

REPORT OF THE LEADER**ROLLS-ROYCE SITE HUCKNALL****Purpose of the Report**

1. To consider proposals for the early development of the primary school provision required and agreed under the Section 106 Agreement for the development scheme at the Rolls-Royce site Hucknall, following the approval of planning permission in March 2014.

Background

2. Proposals for a mixed use housing, community and employment scheme on land adjacent the Rolls-Royce facility at Hucknall have been the subject of previous reports to various Committees including a Full Council meeting on 25th April 2013. This approved an increase in the Council's Capital Programme by £3.154M to fund a new access road and roundabout on the A611 in connection with the development and the undertaking of associated highway engineering design work. Since that time, discussions with Rolls-Royce and their development partner directly and with Ashfield District Council (ADC) as the Planning Authority have continued. This resulted in a decision by ADC to grant planning permission at a meeting in March of this year.
3. Lengthy discussions over this period were required to secure an agreement to the mitigation requirements under a Section 106 Agreement, to be signed with all relevant parties. The County Council's primary concerns were to ensure a package of measures were agreed which mitigated the highways and transport issues arising from the development as well as securing appropriate provision of both primary and secondary school places generated by the housing development. These measures have now been agreed in principle with the developer and the necessary legal agreements are in the course of being finalised.

Primary School Provision

4. Primary school capacity in the Hucknall area is a significant concern. The wider Hucknall area has a predicted shortage of places within the next 3/4 years for the existing population, excluding any future growth proposals. It was recognised early in the discussions that development on the Rolls-Royce site would create a further strain on primary school places, potentially leaving the Council with no scope to meet the demand. As matters stand, there are no surplus places in Hucknall that can be used to accommodate the children generated by occupation of the new development.

5. Therefore, in light of the situation outlined above, the Corporate Director, Children, Families and Cultural Services, has requested that the primary school provision is brought forward earlier in the stages of the development than would ordinarily be the case.
6. As referenced above, the section 106 agreement makes provision for a primary school at a build cost of £3M (at quarter 4 2013 costs) which assumes a fully serviced site being provided by the developer plus, in addition, the fitting-out costs. Ordinarily, this would be triggered at the occupation of a set number of houses (320 in this case). However, given the Council requires the school to be built before this point, options to achieve this need to be considered.

Other Options considered

7. Two options have been reviewed. Firstly, the Developer undertakes to build the primary school over timelines agreed between the parties. In the event there is a need for the Council to provide cash flow assistance to the project up to the 320th trigger, it will be based on appropriate commercial terms. A number of assurances would be required with this approach, including suitable triggers for the re-payment of any advances and, were the housing development to fail, assurances that repayments of any advances are made and that the school is completed.
8. Secondly, the Council could initially fund, design and build the school. This requires an inclusion of the scheme to the Capital Programme for £3M. Under this scenario, the Developer would contract (via the S106 Agreement) to pay a sum representing the programmed cost of the entire school from occupation of the 320th housing unit on site, but would need to meet the Council's borrowing costs in the interim. This is CFCS' favoured solution and the parties are now working on this as the preferred scenario.
9. Irrespective of which option may progress, any necessary due diligence exercises will be undertaken; the Developer has indicated informally that it is willing to enter into an appropriate agreement with the Council. It will be noted that the secondary provision remains as negotiated within the Section 106 Agreement is not affected by this issue.
10. It will also be noted that wider options designed to avoid this requirement were explored, including the provision of temporary accommodation at other school sites. This option was discounted on the basis of expense and with a proliferation of temporary accommodation likely being unattractive / unacceptable propositions to prospective purchasers and local families as well as the potential disruption to the schools directly affected and schooling generally as a consequence.
11. The Council may choose not to provide funding support for the early development of the primary school however this will create an immediate problem with regard to lack of school places in the areas unless alternative options can be found.

Information

12. In principle, the benefits of supporting this early development proposal (regardless of which specific option is taken forward) may be summarised as follows:

- a. the early provision of a primary school offers some redress to the shortage of primary school places in Hucknall and there is an urgent requirement to facilitate a conclusion of this issue now that the wider proposal has secured planning permission;
 - b. overall, the wider development is strategic in sub-regional terms and is championed by this Council and the Local Enterprise Partnership as a key site with significant economic impact and job creation potential. Independent assessments have to date confirmed the site's potential to attract the commercial employment market and the links with Rolls-Royce (and the associated supply chain) offer a unique opportunity to facilitate stable, quality employment growth.
13. The request to facilitate the development of the primary school has been raised by the Council in response to the specific issue facing school places in the Hucknall area. The Developer is willing and able to meet the finance requirements as referenced in the section 106 agreement but it is the specific request from the Council to bring the spend forward which requires additional funding provision. As such, the ability to find a solution rests with the Council.
14. Of the specific options referenced above, the CFCS would prefer the second approach referenced in paragraph 8 above. This would afford the Council the ability to maintain a high degree of control over the specification, the design and the delivery. Once a suitable approach for funding the early provision has been agreed, any necessary due diligence exercises will be carried out and any legal, commercial and financial risks will be reviewed and reported to the Chief Executive in consultation with the relevant members in accordance with the recommendations.
15. One other factor relates to this proposal, whichever option is pursued. At a future meeting of the Children and Young People's Committee, members will be required to consider and agree the process by which bids to manage the primary school will be undertaken. The authority is required to facilitate the process which will see a set of bids being brought forward with comments from the Council for submission to the Secretary of State and it will be desirable that the successful bidder be involved in the design, planning and delivery of the primary school, if possible, dependent on the timing constraints. It is therefore suggested that this may best be coherently managed in tandem with the building contract, being a further reason to support the second option.

Property and Highways Issues

16. In addition to the primary school development issues raised above, the site involves development of a new access road and roundabout on the A611 and associated highway design work, which was approved at a meeting of the Full Council on 25 April 2013. This requires the Council to enter into various highway related agreements with the developer and other landowners and authority to enter into the necessary agreements is sought to enable this work to proceed.

Reason for Recommendation

17. To ensure the Council's requirement to facilitate the earlier provision of the primary school places is addressed.

Statutory and Policy Implications

18. This report has been compiled after consideration of implications in respect of finance, equal opportunities, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Financial Implications

19. The financial considerations are reflected throughout the report, noting the State aid considerations and the requirement for a suitable agreement with the developer. To confirm, the costs of a 210 place primary school are currently estimated at £3M (4th quarter 2013 costs) plus the provision of a fully serviced and de-contaminated site – ie all services, including power, energy and drainage with highways provision to the school entrance. If the site were provided but not fully decontaminated and serviced, an additional £0.5M would be levied. Given that build costs are estimated at today's prices, consideration will be given to ensure that the appropriate prices are confirmed nearer the time.

RECOMMENDATIONS

20. That the County Council agrees the need to bring forward the development of the primary school associated with this development and approves in principle for the Council to undertake the design and construction of the required primary school provision at the Rolls-Royce site Hucknall, subject to the considerations as referenced within the report.
21. That the capital programme be amended by the addition of £3m to support the build of a 210 place primary school in Hucknall subject to further consideration of the most appropriate funding arrangements to bring forward the development.
22. That in consultation with the Leader, the Chairman of Children and Young People's Committee and the Chairman of Finance and Property Committee, the Chief Executive be authorised to finalise and approve the detailed terms for all necessary legal agreements to bring forward the development including the revised S106 Agreement, the funding arrangements associated with commencing works early, and if appropriate the build programme for the school and associated documentation, and any necessary highways and land related agreements.

Report of the Leader of the Council

For any enquiries about this report please contact Geoff George (0115) 977 2046

Constitutional Comments

The recommendations set out in this report may be approved by Full Council [SSR 17.06.2014]

Financial Comments

The financial implications are set out in the report [GB 18.6.14]

Background Papers and Published Documents

None

Electoral Division(s) and Member(s) Affected

Hucknall