

# ABERDEEN CITY REGION DEAL:

Powering Tomorrow's World

## Appendix B

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| <b>Report Name</b>    | BioHub Update                    |
| <b>Lead Officer</b>   | Richard Sweetnam                 |
| <b>Report Author</b>  | Julie Wood                       |
| <b>Date of Report</b> | 13 <sup>th</sup> November        |
| <b>Governance</b>     | City Region Deal Joint Committee |

### 1: Purpose of the Report

To provide an update to JC on the governance and project process for the Bio Hub advanced funding.

### 2: Recommendations for Action

It is recommended that the Joint Committee:

- 2.1 Notes that the legal agreements are prepared to support Bio Hub and signing is due to be completed in November 2020.
- 2.2. Instructs officers to continue to report progress via quarterly status reports.

### 3: Summary of Key Information

3.1 At an additional Joint Committee on 24th July officers presented a paper on the Impact of COVID19, which had an exempt appendix detailing options around funding for the Bio Hub. The Joint Committee recommended proceeding with Option in 3.4 of the report, that the Bio-Hub Board should continue to seek additional funding from other sources and until such time a Project Fund is made available in 2021/22 from the Aberdeen City Region Deal envelope and others funding. The Committee agreed that this should be treated as a temporary arrangement and noted the risks and implications to projects should additional funds not be found. An update was to be provided at August's Committee.

3.2 During early August 2020, Officers and Committee Members met with UK/SG as instructed to discuss funding options.

3.3 On the 21<sup>st</sup> August 2020, the Joint Committee received a verbal update from Chief Officer City Growth, Aberdeen City Council and Head of Finance, Aberdeenshire Council in relation to the Bio-Hub Project.

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| <b>3:</b>   | <b>Summary of Key Information</b> |
| <p>3.4 The Joint Committee resolved: -</p> <ul style="list-style-type: none"> <li>(i) to agree in accordance with its powers under Term of Reference number 6, that an interest free loan of £2M be provided for the Bio Hub project from within the Aberdeen City Region Deal Programme Budget, with repayment due only when funds are required to deliver other approved ACRD projects;</li> <li>(ii) to agree that the repayment of the loan would be guaranteed by a third party, and that Opportunity North East (ONE) be asked to seek ONE Board approval to guarantee the loan (to a maximum sum of £2 million), less any additional funding that is subsequently secured from external sources, including the Scottish Government or the UK Government, should repayment to ACRD be required over the 10-year period of the Deal;</li> <li>(iii) to instruct officers from both Local Authorities and members of the ONE team to liaise with BioAberdeen Ltd to draft the legal agreement in relation to the loan and the guarantee.</li> <li>(iv) to delegate authority to Aberdeenshire Council’s Section 95 Officer on behalf of the Chair and Vice Chair of the Joint Committee and the Chair of ONE to sign the legal agreement to provide the loan facility to BioAberdeen Ltd: and</li> <li>(v) to note that representatives from the Joint Committee would continue to pursue a meeting with relevant Cabinet Secretaries and Government Ministers to discuss additional funding for the Bio Hub project.</li> </ul> <p>3.5 In August 2020 ONE Board confirmed that it would provide a guarantee to Aberdeenshire Council in respect of the additional funding.</p> <p>3.6 In October 2020, the terms of the legal agreements between Aberdeenshire Council and BioAberdeen, and between Aberdeenshire Council and ONE (as guarantor for the additional BioAberdeen funding) were agreed, with final signing to be concluded in November 2020. Given the terms of the original funding agreement with BioAberdeen, and the ACRD funding agreement between Aberdeenshire Council and Scottish Government, the additional funding is described as a repayable grant rather than a loan.</p> <p>3.7 In October 2020, the Scottish Government confirmed monthly drawn down of funds will be made available for the Bio Hub in line with their construction costs.</p> |                                   |
| <b>4:</b>   | <b>Finance and Risk</b>           |
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| <p>The £2 million guarantee from ONE noted in 3.4 ii) will require to be formalised in order to remove the risk of compromising the funding arrangements of other Aberdeen City Region Deal projects within the main programme.</p> |
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