

## Report for Resolution

**Report to** Executive  
26 November 2008

**Report of** Director of Regeneration and Development

**Subject** Economic Development Partnership Working with the UEA

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### Purpose

To ask for Executive to approve the disposal of Earlham Hall and to ask for Executive to approve capital funding from the LEGI programme to be used to provide grant aid to the Biotechnology and Biological Sciences Research Council.

### Recommendations

1. That Earlham Hall be declared surplus to the requirements of the City Council and the Director of Regeneration and Development be authorised to prepare a proposal for its disposal that includes the option to transfer ownership to the UEA for the establishment of an Enterprise Centre; and
2. That £250,000 of capital funding from the LEGI programme be used to provide grant aid to the Biotechnology and Biological Sciences Research Council to establish a plant and micro-organism research centre on the Norwich Research Park. The award of this grant will be subject to the Director of Regeneration and Development, in consultation with the Leader of the Council being satisfied that appropriate provision is made in the business plan for the commercialisation of the outcome of the academic research from the new venture.

### Financial Consequences

The financial consequences of this report are:

The use of £250,000 of LEGI funding in 2009/10 to support an inward investment opportunity at the Norwich Research Park; and the disposal of Earlham Hall. The District Valuer has provided a valuation for this property and this is attached as a confidential appendix.

### Risk Assessment

There is a medium to low risk that the Biotechnology and Biological Sciences Research Council will not be able to secure sufficient partnership funding to enable the genome analysis centre phases 1 and 2. There is a medium risk that the BBSRC will not maximise the commercial benefits of the GAC investment. These risks are being mitigated by the involvement of EEDA.

There is a low to medium risk that the UEA will not be able to achieve their development aspirations at Earlham Hall due to the lack of partnership funding and

planning constraints. These risks will be mitigated by detailed business planning and the engagement of English Heritage,

### **Strategic Priority and Outcome/Service Priorities**

The report helps to meet the strategic priority “Strong and prosperous city – working to improve quality of life for residents, visitors and those who work in the city now and in the future” and the service plan priority of supporting the role of the city as a regional centre for employment, retail, tourism and culture.

**Executive Member:** Councillor Morrey - Sustainable City Development

**Ward:** University

### **Contact Officers**

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### **Background Documents**

Norwich Research Park Vision Document 2008 -2013 Draft July 2008

UEA Estate Development Strategy Draft August 2008

BBSRC Business case submissions to EEDA – July and September 2008

## Report

### Introduction

1. The Regional Spatial Strategy identifies a job growth target of 33,000 for the Greater Norwich Area. One of the main focus points for growth will be around the Norwich Research Park. A recent assessment of the development capacity of the Norwich Research Park has identified the scope for at least 5,000 new knowledge based jobs arising from inward investment, growth of existing enterprises and the “commercialisation” of academic work by the University of East Anglia. Knowledge based jobs are seen as important because they are high value jobs and have a high multiplier effect in terms of support employment. To help understand the knowledge based sector in more detail the Greater Norwich Development Partnership have commissioned consultants to identify how this sector can be developed. The consultant’s report will be available at the end of November 2008.
2. The UEA will be a major economic driver in the growth of the knowledge sector. As a centre of academic excellence the UEA have combined a development strategy alongside a conservation assessment to enable the University to expand within the existing campus layout. To provide a framework for future investment the University are preparing an Estate Development strategy and this will include the opportunity to expand outside the heart of the campus including the Norwich Research Park, the former Blackdale School site and Earlham Hall. This strategy will be a core document in the work required to deliver a master plan for the site that will bring together development proposals, transportation issues and conservation matters.

### Earlham Hall

3. Earlham Hall and grounds are owned by the City Council. The Hall is a Jacobean mansion in a parkland setting. It stands as a gateway to the university and links the campus to the Norwich Research Park. The hall is currently leased to the UEA School of Law and part of the grounds is used by City Care for the chipping of timber. The grounds include a public car park that is well used by visitors who use the grounds of Earlham Hall for walking.
4. To provide the link between academic research, innovation and commerce the UEA have identified a need for an Enterprise Centre. In assessing the options for developing this facility they assessed three opportunities and have concluded that Earlham Hall would most likely fulfil all the criteria required of such an operation. Their aspiration is to refurbish the ground floor of the hall for a business club and community use, with improved office space on the upper floors. This would be supported by new buildings constructed adjacent to the hall to encourage specific enterprise functions. This is an ambitious proposal that will require detailed planning assessment, the agreement of English Heritage and appropriate funding. EEDA have identified that the “commercialisation of academic research” will be one of the key factors behind the growth of knowledge based jobs in the east of England. The Enterprise Centre would provide a focus for this activity at the UEA.

5. To enable detailed consideration to be given to this proposal it is necessary for the Council to determine its position. The District Valuer has prepared a valuation for the Hall and the immediate environs (excluding the wider park land) and this is attached as a confidential appendix to this report. This valuation will provide a basis for taking forward discussions with the UEA.
6. In asset management terms the Council has not identified any long term requirement for Earlham Hall and as such it remains as a potential maintenance liability. Therefore it would be appropriate to declare the property surplus and seek disposal. From an economic development perspective the use and development of Earlham Hall as an enterprise centre would help to bridge an important and significant gap in the market by providing a facility that actively encouraged the commercialisation of academic knowledge. In working in partnership with the UEA the Council will ensure that the community use of the grounds is retained. Furthermore the Council will be able to influence the wider economic benefit arising from the establishment of an enterprise centre.
7. Considerable work is required on the nature and timing of the enterprise centre proposal, how it would relate to the existing community use of the grounds, the terms and conditions for any disposal and how planning matters will be addressed. This will take time but subject to the Council supporting the disposal of Earlham Hall a formal asset disposal assessment will be prepared and presented to the Executive for approval. This will enable a more detailed assessment of the request from the UEA to acquire this property to be undertaken and a timetable to be established for disposal.

### **Inward investment opportunity**

8. An opportunity has arisen for Norwich to secure a third national research institute on the Norwich Research Park. The Biotechnology and Biological Sciences Research Council has prepared a business case to establish a genome analysis centre (GAC) for plants and micro-organisms. The establishment of GAC in the City alongside the John Innes Centre and Institute for Food Research would deepen Greater Norwich prominence as a science cluster of international quality in food, health and environmental sciences. It would mean 3 of the 6 national BBSRC centres are centred on Norwich. The proposal is for the venture to occupy and refurbish an existing building on the research park. The UEA supports this investment in knowledge based employment.
9. The business case assumes three development phases and investment of around £30m over the first five years. The aim is for the GAC to be established and employing at least 60 scientists and technical support staff by 2011. The longer term growth potential could be between 5 and 10 times this figure. To secure this investment financial support is being sought for phases I & II from EEDA and key local authorities. EEDA has agreed to provide a grant of £1.8m towards start up costs to secure IT and key personnel to enable the investment to come forward.
10. EEDA have encouraged the host local authorities (South Norfolk, the City and County Councils) to provide match funding. The Local Authority interest is in

the economic development potential arising from the commercialisation of academic research. Compared with other areas, notably Cambridge, the UEA and Greater Norwich have underperformed on the transfer of academic knowledge to commercial enterprises. However the establishment of a bioscience knowledge cluster, with GAC as a main component, offers an opportunity to achieve this commercialisation at a time when the security of food supplies is an issue of international importance.

11. The potential for GAC to stimulate economic growth was highlighted in an independent 'Demands and Needs Study'. A comparison was drawn with the Wellcome Trust Sanger Institute (WTSI), which has had a positive economic impact on the region measured by knowledge job creation, spin outs and SME creation. This has been achieved primarily through establishing an excellent scientific platform that has attracted strong and sustained investment from the Wellcome Trust, significant European (and US) investment in the European Bioinformatics Institute (EBI), and stimulated the formation of spin-out companies. Taken together, this has resulted in the generation of hundreds of private sector 'knowledge' jobs. Investment in training has also generated pools of skilled people that are available to work in genomics and healthcare-related industries moving to the region. It is anticipated that GAC will be a critical catalyst for the delivery of flourishing commercial activity. This has been partially demonstrated already at JIC where its existing genomics activity has led to a number of start up and early stage companies operating in the fields of agriculture, forensics and paternity testing. This growth has now filled the Norwich Bio-Incubator unit at the Research Park.
12. The independent 'Demands and Needs' study concludes 'The case for the UK requiring a non-biomedical Genome Analysis Centre (GAC) is compelling. Other countries (especially the USA) are driving ahead, particularly in commercial aspects. The establishment of GAC is essential if the UK is to maintain its world class competitive position in the pharmaceutical, environmental and biotechnology sectors.'
13. Norfolk County Council has given initial consideration to provide £1m of grant aid and a final decision will be taken on this proposal early in the new year. South Norfolk District Council has indicated that they would consider a grant of £250,000. The City Council has been invited to consider a similar level of grant (i.e. £250,000).
14. The availability of local authority support would be instrumental in the BBSRC being able to secure further financial assistance from EEDA and would enable the local authority partners to have a degree of influence over how the issue of commercialisation is progressed. The financial contribution from the City Council could be funded from unallocated capital funds in the LEGI programme and would be consistent with the funding objectives of this scheme. This funding is available in 2009/10 and it is capital funding to be used to finance building works and the purchase of capital equipment. The outputs from this investment will be measured in terms of:  
  
Number of jobs created (60 direct high and intermediate level knowledge based jobs at the centre)  
Number of business start-ups created/supported (It is estimated that a further 500 -750 jobs could be created over the next 7 years)

£ of inward investment leverage against LEGI funding. (Initially £13.5m could be secured in the first two phases of this scheme).

15. The provision of LEGI funding will be dependent on the Council being satisfied that the business case for GAC contains sufficient measures to secure the commercialisation of academic ideas and the growth of locally based jobs.

### **Consideration by Scrutiny Committee**

16. On the 13<sup>th</sup> November the Scrutiny Committee considered a draft of this report and they made the following comments for consideration by the Executive:-

- The Committee supported the recommendations to the Executive relating to the disposal of Earlham Hall to the UEA, and the provision of capital funding to assist the BBSRC to establish the Genome Analysis Centre in Norwich
- The Committee stressed the need to retain public access to the grounds of Earlham Hall and as part of the establishment of an Enterprise Centre, the community use of the building
- Whilst supporting the development of knowledge based jobs they felt that the City Council should encourage the link to local job creation.

### **Conclusion**

17. The implementation of Phase III of the project is not an issue requiring consideration at this time. However, it is likely that the partnership approach adopted for the first two phases will continue.
18. This report has identified that the development of the knowledge based employment sector should be a major component of the future growth of the Greater Norwich sub-region. At the heart of this development will be the expansion of the Norwich Research Park and a core source of new employment opportunities will be the commercialisation of academic research undertaken by the university.
19. However this type of growth needs to be planned and nurtured. Two opportunities currently exist to do this. The proposal to work with the UEA to transfer ownership of Earlham Hall to form an enterprise centre both for the University and wider business community will be a significant facility to encourage growth. At the same time to secure a major bio-science research institution would provide a clear message to other organisations that key partners are working together to attract new investment to the City. Combined, the two projects would provide the next phase in the development of knowledge based employment in Norwich.