

HAMPSHIRE COUNTY COUNCIL**Decision Report**

Decision Maker:	Executive Member for Economy, Transport and Environment
Date:	3 March 2015
Title:	Solent Enterprise Zone (Daedalus) Progress Update
Reference:	6525
Report From:	Director of Economy, Transport and Environment

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1. Executive Summary

1.1. The purpose of this paper is to brief the Executive Member of Economy, Transport & Environment on the progress made to date by Hampshire County Council in relation to the infrastructure and building works on the Solent Enterprise Zone at Daedalus.

1.2. This paper seeks to:

- Summarise the works undertaken by Hampshire County Council on behalf of the Homes & Communities Agency (HCA) and those works still to be completed;
- Provide an update on the current position in relation to the budget and funding available to fund these works;
- Explain how Hampshire County Council is to ensure that the proposed speculative building to be procured has a specification appropriate for the market and the nature of occupier/tenant which are compatible with the vision for the Enterprise Zone.

2. Background

2.1. As approved by Cabinet in October 2012, Hampshire County Council is fulfilling the role of delivery partner for the HCA in relation to the first phase of infrastructure works at what is termed Daedalus East on the Solent Enterprise Zone.

2.2. These works consist of a combination of infrastructure works including provision of utilities, internal roads and serviced development plots, as well

as a speculative industrial building of 25,000 sqft to be built on plots 5 & 6 on Daedalus East.

- 2.3. Funding for the works is being derived from a combination of sources including Regional Growth Fund and Growing Places Fund.
- 2.4. The portfolio for Policy and Resources also has an interest in the process of delivering this project with respect to the building, which is being led by the County Council's Property Services, and appropriate decisions will be taken by the Executive Member for Policy and Resources to enable delivery.

3. Progress Update

- 3.1. The first package of infrastructure works at Daedalus East was completed in September 2014, these works included the new main access/gateway to the site, and ensuring access for the new CEMAST engineering skills centre which opened in September (total costs including utilities £2.35million).
- 3.2. In relation to the second (and final) package of infrastructure works at Daedalus East, these works were tendered late in 2014 and the tenders returned were significantly higher than the cost estimates, primarily due to an increase in scope of the works and increasing market buoyancy in the construction sector. Based on these tender figures, there was a significant pressure on the overall budget for the works, given that the level of funding secured through both Growing Places Fund and Regional Growth Fund was fixed some time ago.
- 3.3. A dialogue was initiated with the lowest tenderer, and a revised tender was received early in January 2015, based on a number of changes to the agreed scope of works.
- 3.4. In addition, Hampshire County Council's Property Services function has been overseeing the design of the speculative building element, for which the cost plan indicates an overall cost including fees of £2million.
- 3.5. It is critical that the specification of this building is appropriate for the market and for occupiers which are compatible with the overall vision for the Enterprise Zone, which is for a centre of excellence in advanced engineering for the marine and aerospace sectors.
- 3.6. A reserved matters planning application has been submitted for the building and it is proposed that tenders are invited for the building works in March 2015, with a proposed start on site in May 2015.
- 3.7. Through a combination of the revised / reduced tender price for the outstanding infrastructure works and the provision of agreed additional financial resources from both the HCA and the County Council, the budgetary pressures can be resolved, the specification of the building can be maintained, and the works can now proceed.

4. Finance

- 4.1. As stated above, a solution to resolve the overall budgetary pressures has been identified which has incorporated a combination of revising the scope of the infrastructure works and the provision of additional financial resources by the HCA (£800,000 within the overall cost for the works of £8.2M). It is also proposed that the County Council contributes financial resources to ensure the speculative industrial building will be appropriate from both a specification and size perspective. Delivery of the building as specified is a condition of the external funding awarded from the Growing Places Fund.
- 4.2. As noted in the ETE 2014/15 Capital Programme Quarter 3 Monitoring report of 20 January 2015 it is now proposed to allocate the balance of the 2014/15 Economic Development capital programme (£323,000 including carry forwards) to contribute to the development and construction of an appropriate building. It is also proposed to allocate £27,000 of the 2015/16 Economic Development capital programme, together with a revenue contribution of £50,000 drawn from the 2015/16 Economic Development revenue budget, in order to ensure the minimum level of funding consistent with delivering a building fit for the local market and compatible with the wider vision for the Enterprise Zone is available.
- 4.3. Approval is therefore sought to allocate the total funding outlined in 4.2 above of £400,000 to contribute towards the funding of the speculative industrial building on the Solent Enterprise Zone to ensure the building specification and size is fit for purpose and to add this scheme to the 2015/16 ETE capital programme.

5. Recommendations

- 5.1. That the progress made in relation to the delivery of the infrastructure for the Solent Enterprise Zone at Daedalus is noted.
- 5.2. In order to ensure the size and specification of the industrial building is fit for the local market and occupiers and is compatible with the wider vision for the Enterprise Zone that approval be given to:
 - Approve the carry forward of the remaining 2014/15 Economic Development capital programme (£323,000) to 2015/16;
 - Vire £50,000 of the 2015/16 Economic Development revenue budget to the 2015/16 Economy, Transport and Environment locally resourced capital programme;
 - Allocate both sums, together with £27,000 from the 2015/16 Economic Development capital programme, to contribute towards the project budget;
 - Add this scheme with a total value of £400,000 to the ETE 2015/16 capital programme.

- 5.3. That authority to make arrangements to implement the works be delegated to the Director of Economy, Transport and Environment.

CORPORATE OR LEGAL INFORMATION:**Links to the Corporate Strategy**

Hampshire safer and more secure for all:	no
Corporate Improvement plan link number (if appropriate):	
Maximising well-being:	yes
Corporate Improvement plan link number (if appropriate):	
Enhancing our quality of place:	yes
Corporate Improvement plan link number (if appropriate):	

Other Significant Links

Links to previous Member decisions:		
<u>Title</u>	<u>Reference</u>	<u>Date</u>
ETE 2014/15 Capital Programme Quarter 3 Monitoring, and Proposed Capital Programme 2015-18. http://www3.hants.gov.uk/councilmeetings/advsearchmeetings/meetingsitemdocuments.htm?sta=5&pref=Y&item_ID=6391&tab=2&co=&confidential=	6391	20 January 2015
Solent Enterprise Zone http://www3.hants.gov.uk/councilmeetings/advsearchmeetings/meetingsitemdocuments.htm?sta=0&pref=Y&item_ID=4383&tab=2&co=&confidential=	4838	29 October 2012

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

<u>Document</u>	<u>Location</u>
None	

IMPACT ASSESSMENTS:

1. Equality Duty

1.1. The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- a) The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- b) Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- c) Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

1.2. Equalities Impact Assessment:

It is considered that the issues covered by this report will not have impacts requiring further specific actions by the Council above those already established in its existing policies and working procedures.

2. Impact on Crime and Disorder:

2.1. Not applicable.

3. Climate Change:

3.1. How does what is being proposed impact on our carbon footprint / energy consumption?

The proposed development on the Solent Enterprise Zone is expected to reduce the carbon footprint in Hampshire as a result of local residents in the Gosport and Fareham districts being able to access employment more locally than at present, thereby reducing overall travelling distances from home to work.

- 3.2. How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

The design of the new business premises on the Solent Enterprise Zone will take into consideration climate change issues, including:

Energy conservation and use of renewal energy
Recycling of materials
Encouraging cycling to work.