

## HAMPSHIRE COUNTY COUNCIL

### Decision Report

<b>Decision Maker:</b>	Cabinet
<b>Date:</b>	29 October 2012
<b>Title:</b>	Solent Enterprise Zone
<b>Reference:</b>	4383
<b>Report From:</b>	Director of Economy, Transport and Environment

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### 1. Executive Summary

1.1. The purpose of this paper is to seek approval for the arrangements required for:

- a) Hampshire County Council to act as the delivery partner for the Homes and Communities Agency (HCA) in terms of the on-site works associated with the initial phase of the Solent Enterprise Zone, and for
- b) Hampshire County Council to receive monies from the Growing Places Fund, both for the off-site highways works and on-site works associated with the initial phase of the Solent Enterprise Zone.

1.2. This paper seeks to

- set out the background to the project;
- consider the delivery model proposed for the project;
- consider the funding proposals for the project;
- consider the contractual arrangements proposed for the project; and
- make recommendations to Cabinet in relation to key decisions required to facilitate delivery of the project.

### 2. Background

2.1. The Solent Enterprise Zone at Daedalus is a development of strategic significance, with the potential to secure growth within the regional and local economy. Successful delivery of the Solent Enterprise Zone is a priority for the Solent Local Enterprise Partnership (LEP) and its partners. The proposed project will create a modern environment capable of attracting a range of advanced manufacturing businesses including the marine and aerospace/aviation sectors.

- 2.2. The Enterprise Zone covers 200 acres within the overall 450 acres of the Daedalus site, and offers both marine and air access. The HCA has recently been given consent by HM Treasury to acquire the airfield from the Maritime and Coastguard Agency, which effectively unites the whole site under a single land ownership.
- 2.3. UKTI has expressed its willingness to support international marketing efforts and to support export-led businesses who locate within the zone.
- 2.4. In addition, it is proposed that the new £12 million Centre for Advanced Manufacturing Skills Training will be located at the gateway to the Enterprise Zone, which will strengthen the Zone's credentials as a location for growth in key manufacturing sectors. Hampshire County Council has committed £3 million to the development of this Centre.

### **3. First Phase Development Proposals**

- 3.1. The proposed initial phase of development for the Enterprise Zone consists of an investment of £15.4 million to provide off-site highways infrastructure (enhancement of Newgate Lane and Peel Common roundabout), on-site infrastructure, servicing of development plots and 25,000 sq ft of new build industrial space. The proposed highways improvements are envisaged to not only improve the access to the Enterprise Zone development, but also to facilitate growth in the wider economy of Gosport.
- 3.2. It is envisaged that this initial phase will create around 675 permanent new jobs and a further 50 construction jobs, and will make land available for the building of up to 90 new homes.

### **4. Proposed Delivery Model**

- 4.1. The proposed delivery model for the project is as follows:
  - off-site highways works – to be undertaken by Hampshire County Council (as the highways authority and within the scope of the highways capital programme); and
  - on-site works – Hampshire County Council to procure design and execution of the works on behalf of HCA.
- 4.2. In terms of the highways works (Newgate Lane and Peel Common roundabout), the project appraisal and consideration of Compulsory Purchase Order powers to acquire adjacent land will be undertaken by Hampshire County Council within its core highways capital programme activities (please note that Hampshire County Council's engagement with this element of the project was approved by the Executive Member for Environment and Transport on 6 March 2012).
- 4.3. The on-site element of the Enterprise Zone project will be undertaken by Hampshire County Council through a formal agreement with HCA (who own the Enterprise Zone land). Procurement of the on-site design, building and

infrastructure works will be undertaken through ETE (Engineering Consultancy), in conjunction with CCBS (Property Services) and supported by Economic Development, which is leading on the overall County Council engagement in the Solent Enterprise Zone development.

## **5. Funding Proposals**

- 5.1. Funding of the initial phase works will be made up of £4.1 million from Hampshire County Council (highways budget), £1.8 million from HCA (Section 106 contribution to highways improvements), £1.5 million from the Regional Growth Fund and a 'loaned' contribution of £8.0 million from the Growing Places Fund.
- 5.2. It is proposed that Hampshire County Council, as the lead delivery partner for the Enterprise Zone development, acts as both the applicant and recipient in relation to the Growing Places Fund.
- 5.3. Growing Places Fund is a joint DCLG/DfT fund, designed:
  - to generate economic activity by addressing immediate infrastructure and site constraints and promote the delivery of jobs and housing;
  - to allow local enterprise partnerships to prioritise the infrastructure they need, empowering them to deliver their economic strategies; and
  - to establish sustainable revolving funds so that funding can be reinvested to unlock further development, and leverage private investment.
- 5.4. The Solent LEP therefore requires that the Growing Places Fund (GPF) monies made available to the Solent Enterprise Zone project are to be repaid within a specified timeframe (anticipated at the time of writing to be around 5 years).
- 5.5. Repayment of the GPF monies will be achieved through receipts from both land sales and property investment sales by HCA within the Enterprise Zone development and housing land out with the boundary of the Enterprise Zone (currently estimated at a total of £8.4 million compared to the GPF 'loan' of £8.0 million).
- 5.6. In addition, Hampshire County Council has committed to underwriting up to £800,000 over a 5 year period, should the receipts obtained by HCA within that timeframe not amount to the total repayable to the LEP.
- 5.7. Under the above proposed arrangement, it is envisaged that the following monies would be paid to Hampshire County Council:
  - Growing Places Fund - £8.0 million – paid to Hampshire County Council at start of project;
  - Regional Growth Fund - £1.5 million – paid to Hampshire County Council at start of project; and

- Section 106 contribution – paid to Hampshire County Council on a contractually specified/agreed date.

## **6. Proposed Contractual Arrangements**

6.1. To facilitate the above proposed delivery arrangements, the following contractual agreements need to be put in place:

- agreement between Portsmouth City Council (accountable body for the Growing Places Fund on behalf of the Solent LEP) and Hampshire County Council, in relation to the provision of Growing Places Fund monies to Hampshire County Council – this agreement will encompass the timing of the funding being made available, and the requirements associated with the repayment of the GPF monies to the LEP within agreed timescales; and
- agreement between HCA and Hampshire County Council in relation to:
  - HCA indemnifying Hampshire County Council against any risks associated with repayment of the GPF monies;
  - Hampshire County Council to undertake the procurement of the initial stage design and construction works on the Enterprise Zone site, and the agreed management of risks associated with the undertaking of these works; and
  - the receipts recovered by HCA within the Enterprise Zone will be directed towards the repayment of the Growing Places/Enterprise Fund loan obtained by Hampshire County Council to facilitate the development.

## **7. Recommendations**

- 7.1. That the strategic significance of the Solent Enterprise Zone to the wider Hampshire economy be acknowledged.
- 7.2. That approval be given for Hampshire County Council to act as the lead delivery body for the Solent Enterprise Zone, including acting both as applicant and recipient in relation to the Growing Places Fund, subject to appropriate legal agreements and indemnities being secured.
- 7.3. That, subject to the Solent Local Enterprise Partnership providing instructions on the terms and conditions of the legal contract in relation to Growing Places Fund, authority be delegated to the Director of Economy, Transport and Environment (Assistant Director Economic Development) to finalise and agree the details of this legal contract.
- 7.4. That, subject to appropriate terms and conditions of the legal contract with the Homes and Communities Agency in relation to Hampshire County Council's responsibility for the procurement of the design and construction of the on-site works for the initial phase of the Solent Enterprise Zone, and the indemnifying of Hampshire County Council in relation to all risks/costs associated with the repayment of the Growing Places Fund monies, authority be delegated to the

Director of Economy, Transport and Environment (Assistant Director Economic Development) to finalise and agree the details of this legal contract.

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

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

**Other Significant Links**

<b>Links to previous Member decisions:</b>		
<u>Title</u> Daedalus Transport Proposals <a href="http://www3.hants.gov.uk/councilmeetings/advsearhmeetings/meetingsitemsummary.htm?pref=Y&amp;tab=1&amp;item_ID=3760&amp;cancel=n">http://www3.hants.gov.uk/councilmeetings/advsearhmeetings/meetingsitemsummary.htm?pref=Y&amp;tab=1&amp;item_ID=3760&amp;cancel=n</a>	<u>Reference</u> 3760	<u>Date</u> 6 March 2012
<b>Direct links to specific legislation or Government Directives</b>		
<u>Title</u>	<u>Date</u>	

**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. Equalities Impact Assessment:**

- 1.1 The proposals in this report have been developed with due regard to the requirements of the Equality Act 2010, including the Public Sector Equality Duty and the Council's equality objectives. An assessment of the impacts in this service area can be found at <http://documents.hants.gov.uk/equality-impact-assessments/ete/3-3-regeneration.doc>

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:**

- a) 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.

- b) 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.