

Lancaster Science Park



Growing Places Fund Outline Proposal of Lancaster City Council

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Growing Places Fund - Outline Proposal

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In response to an invitation from the Chief Executive of Lancashire County Council, Lancaster City Council is pleased to provide this outline proposal for consideration by the Lancashire Local Enterprise Partnership. The following information responds to the topics raised in the invitation and is preceded by a general introduction to our proposals for Lancaster Science Park.

Brief Description of the Project

Lancaster City Council, Lancashire County Council, Lancaster University and the Homes and Communities Agency (undertaking residual contractual responsibilities of the defunct North West Development Agency) are working in partnership to develop a Science Park at a site in close proximity to Lancaster University. The city council and university have agreed a summary statement on their aspirations (**Appendix 1**). It is intended that the park will become an internationally significant centre of excellence for knowledge based companies, knowledge and technology transfer, innovation, and commercialisation of intellectual property and know how.

In line with the UKSPA definition the Science Park will:

- Encourage and support the start-up and incubation of innovative, high growth, knowledge based businesses.
- Provide an environment where larger and international businesses can develop specific and close interactions with Lancaster University for their mutual benefit.
- Have a formal and operational link with Lancaster University

A Science Park in Lancaster, linked to the foremost research-focused university in the sub-region has long been an aspiration for local and regional partners. It was first seriously considered by the city council in the 1990s whilst the current proposals have been developing for nearly five years.

In 2006 the NWDA, city council and Lancaster University commissioned consultants SQW to complete a market demand assessment for the development of a Lancaster Science Park. The work concluded that the economic development rationale for the project was strong and a company survey undertaken as part of the research project yielded positive results, with over half of the businesses surveyed expressing interest in locating at a science park in Lancaster. Following consideration of the report partners decided to progress the project.

The original concept comprised a direct development first phase involving site acquisition, infrastructure, and construction of 3000 sq m Innovation Centre, plus the engagement of a private sector development partner to deliver “grow-on” space and subsequent phases on a commercial basis. This project approach was modified with the current intention of securing a development partner to build out the whole site in phases with the earliest phase to include private sector delivery of an Innovation Centre to a broad ‘high level’ stakeholder specification (expected now to be 4000 sq m in size). The selected development partner was expected to build out the Innovation Centre and retain the building as an ongoing commercial investment.

At what stage is the project in terms of its delivery / implementation

In November 2007 NWDA withdrew a planning application before it went to Planning Committee, due to unresolved highway issues. In essence, these related to an existing problem of peak hour traffic congestion in the village of Galgate, south of Lancaster University, causing queuing back towards M6 junction 33.

A developer competition, being led by the city council, due to be undertaken during 2007 (OJEU notice issued 27/07/09) was stopped after first phase Pre Qualification Questionnaire due to the inability of the NWDA's consultants Capita to deliver outline planning approval.

In the period following, the NWDA asked the city council and University to review their respective roles in delivery of this project. The conclusion from this work was that the best way of progressing the project was for the city council to take the lead role.

The council negotiated and received an amended funding agreement with funding made available to cover the costs of this and other duties – principally achieving planning permission and securing a developer partner. This NWDA "concept" approval for development project funding for the city council was agreed in 2008 to cover the development costs of the project, purchase of land and other project development costs.

A revised hybrid application (outline planning permission for the Science Park development with full permission for site infrastructure) was considered and approved at the Planning Committee of 29 June 2009. The proposal now has outline permission for 34,000 sqm and full permission for the junction and spine road subject to conditions (**Appendix 2**). The major conditions centre around the phasing development which is predicated on the implementation of traffic improvements and mitigation for later phases of development. The full planning application (including artist impressions of the completed development) are available at the following link:

Link: [Lancaster Science Park Planning Application](#)

The acquisition of the 11ha Bailrigg site was completed by Lancaster City Council in 2009 funded by NWDA (**Appendix 3**).

Lancaster City Council also intended, with NWDA resources, to directly procure the provision of a spine road and associated structural landscaping, together with pedestrian and cycle routes to the University. The Spine Road would form the principal access into the site.

During late 2009 and 2010 the project entered a challenging period due to factors beyond the council's control. NWDA used the hiatus created by the postponed developer competition to review the project in the context of its wider strategic investment strategy. The previous government placed the NWDA's budget under close scrutiny, a review which continued under the newly elected Coalition Government. No real positive action could be undertaken during the period in which NWDA position was uncertain.

In 2010 the coalition government announced major changes in delivery of regional policy, eventually announcing the abolition of the NWDA itself. Following its final budget settlement NWDA wrote to the city council noting it would not be accepting applications for further funding and that the Science Park was in the category of 'uncommitted' schemes.

Although the NWDA had funded site purchase and consultant work no major funding application had been submitted as any application needed to be underpinned by a private development partner.

The unhelpful conditions in the wider economy, and by extension the development sector, were also very apparent at the time. Informal soundings from the property market indicated that the period in question was not the best time to take the Science Park opportunity to the developer market. In simple terms developers were more interested in reviewing and consolidating their existing portfolio following the recession rather than engaging in new schemes. It would have been challenging, and perhaps counterproductive, to take the opportunity to market at that current point in the economic cycle. The developer competition was therefore placed on hold.

Officers have continued to work with the NWDA's successor bodies and structures to ensure that the project's profile is maintained and its potential is realised.

Key infrastructure requirements and investment required from the Growing Places Fund

Under the currently council approved project shape the amount of public funding required to enable the Science Park to progress and meet the stakeholder's objectives is difficult to precisely assess. The council's bid to the NWDA was predicated on an open competitive developer selection process to minimise the level of public funding required. However, there is agreement amongst partners that in order to bring the site forward as a 'stand alone' commercial opportunity, the public sector would probably have to initially fund the majority or the provision of a spine road and associated infrastructure at a current estimated cost of approximately £8.4M (**Appendix 4**). In the absence of further match funding opportunities (such as ERDF) project partners would require the whole of the infrastructure cost to be delivered through Growing Places Fund.

A design for the key infrastructure requirements is attached as **Appendix 5**.

The science park proposal also includes for the provision of an Innovation Centre, delivered by the private sector as part of the first phase of the development. While some private Innovation Centres, (or similar workspace facilities), are run on a commercial basis, it is accepted that it is rare for them to operate in early years without a degree of public subsidy. Project partners therefore envisaged that, subject to market testing, an element of public funding would be required to support capital costs and potential initial revenue deficit, for a private operator. However, it is anticipated any subsidy would be wrapped up in the development agreement/arrangement for serviced site undervalue, or other rental/development incentives which project partners could bring to the table outwith the Growing Places Fund.

In terms of match funding/partnering potential to reduce the call on Growing Places funding the council is actively exploring an opportunity with neighbouring landowner Bailrigg Property Trust. The council's adopted Core Strategy requires the city council to make provision for new housing until 2021 and it has been acknowledged, recently that Greenfield extensions are likely to be required to satisfy longer term requirements.

A 'call for sites' exercise was the first stage in the process towards a Draft Land Allocations Development Plan Document (DPD). Land adjacent to the Science Park, to its North East off Bailrigg Lane, was submitted by the owners Bailrigg Property Trust as part of this exercise to secure allocations to meet the housing demand. The exercise has informed a 'Land Allocations DPD - Developing the Options' document which, has been published for public consultation. The land is now identified as one of eight potential strategic housing sites and forms part of the 'Lancaster South' area option.

There is no current housing allocation but there is a statutory process underway to resolve all proposed housing allocations and test their 'soundness' under independent examination. However, if the site is allocated for housing and progresses, the main access to it will be across the Science Park site. The Science Park land sale agreement between the original vendor, Bailrigg Property Trust, and the council provides the vendor rights to construct the necessary access infrastructure across the same footprint and to the same design as that envisaged in the Science Park infrastructure proposal.

The value unlocked by a housing allocation could be sufficient to enable the core junction and spine road infrastructure to be built out by Bailrigg Trust's preferred housing developer. This would remove the need to secure the major public funding required to make the Science Park an attractive commercial development opportunity.

Clearly the potential to open up the Science Park site on the back of neighbouring development at little or no cost to the public purse is of great interest. As part of its economic development and regeneration function, officers have had, and intend to maintain, communication with Bailrigg Property Trust's representatives with the intention of keeping a watching brief on the progression of their development offer.

However, although there is potential synergy there is still uncertainty over any housing allocation on the Bailrigg Property Trust land and the timing of any subsequent investment and development. In the context of a successful Growing Places fund application – and the certainty this would bring to

early Science Park progression - synergy with the neighbouring potential housing land is probably best explored through mechanisms and negotiation which seeks to do one or both of the following:

- Reduce the call on Growing Places Funding by seeking an up front contribution from the neighbouring land owner/developer for early provision of enabling infrastructure which would benefit their proposed development in time.
- Reduce the call on Growing Places Funding through partial build of infrastructure for Science Park development leaving an element (e.g. the eastern 'limb' from the roundabout) to be completed/provided by the housing developer.

It can be seen there is opportunity for private 'match' funding but it is difficult to say how or of what order this would present itself at this stage.

Key project deliverables in 2012/13

An assessment of the potential economic impact and benefits which will accrue to the local economy over the 20 years following opening contributing to an indicative potential to create approaching 1,100 net jobs and 60 new businesses.

An indicative net £16.6M Gross Value Added (GVA) pa to the regional economy is assumed although this is based on average GVA per job in the Lancashire sub-region of approximately £32K per job discounted for the Innovation Centre to £28K per job

Partners believe this an overly cautious analysis as all potential entrants will be required to demonstrate one of the following:

- They are engaged in scientific or technological research and development.
- They can benefit from interaction with Lancaster University or collaborate with another Higher Education Institution.
- The company relies on commercial Research and Development (R&D) based companies in the region or has its own R&D facilities based in the vicinity.
- They are a knowledge based function of a wider business and their business plan requires them to be continually moving that knowledge forwards.
- It can be demonstrated through their business plan that they will be continually innovating (i.e. applying new knowledge or ideas to the further development of their products services or processes).
- They are a professional company providing added value professional services (the proportion of this type of occupier should be limited to a maximum of 25% of space overall).
- Knowledge-based businesses that employ a large proportion of graduates.
- High value added production co-located with R&D activities.

All businesses should also:

- Demonstrate at least one of the above criteria.
- Have a business plan demonstrating growth in employment.
- Not engage in retail operations, call centre activities (unless ancillary to other qualifying operations) or other high footfall operations.
- Not engage in un-neighbourly activities.

Such an entry criteria would expect to generate higher than average GVA per job figures over and above the average used for the impact assessment.

Over 2012/13 it is envisaged the key deliverables would be a signed development agreement, completion of site infrastructure and start of first phase building.

Details of the nature of investment required and how this will be recycled

In summary the project will be seeking £8.4M from Growing Places. Investment will be recycled back into the fund from future receipts from sale/lease of serviced development plots.

List of Appendices Attached

Appendix 1 - Statement of Science Park Aspirations

Appendix 2 - Science Park Planning Application – Decision Notice

Appendix 3 - Land Registry Notice of Title

Appendix 4 - Infrastructure Initial Order of Costs

Appendix 5 – Design of Key Infrastructure Requirements