

Policy Group – 20 September 2017

Dorset Innovation Park capital and revenue spend

1. Purpose of report

2. To seek Council approval for a capital contribution towards the landowner costs of the agreed 5-year investment plan for Dorset Innovation Park and to secure a revenue budget to fund the Council's share of the predicted short-term revenue deficit on the running costs for the site.

3. Key issues

- 3.1 In March 2017, the Council in partnership with Dorset County Council purchased the land within the Dorset Enterprise Zone that was owned by the Homes and Communities Agency. Based on the capital invested, the split for the partnership is 5/6th owned by Dorset County Council and 1/6th by this Council.
- 3.2 The Quadrant site, a previous partnership acquisition, is not covered by this report.
- 3.3 Dorset Local Enterprise Partnership along with the other partners of the site, commissioned consultants to produce a masterplan and implementation plan for the innovation park. The consultants listed a number of projects over the lifetime of the enterprise zone, to be able to develop this employment site.
- 3.4 The management board for the enterprise zone has agreed the projects that are needed in the first five years to deliver a successful enterprise zone (**Appendix 1**). These have been separated into strategic projects and landowner responsibility projects. The strategic projects will be funded through the retained business rates for the site and funded from borrowing through the LEP's accountable body, Dorset County Council. A separate report in respect of funding for these projects was made to Dorset County Council Cabinet on 6th September 2017.
- 3.5 The landowner project costs are estimated at £1.17m and the Council's contribution would be £200,000 (rounded up to the nearest £10,000).
- 3.6 The financial modelling predicts the capital investment will be recouped through plot sales by year 3.
- 3.7 The site has ongoing revenue expenditure, which would normally be covered by service charges losses, are predicted until 2019/20. The Council's share of these losses are estimated to be £15,000 per annum over the next two years, for which there is no budget provision.
- 3.8 The financial modelling predicts the revenue expenditure would breakeven by Year 3 through the additional businesses on site paying rent and service/estate charges provided the investment on the site has been agreed.

4. Recommendation

That a report be submitted to Council recommending that:

- 1) £200,000 be allocated in the capital programme for the Council's share of the landowner projects in the agreed 5-year investment plan for the Dorset Innovation Park;
- 2) The projects in the investment plan are implemented.
- 3) A £15,000 supplementary estimate is approved to provide a revenue budget for the running of the Dorset Innovation Park estate for 2017/18 and £15,000 is added to the base budget for 2018/19;

5. Policy issues

5.1 How will this affect the environment, social issues and the local economy?

The capital investment is required to make this a successful employment site. It is a key corporate objective of the Council and without spending some funds to upgrade the existing facilities and infrastructure the site will not attract new companies.

5.2 Implications

5.2.1 Resources

The proposed £200,000 capital expenditure for the Council's contribution to the landowners' investment at Dorset Innovation Park, is not in the capital programme. This sum would be met from the Council's capital resources. It does not impact on the affordability of the overall programme. Current modelling predicts that plot sales will recover this investment in three years.

5.2.2 It has been established that there is a need for an annual revenue budget of £15,000 in 2017/18 and 2018/19 to meet the shortfall in income to cover essential revenue costs on the site. A supplementary estimate will need to be approved for 2017/18 and £15,000 added to the base budget for 2018/19.

5.2.3 Equalities

None specifically associated with this report.

Appendices:

1 - Dorset Innovation Park – Five-year capital investment for the site

Background papers:

- None

For further information contact:-

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Dorset Innovation Park – Five year capital investment for the site

Dorset LEP- Strategic EZ Capital Expenditure, years 1 to 5 (where year 1 is financial year 2017/18); Projects funded through retained business rates		
Works item	Timing	Amount
Gatehouse- temporary visitor centre	Year 1	£10,000
Landscape enhancements	Years 1-2	£85,000
Signage and wayfinding on site	Year 2	£25,000
Redevelop existing Gatehouse	Year 3	£90,000
Local Development Order (LDO)	Years 1-2	£350,000
New footpaths & cycle-ways	Years 2-3	£100,000
Chesil House refurbishment	Years 1-3	£1,500,000
Contingency (20% of project costs)		£432,000
Total		£2,592,000

Landowner's Capital Works, years 1 to 5 (where year 1 is financial year 2017/18); funded through plot sales			
Works item	Timing	Amount	16.6% (1/6ths)
Road replacement and repair	Years 2-5	£300,000	£50,000
Upgrade current footpaths	Years 2-5	£50,000	£8,333
Service plot development (preparation of plots pre-sale @ £50,000 per plot)	Years 1-5	£350,000	£58,333
Foul and surface drainage repair	Years 2-5	£280,000	£46,667
Contingency (20% of project costs)		£196,000	£32,667
Total		£1,176,000	£196,000