

Report to: Cabinet



Date of Meeting 6 January 2021

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Exemption applied: None

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Exeter and East Devon Enterprise Zone – amendment to funding agreement for the Ada Lovelace Building, Exeter Science Park

Report summary:

This report seeks approval to vary the existing funding agreement for the Ada Lovelace Building on Exeter Science Park. This was originally considered by Cabinet at the January 2019 meeting and cost savings have been made through the construction process. The funding for the project is grant, borrowed against future ring fenced business rate income.

Recommendation:

It is recommended that Cabinet;

- reduces the grant funding to be invested in the Ada Lovelace Building from £1,110,000 to £660,000
- delegates authority to the Chief Executive to make payments in respect of the project, subject to the completion of appropriate legal documentation in consultation with the Strategic Lead (Governance & Licencing).

Reason for recommendation:

Cabinet last received a paper on this project in January 2019, which sought funding for £1.11m of investment to support the delivery of a 20,000sq ft building on Exeter Science Park. The Enterprise Zone investment was to support the site infrastructure required to unlock development and to fit out the internal space to Category A open plan standard. Substantial savings have been made through the construction process and approval is sought to vary the funding agreement to reflect these changes.

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Portfolio(s) (check which apply):

- Climate Action
- Coast, Country and Environment
- Corporate Services and COVID-19 Response and Recovery
- Democracy and Transparency
- Economy and Assets
- Finance
- Policy Co-ordination and Regional Engagement

- Strategic Planning
- Sustainable Homes and Communities

Financial implications:

The financial implications are outlined in the report.

Legal implications:

Other than to note that a variation to the legal documentation needs to be entered into, there are no legal implications requiring comment.

Equalities impact Low Impact

Potential impacts on equality will be managed through the Implementation Plan for the Enterprise Zone.

Climate change Medium Impact

Risk: Low Risk; The Ada Lovelace building is now nearing practical completion.

Links to background information [Cabinet Paper January 2019 – Investment in the Open Innovation Building \(Ada Lovelace Building\)](#)

Link to [Council Plan](#):

Priorities (check which apply)

- Outstanding Place and Environment
- Outstanding Homes and Communities
- Outstanding Economic Growth, Productivity, and Prosperity
- Outstanding Council and Council Services

1. Introduction

1.1 Cabinet received a paper seeking approval to invest £1.11m of funding through the Enterprise Zone programme to support the delivery of the Ada Lovelace building in January 2019. These funds would be made available through borrowing against future ring fenced business rate income. The grant was originally intended to fill the gap between the Heart of the South West Local Enterprise Partnership Growth Deal 2 grant funding of £5.5m and the envisaged cost of the building. The funding comprised of:

- Cat A fit out of the lettable areas (£895,000)
- Upgrading the surface water attenuation tank (£160,000)
- Anning Road northern foul sewer link (£55,000)

1.2 A variation to the funding agreement is now sought to reflect changes to the build costs and the proposed specification for the building. The original budget was £6.61m. Through taking advantage of contractor efficiencies, technical innovation and the changing market conditions the development costs have been reduced to around £5.5m whilst still enhancing the sustainability credentials to net zero carbon for operational energy.

2. Proposal

2.1 The proposed variation to the funding agreement is as follows:

- Upgrade the fit out of the lettable areas from Cat A to Cat A+, along with making these areas Covid secure (£500,000)
- Funding is no longer required for the surface water attenuation tank

- Increase funding for the Anning Road northern foul sewer link to £85,000

2.2 Funding is also sought for additional items:

- Improving access to the Ada Lovelace Building and the Science Park Centre through constructing a footpath along Upper Richardson Road and finishing the road surface (£230,000)
- Improving the environmental sustainability of the building by installing a transformer to support electric vehicle charging (£75,000)
- Funding building retention and contingency (£62,075 and £27,925 respectively)

2.3 It is recommended that the Enterprise Zone programme funds:

- Upgraded fit out of the building, to a Cat A+ standard. This fit out will include flooring, sound baffles, floor boxes for power, kitchenettes and meeting rooms. The improved fit out will support the building in a number of ways, including: improving the offer of the building and increasingly the likelihood of the space being let in early 2021, as Covid-19 has had a negative impact upon the commercial property market. The fit out will also enhance the rent of the building, along with the financial sustainability.
- The increased cost in implementing the Anning Road northern foul sewer link. This reflects the increased cost of this part of the scheme.
- The EV Charging Transformer will enable the installation of EV charging, future proofing the car parking associated with this building.

2.4 These items have a total cost of £660,000, representing a saving of £450,000 to the Enterprise Zone programme that can be utilised on other projects.

2.5 Funding is also sought for constructing a footpath and finishing the footpath along Upper Richardson Road. Although this footpath is desirable, it runs parallel to an existing walking & cycling link. It is proposed to defer consideration of this item to enable all options for improving connectivity within the Science Park to be explored with Devon County Council in early 2021.

2.6 The request for building retention and contingency is a revenue item and will not support the delivery of additional employment space within the Science Park. It is not recommended that this cost should be met through the Enterprise Zone programme.

3. Conclusion

3.1 The Enterprise Zone designation provides a positive way of supporting the delivery of new commercial space and jobs within the designated sites. Due to the overall cost savings made in the delivery of the Ada Lovelace building there is an opportunity to reduce the amount of Enterprise Zone funding that is required. The additional items are considered to support the future operational and financial sustainability of the building.