

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 03 March 2014

Portfolio:	Policy and Resources
Subject:	Daedalus Investment Project - Progress Report
Report of:	Director of Finance and Resources
Strategy/Policy:	
Corporate Objective:	To promote the economic success of the Borough

Purpose:

The purpose of this report is to update Members on progress with the Daedalus Investment project.

Executive summary:

In July 2013, the Executive supported a proposal to develop an Innovation Centre for new start up businesses at the Solent Enterprise Zone, undertake improvements to the airfield and develop new hangar space. In October 2013, the Executive agreed revised funding arrangements for the project and in November 2013 agreed a governance and decision making structure and the establishment of a Member Working Group to oversee the project.

The project contained some very challenging timescales, principally the requirement to complete the Innovation Centre by the end of March 2015. This aspect of the project is progressing extremely well. A final design has been agreed and a planning application has been submitted. It is proposed to make a start on site on 27 May 2014 with a view to completion during March 2015.

In order to minimise disruption to planned airfield activities during the summer months it is now proposed to commence the improvements to the runway during September 2014 and complete them by the end of November 2014. The specification for the works is intended to achieve a CAA licence for the airfield, enabling it to enhance its commercial potential.

Work has been ongoing with the Homes and Communities Agency (HCA) to identify a suitable location within Hangars West for the new hangar space. The exact nature of the design of the hangar and the procurement process is currently under discussion with a view to completing the project during the early summer of 2015.

Recommendation:

That the Executive notes the progress made to date on the Daedalus Investment Project

Reason:

To keep the Executive abreast of the progress on the Daedalus Investment project.

Cost of proposals:

The cost of the proposals can be met within the resources previously agreed by the Executive for the project.

Appendices:

A: Images of the Proposed Innovation Centre

FAREHAM

BOROUGH COUNCIL

Executive Briefing Paper

Date: 03 March 2014

Subject: Daedalus Investment Project - Progress Report

Briefing by: Director of Finance and Resources

Portfolio: Policy and Resources

INTRODUCTION

1. The Daedalus Investment Project comprises three distinct but inter-related projects. A new Innovation Centre will provide office and workshop space for emerging small businesses and will be funded by a grant of £5.3m from the HCA. The other elements of the investment project are the provision of improvements to the airfield at an estimated cost of £1.5m and the provision of new hangar space, also costing an estimated £1.5m, both of which will be funded via borrowing by the Borough Council.
2. The following sections update Members on the progress of each individual element of the project.

INNOVATION CENTRE

3. Of the three elements, the Innovation Centre has the most challenging timescale as it is a condition of the funding agreement that it is completed by March 2015. In addition, for new businesses to qualify for Business Rate Relief within an Enterprise Zone, they need to be in occupation by that date.
4. Since the last report to the Executive, very good progress has been made. A Design and Build contractor, Leadbitter, was appointed at the beginning of December 2013. Leadbitter have taken the initial design concept forward very quickly and developed a more detailed design in less than two months. This design was signed off by the Members Working Group at its meeting on 28 January and a planning application was submitted on 31 January. The application is due to be considered on 26 March. This will enable a start on site by the end of May 2014, with completion due by the planned date of March 2015.
5. The design successfully takes forward the principles established during the briefing process. Essentially these were to develop a building with a range of flexible office and workshop accommodation in which new businesses can be supported to grow and thrive and to create an environment in which they will be proud to work and which will impress their clients. The building will comprise a two storey office element, including meeting rooms, circulation space to allow for informal networking

and touch down space for businesses who have not rented physical office space. This is supplemented by three “fingers” which will provide workshop space, some of which could be converted to office space if the demand requires it. Some images of the building taken from the planning application are attached at Appendix A.

6. The Funding Agreement for the HCA grant and the terms of disposal for the land to the Borough Council on a 999 year lease have now both been finalised.
7. When complete, it is intended that the building will be managed by an operator with expertise and experience in the field. The Members Working Group has considered the possible approaches to procuring an operator and has asked Officers to pursue a Management Agreement, possibly through a concession agreement, similar to the one in operation at Fareham Leisure Centre. Further work is now being done to progress this with a view to having an operator on board during the early part of summer 2014. This will enable the operator to develop and undertake a marketing strategy for the Centre and have as many potential tenants as possible signed up at the outset. It will also enable the operator to determine how best to fit out and use the internal spaces.

AIRFIELD IMPROVEMENTS

8. A design brief and a detailed specification have now been prepared for the proposed improvements to the airfield and this is currently being costed. It is intended that the works will comprise resurfacing of the existing runway, repairs to existing taxiways and aprons to extend their life, a new airfield refuelling facility and the installation of ducting to allow for the future provision of lighting. The latter will avoid having to disrupt the runway again if it is decided to install lighting at a later date. The work will also involve remedial measures to enable the secondary runway to be used for take-offs and landings whilst work to the main runway is being undertaken.
9. The proposed works will enable a CAA licence to be obtained at an appropriate level which will enhance the commercial viability and attractiveness of the airfield.
10. In order to avoid disrupting activities on the airfield during the busy summer months, particularly with a number of events planned during this time, it is now proposed to commence the works at the end of September 2014. The work should take two months to complete.

NEW HANGAR SPACE

11. The final element of the project is to develop a new hangar at a gateway location on the north western edge of the airfield close to the new entrance from Gosport Road. The purpose of this would be to provide a catalyst to future commercial investment in the expansion of Hangars West.
12. Discussions have commenced with the HCA to determine the most appropriate location of the hangar and the precise outline of the site. These have been influenced by the need to provide a building which complements the long term aspirations for the Hangars West areas, as well as the need for suitable infrastructure to support new hangar space and the temporary hangar arrangements also being pursued by HCA.
13. However, a preferred site location has now been identified. Once this has been firmly established, work will proceed to identify, if possible, a future tenant with

whom the Council can work on a pre-let basis. A process to procure a Design and Build or “off the peg” solution to building the hangar can then be pursued.

14. Due to the delays in identifying the site, it is unlikely that this part of the project will be complete until late spring or early summer 2015.

RISK ASSESSMENT

15. An assessment of the risks of this large and complex project was outlined in the report to the Executive in July 2013 and these remain essentially the same.

FINANCIAL IMPLICATIONS

16. A capital budget of £8.35m has been agreed for the project, £5.35m of which is for the Innovation Centre. An initial Cost Plan for the Innovation Centre has been developed and the indications are that this element of the project can be contained within the budget. The Design and Build contractor will be refining this cost plan over the next month as procurement arrangements with suppliers and sub contractors are developed. A fixed price for the construction work will then be negotiated with the Borough Council as part of Stage Two of the Framework process which is being used.
17. The figures for the airfield improvements and hangar development are still estimates based on similar work carried out elsewhere, but a cost plan for the airfield improvements is close to completion.

CONSULTATIONS

18. The proposals for all three elements of the project have been the subject of close co-operation and consultation between the Borough Council and its partners, the HCA, the Solent LEP and Hampshire County Council.
19. The planning application for the Innovation Centre is currently subject to the normal consultation methods as part of the planning process. In addition, an update on the overall proposals for Daedalus was presented to the Crofton CAT meeting on 11 February.
20. The Members Working Group are keeping under review a Communications Plan for the project to ensure that potential new businesses and local residents are kept informed of progress.

Reference Papers:

Previous Executive reports:

July 2013: Daedalus Investment Opportunity

October 2013: Daedalus Investment Opportunity – Update

November 2013: Daedalus Investment Project – Project Appraisal and Governance Arrangements

INNOVATION CENTRE IMAGES

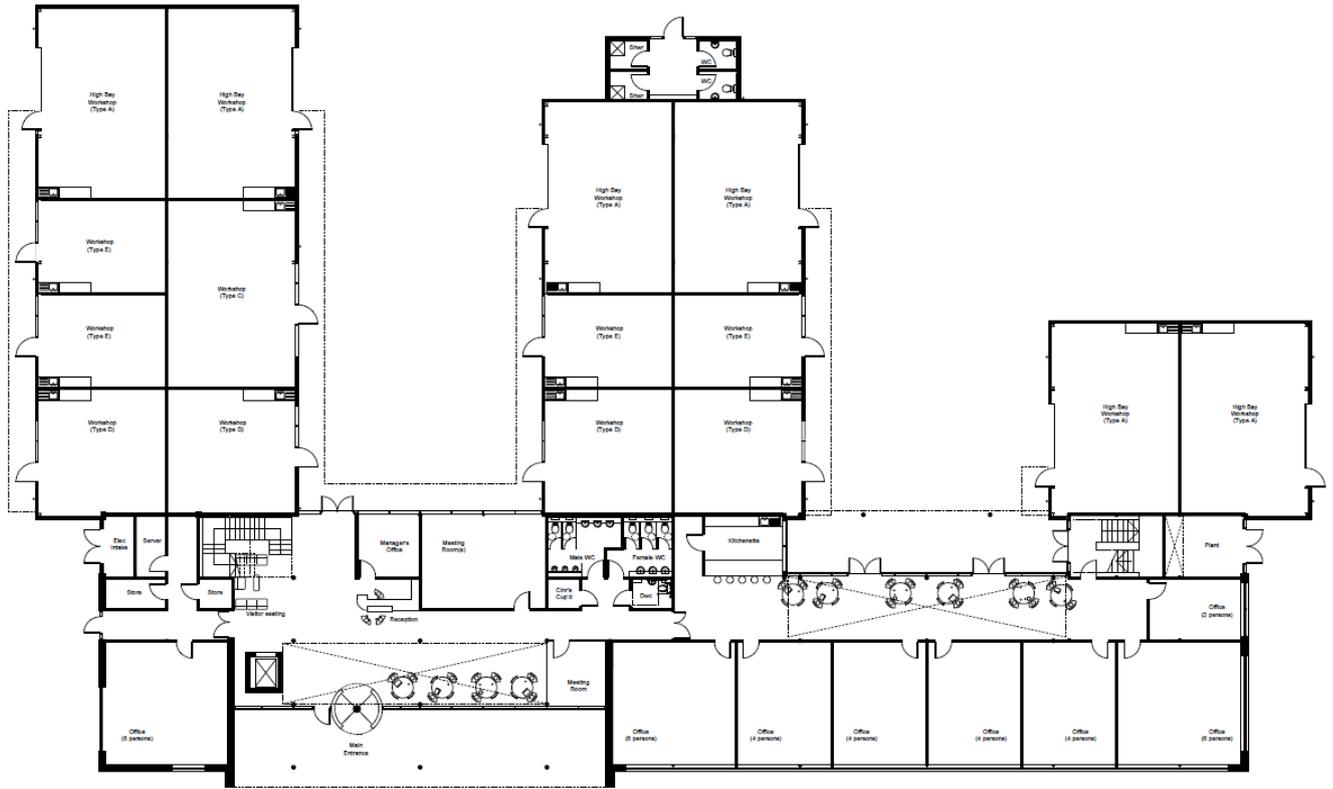
Three-dimensional interpretation of the Innovation Centre



Three-dimensional aspect of the Innovation Centre



Ground floor plan



First floor plan

