

REPORT TO: Executive Board
DATE: 18 September 2014
REPORTING OFFICER: Strategic Director – Children & Enterprise
PORTFOLIO: Physical Environment
SUBJECT: Sci-Tech Daresbury Enterprise Zone Funding
WARD(S) Daresbury

1.0 **PURPOSE OF THE REPORT**

1.1 The purpose of this report is to:

- provide an update on funding for the development of Sci-Tech Daresbury
- to seek approval to accept the impending written offer for Enterprise Zone Capital Grant and the proportion of the European Regional Development Fund attributable to the Council and to seek authority to enter into an agreement with the Sci-Tech Daresbury Joint Venture to utilise the EZ Capital Grant for the development of Sci-Tech Daresbury.

2.0 **RECOMMENDATION: That the Board**

- 1) **accepts the offer of £3.57m of EZ Capital Grant (EZ) from the Department for Communities and Local Government (DCLG);**
- 2) **accepts the offer of £25k of European Regional Development Fund (ERDF) from DCLG;**
- 3) **gives the authority for the Council to enter into a back to back contract with Joint Venture partners for the delivery of the project; and**
- 4) **agrees to the Council entering into a claw back agreement with Joint Venture partners in accordance with the EZ offer.**

3.0 **SUPPORTING INFORMATION**

3.1 Sci-Tech Enterprise Zone Daresbury

Sci-Tech Daresbury is allocated as a strategic site in Halton's Core Strategy and is an international hub for world class science. In August 2011, part of Daresbury was named as one of 11 new

enterprise zones. The campus, including the enterprise zone, was re-branded as Sci-Tech Daresbury in July 2012.

The JV Partnership was set up in 2010 and is a 50:50 partnership between Langtree and STFC (Science and Technology Facilities Council) and Halton Borough Council.

The aim of enterprise zones is to attract new businesses with simplified planning rules, super-fast broadband and reductions in business rates. Business rates growth within the zone is retained by Halton Borough Council for the 25 year life of the zone.

- 3.2 In February 2014, Sci-Tech Daresbury was shortlisted for £3.57m Enterprise Zone Capital Grant following an application via the Liverpool LEP.

The application is to facilitate the next stage of development at Sci-Tech Daresbury through the acquisition of the former hostel plot (STFC owned) and site preparation of the Lord Daresbury plot and hostel plots to provide a developable plot of approx. 6ha.

Alongside this preparation, the funding will also be used to complete site connectivity works including broadband provision.

A business case has been submitted to DCLG as part of the due diligence process and final funding agreements are expected in August.

- 3.3 In June 2014, an application for £1.128 European Regional Development Fund was approved by DCLG subject to confirmation of match funding from the EZ Capital Grant and State Aid Advice.

The ERDF will fund the standalone 10,000 sq ft office building which complements the Tech Space development which is funded by Regional Growth Fund.

The application has completed due diligence with DCLG and an offer letter will be issued once match funding and State Aids are confirmed.

The offer will be made to Langtree as the developer, to comply with the State Aid rules. It is intended that the Council will be acknowledged as the delivery partner and will receive £25k towards the funding and monitoring service it will provide to Langtree.

4.0 **POLICY IMPLICATIONS**

- 4.1 The Daresbury strategic site is included in the Council's Corporate Plan, the Halton Partnership and Halton Borough Council Urban Renewal Strategy and Action Plan, and supports the Council's

Urban Renewal corporate priority. Grant funding is essential to facilitate the delivery of Daresbury.

5.0 **OTHER/FINANCIAL IMPLICATIONS**

5.1 The Council is committed to securing as much external funding as possible to support the delivery of Daresbury. The ERDF and EZ Capital Grant referred to in this report support that commitment.

5.2 DCLG will be issue the EZ Grant under powers conferred by section 31 of the Local Government Act 2003 to Halton Borough Council as accountable body.

Funding agreement payments will be linked to milestones for project delivery.

DCLG has requested a claw-back arrangement for any increase in the value of the development as a result of the grant. Any clawback will be returned to the Local Authority for further investment in growth opportunities in or around the Enterprise Zone, or in other LEP priority areas.

5.3 There are financial implications for the Council in accepting the ERDF funding; the risks are that minor breaches of the agreement (e.g. failures to provide, or delays in providing, information such as performance reports) can result in DCLG having the right not only to discontinue funding for the future but also to demand the return of funding received prior to any breach of the agreement. In this respect the Council's direct liability will be limited to the £25k it will receive as the delivery partner.

5.4 A number of risks have been identified throughout this report pertaining to the Council. However, before any grant funding is drawdown from either source, EZ Grant or ERDF, the Council will draw up back to back contracts based on the contracts issued by both funding providers which will tie the JV Partnership into underwriting the claw-back of funding and the expectations of milestones/outcomes. This will restrict the Council's overall liability to its liability as a JV Partner.

6.0 **IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

6.1 **Children & Young People in Halton**

They are no implications associated with this report.

6.2 **Employment, Learning & Skills in Halton**

Overall the development of Sci-Tech Daresbury will assist in

providing job opportunities for local people and will go some way in addressing the level of unemployment in Halton. The next phases of development are estimated to create up to 1,060 new jobs.

6.3 A Healthy Halton

They are no implications associated with this report.

6.4 A Safer Halton

They are no implications associated with this report.

6.5 Halton's Urban Renewal

The development at Daresbury is acting as a catalyst to attract developers and new businesses to the area by creating an attractive, well-accessed and serviced area, which provides a safe and attractive environment for employees and visitors.

The Enterprise Zone aims to deliver 25% of the employment land for the borough. The programme will also provide improvements to the local area, and in particular key gateway sites with the A558 and A56.

7.0 RISK ANALYSIS

7.1 There are risks to the Council in entering into the contracts with DCLG. These same risks have been acknowledged and accepted previously, e.g. previous NWDA funding agreements on 3MG and on the Widnes Waterfront Programme.

Funding agreement payments will be linked to milestones for project delivery. The milestones will be agreed between the JV partners and DCLG and will be achievable.

DCLG has requested a clawback arrangement for any increase in the value of the development as a result of the grant. Any clawback will be returned to the Local Authority for further investment in growth opportunities in or around the Enterprise Zone, or in other LEP priority areas.

The risks for ERDF are that minor breaches of the agreement (e.g. failures to provide, or delays in providing, information such as performance reports) can result in DCLG having the right not only to discontinue funding for the future but also to demand the return of funding received prior to any breach of the agreement.

Members are advised that, on balance the benefits of the scheme, that is job creation and growing the borough's economy, outweigh the risks. The risks will be mitigated by sound project management

and monitoring of expenditure. Equally, grant will only be drawn down as and when programme milestones have been met. Finally, the Council has a good track record of managing and delivering schemes of this scale and complexity

8.0 EQUALITY AND DIVERSITY ISSUES

8.1 There are no issues arising out of this report.

LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

Document	Place of Inspection	Contact Officer
EZ Capital Grant Business Case	Municipal Building 5 th Floor	Sara Wilson
ERDF Application Form	Municipal Building 5 th Floor	Sara Wilson