

EXETER CITY COUNCIL**EXECUTIVE****24 MARCH 2009****EXETER SCIENCE PARK UPDATE****1. PURPOSE**

To update Members on progress with the development of Exeter Science Park.

2. BACKGROUND

- 2.1 Executive on 19 June 2007 approved an investment of £750,000 as a contribution towards the equity required to progress the first stage of the development of the science park. The City Council is part of a partnership involving East Devon District Council, Devon County Council, the University of Exeter, the Met Office and the South West of England Regional Development Agency, all of whom are providing significant levels of funding for this project.
- 2.2 The establishment of a science park in the Exeter economy is a priority in sub-regional and regional economic strategies. The Exeter and Heart of Devon Economic Partnership's Economic Development Strategy has this as one its main objectives, as does the Exeter Vision. The Regional Economic Strategy prepared by the South West of England Regional Development Agency and the draft Regional Spatial Strategy both underline the value of innovation and of the exploitation of "knowledge" for the region's economy and refers to an Exeter Science Park as a very important development. The science park is considered by all the partners involved to be an important contribution to the recovery of the sub-regional economy, after this current difficult time.
- 2.3 The benefits to be derived from the development of the science park include:
- the creation of a high value employment location and the consequent injection of higher incomes and expenditure into the local economy
 - the further positioning of the city as a serious regional business centre with specialist scientific and technological activities which have a national and international standing
 - providing a focus for the Met Office's desire to secure scientific and commercial spin-offs from their core work, generating new business and jobs
 - a means for the University to attract further research funding, which can stimulate the commercialisation of scientific knowledge and applications
 - the development of small and medium sized science companies employing people with a range of skills from technicians (with school level skill levels) to high grade scientists

- the development of businesses providing services to science park businesses in turn sustaining existing and creating additional, new employment at all levels in the sub-region
 - the provision of grow-on space for tenants of the Innovation Centre requiring larger accommodation
 - the potential of creating some 2,500 – 3,000 jobs in the first fifteen years or so
- 2.4 The economy of the city and sub-region is heavily dependent on the public and service sectors which may well decline or have limited growth in future years, leading to loss of employment and less economic activity than has recently been experienced. The City's economy is also disproportionately made up of low wage employment, limiting standards of living, career opportunities and aspirations. It is important, particularly in the current economic climate to take a longer-term view, to build upon those existing assets of the city, in particular the University, the Met Office, and the Peninsula College of Medicine and Dentistry with their national and international reputations, and the city's advantageous location. They provide a basis for creating and attracting knowledge-based businesses that have the potential to bring higher quality employment opportunities.

3. PROGRESS

- 3.1 The report in June 2007 updated Members on the preparation of the Business Plan setting out the vision for the science park, proposals for the structure of the delivery organisation, site and access issues, provided a broad project timeline and a financial forecast setting out the initial investment required. Reference was also made to progressing planning related issues in view of the need to eventually secure planning permissions.

Site Issues

- 3.2 The 24 hectare site at Redhayes, immediately adjacent to Junction 29 of the M5, has been purchased by Devon County Council on behalf of the Science Park Partnership with funding provided by the South West of England Regional Development Agency (SWRDA). The £19m grant provided by SWRDA has also procured an additional 2 hectares of land required for necessary improvements to Junction 29, which is key to progressing the development of Skypark, the airport enhancements and the new settlement at Cranbrook. The remainder of the funding is being used for the first phase of the access and services infrastructure for the science park site. Devon County Council has also submitted various major infrastructure bids to help fund the road infrastructure improvements.
- 3.3 The previous owner of the land, Eagle One, is the preferred developer for the first phase of the science park and future phases will be developed in open competition. Negotiations are currently underway to determine the detailed requirements for the first building and the selection of a suitable hotel operator to provide conferencing and meeting facilities for science park occupiers. The first building of about 30,000sq ft is intended to be the central hub of the park as the base for the science park management, business support services and first commercial occupants. The viability and timing of progressing the first phase of the development of the science park will depend greatly on the terms of these negotiations.

- 3.4 Master planning of the site was completed last year and the completed Master Plan has been published on East Devon District Council's website from January 2009. The Master Plan reflects the aspirations of project partners and their desire to create a commercially and environmentally attractive environment for innovation and investment that will strengthen the sub-regional economy.

Planning Applications

- 3.5 A series of public exhibitions and briefings are being held at locations near and around the site in late February and early March, to display and invite comments on the pre-planning application proposals. An explanatory leaflet has been produced with a closing date of 20th March for receipt of comments. Responses to the exhibitions and briefings will form the basis of the Statement of Community Involvement, which is also required in support of the Planning Application.
- 3.6 Preparatory work for the submission of an Outline Planning Application in June 2009 is progressing well. The necessary Transportation Assessment is currently the subject of discussion between the County Council, the City Council and the Highways Agency, but is anticipated to be completed in time. The draft Energy Options Appraisal which will contribute to another component of the Outline Planning Application, the Sustainability Strategy. This requires further investigatory work in order that optimum solutions can be found to satisfy the requirements for cost and environmentally efficient energy supply solutions. The Strategy will also look at the wider needs of adjacent major developments that will be coming forward in the near future.
- 3.7 Other necessary documents to support the Outline Planning Application are being progressed with the aim of completing them in May, including the Flood Risk Assessment, Development Framework, Design Codes and Access Statements.
- 3.8 The Steering Groups timescale for progressing to the construction of the first building is ambitious and is as follows:-

Activity	Date
Company formation	April 2009
Outline Planning Application submitted	June 2009
Start marketing to tenants	September 2009
Planning Application determined	December 2009
Detailed Planning Application determined for central hub building	December 2009
Site advance works	January 2010
Central hub building construction starts	March 2010

Business Plan

- 3.9 As with any business plan, circumstances change and the original version of the business plan is currently being revised. Fundamental component parts of the financial case within the business plan relate to the funding of the first building(s), in particular the central hub building. The current value of land and the likely contribution from other developments on the site, including the development of a hotel, also have a bearing on the viability of proposals for the first central hub building to establish the presence and early operation of the park. Negotiations are currently underway to set out in detail the way forward.

Governance

- 3.10 The project is currently overseen by a Steering Group chaired by the University of Exeter, comprising representatives from all the partners and when appropriate attended by the preferred developer. Executive on 19 June 2007 supported the concept of the formation of a Company Limited by Shares to continue overseeing the development of the park and to be represented on the Board, to ensure that the City Council has representation and influence over its delivery organisation commensurate with the level of its investment.
- 3.11 The detailed arrangements for the company including a Shareholders' Agreement are currently being drawn up, and include arrangements for all partners, including the City Council, to have one directorship. There will also be an appointed independent non-executive director who will be the chairman of the company. Recruitment for this position is currently underway. The Board may in time appoint executives to run the company on a day-to-day basis, who shall report to the Board.
- 3.12 The Head of Economy and Tourism is the City Council's representative on the Science Park Steering Group and, following the agreement of the Leader of the Council and Portfolio Holder, will become the Council's director on the Board of the new company once formed by April 2009.

Marketing

- 3.13 A sub-group of the Steering Group has been developing a marketing strategy and plan for the science park in anticipation of a successful planning application, and in order to start to build its profile against the background of the difficult economic climate,
- 3.14 The approach will be based on promoting the intended quality of the built and landscaped environment, the locational advantages of the park, as well as the research strengths of the University, the Peninsula College of Medicine and Dentistry and the Met Office. This marketing plan is likely to involve two stages. Firstly, contacting those businesses that have already expressed an interest, those who are located at the Innovation Centre, or are science, technology and knowledge-based businesses located within 30 miles or so of the city. The second stage will be based on assessments of the potential markets for the leading research undertaken by the University, PCMD and the Met Office.

4. FINANCIAL IMPLICATIONS

- 4.1 In line with the funding target of a least £3m set out in the initial Business Plan, the City Council approved an investment of £750,000 as an equity contribution on the basis that this target was achieved together with contributions from the other partners. A total of £3,355,000 was achieved. This funding is being used to fund initial operating costs and towards the cost of the first building, until the first income streams are generated from lettings or other sources.

5. RECOMMENDED that:

- 5.1 Members note the report.

RICHARD BALL
HEAD OF ECONOMY AND TOURISM

ECONOMY AND DEVELOPMENT DIRECTORATE

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

Background papers used in compiling the report:

1. Committee Report to Executive 19 June 2007 - "Proposed Science Park"