



**COUNCIL CABINET**  
**3 August 2022**

**ITEM 11**

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 update Cabinet on the Project 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, providing 2000 new apprenticeships to support the nuclear industry in the next ten years.
- 1.2 To set out the financial and legal implications and conditions associated with the Project and the proposed iHub change of use.

### **Recommendations**

- 2.1 That Cabinet approves the reconfiguration of the iHub as a Nuclear Skills Academy as detailed in section 4 below in time for the academy's planned operational go live date of 12th September 2022. There will be a partial take up of the building in September to accommodate the first-year intake, working towards a full lease of the building in 2023.
- 2.2 That Cabinet notes that the Council, Rolls Royce, University of Derby and NAMRC have agreed the terms of a non-binding Memorandum of Understanding (MoU) in relation to the Project, details of which are set out in paragraph 4.9 below.
- 2.3 That Cabinet notes that the Council, Rolls Royce, University of Derby and NAMRC are currently engaged in detailed negotiations to finalise roles and responsibilities and financial arrangements in relation to the Project, in line with the split of responsibilities set out in the MoU and that this Report details the main terms of the proposed arrangements.

- 2.4 That Cabinet delegates authority to the Strategic Director of Communities & Place, following 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 finalise the terms of the proposed arrangements and enter into all necessary legal agreements, including but not limited to:
- a lease, licence or leases of the iHub from the Council to the University of Derby, broadly in line with the details set out in section 4 below.
  - a deed of variation to vary the terms of the headlease between Rolls Royce and the Council to allow an application and implementation of planning permission by the University of Derby for necessary external structural alterations and a change of use of the iHub for the implementation of the Project.
  - a licence for alterations from the Council to the University of Derby, to allow the Nuclear Skills Academy to be operational from 12<sup>th</sup> September 2022.

## **Reasons**

- 3.1 The Project provides 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 when fully realised will further strengthen the economy supporting presence and capability of high-end technology skills and jobs within the city area.
- 3.4 The proposed rent for the lease from the Council to the University of Derby is anticipated to be in excess of £250,000 and therefore the grant of that lease and associated agreements is a key decision requiring Cabinet approval.

## **Supporting Information**

### **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 a growing body of nuclear skills capability in the city.
- 4.2 The development of the Academy will support key employers in the city and help to secure their ongoing presence in the city, through skills provision for at least the next several decades.
- 4.3 An opportunity for young people, and re skilling in the city. 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. There is strong interest already in the opportunity, with over 1,200 applications to fill the initial first year 200 cohort. Offers have been made now to over 170 people.

- 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 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.

## **Project Progress**

- 4.8 As might be expected, the Project has had significant pressure on delivery given the very short timeframe from inception to first apprentice arrival in September 2022. The Council continues to work strongly and proactively with lead Project partners, Rolls Royce and University of Derby, to provide deliverable space at the iHub for the first apprentices cohort intake in September. The Project is progressing toward this initial intake in September but there are still issues to resolve within the timeframe available and therefore not all Project details are available for inclusion in this Report and discussions and agreements are likely to continue being progressed up to and beyond first cohort intake in September.

- 4.9 The Council, University of Derby, Rolls Royce and NAMRC have agreed the terms of a non-binding MoU. The MoU sets out in the broadest terms the responsibilities of the parties in terms of delivery of the Project. The Council's responsibilities under the MoU are as follows:
- a. to enter into a lease with the University of Derby for the iHub (the "**Lease**");
  - b. the Council shall remain as landlord for any tenants still in occupation at the iHub following grant of the Lease and arrange vacant possession of the iHub as soon as reasonably practicable thereafter;
  - c. the Council shall ensure that the iHub is permitted to be occupied and used for education purposes for the duration of the Lease; and
  - d. the Council shall work with the University of Derby, Rolls-Royce and other relevant third parties to expedite and optimise existing transportation links and parking facilities to ensure such links and facilities are sized appropriately to accommodate the number of individuals that will require access to the Nuclear Skills Academy.

Notwithstanding the Council's intended commitments to the Project those responsibilities referred to above are not legally binding under the MoU and will not take effect until they are substantive and completed in their own right.

- 4.10 Heads of Terms for the Lease have been received. Whilst the final terms of the Lease are the subject of ongoing negotiation between the Council and the University of Derby, it is currently proposed that the term will be 13 years with an option to extend by a further 10 years. The annual rent is intended to meet the anticipated rental loss to the Council as a result of the removal of the current occupiers. The tenant is ultimately to be responsible for the repair and maintenance of the building. The lease terms will be aligned to the business model of Connect and meet the Council's legal obligations when dealing with its assets.
- 4.11 In the event that it is not possible to complete the Lease in time for the operational go live date of 12th September, the Council and the University of Derby will enter into a tenancy at will to govern the University's partial-occupation of the building until the lease is completed.
- 4.12 Officers have engaged in detail with each of the iHub tenants and at the time of writing are managing the move of the office tenants to other office provision within the Connect Derby estate and are also vacating the common areas to provide a working solution for the first academic year of the Academy. The occupier leases do not have break clauses so vacant possession of the iHub is being sought through discussions and negotiation. Officers are continuing to develop a solution, working with our partners, for the current workshop tenants.
- 4.13 The Council has approached the original funders of the iHub, requesting a change of use under the terms of the funding agreement. This discussion is ongoing.
- 4.14 The University of Derby is leading on building conversion and the Council team are providing detailed support on building infrastructure and configuration to assist with the conversion. The University team have also submitted the necessary planning application to change the use of the building to an academy. A licence to alter will be agreed with the University team to allow the necessary conversions prior to the Academy first year opening on 12 September.

- 4.15 The Project partners are planning a launch of the Academy on 12 September at the House of Commons as part of the Nuclear Industry Association parliament day.

## Risk

### 5.1 Principal Risks:

<b>Risk</b>	<b>Mitigation</b>
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, University of Derby and Rolls Royce estates and through external solutions. Connect Derby working with Economic Growth drawing in additional support where appropriate / possible.
Not able to find suitable workshop space in particular to enable all party acceptable solutions alternative to the IHub	Ongoing detailed discussion and close working with workshop tenants and with Project partners to find alternative solutions. Where not possible discussion with other partners and connections across the city to find suitable alternative premises.
Short timeline for building adaptation enabling entry of first cohort of students in Sept 2022	Detailed weekly governance approach, Project Delivery Team, bi-weekly Project Steering Group. Regular Project Board meetings (all of the principal partners) Provision of clear Project leadership by one of or both Rolls Royce and University of Derby. Close working on interim solutions to enable sufficient area within the building to enable first 200 cohort intake.
Change of Use – agreement of original funders of iHub to change of use required to avoid funding implications	An application for change of use has been submitted to the original iHub funders, emphasising positive change of use, national security supporting and still significant job creation outputs under new use.
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, a prospective 'IHub 2' development; engage Infinity Park developers and others regarding grow on space development in light of additional opportunities created by the Academy development.
Unable to finalise all necessary legal documentation in time for Academy go-live	The Council is working with its appointed legal advisors to progress the legal documentation as quickly as possible. In the event that it is not possible to complete the Lease for go-live the parties will enter into a tenancy at will to govern the University of Derby's occupation of the iHub in the short-term.

## **Public/stakeholder engagement**

- 6.1 The project has been widely covered in the media and the project partners have begun a programme of engagement with schools across Derby. The project partners are also engaging government with an initial launch event in parliament in mid-September.
- 6.2 Once the Academy is up and running the Council, working with partners will also support and undertake engagement with communities across the city to encourage interest and awareness of the opportunity that the Academy provides for individuals.

## **Other options**

- 7.1 The project has been developed at pace to ensure its establishment in Derby with the benefit and opportunity that it brings.

## **Financial & value for money issues**

- 8.1 The Council has diverted a significant level of officer time, in a short timeframe to proactively and in detail support the Academy and undertake all reasonable actions to enable the conversion of the iHub in time for the first intake in September.
- 8.2 The Council is facilitating the move of office tenants, to other provision within the Connect Derby estate. The cost of these moves has been met from the existing Connect Derby budget as the office tenants and virtual tenants have been relocated within the Connect Derby estate. The Council's Economic Growth Team are working with the limited number of workshop occupiers and continue to work with the partners in the Project over alternatives and funding to facilitate moves.

## **Legal implications**

- 9.1 See further paragraph 4.9 above.
- 9.2 The Council's Legal Service is dealing with the legal agreements relating to the relocation of the existing iHub tenants. The Council has engaged Browne Jacobson LLP to provide advice on the Lease and associated documentation and public law/subsidy control issues.

## **Climate implications**

- 10.1 The Academy will particularly support apprenticeship requirement for Rolls Royce Submarines, but it is intended that its presence in Derby will contribute to fostering other nuclear opportunities, helping to build clean energy power systems and resilience.

## **Other significant implications**

- 11.1 It is intended that the Academy has wide impact across all communities and sections of the community. It is a stated aim of the project partners that all who have an interest in engineering, nuclear systems and business should have the opportunity to engage with and draw benefit from the delivery of the Academy, helping to build a centre for nuclear excellence in Derby.

This report has been approved by the following people:

<b>Role</b>	<b>Name</b>	<b>Date of sign-off</b>
<b>Legal</b>	Emily Feenan	25 July 2022
<b>Finance</b>	Simon Riley	July 2022
<b>Service Director(s)</b>	David Fletcher	July 2022
	Steve Caplan	July 2022
<b>Report sponsor</b>	Rachel North	25 July 2022
<b>Other(s)</b>		

<b>Background papers:</b>
<b>List of appendices:</b>