

EXETER CITY COUNCIL

SCRUTINY COMMITTEE – ECONOMY

1 MARCH 2007

PROPOSED SCIENCE PARK – PROGRESS UPDATE

1.0 PURPOSE

- 1.1 To update Members on progress towards developing the Science Park.

2.0 BACKGROUND

- 2.1 Exeter's Vision has, as one of its key themes, establishing the city as "A prosperous city" by promoting sustainable investment. The document refers to one of the key ingredients for the successful expansion of the Exeter economy as the development of a science park, in conjunction with partners, including the University of Exeter, East Devon District Council, Devon County Council and the Met Office.
- 2.2 The concept of a science park is a priority in regional and sub-regional economic strategies. The Exeter and Heart of Devon Economic Partnership's Economic Development Strategy 2005-2008 has, as one of its main objectives, the development of a science park. It has as a linked priority the maximising of the role of Exeter University and the Met Office as catalysts for knowledge and technology transfer leading to business development and the creation of high value employment. The economy of the city and sub-region could be considered to be too dependent on the public and service sectors which may in future years suffer from tighter controls on Government spending or restructuring leading to loss of employment. It is important to look to the city's assets, in particular these two organisations with a national and international reputation, and its advantageous location as the basis for creating or attracting re-locating knowledge based businesses that have the potential to bring higher quality employment opportunities.
- 2.3 The Devon Structure Plan 2001-2016 supports the development of a science park and proposes a site in East Devon. The Regional Economic Development Strategy and Regional Spatial Strategy both underline the importance of innovation and the exploration of knowledge to the region's economy.
- 2.4 A number of studies have supported the case for and the opportunity to develop a science park for the city and the sub-regional economy. These studies include:
- "Exploiting the knowledge base of the South West of England – Final Report" – Arthur D Little, Cambridge UK, 2003 – which concluded that Exeter requires a science park which can be developed over an extended period of time, to act both as a strategic site for inward

investors and provide grow-on space for projects incubated at the Innovation Centre;

- “Feasibility study for a science park in Exeter” – SQW, 2003” – which suggested that there was sufficient demand to support the creation of such a park and recommended the site at Redhayes as the preferred location.

2.5 Members received a progress report on 9 June 2005, which also summarised the project plan and timetable for laying the groundwork for delivering the Science Park. The timetable focussed on:

- establishing the Partnership, its authority and governance based on an agreed Memorandum of Understanding
- negotiating and managing the relationship with the land-owner over the use or acquisition of the preferred site
- progressing planning related issues of the proposal in view of the need to eventually secure planning permission and to restrict development strictly to science park related activity
- establishing a delivery mechanism/body and business plan

2.6 In order to progress this challenging proposal, the City Council has approved £150,000 revenue and £100,000 capital funding as contributions towards progressing key elements of the project.

3.0 PROGRESS

Partnership

3.1 A Steering Group comprising representatives of the following partners has continued to take this project forward, chaired by the Registrar of the University of Exeter:

- University of Exeter
- Met Office
- Exeter City Council
- East Devon District Council
- Devon County Council
- South West of England Regional Development Agency (SWERDA)

3.2 The Steering Group have commissioned and jointly funded the preparation of a business plan by a science park specialist, formerly the Chief Executive and the Chairman of Manchester Science Park and a board member of the Science Park. The draft business plan is currently being finalised which sets out in some detail the following important aspects relevant to progressing the park:-

- local market interest in locating on the park
- a vision for the science park
- the potential attraction and contribution that both the University and the Met Office bring to the park
- the recommendation that the partners should establish a Company Limited by Shares to manage and develop the park including seeking investment and funding

- working closely with the Innovation Centre which will provide specialist business development services
- the infrastructure needed to access the site
- the outline project timeline indicating the programmes of key action dates and timescale for progressing the development
- an initial financial forecast setting out the initial investment required

Planning Aspects

3.3 In order to set out and control the planning aspects of the project, a Supplementary Planning Document (SPD) is being prepared by consultants, Atkins, on behalf of the Partnership for East Devon District Council as local planning authority. The SPD is intended to specify what is necessary to secure the quality of the development desired, including the appropriate range of land uses, form of development, landscaping and design quality. It will also provide the basis for East Devon District Council, as the planning authority, to ensure that the development takes place as required and is restricted to “acceptable” Science Park occupiers. It is anticipated that this work will be completed by September 2007.

3.4 East Devon District Council, as part of preparing the SPD, have been consulting over the issues and options for the planning of the science park. The Issues and Options document is the precursor to a set of draft Preferred Options for the SPD, which will then be taken forward for further consultation, following which a final version will be prepared for adoption by East Devon District Council. Integrated within this process is a Sustainability Appraisal and Strategic Environmental Impact Assessment, which is designed to ensure that key environmental issues, and potential impacts, are considered at this stage.

3.5 *Delivery Organisation*

Having considered a number of options, the recommendation from the consultant is for the creation of a “company limited by shares” as the best option for the achievement of the aims and objectives of the project, without being over complex. The organisational structure should: offer the management the commercial flexibility needed to succeed financially and operationally; be transparent to stakeholders and related partners; and enable appropriate criteria for tenants and other occupiers to be established and enforced. It would of course need to be legally sound and not hinder the future development and expansion of the park.

3.6 The establishment of a “company limited by shares” would commit each of the current partners to decide whether to be full stakeholders by the investment of equity into the development of the park. This vehicle is recommended because assets of considerable value are involved, and it would provide an independent vehicle which could use its own discretion and powers to effectively manage the business of the Science Park. Further consideration will be given to this recommendation to determine whether this is the best option. Each of the current partners has agreed to consider the issue of making an equity contribution to the project.

Business Development

- 3.7 An important function of the science park will be that it is a part of a joined-up provision of business support with the Innovation Centre, to support the establishment and growth of new and established technology-based companies. Whether the Innovation Centre has a physical presence in the science park will depend on the speed of occupation of the new accommodation at the University and whether the business support services required by the science park tenants can be delivered effectively from the Innovation Centre.

Timeline

- 3.8 An outline timetable for the project anticipates a planning application being submitted by summer 2008. On the basis of no serious unforeseen circumstances arising, the first building could be completed by late 2010.
- 3.9 It is suggested that the first building should be the Science Park Centre of some 30,000sq ft. lettable space for multi-occupation including accommodation for the Park management and to provide meeting space and reception facilities. Once planning approval has been granted, work will also start on securing tenancies, particularly from larger companies.

Financial Plan

- 3.10 An initial plan is being drawn up which seeks to recognise that in the longer term the Park must be a viable, profitable business venture fulfilling the objectives of the partners. It is unlikely that full financial viability will be achieved in its early years. At this point in time the business plan is being prepared on the basis that the business operation of the science park company will be primarily that of a property investment company which owns the initial property, controls what goes on in it, and generates both added capital value and rental value from managing it. The primary aim of the company will still remain that of managing the operation and developing the Park to fulfil the partnership's aims as set out in the attached appendix.

4.0 FINANCIAL IMPLICATIONS

- 4.1 The Council has approved £150,000 revenue towards the costs of progressing this development. To date the following expenditure as the City Council's share of costs as attributed to this budget are:-

- preparation of Supplementary Planning Document -£20,000
- preparation of Business Plan -£9,000

Substantial matched funding is being committed by the partners in the project, with a total of £150,000 having been confirmed to date. Substantial additional expenditure will be incurred during 2007/08 to progress the detailed technical work needed to support a planning application.

- 4.2 Government funding recently announced for the designated New Growth Point for Exeter/East Devon includes £100,000 as a contribution towards progressing this project. The newly established delivery team for the New

Growth Point will help ensure the Science Park is progressed in conjunction with Skypark, the intermodal freight terminal and the new settlement at Cranbrook.

- 4.3 The Council's Capital Programme includes an allocation of £100,000 which will be used as a preliminary contribution to the costs of bringing the site forward.

5.0 RECOMMENDED that

- 5.1 Members note the progress made with developing the proposed science park.

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Local Government (Access to information) Act 1985 (as amended)

Background papers used in compiling this report:

1. "Feasibility Study for a science park in Exeter" SQW 2003
2. "Report on Exeter Science Park" David Rowe 2004
3. "University of Exeter Science Park Supplementary Planning Document – Issues and Options" – Atkins 2006