



## Belfast City Council

<b>Report to:</b>	Development Committee
<b>Subject:</b>	Forthriver – Proposed Innovation Centre
<b>Date:</b>	8 May 2012
<b>Reporting Officers:</b>	John McGrillen, Director of Development, ext 3470
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<b>1</b>	<b>Relevant Background Information</b>
1.1	Members will be aware that, at the 27 September 2011 meeting of the Development Committee, it was agreed that an application for ERDF (European Regional Development Fund) funding in respect of a proposed Innovation Centre project at Springvale/Forthriver should be pursued. The Strategic Policy & Resources Committee at their meeting on 23 September 2011 also agreed to support the application for this project and agreed in principle to meeting the Council contribution from the Council's City Investment Fund and/or capital programme.
1.2	The Forthriver Innovation Centre project is included as an emerging Council-led project in the Council's Investment Programme 2012–2015. It is intended that this will complement the recent investment by Belfast Metropolitan College in their E3 campus at Springvale. This campus – which was just handed over to Belfast Met at the beginning of April – is to be the base for the college's project-based learning activity, involving students working with local businesses on company-based projects. In tandem, the students will be provided with entrepreneurship training and there will be facilities for students to work on their own business ideas. It is intended that, should the students require additional space and facilities, they may then consider locating in the new innovation centre. This will help build a critical mass of new growth businesses in this location and will create a positive regeneration project at this site, which currently attracts significant levels of anti-social behaviour. An outcome of the site is provided in Appendix I.
1.3	The Forthriver site is owned by Invest NI and is a serviced site which has been set aside for use by Invest NI eligible businesses. It has been vacant for some considerable time. Invest NI are now also responsible for the management of EU funding for local economic development and, in this capacity, they have engaged with the council to look at how maximum resources can be drawn down to support a project of this nature.

1.4	Given the capital investment, procurement and contract management implications of this development, a report was presented to the Strategic Policy and Resources Committee on 25 April 2012 to seek approval to progress with the project in compliance with the process established by Invest NI.
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<b>2</b>	<b>Key Issues</b>
2.1	<p>A number of discussions have taken place with Invest NI in order to clarify the process for drawing down EU funding to support this programme. The proposed approach – as recommended by them – is:</p> <ul style="list-style-type: none"> <li>- Belfast City Council to submit “scoping document” to Invest NI, outlining the proposed terms of the project and the potential outcomes and economic considerations, in order to get initial feedback from Invest NI on potential viability and suitability for funding under the LED measure.</li> <li>- If feedback is positive, (and if members are in agreement), a development brief will be issued. This process would entail the Council offering the site on the market for disposal (usually by way of long lease) and subsequent development. A development agreement would be entered into with the successful applicant/developer requiring them to develop within a certain timeframe and subject to certain criteria, and on practical completion title would be granted.</li> <li>- The Development Brief would contain criteria in terms of both the economic objectives and anticipated outcomes (aligned to the Council's economic objectives and LED funding constraints) as well as the usual financial and property related criteria. It would be open to potential end users/operators to respond to the brief accordingly; subject to any funding conditions in terms of the end user.</li> <li>- If members are agreeable to progressing via this route, it is proposed that a Steering Group with member representation could be involved in the Development Brief process in terms of drawing up criteria and the subsequent evaluation of bids. Land disposal, procurement and legal advice will also be required. Reports would however still be brought to Committee for approval to all stages of the process.</li> <li>- The preferred submission under the Development Brief would be subject to the successful outcome of a funding application to DETI/Invest NI for the EU and possible Invest NI match funding. This application would be made by Belfast City Council. One key element of the application process is an economic appraisal which will be carried out by an externally-appointed organisation.</li> <li>- The Council would only enter into an agreement with the bidder for the site once all of these processes had been completed and on transfer of the land from Invest NI.</li> </ul>
2.2	Clarification is currently being sought from both Invest NI and DETI (as the managing agent for the EU funding) to confirm specific conditions around end users, namely whether this project is open to the general market or whether it is only accessible to voluntary and social enterprise businesses.
2.3	Members should note that there is likely to be significant demand on the EU funds and therefore any significant delays in the application process could jeopardise the availability of this funding source.
2.4	The funding is viewed by Invest NI as being 50% EU funding, 25% Council funding and up to 25% third party – which could be Invest NI if the project aligns with their objectives.
2.5	Invest NI would require the Council to purchase the land (by way of a 999 year lease) and have indicated a value of circa £130,000 per acre and are prepared to

	make 2 acres available, therefore total cost £260,000. The lease and the grant would have conditions in terms of user clawback etc.
2.6	The previous SP&R and Development Committee reports indicated an estimated total cost for Forthriver at £8m with potential funding at £6m (£4million EU; £2million Invest NI) and a council contribution of £2million. Agreement in principle was given to fund from the Council's City Investment Fund and/or capital programme. However further, more detailed cost calculations will need to be undertaken in order to have a clearer picture around costs of the proposed development.

<b>3</b>	<b>Resource Implications</b>
3.1	<p><u>Finance</u></p> <p>Until a fully worked out business case is completed and detailed costings are obtained it is not possible to state with certainty the financial contribution required from the Council towards this project; however it had been previously estimated that the total cost of the project was circa £8million with potential funding of £6million and a Council contribution of £2million. The Council's contribution could include the land acquisition or land value and other eligible costs. The Council will however be required to purchase the land from Invest NI at an estimated site valuation of £260,000.</p>
3.2	Depending on how the Council proposes to eventually dispose or sublease the land to the end operator, and subject to Invest NI advice on how this would be treated in terms of the grant application, a rental income and or capital premium may be payable by the developer/end operator. A further report will be brought back to Committee on this and the overall financial details in due course.
3.3	<p><u>Human Resources</u></p> <p>There will be a significant staff resource in developing and managing this project, primarily from Property &amp; Projects Department; Economic Development Unit and Legal Services section.</p>
3.4	<p><u>Asset &amp; Other Implications</u></p> <p>The development of this site should lead to improved social, economic and regenerative benefits.</p>

<b>4</b>	<b>Recommendations</b>
	<p>Members are asked to:</p> <ul style="list-style-type: none"> <li>i) Note the update as provided above and the proposed next steps in the grant funding application</li> <li>ii) Note and approve this project being progressed on the basis of the Development Brief process as outlined</li> <li>iii) Note that a further report will be brought back to Committee in due course to update on the application process and to advise on financial requirements.</li> </ul>

<b>5</b>	<b>Recommendations</b>
5.1	It is recommended that Members note the contents of this report.

<b>6</b>	<b>Key to Abbreviations</b>
	<p>INI – Invest Northern Ireland  ERDF – European Regional Development Fund  DETI – Department of Enterprise, Trade &amp; Investment  LED – Local Economic Development</p>

