

Committee: Investment Board

Title: Chesterford Research Park - Future Development Update

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Summary

1. In the current Commercial Strategy there is an allocation of future funds for Chesterford Research Park identified. There is currently £14,474,000 of that funding remaining to be allocated.
2. This report sets out progress on a number of projects that will be initially funded from the remaining monies available. As the schemes progress there will be a need to provide additional funding. Therefore, the support of the Investment Board is sought prior to some of these projects commencing.

Recommendations

3. That Members support the current projects being undertaken, and
4. Agree, subject to individual business cases as appropriate, to support the ongoing park development programme.

Financial Implications

5. Initial funding is available from that already allocated. The award of loans to Aspire (CRP) Ltd from the available funding has been delegated to the Chief Executive in consultation with the Assistant Director of Resources.

Background Papers

6. The following papers were referred to by the author in the preparation of this report and are available for inspection from the author of the report.

None

Situation

Building 800

7. Progress continues to be made with the design of the building. The current aims include

- BREEAM Excellent rating
- EPC 'A' rating
- Target net zero carbon development
- Fossil free development

8. The revised timetable is

- Planning application submitted - June 2022
- Planning determination – December 2022
- Detailed design - May to July 2022
- Tender period and analysis complete - July to October 2022
- Discharge pre-commencement conditions - September to November 2022
- JV Approval to proceed to Construction Stage - November 2022
- Indicative Construction Period - January 2023 to March/ April 2024.

9. Total expenditure on this project to date is £1,515,000 with Aspire's share being £757,500

10. It is expected that there will be a further loan request in the early part of 2023 as the project moves to the delivery stage. The total cost of this project is likely to be circa £13,000,000 with the Aspire share being half of that sum.

Solar Green Energy Hub

11. In March 2022 the Park received planning permission for the development of the solar hub.

12. The hub will be delivered in two phases with the first phase delivering green energy to circa 40% of the park, mainly in the location of the new builds.

13. In addition, there will be a further 17 electric vehicle charging points installed, including 10 at the North car park which currently has no EV charging points.

14. To date a total of £290,000 has been spent on this project with Aspire funding £145,000

15. As the project moves to development of phase one a further sum of £3,841,376 is required to deliver the project. **The Aspire share is £1,920,688 and this sum will be drawn down from the available funds.**

16. The indicative timetable for phase one is

- April 2022: Board approval for phase 1.
- May 2022: Finalise Building Contracts negotiations. Enter into a Pre-Construction Services Agreement (PCSA) with Contractors for long lead in items.
- May 2022: Negotiate and execute S106 agreement.
- June 2022: Execute Building Contracts.
- June August 2022: Construction lead-in and Discharge of Pre-Commencement Planning Conditions.
- October 2022: Construction commencement.
- February 2023: Construction completion.

17. In time phase two will need to be funded and the estimate for the total cost of that is £3,400,000 (Aspire £1,700,000).

Building 1100/1200

18. The Council, through Aspire (CRP) Ltd has been keen to speed up the delivery of buildings at the Park. There is currently no space available on any of the south Cambridgeshire science park cluster. Demand for space is very high.

19. Delivery of new builds takes up to 3 years from start to finish.

20. Both buildings are 32,500 sq ft in size and are located to the rear of the park adjacent to the proposed Building 800



21. However, market interest and agent advice is that a single building of 75,261 sq ft is how current demand would be best met. The building would be laid out over a ground and two upper floors. All floors would be for laboratory use and would comprise fully fitted suites for both biology and chemistry use. The building would be naturally split into two wings and could therefore be let in wings or on a floor-by-floor basis. Suites would vary in size from 8,000 sq ft to 15,800 sq ft. Parking would be around the building and in groves on the opposite side of the estate road.

22. A draft programme of works would be

- Preparation of the Brief and Completion of Feasibility Stage May to August 2022
- Agreed concept designs, planning application preparation, pre-application process and consultations September 2022 to January 2023
- Building 1100/1200 Full and Outline planning application submission February 2023
- Full and Outline Planning determination August 2023
- Detailed design for Building 1100/1200 June to October 2023
- Tender period and analysis complete Building 1100/1200 November 2023 to February 2024
- JV Approval to proceed to Construction Stage for Building 1100/1200 February 2024
- Indicative Construction Period for Building 1100/1200 April 2024 to October 2025

23. It is expected that suites will be let on a 10 year term with rents being £47 per sq ft giving a total rental income potential for the building of £3,537,267 per annum.

24. Total costs for the building are currently estimated at £40,000,000 with Aspire share being half of that sum.

25. Based on current loan rates the Council would charge Aspire (CRP) Ltd interest of £900,000 per annum with a funding cost to the Council of approximately £500,000 per annum leaving a surplus of £400,000 per annum. In addition, it is likely that Aspire will be able to pay an annual dividend to the Council once the building is occupied (the Aspire surplus on the building is about £850,000 per annum).

26. To progress this scheme the Park needs to spend £2,100,000 on obtaining a planning consent, complete a detailed design and tender process and securing an Outline Consent for the remaining plots within the allocated Masterplan area. **The Aspire share is £1,050,000 and this sum will be drawn down from the available funds.**

27. A further sum, subject to agreeing construction, will be needed in early 2024 and that is likely to be for around £19,000,000