



COUNCIL CABINET
15 June 2022

ITEM 14

Report sponsor: Rachel North – Deputy Chief Executive
Report author: Tim Bagshaw – Head of Economic Growth

Derby Nuclear Skills Academy, Infinity Park

Purpose

- 1.1 To provide an initial briefing to Cabinet on the rapidly emerging proposal to repurpose the iHub building to be the location of the Derby Nuclear Skills Academy, through a partnership of Rolls Royce, University of Derby, Nuclear AMRC and National College for Nuclear led, providing 2000 new apprenticeships in the next ten years to support the work of the Rolls Royce Nuclear Submarines business.
- 1.2 To set out the initial financial and legal implications and conditions associated with the project and the proposed iHub change of use.

Recommendations

- 2.1 That Cabinet notes the potential opportunity for the reconfiguration of the iHub as a Nuclear Skills Academy as detailed in section 4 below.
- 2.2 That Cabinet notes that the Council, Rolls Royce and NAMRC have commenced initial discussions in relation to the Project and that further discussions are required to finalise roles and responsibilities and financial arrangements in relation to the Project.
- 2.3 That Cabinet delegates authority to the Strategic Director of Communities & Place, in consultation with the Strategic Director of Corporate Resources, the Cabinet Member for Regeneration, Decarbonisation, Strategic Planning and Transport, and the Cabinet Member for Finance, Digital & Culture, to:
 - a) progress discussions with Rolls Royce and NAMRC in relation to the Project;
 - b) initiate engagement with existing iHub tenants in relation to the potential need for them to be relocated.
- 2.4 That Cabinet notes that in the event that discussions are successful a further Report will be brought to Cabinet seeking approval to take all necessary steps and enter into all necessary legal agreements to give effect to the Project and to outline any resulting financial implications.

Reasons

- 3.1 These proposals represent an opportunity to strengthen Derby's credentials as a critical centre of excellence in the growing UK nuclear sector, and align with the aspirations of the Government's Nuclear Sector Deal.

- 3.2 These proposals offer an exciting new opportunity for the citizens and young people of Derby to undertake apprenticeships as nuclear engineering technicians through to advanced degree qualifications
- 3.3 These proposals will further strengthen the economy supporting presence and capability of each of our Derby based project partners – Rolls Royce Submarines, University of Derby and the Nuclear AMRC.

The Opportunity

- 4.1 The creation of a minimum of 200 apprenticeships a year for at least the next 10 years – so 2,000 additional engineering apprenticeships, from technician to advanced degree level created in Derby to support the development of the Rolls Royce nuclear submarines delivery in the first instance, but creating a growing body of nuclear skills capability in the city.
- 4.2 The development of an Academy supporting this leading private sector employer and securing their ongoing delivery in Derby, through skills provision for at least the next several decades.
- 4.3 An opportunity for young people in the city. Rolls Royce are already engaging schools in Derby. And these proposals create an opportunity for a different form of vocational training and degree post GCSE and A Level / T Level. Apprentices will be paid, not having to pay for their higher level qualification. And there is strong interest already in the opportunity; over 400 applications to fill the initial first year 200 cohort.
- 4.4 These proposals will contribute to tackling lack of social mobility in Derby, as apprenticeships will not accrue any university debt, and will have the opportunity instead to 'earn as you learn'. It should also be noted that the apprenticeships will not be restricted to young people, but will also accommodate mature 'career changers'.
- 4.5 It is also an opportunity for the University of Derby, working with Derby College and with the National College for Nuclear, to increase nuclear engineering training provision in Derby. They will work with NAMRC (University of Sheffield) to deliver the apprenticeships, but under this approach will have a more prominent role in delivery. It is also an opportunity for NAMRC Midlands, adding to their delivery alongside the new nuclear business innovation building under construction close by.
- 4.6 The presence of the Academy and Rolls Royce's increasing delivery offers the opportunity to attract additional company investment to Infinity Park and to stimulate increased engineering focused property development by the IPD developers. An increased opportunity therefore to target nuclear company investment, with Rolls Royce and in conjunction with Marketing Derby, University of Derby and other partners.
- 4.7 The challenge of provision of alternative space for several of the larger current iHub tenants could also, perhaps after an initial temporary provision, provide a stimulus to speculative development with the IPD developers to consider grow on space to accommodate potential to grow, and indeed the Council's own considerations for an iHub2 development on the site adjacent to iHub.

Risk

5.1 Initial Headline Risks:

Risk	Proposed Mitigation
Reputational with tenants being asked to vacate the building	One to one engagement with each of the tenants, looking at alternative solutions within the Connect Derby, UoD and RR estates. Economic Growth working with Connect Derby team drawing in additional support where appropriate / possible.
Short timeline for building adaptation enabling entry of first cohort of students in Sept 2022	Detailed weekly governance approach being implemented including project steering and delivery groups and supporting workstream groups. NAMRC drafting heads of terms and DCC providing supporting works to enable NAMRC as prospective tenant to prepare planning application – leading to initial building adaptations to support arrival of first apprentice cohort.
Change of Use external funding implications	To be agreed with the original iHub funders prior to any formal decision to proceed - emphasising positive change of use, national security supporting and still significant job creation outputs under new use.
Financial Implications to the Council	Any cost implication to the Council will be identified and will need to be addressed as part of any future Cabinet approval should the discussions be successful.
Loss of business innovation and incubation supporting space	Take steps with partners to consider the purposing, in light of the Academy development, of future phases of IPD development; engage Infinity Park developers and others regarding grow on space development in light additional opportunities created by the Academy development.

Financial & value for money issues

- 6.1 The iHub was designed as a centre for innovation in respect of the transport sector and its supply chain. It was originally funded from ERDF, Regional Growth Fund, Derby City Council and the University of Derby. A change in use to a Nuclear Skills Academy would require the Council to seek approval of the original iHub funders to avoid risk of clawback. This is being progressed.
- 6.2 The iHub has high occupancy with a mixture of offices and workshops. Businesses occupy the iHub through individual leases with a range of lease end dates. Discussions have commenced with all occupiers by the Connect Derby Team with a view to facilitate moves to either another Connect Derby building or alternative accommodations. Rolls Royce and the University of Derby are assisting the Council in this process to minimise (or mitigate) the impact of any moves. The occupier leases do not have break clauses so vacant possession of the iHub will be sought through discussions and negotiation.

- 6.3 It is expected that the Nuclear Skills Academy will commit to a long-term lease, at least 10 years, with the lead tenant NAMRC (University of Sheffield), working with the University of Derby and the National College for Nuclear, being responsible for its operation over the term of the lease. The ongoing operating model will need to comply with subsidy control conditions inherent from the original iHub funding agreement.

Legal implications

- 7.1 There are a number of legal implications arising from the Project including the arrangements to be put in place in relation to the existing tenants of the iHub and the future legal arrangements between the Council, NAMRC and Rolls Royce, and subsidy control compliance arising from the original iHub funding conditions. The full legal implications and associated solutions will be developed during the course of discussions and will be reported to Cabinet in due course. The Council's Legal Services team will provide advice in relation to the project and where necessary will engage external legal expertise to advise.

This report has been approved by the following people:

Role	Name	Date of sign-off
Legal	Emily Feenan	26 May 2022
Finance	Simon Riley	27 May 2022
Service Director(s)	David Fletcher	25 May 2022
	Steve Caplan	30 May 2022
Report sponsor	Rachel North	30 May 2022
Other(s)		

Background papers:

List of appendices: