

Report to the Cabinet

Meeting to be held on Thursday, 16 January 2025

Report of the Director of Growth and Regeneration

Samlesbury Enterprise Zone Update and Innovation Hub Proposal

(Appendix 'A' refers)

Part I	Key Decision: Yes
Corporate Priorities: Economic ambition;	Electoral Division(s): Ribble Valley North East; South Ribble East;
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Summary

Purpose of the Report

To present the proposal to develop an Innovation Hub facility at the internationally significant Samlesbury Enterprise Zone following an allocation of £6m Devolution Capital Funding as part of the broader £20m Lancashire Combined County Authority allocation by government for a series of projects across Lancashire, Blackpool and Blackburn with Darwen.

The Innovation Hub, with current costs estimated at circa £13.2m, will enhance the cyber sector cluster, link employment opportunities to Lancashire residents and businesses working with National Cyber Force and its wider supply-chain.

The report also provides an update on a range of key workstreams facilitating the delivery of the Enterprise Zone including, progress made on the broader site preparation programme, the commercial master planning of Zone A to complement the proposed Innovation Hub, the securing of an updated Local Development Order and of the future marketing strategy.

This is deemed to be a Key Decision and the requirements of the council's Cabinet procedure rules (Standing Order C18, Consideration of Key Decisions) have been complied with.

Recommendation

Cabinet is asked to:

- (i) Approve the allocation of the £6m devolution funding towards the proposed Samlesbury Enterprise Zone Innovation Hub facility.
- (ii) Approve an initial allocation of £0.6m from Devolution Capital Funding to



procure and commission the professional team to undertake a detailed design and costing exercise, advise upon the delivery programme and support the county council in assessing risk and a potential mitigation strategy.

- (iii) Authorise the Director of Growth and Regeneration, in consultation with the Director of Law and Governance, the Director of Finance, and the Cabinet Member for Economic Development and Growth, to agree and enter into any legal documentation/contracts associated with the appointment of the professional team and required activities.
- (iv) Approve the project principles as expressed in this report and the provisional allocation of a £7.2m county council contribution towards the current estimated total Innovation Hub capital cost of £13.2m, subject to Full Council approving the proposed capital programme for 2025/26 onwards.
- (v) Approve the additional steps and actions set out in Appendix 'A'.

Background

1. The Sarncliffe Enterprise Zone continues to deliver growth, employment and investment opportunities for the broader benefit of Lancashire. Building on this established momentum, the future presence of the National Cyber Force in Lancashire creates a once in a generation opportunity to accelerate economic growth and regeneration. This move is forecast to generate up to 3,000 jobs in the County, as well as causing transformational economic uplift through increased contracts, relocation of leading organisations, and demand for the necessary skills that enable these operations.
2. As evidenced in a recently commissioned economic impact study, the total £5bn National Cyber Force investment over the next decade could leverage a further 1,500 indirect jobs, with salaries in the associated occupations being almost twice the current Lancashire average. A wider impact, which matches these new digital and cyber activities with the traditional strengths of the county's industrial base, has the potential to further transform and modernise Lancashire's local economy.
3. The Lancashire Devolution Deal outlines Lancashire's commitment to deliver innovation-led growth across Lancashire. This includes realising the impact of the National Cyber Force and capturing the investment, business, research and skills expansion of new developments, creating opportunities and new careers for local residents. As part of the Devolution Deal, Lancashire was awarded £20m of capital funding to support projects like the Innovation Hub proposal, which help achieve place-based economic regeneration, innovation-led growth and net zero ambitions.
4. £6m of the £20m capital funding was provisionally allocated to the Innovation Hub project in a previous report to Cabinet in November 2024, to approve the county council acting as the Accountable Body for the £20m devolution funding.



Options and Proposals

Innovation Hub

5. The proposed scope for the Innovation Hub facility is circa Gross Internal Area of 27,362 sq. ft. and a Net Internal Area of 20,462 sq. ft., including a mix of open plan, office, events and amenity space. Space will also be flexible and adaptable to future uses. The facility would be located in Zone A of the Enterprise Zone in the broader plot where the Advanced Manufacturing Research Centre North West is located and will complement current and future uses across the Enterprise Zone.
6. The current estimated build cost is circa £13.2m. As part of ongoing due diligence, the projected costs have been reviewed by specialist external cost consultants in liaison with the project team and are based on current information availability, and a design and specification deemed to reflect market demand.
7. It is proposed that the £6m devolution allocation will contribute towards the above with a proposal that the county council allocates the additional estimated balance of £7.2m to facilitate future delivery in years 2025/26 and 2026/27.
8. The approval of the £0.6m professional team budget will initially allow the procurement of a professional team to progress detailed design.
9. Once detailed design is suitably advanced, a procurement exercise will be undertaken to appoint a main contractor. A future procurement report will be taken to Cabinet to seek approval for this procurement exercise, for which the £13.2m capital budget is required to be in place.
10. Further reports will be submitted to Cabinet as decisions are required.
11. The county council is keen to maximise low carbon, sustainability, and environmental accreditations in line with market demand for such accommodation, subject to the business case, resources and viability.
12. In addition to being a multi-functional business premises space, it is anticipated that the proposed Innovation Hub will become a focal point of activity, collaboration and innovation from a range of partners, including the National Cyber Force, universities and other private and public sector bodies of all sizes. It will provide an opportunity for the creation of a nationally and internationally significant location for innovation and research and development in the cyber and other related sectors. In doing so, it will encourage new inward investment into the county.
13. Officers will also consider the procurement of an operator which will be responsible for the facility management and the delivery of innovation support services. This exercise will be conducted alongside the development of the delivery model. It is acknowledged that, to ensure a sustainable and successful facility, the Innovation Hub will need to broaden the sector focus beyond cyber to also target digital, advanced manufacturing/engineering, high tech, robotics, digital and health organisation businesses.



14. In this regard it is intended to build upon Lancashire County Council's ongoing innovation programmes and activity across the county. These include Innovate Lancashire, Lancashire Digital Hub, and the Lancashire Skills Hub, whilst the county council is also a member of the Lancashire Cyber Partnership and the Northwest Cyber Corridor which brings together local and regional partners operating in this field. As such, the Innovation Hub will be well placed to serve as a host for these activities, as well as harnessing wider key sector occupier demand.

Alternative Option

15. Alternative options will be considered as part of the due diligence to be undertaken for the procurement process for the main contractor and operating model operator, as set out in Paragraph 9 above.

Other Matters

Local Development Order

16. Local Development Order no 3 2024 has now been Adopted by South Ribble and Ribble Valley Borough Councils and will be valid until 2034. This is a major milestone for the Samesbury Enterprise Zone and enables a continuation of the simplified planning process which enables decisions to be made on Local Development Order compliant proposals within 28 days.

Site Preparation Progress Update

17. The majority of the site wide plot preparation is now complete with the exception of the frontage plot adjacent to the Advanced Manufacturing Research Centre, which is likely to form a later phase, complementary to the wider site development. Tender documents are being prepared for the outstanding foul drainage works and a package of final improvements works is being developed for delivery in 2025.

Commercial Master Planning of Zone A

18. Anchored by the North West Advanced Manufacturing Facility and the proposed Innovation Hub facility, a refresh of the Zone A commercial masterplan is to be undertaken to prepare a plan that conveys the associated market opportunities for complementary development activity.

Marketing

19. With the majority of the key site works now complete and the Local Development Order approved it is appropriate that the site is re-launched to the market. The site marketing and targeted sector/occupier strategy has therefore been re-visited, and whilst confirmation of the National Cyber Force programme is awaited, a range of interim measures can be implemented including:

- Marketing Signage – marketing boards updated with new development opportunities.



- Website – a temporary "landing" page to replace the existing Samlesbury Enterprise Zone information.
- Enquiry management process – this is being reviewed to ensure that a comprehensive system is in place given the new expanded sector interests, also recognising regional, national and international enquiries.
- A comprehensive communications strategy will form part of the above, to complement the marketing strategy and promote the site in the wider marketplace.

Consultations

20. Ribble Valley Borough Council and South Ribble Borough Council will both be consulted throughout the planning process as the Samlesbury Enterprise Zone lies across the boundary of the two councils.

Context and Implications

Legal (including Human Rights)

21. The Council has the power to enter into the arrangements proposed under section 1 of the Localism Act 2011, and section 111 of the Local Government Act 1972.

22. Legal Services is providing support in respect of the grant funding agreement to secure the devolution monies and will also provide commercial, procurement and property support and advice in respect of any contractual arrangements required to protect the interests of the county council in the delivery and operation of the Innovation Hub.

Financial

23. The investment of £7.2m will have a revenue implication of £0.684k per year over a 20-year period if funded from borrowing. The operating model which will be subject to review and a further report to Cabinet in Spring 2025 following market engagement and assessment of options, may be able to repay the cost of borrowing but may also need revenue support in the early years depending on the operating model chosen and the risk appetite of the council at that time.

24. The professional team will be funded from the devolution grant monies and it is anticipated that Council funding will not be required before the further report in the Spring which will include a full financial position of both the capital build and the proposed operating model the facility will be run under.

Equality and Diversity

25. It is anticipated that the Innovation Hub and associated activity should have a positive impact on groups with protected characteristics as set out in the Equality Act 2010 and contribute positively to the Public Sector Equality Duty's three general aims. It would be expected to contribute most positively to the general aim of advancing equality of opportunity and may be of particular significance for



younger and working age people (age protected characteristic group). However, the potential equality impact should be reviewed as this proposal develops.

Risk Management

26. Identified risks are as follows:

- Risk of losing the devolution capital funding allocation in the event that project proposals and delivery are not accelerated.
- Financial risk of progressing detailed design, and incurring cost, ahead of knowing fixed capital costs and the full extent of demand for the facility.
- Progressing the capital element of the project in advance of all details being confirmed in respect of the operating model and scheme viability, which will determine revenue requirements and long-term risk.

List of Background Papers

Paper	Date	Contact/Tel
None		

Part II Reason

27. Exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972. Appendix 'A' contains information relating to the financial or business affairs of any particular person (including the authority holding that information). It is considered that in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

