

Agenda Item: 18

Executive Board

15 July 2009

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Exeter Science Park Limited

Summary

This report seeks authority for the Council to sign the Exeter Science Park Articles of Association and Share Holders Agreement.

Recommendation

1. That the Council's capital investment be approved, under the promotion of economic well-being powers in Section 2 of the Local Government Act 2000.
2. That the Council signs the Exeter Science Park Articles of Association and Share Holders Agreement and any related documentation.

a) Reasons for Recommendation

The Council has previously resolved that the current partnership arrangements for the science park should be replaced by a company limited by shares and that the Council would take an equity share subject to the due diligence work being completed.

b) Alternative Options

Not to be a party to the agreements.

c) Risk Considerations

The Council's equity investment is made in the knowledge that the Science Park is supported by a business plan and represents a significant investment by the public sector in a key sector of the economy. This investment will contribute to the Council's Thriving Economy priority. The action itself is a control measure designed to reduce strategic risk in failing to deliver the Council's economic development objectives.

d) Policy and Budgetary Considerations

The Council has approved an investment of £250,000 funded from the Local Authority Business Growth Incentive Grant (LABGIG). The Science Park is a key economic development priority.

e) Date for Review of Decision

N/A

1 Main Body of the Report

Members will recall that at the 4 July 2007 meeting of the Executive Board Members endorsed the University of Exeter Science Park Business Plan and a proposal for the partnership arrangements to be converted into a Company Limited by Shares. Members also approved an investment in the development of the proposed Science Park as a contribution towards the equity required to progress the first stage of the Science Park project; the investment, equivalent to the total of the Council's Local Authority Business Growth Incentive Grant (LABGIG), was £250,000. The necessary legal due diligence has been carried out and the Partners are now wishing to complete the signing of the Articles of Association and Shareholders Agreement.

East Devon District Council will hold 7% or more of the shares and shall be entitled to appoint and remove by prior notice in writing to the other members and the Company one person to be a director of the Company and to appoint such director to any committee of the Company. The Annual meeting of the Full Council has appointed Councillor Peter Halse to the Board. The other shareholders are Devon County Council 49.3%; Exeter City Council 21.1%; The University of Exeter 21.1. % and the Met Office 1.4%. The amount of shares relates to the level of capital invested by the partners.

There has been significant progress in moving the science park project forward and the Outline Planning application has now been submitted to the Council, the land has been acquired by SWRDA and is now in the possession of Devon County Council.

Legal Implications

Section 2 of the Local Government Act 2000 allows local authorities to do anything they consider likely to promote or improve the economic, social or environmental well-being of their area. This is commonly known as the 'well-being power'. It enables financial assistance to be given and agreements to be entered into with any person. Statutory guidance "Creating Strong, Safe and Prosperous Communities", published last year, sets out the ways in which local authorities should provide strategic and political leadership and involve the full range of stakeholders in developing and delivering a shared vision for the economic, social and environmental well-being of their area through their Sustainable Community Strategy. In exercising the 'well-being' power the Council must have regard to our community strategy (in this authority known as the Sustainable Community Plan). The Plan has, as one of its Community Priorities, 'working for sustainable wealth creation'. The age profile of the district is heavily skewed to the middle aged and elderly; in part because young people leave the area to pursue careers elsewhere; one of the objectives of the Science Park is to support new businesses to offer graduate opportunities.

Financial Implications

The £250,000 investment is being held in the LABGI Reserve pending payment.

Consultation on Reports to the Executive

None

Background Papers

- Shareholders Agreement relating to Exeter Science Park Limited
- The Companies Acts 1985 to 2006 company limited by shares articles of association of Exeter Science Park Limited.