



Cheshire Science Corridor Enterprise Zone Board

Date: Thursday 12 Sep 2019
Time: 13:00-15:00
Location: Oak Suite, The Engine Rooms, Birchwood Park, WA3 6YN

Agenda

- (1) Attendees and apologies
- (2) Declarations of interest
- (3) Previous minutes from the EZ Board of 16 May 2019
- (4) Birchwood Park Update
- (5) Governance
 - (a) EZ Board membership
- (6) EZ investment programme
 - (a) EZ investment programme update
 - (b) EZ investment cases
- (7) Operational update
 - (a) Growth Director's update
 - (b) Business Rate Discount applications
- (8) Marketing and communications
 - (a) Future Strategy for the Science Corridor
- (9) Finance
 - (a) Borrowing facility update
- (10) AOB

PLEASE NOTE: If members of the public wish to attend the Enterprise Zone Board to observe then please email at least 5 days prior to the meeting.

Item 1 – Attendees and Apologies

EZ Board Members:

Robert Mee, Chair of EZ Board and LEP Board Member
Cllr Richard Beacham, Cheshire West & Chester Council
Tony Bochenski, Independent Member
Peter Broxton, LEP Board Member and Vice Chair of the EZ Board
Chris Farrow, Independent Member
Annette McDonald, Independent Member
Cllr Amanda Stott, Cheshire East Council

In Attendance:

John Adlen, Cheshire & Warrington LEP
Chris Capes, Cheshire West & Chester Council
Julian Cobley, Cheshire East Council
Philip Cox, Cheshire & Warrington LEP
Stephen Fitzsimons, Warrington & Co.
Andy Hulme, Cheshire & Warrington LEP
Joel Tagg, Cities & Growth Unit
Catherine Walker, Cheshire & Warrington LEP

Apologies:

Cllr Russ Bowden, Warrington Borough Council

Item 2 – Previous Minutes

Meeting Title	Cheshire Science Corridor Enterprise Zone Board	
Date	16 May 2019	
Time	13:00-15:00	
Location	Ellesmere Port	
Agenda Item		Action/Decision
1.	<p>Attendees and apologies</p> <p>EZ Board Members: Robert Mee, Chair of EZ Board Tony Bochenski, Independent Board Member Chris Farrow, Independent Board Member</p> <p>In Attendance: John Adlen, Cheshire and Warrington LEP Chris Capes, Cheshire West & Chester Council Philip Cox, Cheshire and Warrington LEP Stephen Fitzsimons, Warrington & Co. Jane Gaston, Peel Environmental Philip Kerr, Skills & Growth Company Joel Tagg, Cities & Growth Unit Stephen Wade, Legat Owen</p> <p>Apologies: Cllr Rus Bowden, Warrington Borough Council Lisa Harris, Cheshire West & Chester Council Christine White, Astra Zeneca</p>	
2.	<p>Previous EZ Board minutes</p> <p>All matters arising from the previous EZ Board held on 21 March 2019 have either been actioned or will be covered in this board.</p>	Minutes agreed and signed off
3.	<p>Declarations of interest</p> <p>(a) Chris Farrow declared an interest in sites in Ellesmere Port as Chair of the Ellesmere Port Development Board</p>	
4.	<p>Ellesmere Port Update</p> <p>Following a tour of the Ellesmere Port EZ sites, Jane Gaston from Peel Environmental and Stephen Wade from Legat Owen gave an update to the Board on progress to date across the EZ sites in Ellesmere Port, excluding Thornton Science Park.</p>	
5.	<p>Governance</p> <p>a) EZ Board membership</p> <p>John Adlen reported that Councillor Brian Clarke (CWAC) and Councillor Paul Bates (CEC) have stepped down from the EZ Board. Philip Cox reported that he had written to the three local authority Chief Executives to request their nominations for the LEP Board and sub-committees, including the nomination of alternate representatives.</p>	

6.	<p>EZ investment programme</p> <p>a) EZ investment programme update John Adlen presented an update on the latest position with the EZ investment programme, which showed that the EZ Board had committed £7.6m in approved investments. Only the Glasshouse at Alderley Park has drawn down any funding to date, £519k of its £3.8m. Glasshouse is expected to make a further claim this month and the other EZ investments have been issued with claim forms and are expected to start drawing down their funding this month.</p> <p>b) EZ investment cases John Adlen reported that an investment case has been received from Alderley Park for two projects (Block 22 and Blocks 23 & 24) seeking a total investment of £6m. Cushman & Wakefield have been appointed to undertake an appraisal of the project and DWF have been appointed to provide some early State Aid advice, as both projects include an element of multi-storey car parking. It is anticipated that the investment case, appraisal and draft legal agreement to come to the July EZ Board for consideration.</p>	
7.	<p>Operational update</p> <p>a) Growth Director's update The EZ Board considered and noted the Growth Director's report on key development activities undertaken during the last period.</p> <p>b) Business Rate Discount applications No new Business Rate Discount applications were received during the last period.</p>	
8.	<p>Marketing and communications</p> <p>a) Marketing and promotion activities The EZ Board considered and noted the Growth Director's report on key marketing and promotional activities undertaken during the last period. It was agreed to invite Catherine Walker, the LEP's new Marketing & Communications Director to the July EZ Board.</p>	<p>Agreed to invite Catherine Walker to a future EZ Board meeting</p>
9.	<p>Finance update</p> <p>a) Retained Business Rates John Adlen and Philip Cox presented the headline proposal to establish a £30m borrowing facility for investments in the EZ that had been agreed in-principle with finance representatives from the three local authority chief executives for approval. There was a discussion regarding the role of the credit committee vis-à-vis the EZ Board and the need to streamline EZ investment decision-making as much as possible in order to maintain maximum flexibility to respond to the market.</p>	
10.	<p>AOB There being no other business, the Chair thanked everyone for their attendance and closed the meeting.</p>	

Item 3 – Declarations of interest

EZ Board members and attendees to declare any personal or professional interests in an agenda item in line with the Cheshire and Warrington Local Enterprise Partnership's Local Assurance Framework.

Any Board member or attendee declaring an interest can remain in the meeting while the item is discussed but are only allowed to answer direct questions about that item and should refrain from promoting the item in any way.

Item 4 – Birchwood Park update

Martin O'Rourke from Birchwood Park will be in attendance for the first part of the meeting to provide an update to the EZ Board on progress on the site and we will have a quick tour of the new Quadrant Phase 2 scheme.

Item 5 – Governance

Item 5a – EZ Board membership

The following new members have joined the EZ Board:

- Peter Broxton, joins as a LEP Board member and Vice-Chair of the EZ Board
- Cllr Richard Beacham, joins as the new representative from Cheshire West & Chester Council
- Annette McDonald, Deputy Managing Director Tatton Group, joins as an independent member
- Cllr Amanda Stott, joins as the new representative from Cheshire East Council

The following members have been reconfirmed in their positions on the EZ Board:

- Tony Bochenski, independent member
- Chris Farrow, independent member

Item 6 – EZ investment programme

Item 6a) EZ investment programme update

The table below provides the latest position on the approved EZ investments.

Project	Total Project Cost (£)	Total Investment Committed (£)	Investment Drawn Down to Date (£)	Remainder to be Drawn Down (£)
Glasshouse	27,800,000	3,872,876	1,157,887	2,714,989
Aviator	10,786,918	1,701,418	336,635	1,364,783
Helix Phase 2	3,728,223	659,347	-	659,347
Newport Rhino	6,187,228	792,670	396,059	396,611
New Bridge Road Substation	1,698,180	590,857	-	590,857
Total	50,200,549	7,617,168	1,890,581	5,726,587

- **Glasshouse** – progressing well, due to complete by end November 2019
- **Aviator** – Steels have been erected and is cladding currently going on
- **Helix Phase 2** – completes in October 2019, official opening on 4th October. Applicant agreed to drawdown grant on Practical Completion
- **Newport Rhino** – due to complete in November 2019

- **New Bridge Road Substation** – substation completed and up and running, finalising the legal agreement, had to negotiate a separate deed of access across Peel’s land. Should complete legals in September, grant will be made in a single payment
- **Quadrant Phase 2** – although approved as an investment, we will not sign the legal agreement until the EZ Borrowing Facility is in place, applicant is proceeding at own risk. Steels have been erected and cladding currently going on.

Item 6b) EZ investment cases

Please note that due to the commercially sensitive nature of EZ investment cases, the papers relating to this item are contained in Appendices A and B for members of the EZ Board only. A summary of the business case and recommendations is provided below

Blocks 22-24 Alderley Park

Alderley Park Limited (APL) has submitted a business case for a total of £4m investment in respect of two projects to refurbish Block 22 and the basement of Blocks 23/24 at Alderley Park that will provide a total of 9,011 sqm (c.97,000 sq ft) of refurbished laboratory space. Both of these projects include a contribution towards the development of a new 2,247 space multi-storey car park (MSCP) on the site. The two projects could generate c.£401,500 per annum in retained business rates, generating up to £8.2m in retained business rates over the remaining lifetime of the EZ. On this basis the investment would pay back in 9.9 years. The applicant is seeking grant funding for the two projects on the basis of a gap in the overall financial viability of the schemes, which is exacerbated by abnormal infrastructure costs relating to the MSCP. Whilst these are two separate projects, they are being presented in a single business case due to the MSCP element which is common to both projects.

It is recommended that the EZ Board approves the investment in principle, subject to the following:

- (a) No legal agreement is entered into until the LEP has the funds in place via the EZ borrowing facility
- (b) Sign off of the State Aid opinion from the applicant’s legal advisers by the LEP’s legal advisers

This would enable the applicant to proceed with the preliminaries of the projects at risk and allow the LEP and Alderley Park Ltd to work up the necessary legal agreements, whilst the EZ borrowing facility is finalised.

Item 7 – Operational update

Item 7a) Growth Director’s update

The following key development activities have been undertaken during the last period:

- Working with the following applicants on the development of EZ investment business cases:
 - Bruntwood on the development of c.90,000 sq ft of lab space and an MSCP for Blocks 22 and 23 & 24 at Alderley Park
 - Patrizia on the development of plot 722 and a MSCP at Birchwood Park
 - ASD on the development of a plastics recycling plant at Protos
 - Waste2Tricity on the development of a waste to energy plant at Protos
 - Resdun Developments on the development of phase 2 of the Aviator scheme (80,000 sq ft unit) at Hooton Park

- Development of proposals for the EZ borrowing facility with the three Cheshire and Warrington local authorities.
- Continued support of the Thornton Science Park Taskforce to undertake due diligence and produce a prospectus for a joint venture partner.
- Development of the business case for a Crewe HS2 Growth Corridor.
- Negotiations with Muse's for a Growing Places Fund loan for the development of City Place 2, Chester
- Supporting the development of the Local Industrial Strategy workstreams for Place and Ideas and Innovation.

Item 7b) Business Rate Discount applications

The following Business Rate Discount applications have been approved by the EZ Steering Group and are recommended for ratification by the EZ Board:

- **Carrick Therapeutics** (Alderley Park) – is building an innovative portfolio of first-in-class cancer treatments to target the molecular pathways that drive the most aggressive and resistant forms of cancer in order to have a major impact on the lives of patients. Across all cancers, the survival rate at 12 months after diagnosis is around 70%. However, for certain aggressive cancers such as stomach, lung and pancreas, and for those who have failed first line therapy, the survival rate drops to below 50%. By linking a network of clinicians and scientists in internationally leading research institutes and hospitals, Carrick Therapeutics will use its multi-asset portfolio to drive the development of these ground-breaking cancer therapies from laboratory to clinic. Working with academic and biotech partners, Carrick Therapeutics is looking to detect predictive biomarkers in each of our projects to enable them to identify those who would benefit most from therapies. The company meets the sector test for the EZ and as it was not located in the EZ previously is not required to meet the growth test.
- **Cerberus Nuclear** (Birchwood Park) - is a technical consultancy dedicated to radiation shielding, criticality safety and nuclear characterisation. The company was founded in 2016, bringing together specialist skills and industry-wide experiences to offer comprehensive criticality, shielding and characterisation services. They provide complete shielding design, criticality safety and nuclear characterisation support across many industry sectors including civil nuclear, medical, defence and high energy research. The vast majority of their work is consultancy based but we also have a strong focus on developing innovative solutions and products and are looking to build on their industry leading approach to 3D mapping and visualisation of radiation. The company is currently located on Birchwood Park and are expanding from a 29 sqm office to a 52 sqm office (a 79% increase in floorspace) and are planning for to increase turnover and staff numbers by more than 20% over the next 5 years. As such the company satisfies both the sector and growth tests.
- **Big Style Fashions** (Helix Business Park) – has developed its own in-house online trading platform to handle orders from multiple sources, websites and brands. They trade in over 60 countries across 25 currencies and deal with over 500,000 pieces of merchandise per annum. All of the code for their trading platform has been developed by their in-house team of web developers and architects and are witnessing conversion rates that are amongst the top rates for e-commerce in Europe. The company currently specialises in niche clothing products and they are currently investing in R&D to develop new fabrics that are 'sweat proof' which is undertaken by their in-house garment technical specialists. In the future, the company is seeking to acquire other niche brands to add to their

platform and they have plans to offer their software under licence to other e-commerce traders. The company is currently located on Newport Business Park (outside of the EZ) and have plans to expand floorspace, turnover and staff by over 20% over the next five years. The company has experienced 100% growth over the last 2 years. The company satisfies both the sector and growth tests.

- **SLCE** (Birchwood Park) – Silcock Leedham is an award-winning consulting engineering practice with broad based experience in all construction sectors, working throughout the UK and overseas. Their head office is in Leeds with offices in Warrington, London and Dubai. They offer a comprehensive range of mechanical and electrical consulting engineering services mechanical and electrical design services, building information modelling, BREEAM and LEED energy modelling and sustainable and low energy design. The company is currently located on Birchwood Park, but not in the EZ and is moving from a 48 sqm unit to a 73 sqm unit (an increase of 52%). The company also plans to increase its staff numbers at Birchwood from 3 to 10 over the next 5 years. As such the company satisfies both the sector and the growth tests.
- **Ebeni Ltd** (Birchwood Park) – is an SME that focuses on vital, complex, critical or software intensive systems and includes research, assessment and assurance of safety and mission critical operations, applications and products. They work in the defence, air traffic management, aerospace, rail and nuclear sectors. They currently have offices in Lincoln and Wilshire and are establishing a new office on Birchwood Park. The company satisfies the sector test and as it is locating from outside of the LEP area, is not required to satisfy the growth test.

Item 8 – Marketing and communications

Item 8a) Marketing and promotion update

The Growth Director presented at Place North West’s Cheshire Development Update on 06 June in Chester.

Item 8b) Future strategy for the Science Corridor – discussion paper

This item provides a discussion document regarding the future strategy relating to the Science Corridor. Please note that the paper relating to item is presented at Appendix C for EZ Board members only as it contains confidential information relating to the LEP’s emerging Local Industrial Strategy, which is not yet in the public domain.

Item 9 – Finance update

Item 9a) Borrowing facility update

This item updates EZ Board members on the progress to date in the creation of a £30m borrowing facility from our three local authority partners. Please note that due to the commercially sensitive nature of this topic, the papers relating to this item are contained in Appendix D for members of the EZ Board only.

Item 10 – AOB

Members are invited to table any other items of business.