

Submission from Councillor Harker

In relation to item 4, Central Park - Hybrid Business Innovation Centre:

That there is a need for such a centre, and the fact that DBC is able to facilitate its development is to be welcomed. I understand from the paper that will only proceed if DBC is successful in securing the full capital funding from ERDF and TVCA. Paragraph 33, notes that "The business case does not include any financial contribution to the project from the Council", and that should this event arise a further report would be brought back to a future meeting. What scenarios are envisaged where this need may arise:

- initial capital costs
- costs arising during build
- costs arising post build?

With the first, this is fine as Cabinet can make a further decision prior to commencement. However, if costs rise during construction will the risk and cost sit with the building contractor? If costs arise post build - for example through low occupancy rates, where does the risk sit - is it with DBC?

The timing of this report means unfortunately it is being considered at a very uncertain time for the economy. There is a reference to Covid-19 in the report, but only to note the cancellation of a previous meeting, and a need to draw down funding for development phase. The report notes that the Council has consulted with the operators of Business Central to gauge occupancy of Business Central, and hence of likely demand for a new centre. Those existing occupancy levels reflect a world pre-Covid-19. Should the UK, and Global economy suffer a long term downturn post Covid-19, there is presumably now a much higher risk of lower than expected occupancy levels. Whilst DBC cannot know what affect that will have - will there be costs associated with lower levels of occupancy? Has Council estimated those costs, based on a variety of occupancy levels - i.e. do we understand what any potential longer term financial risk might be to the Council?

Response to Council Harker

Fundamentally we are trying to make a case for 100% funding (60% ERDF and 40% from TVCA) to cover capital costs and an element of revenue to cover early years. In addition just this morning TVCA have spoken to ERDF team and there is possibility of more ERDF and possibly more TVCA. We will continue to work on this.

We will work on a final price tender through scope thereby limiting exposure to capital cost rise.

On revenue - we want to procure an operator similar to the process we did with BC 1 which means that they take the upside and downside risk.