authority is delegated to Cabinet to finalise the business case and the funding strategy.

4.0 Financial implications

4.1 It is estimated that the overall cost, including site acquisitions, will be in the region of £40 million to £50 million.

4.2 External funding opportunities including grant from the Black Country LEP are being developed. A proportion of the sale proceeds from the College's Paget Road site will be contributed to the project, albeit that these would be received after the new campus was completed. It is anticipated that there will be a gap of approximately £8 million to £18 million to be identified, which may ultimately require the Council to fund from capital receipts and/or prudential borrowing. The approved capital programme includes a budget of £6.0 million for the site acquisitions associated with this scheme. The potential gap outlined would be net of this existing budget.

4.3 The revenue cost of prudential borrowing would be approximately £420,000 to £950,000 per annum for the range of costs outlined. However, the cost of borrowing will be offset by income streams generated. It is anticipated that a market rent would be payable by the College for that element of the new facility that is funded from the Council's own capital resources. In addition, commercial spaces will be developed which will generate an income stream for the Council.

4.4 As mentioned previously, the approved capital programme includes a budget of £6.0 million for site acquisitions and associated fees. A report to Cabinet on 13 September 2017 sought approval to utilise this budget for the remainder of site acquisitions and for professional fees to bring the site forward for development.

4.5 This report proposes the establishment of the capital budget for the development of the scheme and that authority is delegated to Cabinet to finalise the business case and the funding strategy which will seek to minimise the prudential borrowing requirement.

[CN/08092017/I]

5.0 Legal implications

5.1 The Council has duties under the Education Act 1996 to encourage participation in education beyond compulsory school age and to promote high standards and fair access.

5.2 The approval of the budget for the City Learning Quarter will be made in pursuance of the duties referred to in paragraph 5.1.

- 5.3 The Council will be required to comply with the terms of any grant funding it receives and legal advice should be taken on any grant funding applied for.
- 5.4 The terms of any property acquisitions must be approved in accordance with the Council's Constitution.
- 5.5 As it is proposed that the College will occupy the site and make a contribution towards the costs of the new facility, there will need to be an agreement setting out the terms of the occupancy and contribution. These terms have not yet been negotiated but will need to be separately authorised.

[TS/08062017/R]

6.0 Equalities implications

- 6.1 This report has no equalities implications.

7.0 Environmental implications

- 7.1 This report has no environmental implications.

8.0 Human resources implications

- 8.1 This report has no human resources implications.

9.0 Corporate Landlord implications

- 9.1 A range of land and property evaluations will be required to ensure the Council's interests are suitably assessed and risk/interdependencies managed. This will include lifecycle assessments of all assets and the subsequent financial implications and legal requirements/provisions put in place to ensure sustainable delivery and long-term management/viability is assured.

10.0 Schedule of background papers

- 10.1 13 September 2016, Cabinet, City of Wolverhampton College
30 November 2016, Cabinet, City of Wolverhampton College