

PORTFOLIO HOLDER DECISION FORM

REF NO¹
336

DIRECTORATE	Corporate Services	
SUBJECT	Inclusion of an indemnity to Blueprint in lease documentation for the Toyota Training Academy site	
DECISION	This is not a key decision because The value of the indemnity is £ 755k and only one ward is affected.	SUBJECT TO CALL - IN YES
	Decision taken:- To include an indemnity of £ 755,000 in the Blueprint lease to cover the cost of land remediation. The indemnity will only take affect if the Broxtowe College/Toyota Training Academy leases do not complete and the ownership of the land will revert to the City Council in that event.	
OPTIONS CONSIDERED	No other options are available which allow the scheme to meet its timescales.	
REASONS FOR DECISION(S)	This indemnity allows Blueprint to commence work on the scheme before all lease documentation is finalised. If work is not commenced on the remediation the scheme cannot achieve the timescales necessary to secure the Toyota Academy. The land ownership will revert to the City Council in the event that the scheme does not proceed. The value will be recovered when the land is sold as the cost of remediation has a direct impact on the value of the site.	
AFFECTED WARDS	Dunkirk and Lenton	

THIS FORM SHOULD BE SENT TO COMMITTEE SERVICES WITHIN TWO WORKING DAYS. THE DECISION IS NOT VALID UNTIL PUBLISHED BY COMMITTEE SERVICES.

PLEASE REFER TO SEPARATE DETAILED GUIDANCE ON THE INTRANET (COMMITTEE ON-LINE) ON HOW TO COMPLETE THIS FORM BEFORE SUBMITTING TO DECISION TAKER .

¹ This reference number will be assigned by Committee Services and be notified to you.

ADVICE SOUGHT

*Where advice has been obtained a copy of this advice **must** have been considered by the decision taker and details of the advice received attached to this form*

	Yes	No
Legal	<input type="checkbox"/>	<input type="checkbox"/>
Finance	<input type="checkbox"/>	<input type="checkbox"/>
Human Resources	<input type="checkbox"/>	<input type="checkbox"/>
Equality and Diversity	<input type="checkbox"/>	<input type="checkbox"/>
Other (please specify)	<input type="checkbox"/>	<input type="checkbox"/>

DECLARED OFFICER / MEMBER INTERESTS⁷

None

DISPENSATION BY STANDARDS COMMITTEE

DATE:	DISPENSATION REF:
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BACKGROUND PAPERS

Board paper on Toyota training academy
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EXEMPT FROM PUBLICATION

NO

DETAILS OF CONSULTATION UNDERTAKEN

	Yes	No	N/A	Date
Executive Member	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Ward Councillors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Area Committee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Other Council Bodies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Chief Officers Affected	✓	<input type="checkbox"/>	<input type="checkbox"/>	_____
Trades Unions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
Others (Specify)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

Reasons for not consulting

This measure has been required to allow the scheme to start on site. Time taken for consultation would delay the scheme and place it at risk.

CONTACT PERSON

Joanna Wall – Services Director, Strategic Property

CONTACT NO

0115 9158270

AUTHORISED SIGNATORY

CORPORATE DIRECTOR:	TIM RENDER		DATE 20/10/06
PORTFOLIO HOLDER(S):	COUNCILLOR ALAN CLARK		DATE 20/10/06
RELEVANT OVERVIEW AND SCRUTINY PANEL	² Date Published: 20/10/06 ² Last Date for Call-in: 27/10/06 1. PERFORMANCE AND RESOURCES STANDING PANEL + 2. REGENERATION, INFRASTRUCTURE AND SUSTAINABILITY STANDING PANEL		

² Committee Services will enter these dates.

Title of paper:	Toyota Training Academy	Key decision YES			
Chief Officer(s)	Barry Horne, Corporate Director, City Development Tim Render, Chief Finance Officer				
Contact officer(s)	Sam Hopwell, Investor Development Manager, Vision Nottingham, 55383 samantha.hopwell@nottinghamcity.gov.uk				
Summary issues raised:					
<p>This positioning paper explores how Nottingham City Council can contribute financially to a Toyota Training Academy being established at the Highfields Science Park in Nottingham. A collaborative partnership is in place that includes Toyota, East Midlands Development Agency (Emda), Nottingham Learning and Skills Council (LSC), Broxtowe College and Greater Nottingham Partnership (GNP). First stage funding for the Academy construction is secured and a contribution from the City Council is required by way of providing the land on a 125-year lease at a peppercorn rent.</p>					
<table border="1"> <tr> <td style="vertical-align: top;"> <p>Recommendations: The Highfields site has been put forward as suitable for the Academy. It is recommended that, the City Council, in principal, releases Highfields site for this project, subject to conditions. This would be in the form of supplying the land on a long lease at a peppercorn rent. Financial support is required to meet the requirements of Emda and Nottingham LSC who are the main funders of this project.</p> </td><td style="vertical-align: top;"> <p>Summary of Implications: The Highfields is City Council owned and currently there is no income from this site. However, if the City council provides the land, they will lose the potential to generate either a substantial capital receipt or a revenue income stream. The project is unlikely to go ahead without City Council support as other collaborative partners (EMDA & LSC) insist that the City Council contributes, as Nottingham will directly benefit from the Academy.</p> </td><td style="vertical-align: top;"> <p>The land has flooding issues, requires remediation and an access road to be built. It is proposed that the City Council works with Blueprint, who manage the balance of the Highfields site on behalf on Emda (who hold a long lease from the City Council) on these issues.</p> </td></tr> </table>			<p>Recommendations: The Highfields site has been put forward as suitable for the Academy. It is recommended that, the City Council, in principal, releases Highfields site for this project, subject to conditions. This would be in the form of supplying the land on a long lease at a peppercorn rent. Financial support is required to meet the requirements of Emda and Nottingham LSC who are the main funders of this project.</p>	<p>Summary of Implications: The Highfields is City Council owned and currently there is no income from this site. However, if the City council provides the land, they will lose the potential to generate either a substantial capital receipt or a revenue income stream. The project is unlikely to go ahead without City Council support as other collaborative partners (EMDA & LSC) insist that the City Council contributes, as Nottingham will directly benefit from the Academy.</p>	<p>The land has flooding issues, requires remediation and an access road to be built. It is proposed that the City Council works with Blueprint, who manage the balance of the Highfields site on behalf on Emda (who hold a long lease from the City Council) on these issues.</p>
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WARDS AFFECTED:

ALL

ITEM No

EXECUTIVE BOARD
18th October 2005

Report of the Corporate Director, City Development with observations of the Chief Finance Officer

1 KEY DECISION

This matter is the subject of a Key Decision because it requires financial commitment from the City at an estimated value of £1.35m (land value).

2 RECOMMENDATIONS

That, the City Council supports this project by granting a 125 year lease of the land identified on the attached plan (Appendix A) at a peppercorn rent subject to detailed terms being agreed by the Chief Finance Officer.

3 REASONS

To enable the Toyota Collaborative Partnership to be established and for it to be built in Nottingham. This will positively benefit both the Education and City Development agendas.

4 BACKGROUND

4.1 Toyota GB has a Lexus training academy at Clifton and was contacted as part of our Investor Development Service to discuss their operation in Nottingham. Research by Emda and LSC indicates a large skills shortage within the automotive engineering and associated industries. Toyota expressed concern at this and stated that they wished to work with public sector bodies in Nottingham to improve and increase provision in this area. Following this contact a collaborative partnership was established with East Midlands Development Agency (Emda), Nottinghamshire Learning and Skills Council (LSC), Broxtowe College and Greater Nottingham Partnership (GNP).

4.2 To date the City has contributed in terms of time in co-ordinating the project.

4.3 Appendix B details current status of project.

5 PROPOSALS

This proposal concerns the provision of a training facility for 14-24 year olds on a 3-acre City Council owned site at Highfields, as identified on the attached plan.

5.1 The subject land adjoins Nottingham Science and Technology Park and together with land leased to Emda, has been reserved for future Science Park extension. The Park focuses mainly on research and development activities although an element of training may be considered compatible. However, it is essential that the design and quality of new development is adequate to compliment the existing and future Science Park buildings.

5.2 Broxtowe College will lease the land from the City Council to facilitate the development. A portion of the building will be let to Toyota GB at a commercial rent for a period of 10 years (with a 5-year break clause). Toyota GB has confirmed they have accepted Nottingham's collaborative proposal and stated their preferred site is Highfields. Toyota would like to take occupancy of the building early 2007. Nottingham Regeneration Limited (NRL) will act on behalf of Broxtowe College as managing agents for the building design and procurement.

5.3 The project will address corporate priorities, as detailed below.

- Improve employment opportunities through integrated vocational training
- Increase the number of opportunities to access learning programmes
- Further develop partnership, collaborative and multi-agency working
- Supports Citywide regeneration activity

In addition to providing improved training opportunities for local people, this project offers the opportunity and prestige of working with a world-class company.

The college will address skills shortages in automotive engineering to create sustainable employment and will also promote knowledge transfer amongst technology disciplines. Local people will benefit from the centre and indicative from the Academy are:

high outputs

- Provision of 600 learning opportunities for 14-19 year (levels 1 to 3)
- Creation of 40 new jobs
- Safeguarding 120 jobs

5.4 It is proposed that the land will be provided to the partnership at no cost to them. Broxtowe College will lease the land from the Council to facilitate the development.

5.5 The land is valued at £1.35m and it is proposed to grant a 125-year lease at a peppercorn rent.

5.6 As part of their strategic planning, Broxtowe College have identified a range of programmes, within automotive and general technology, that would allow the academy to continue to develop as a Centre of Excellence if Toyota do not wish to re-commit at either 5 or 10 years.

6 TIMESCALE FOR IMPLEMENTATION OF PROPOSALS

6.1 Toyota wish to take occupancy of the building early 2007. For this to be achievable Broxtowe College must acquire the land from the City by Dec 05 and secure funding from the Emda and LSC by end of 2005.

7 OTHER OPTIONS

Nottingham University's Jubilee Campus was considered as an alternative site for the Academy but this was rejected, as the value of land was significantly higher than that at Highfields. Toyota also stated a preference for the Highfields site.

8 FINANCIAL IMPLICATIONS

City contributions are sought by means of capital or reduced revenue cost for the land. Emda, LSC and Broxtowe College have, in principal, committed funds for the project. Provisional construction costs, and agreed funding, excluding land are:

<u>Cost</u>		<u>Funding</u>	
Build cost	£6,485,000	Emda	£4,145,054 (grant funding)
Contingency 10%	£ 648,500	LSC	£3,684,492 (grant funding)
Professional Fees	£1,070,025	Broxtowe College	<u>£1,381,685</u> (Bank Loan)
Fittings	£ 500,000		
	£8,703,525		
VAT on FE*	£ 507,706		
Total	£9,211,231	Total	£9,211,231

* Broxtowe College is a public body, and incorporated as an educational charity. It therefore pays standard rate VAT as any other organisation but can claim back only a small fraction for those costs linked to Disability Discrimination Act provision.

Greater Nottingham Partnership funded a feasibility study that included design drawings prepared by Maber Associates.

The proposed building will have a net internal area in the order of 5,000m² of which Toyota will occupy approximately 2000m² paying a rent of £237.5K pa exclusive of other outgoings. There will also be a service charge estimated at £62K pa for maintenance and cleaning services and the shared use of a “resource hub”. Should the Council agree to contribute through the provision of land, it is recommended that the authority be granted to the Chief Finance Officer to agree detailed terms and conditions that will provide for the Council to receive a proportion of the income.

Toyota will lease a proportion of the building at a commercial rent and will invest approx £2m, over 10 years, in equipment, vehicles and training support.

8.1 Observations of the Chief Finance Officer

As stated above, the value of the City Council's land, which it is proposed will be leased to Broxtowe College at a peppercorn rent for 125 years, is £1.35 million.

There is currently no other proposal for this land and under the General Disposal Consent (England) 2003, the City Council can dispose of land for less than best consideration if it will help to secure the promotion or improvement of the economic, social or environmental well being of the area and the under value is less than £2 million.

In granting the proposed lease, the City Council will be losing the potential to generate a capital receipt or a revenue income stream. However, the benefits of the proposed development will be securing increased training opportunities for local 14 - 24 years olds as detailed in paragraph 5.3 above.

Grant funding from EMDA and the LSC has only been approved in principle and details of any conditions attached to these grants in respect of outputs, clawback etc will not be known until full funding applications have been submitted, including the preparation of a full business case by Broxtowe College.

It is proposed therefore that the Executive Board approves the grant of a 125 year lease of the land in question at a peppercorn rent, subject to the detailed contract being agreed by the Chief Finance Officer to ensure that the City Council's future interest in the land is protected.

9 OBSERVATIONS OF OTHER OFFICERS

Observations of the Corporate Property Officer:

9.1 Discussion between all parties has concluded that Highfields would be a suitable location for the Academy. The land shown on the plan is in the freehold ownership of the City Council and is available for development as part of The Science Park. If the land was placed on the open market is it estimated it would achieve a capital consideration of £1.35million (subject to a detailed ground investigation report). This valuation assumes that the land is fully serviced under obligations in the long lease of the land to the north currently held by Emda, and managed by Blueprint. In order to identify development constraints, site investigations have been instigated through NRL with funding from the GNP. Flooding issues have been identified and appropriate remedial works are being investigated.

10 RISKS

- 10.1 Emda and LSC have advised that they will withdraw their funding offer if the City Council does not support this project.
- 10.2 Highfields site has flood risk implications. This may result in higher building costs and a longer timescales as these issues are addressed.
- 10.3 If Nottingham City council does not contribute to this project and other funds cannot be found it will not proceed. This would have an adverse effect on Nottingham by losing out on a prestigious project that addresses many of the social and regeneration issues.
- 10.4 A Nottingham-based company currently deliver Toyota GB's National Training programme and if this does not go ahead, Toyota will select a private sector partner to deliver their national training programme that may result in the training being delivered outside of Nottingham. This could result in the loss of jobs and up to 10,000 overnight hotel stays per annum along with any other revenue losses associated with visitors to Nottingham.

11 EQUAL OPPORTUNITIES IMPLICATIONS

The design incorporates full accessibility for people with disabilities.

12 List of background papers other than published works or those disclosing confidential or exempt information

Emda Expression of Interest document LSC Expression of Interest document
Broxtowe College Proposal to Toyota Letter from Toyota GB

13 Published documents referred to in compiling this report

None

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Smithy Row
Nottingham NG1 2BS

TIM RENDER
CHIEF FINANCE OFFICER
Corporate Services
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Nottingham NG1 2DE

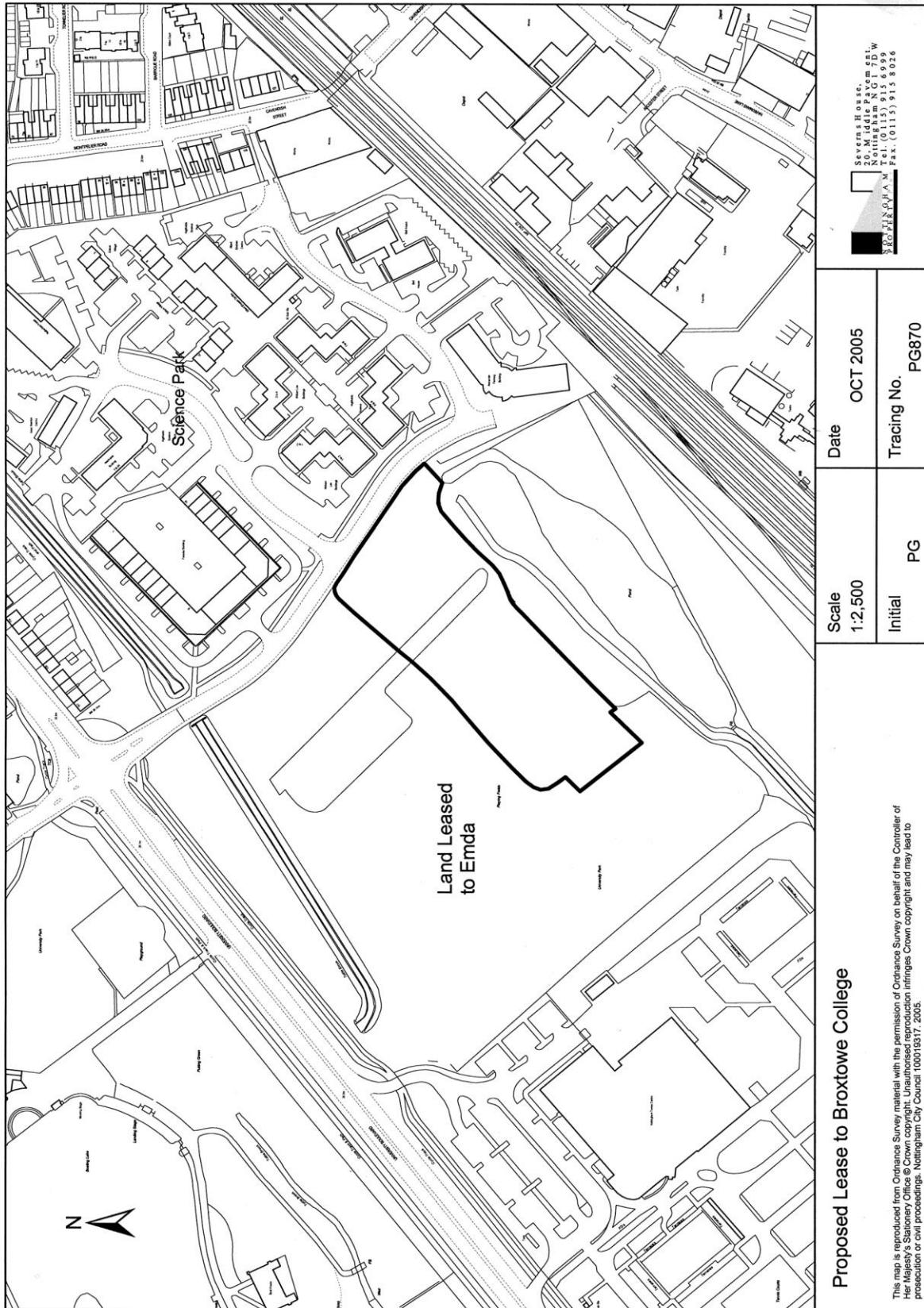
Contact Officer: **Samantha Hopwell** - Telephone number: 0115 915 5383,
Email address: samantha.hopwell@nottinghamcity.gov.uk

05th October 2005

Appendix A

Executive Board Report 18th October 2005

Toyota Automotive Training Academy - Project Status at 05th October 2005



Appendix B

Executive Board Report 18th October 2005

Toyota Automotive Training Academy - Project Status at 05th October 2005

1. Toyota GB

Toyota formally accepted the Nottingham proposal in August 2005. A project team was formed on 31st August to include representatives:

Broxtowe College – Nick Hammond
East Midlands Development Agency – Cynthia Onions
Nottingham Learning and Skills Council – Nigel Jackson
Nottingham Regeneration Ltd – Alan Swales
Nottingham City Council – Sam Hopwell
Toyota GB – Gary Harlock

The next project team meeting is scheduled for Thursday 3rd November

2. Funding Applications

East Midlands Development Agency and Nottingham Learning and Skills Council approved expressions of Interest applications in April 05.

Broxtowe College are preparing a business case and will submit full applications to the next stage in November/December 2005.

3. Project Management

Nottingham Regeneration Ltd have been appointed as managing agents for the site and building procurement and will handle the formal tendering process. A Project Manager, to be funded by the Greater Nottingham Partnership, will be appointed in October 2005.

4. Press Release

Toyota released details of the Academy to the National and Trade press on Weds 5th October.