

REPORT TO: Executive Board
DATE: 24th January 2013
REPORTING OFFICER: Strategic Director Children and Enterprise
PORTFOLIO: Resources
SUBJECT: Daresbury 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 written offers for Regional Growth Fund (RGF) and Growing Places Fund (GPF)
- to seek authority to enter into an agreement with the Sci-Tech Daresbury Joint Venture partners to utilise the Growing Places Fund and the Regional Growth Fund grant for the development of Sci-Tech Daresbury.

2.0 **RECOMMENDATION: That:**

- i) **The Board accepts the offer of £9.77m of Regional Growth Fund (RGF) from the Office for Business, Innovation and Skills (BIS);**
- ii) **The Board accepts the offer of £1.8m of Growing Places Funding (GPF) from the Liverpool City Region Local Enterprise Partnership;**
- iii) **The Board gives the authority for the Council to enter into back to back contracts with the JV Partners for the delivery of the project; and**
- iv) **The Board agrees to the Council entering into a claw back agreement with Joint Venture partners at Daresbury in accordance with the RGF and GPF offers.**

3.0 **SUPPORTING INFORMATION**

3.1 **Sci-Tech Enterprise Zone Daresbury**

Sci-Tech Daresbury is a key strategic site. It is an international hub for world class science. In August 2011, part of Sci-Tech Daresbury became an Enterprise Zone.

A Daresbury Joint Venture Partnership was set up in 2010 and is a

50:50 private:public partnership between Langtree, 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 On 17th October 2012, the Daresbury JV Partnership was informed that it had been successful in securing £9.77m of Regional Growth Fund (RGF) grant-aid. The application has four key components:
- 1) **Project Tech Space** - the construction of high quality, flexible office space which will enable businesses to grow and expand, as well as specialised laboratory space to help businesses which rely on laboratory space to develop their respective products;
 - 2) **Power (Phase1)** –Part of the RGF bid will be used to increase the power capacity needed to support future science and technology facilities planned for the campus.
 - 3) **Environmental Improvements** this element of the grant will pay for the purchase of land, site clearance, and landscape improvements to bring together sites in a better managed way within a quality environment .
 - 4) **Transport Improvements** - to provide better public transport provision to and from Daresbury, thereby improving access to job opportunities for all.

The total cost of the works is now estimated to be £22m. Funding has been identified as follows: RGF £9.77m, STFC £800k, JV Board £7.43m, and Scottish Power £1.6m.

The bid included a realistic target on job creation of 747 direct jobs and 313 indirect

An offer letter for the RGF grant has been received from the department for Business and Innovation. A working group has been set up to complete the due diligence process with a completion date of 19 March 2013 and the final offer to be signed off by 19 April 2013.

- 3.3 Following an invitation from the Liverpool City Region Local Enterprise Partnership (LEP) to bid for Growing Places Funds (GPF), an application was submitted, in contribution to the JV Board match. The application was for £1.8m to fund the same infrastructure works as listed in 3.2.

The GPF loan was approved in November 2012. We anticipate a

written offer being with the Council soon. These funds are offered on condition that the Council makes 'best endeavours' to repay the GPF. GPF is a revolving fund (effectively an interest free loan) and the funding is to be reinvested within the Liverpool City Region. The application stated that the first repayments would be due in August 2015 and the final in December 2019.

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 Regional Growth Fund grant referred to in this report supports that commitment.

- 5.2 There are financial implications for the Council in accepting the RGF funding; in broad outline 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 the Office for Business, Innovation and Skills 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.

This could have extremely serious consequences for the Council's services given that the maximum funding to be received under the agreement is £9.77m.

- 5.3 With regards to GPF, whilst there is no formal clawback agreement imposed on the Council, the Council must budget for the repayment of the £1.8m either when the development is complete or by December 2019, whichever is sooner.

In the event the development does not go ahead, the burden of the repayment would rest with the Council purse along with the interest charges associated with borrowing £1.8m.

As is usual with such arrangements, the funding offer places the balance of risk with the Council. Although some risks have been negotiated away, the most prominent risks for the Council remain:

The repayment of the GPF by December 2019.

The expectation that the development will provide 747 jobs.

The responsibility for State Aid compliance rests with HBC. For this reason Halton has already taken advice regarding the potential implications of European Commission rules and regulations.

These risks are similar to those previously accepted by Members in connection with other projects such as 3MG and Widnes Waterfront.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 Children & Young People in Halton

There 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

There are no implications associated with this report.

6.4 A Safer Halton

There are no implications associated with this report.

6.5 Halton's Urban Renewal

The development at Daresbury will act 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 alongside the A558 and A56.

7.0 RISK ANALYSIS

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

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 the Business, Innovation and Skills office 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. This could have extremely serious consequences for the Council's services given that the maximum funding to be received under the agreement is £9.77m.

There are also risks for the Council in entering into an agreement with the Liverpool City Region LEP for GPF. The risks are that the Council may be asked to repay GPF if the development does not go ahead, and the loan will have to be repaid by December 2019.

It is, therefore, recommended that Halton Council enters into a clawback agreement with JV Partners to underwrite and share the risk in the event that the jobs or investments presented in this report do not materialise.

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.

9.0 REASON(S) FOR DECISION

9.1 On 17th October 2012, the Daresbury JV Partnership was informed that it had been successful in securing £9.77m of Regional Growth Funding (RGF) and £1.8m of Growing Places Funding.

10.0 ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

10.1 If the offer of these funds were not accepted the Borough would lose the opportunities provided by £11.57m plus match funding.

11.0 IMPLEMENTATION DATE

The final grant offer will be signed off by 19th April 2013 following due diligence.

12.0

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

Document	Place of Inspection	Contact Officer
Regional Growth Fund Application	Municipal Building 5 th Floor	Steph Davies
Growing Places Fund Application	Municipal Building 5 th Floor	Steph Davies