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**Report of the Director of City Development**

**To Executive Board**

**Date: 11 September 2007**

**Subject: Hillside School – Allocation of Grant to Tiger 11**

**Capital Scheme Number 13377**

**Electoral Wards Affected:**  
Beeston & Holbeck

**Specific Implications For:**

Equality & Diversity

Community Cohesion

Narrowing the Gap

Eligible for Call In

Not Eligible for Call In  
(Details contained in the report)

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**Executive Summary**

The Council has successfully been offered £15.6m of funding over the next three years as part of the Local Enterprise Growth Initiative (LEGI) programme. This programme aims to encourage enterprise in the most disadvantaged parts of Leeds. One of the projects is to support Development Trusts to become established in these areas. The first of these projects is to support Tiger 11 (Together in Growth and Economic Regeneration in Leeds 11) to purchase and renovate Hillside School to provide workspace and meeting rooms in Beeston. This will require a LEGI funded grant of £600k to be provided via the council to Tiger 11. This report seeks to release an additional £400k of the £4.7m of LEGI funding already included in the approved capital programme to be used for this purpose. The project was awarded £200,000 in February 2007, but after thorough examination of the financial position of the project the LEGI board has agreed to support Tiger 11's request to increase the allocation to £600,000

**1.0 Purpose of this Report**

This report seeks to approve release of an additional £400,000 of the £4.7m of LEGI funding already included in the approved capital programme for a grant to allow Tiger 11 to purchase and refurbish Hillside School. This will bring the total capital commitment to this project to £600,000.

**2.0 Background Information**

- 2.1 The Leeds LEGI programme is a £15.6m programme to encourage enterprise in Leeds' most deprived areas. The areas of particular focus are the Super Output Areas (SOAs) which are amongst the 3% most deprived in the UK. Success will be achieved through a variety of projects delivered by partners such as Leeds Chamber, Leeds Ahead and Development Trusts. Of the £15.6m, £4.7m is capital and has therefore been included in the capital programme.

### **3.0 Main Issues**

#### **Design Proposals / Scheme Description**

- 3.1 For Tiger 11 to purchase, refurbish and fit out the former Hillside school and commence trading as a managed workspace facility will incur expenditure of approximately £2.115 million. It is proposed that the LEGI programme provides up to £600,000 in capital grant to help with these costs, with the remainder secured from a mix of ethical and commercial loan/equity finance.
- 3.2 In addition to the proposed £600,000 capital grant, revenue support from the LEGI programme of £300,000 has been provided to help establish the proposed facilities and help with start up costs for Tiger 11.

#### **Consultations**

- 3.3 Consultation on the project has been undertaken as part of the wider consultation process on the LEGI bid with local communities, ward members and the Beeston Hill partnership. Feedback from the consultation has been supportive of this particular project.

#### **Programme**

- 3.4 Tiger 11 propose to start work on site on the refurbishment works in October 2007 and open the facility for community uses in April 2008.

### **4 Implications for Council Policy and Governance**

#### **Compliance with Council Policies**

- 4.1 This project complies with Council policies, strategies and initiatives and the Council Plan, in particular:
- Competing in a Global Economy - Access to Employment - working towards creating new jobs and breaking down barriers to work, so that residents, particularly from our most deprived areas, can access new jobs.
  - Equality - Ensuring that opportunities are available for all on a fair and equal basis including DDA Act compliance.

#### **Community Safety**

- 4.2 That the proposals contained in the report do not have implications under Section 17 of the Crime and Disorder Act 1998.

### **5.0 Legal and Resource Implications**

- 5.1 State Aid regulations have been considered throughout the development of the LEGI programme and the proposed funding structure for this project will fully comply.

## Scheme Design Estimate

- 5.2 Tiger 11 will be incurring expenditure of £2.115m on their proposal. Negotiations regarding heads of terms for the property are currently being concluded between the council and Tiger 11.

## Capital Funding and Cash Flow

- 5.3 A total sum of £4.7m is included in the approved capital programme scheme number 13303 and will be fully funded by LEGI.

Previous total Authority to Spend on this scheme	TOTAL £000's	TO MARCH 2007 £000's	FORECAST				
			2007/08 £000's	2008/09 £000's	2009/10 £000's	2010/11 £000's	2011 on £000's
LAND (1)	0.0						
CONSTRUCTION (3)	0.0						
FURN & EQPT (5)	0.0						
DESIGN FEES (6)	0.0						
OTHER COSTS (7)	626.6		586.6	40.0			
<b>TOTALS</b>	<b>626.6</b>	<b>0.0</b>	<b>586.6</b>	<b>40.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Authority to Spend required for this Approval	TOTAL £000's	TO MARCH 2007 £000's	FORECAST				
			2007/08 £000's	2008/09 £000's	2009/10 £000's	2010/11 £000's	2011 on £000's
LAND (1)	0.0						
CONSTRUCTION (3)	0.0						
FURN & EQPT (5)	0.0						
DESIGN FEES (6)	0.0						
OTHER COSTS (7)	400.0		400.0				
<b>TOTALS</b>	<b>400.0</b>	<b>0.0</b>	<b>400.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Total overall Funding (As per latest Capital Programme)	TOTAL £000's	TO MARCH 2007 £000's	FORECAST				
			2007/08 £000's	2008/09 £000's	2009/10 £000's	2010/11 £000's	2011 on £000's
LEGI	4700.0		1700.0	1500.0	1500.0		
Total Funding	4700.0	0.0	1700.0	1500.0	1500.0	0.0	0.0
<b>Balance / Shortfall =</b>	<b>3673.4</b>	<b>0.0</b>	<b>713.4</b>	<b>1460.0</b>	<b>1500.0</b>	<b>0.0</b>	<b>0.0</b>

## Risk Assessments

- 5.4 If the additional £400,000 is not approved the project will not proceed.

## 6.0 Conclusions

- 6.1 The purchase and refurbishment of Hillside school is vital for the whole LEGI programme, not least because it will house a Catalyst Centre. Allocation of an additional £400,000 of the LEGI funding included the capital programme will allow the project to proceed.

## 7.0 Recommendations

- 7.1 Executive Board is requested to:
- approve the scheme, as detailed in the above report, at a revised estimated total cost of £600,000 (£200,000 previously approved) ; and;
  - give authority to incur expenditure of £400,000 towards purchase and refurbishment of Hillside school to be met from the LEGI scheme number 13303 in the approved capital programme.