

**City Deal and Growth Deal Programme Board**

**Business Case Approval Form**

**1. Project title and proposing organisation(s)**

Innovation Centre No. 5 (IC5)

Promoted by Staffordshire County Council.

**2. Decision date**

31<sup>st</sup> October 2016.

**3. Decision summary: Recommendation etc.**

On the assumption that sufficient funding is available, that the City Deal and Growth Deal Programme Board recommends:

- Spending of up to £3.0m within the accounts payable on the IC5 project to mitigate against slippage of spending from the Growth Deal 1 and 2 programmes
- Relevant funding will be repaid to relevant Growth Deal 1 and 2 programmes at the appropriate date from Staffordshire County Council's regeneration capital programme

**4. Is the decision exempt from being publically reported by the LEP (if so please specify the reasons why)**

No

**5. Options appraisal**

IC5 is a ca. 30,000 ft<sup>2</sup> net lettable high-quality office and workshop development located on Keele Science & Innovation Park, at Keele University. IC5 has been successfully brought forward by Staffordshire County Council from inception, through planning and delivery to a position where completion was achieved on 1<sup>st</sup> August 2016.

At the time of writing, 2 businesses have already moved into IC5 and there is interest in the entirety of the remaining unallocated space.

Construction of IC5 was started in July 2015 and completed by 1<sup>st</sup> August 2016. Construction & financial phasing has meant there has been considerable expenditure within 2016/17.

In this case, Staffordshire County Council is now satisfied that accounts payable and due within 2016/17 will total ca. £3.0m. It is proposed that slipped funding from the Growth Deal 1 and 2 programme is used to make these payments. This amount will then be duly repaid from Staffordshire County Council's regeneration capital programme.

### **5.1. Strategic case**

IC5 is already proving to be a highly attractive development within the SSLEP area, and is being leased out at pace as described above. Fundamental to the success of IC5 is both the quality of the development and its location at Keele University.

Keele University Science and Innovation Park (KUSIP) is a unique and picturesque 70 acre site hosting and supporting the growth and development of more than 40 knowledge-intensive businesses.

Fully integrated within the Keele University campus, the Science and Innovation Park is one of the leading developments of its kind. The Park provides a mix of office, workshop and laboratory accommodation alongside bespoke opportunities, all of which have immediate and unrivalled access to the academic, research and commercial expertise that complements, challenges and improves businesses.

Keele University is a highly-regarded research-led institution and the Science and Innovation Park is a key regional centre of excellence serving biotech, medical, energy, ICT and service industries. The combination of these specialities provides an effective means of translating the University's world-leading research and expertise into the products and innovations being developed by KUSIP tenants.

### **5.2. Economic case**

When fully let, IC5 could accommodate around 120 personnel. Forecasting of the actual numbers and profile of employment categorisation within IC5 is difficult to achieve but the marketing target sectors are those identified within the LEP's SEP:

- healthcare and medical technology
- environmental sustainability and renewable energies
- technology and innovation especially in Auto-Aero, Agri-Tech & Applied Materials.

The estimated GVA benefits from the development will be quantified with greater certainty when the end users on site are known, with that caveat, the total GVA generated by employment within IC5 could, at a minimum, be as follows:

= 120 jobs x £49,800 (GVA per employee in Business & Professional services)  
= £5,976,000

### 5.3. Commercial case

The County Council has a full professional Client team able to manage the delivery of major capital projects, including significant strength and depth in Project Management, planning, engineering and all the building professional disciplines. The Council also has strategic partnerships with Capita to deliver building projects. This ensures comprehensive technical expertise to deliver the quality required for IC5. This partnership is supported by an experienced team of project managers, lawyers, finance and procurement specialists.

The County Council has significant skills and experience in managing the finances of large capital projects. The Council has a clear understanding of the costs and timescales involved in bringing forward capital projects and in leasing managed work space. Within the County Council's team, we have experienced civil engineering quantity surveyors and development surveyors. Our legal and financial teams also have considerable experience in supporting our capital programme.

### 5.4. Financial case

<b>Total Project Cost</b>		
<b>Total cost of the project?</b>	£6.8 m	This is the final out turn cost of the project
<b>Funding Requirements and Leverage / Match Funding</b>		
Total funding requirement being requested	£3.0m	This is the accounts payable due within 2016/17
<b>Match funding</b>	£3.8m (SCC)	Staffordshire County Council has already invested through its Capital Programme.

### 5.5. Management case

The Senior Responsible Owner is Steve Burrows, Commissioner for Business and Enterprise at Staffordshire County Council.

The project has been managed in accordance with PRINCE 2 principles and reported on a regular basis through Staffordshire County Council's Economic Growth Programme and Senior Leadership Team mechanisms.

The project forms part of Staffordshire County Council's Economic Growth Programme which considers and allocates relevant resources to drive economic growth in the county.

As part of the Entrust partnership arrangement with Capita, Staffordshire County Council has unrivalled access to engineering project management and delivery resources.

Risks are constantly reviewed throughout the life of the project and revised as necessary. The Project Manager maintains the high level Risk Register and is responsible for ensuring that programme and project risks are identified, assessed and controlled throughout the lifetime of the project.

Where appropriate, risks are costed in order that a comprehensive record of potential project costs is maintained and managed. Risks are reviewed at contract award stage through a risk workshop and a shared risk register produced to allocate ownership and determine the value of the residual risks to be included within the Target Cost.

## **5.6. Resource and VFM analysis**

### Cost/Benefit Analysis

Taking the overall estimated costs of the project and anticipated Gross Value Added benefits into account, the project Benefit to Cost Ratio is:

£5,976,000 (total GVA benefit minimum) / £6.8 million (project cost) = **BCR of 0.88**

### Scheme Funding

The scheme has been funded through the Staffordshire County Council regeneration capital programme.

The capital outlay of the scheme will be recouped from the rental income and through anticipated receipts received through business rates associated with the development.

### Cost assumptions

As the project is now completed, the final scheme costs are confirmed as per the details set out in section 5.4 above.

## **6. Consultation process**

Staffordshire County Council's Cabinet gave its approval to undertake the Redhill scheme in May 2011.

Outline planning consent for the site was secured from Newcastle Borough Council in May 2011, and further consultations have been undertaken as part of the statutory processes involved with amendments to the planning applications for plots which are currently being developed out on the site.

## **7. Location of proposal**

Please see plan enclosed at Appendix 1

## **8. Risk analysis**

Given that the project has now been completed, and that the proposal is for funding related to the final accounts payable for the project, there are no inherent risks associated with the project.

## **9. Legal analysis**

Given that the project has now been completed, any project related legal implications have now been addressed.

In accordance with the arrangements set out in the SSLEP Accountability and Assurance Framework appropriate funding agreements will be signed to clarify the mechanisms for repayment of funding to Growth Deal 1 and 2 projects

## **10. Delivery**

The project was successfully delivered by Seddons Construction as contractor appointed through the Entrust term contractor framework.

## **11. Timetable**

The project was delivered on schedule with practical completion being achieved on 1<sup>st</sup> August 2016.

Employment benefits are tracked in accordance with the existing processes in the Staffordshire County Council Economic Growth Programme.

## **12. Author**

Eric Henderson  
Capital Project Manager  
Staffordshire County Council  
Tel: 01785 277231  
Email: [eric.henderson@staffordshire.gov.uk](mailto:eric.henderson@staffordshire.gov.uk)

## **13. Decision details**

*For official use only – details of date considered by City Deal and Growth Deal Programme Board and any additional information for decision record*

# APPENDIX 1 – INNOVATION CENTRE NO. 5 – LOCATION PLAN

