

Porton Collaborative Innovation Centre

Outline Business Case

November 2020

Version 1.2

Gateway 2

Revised with advice from Cushman & Wakefield



Swindon & Wiltshire
LOCAL ENTERPRISE PARTNERSHIP

Wiltshire Council

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1. Executive Summary

Introduction

- 1.1 Wiltshire Council (“the council”) has prepared this Outline Business Case for the *Porton Collaborative Innovation Centre* in support of using a new Local Growth Fund grant made available by the Getting Building Fund. The project is to deliver a second phase of development at the Science Park at Porton Down which will consist of a Collaborative Innovation Centre and additional Grow On space for growing businesses. The project will be co-funded by European Regional Development Funding (“ERDF”) and Wiltshire Council capital funding. The land is owned by Wiltshire Council and the building will also be owned and managed by Wiltshire Council. The building is currently designed to RIBA Stage 3 and a detailed design and build programme has been established which projects completion and handover of the building in February 2022. The project already has Planning Permission thanks to the Outline Permission and Reserved Matters secured by the council in delivering the first phase Beech-Allen building in 2018, which is now operating at capacity and demonstrates the market demand that exists for the proposed Phase 2 building to come forward. The project’s economic objectives are to create new high-value employment opportunities at the science park, grow the science park’s business base, and encourage positive collaborations between the Porton Science Campus stakeholders, Higher Education and Research Institutions, and new businesses. The Science Campus stakeholders comprise; the Defence and Science Technology Laboratory (“Dstl”), Public Health England (“PHE”), Porton Biopharma Ltd (“PBL”) and our existing tenants at the Science Park. This project will also form a positive response to the recent economic shocks including the nerve agent attack in Salisbury in 2018 and the impacts of the Covid-19 pandemic. Indeed, Porton Down is an important focal point for research and manufacturing in direct response to the pandemic.
- 1.2 This Outline Business Case is presented in accordance with HM Treasury Green Book / Five Case methodology. There is a clear strategic case for investment in this second phase of development at Porton Down which has been approved by Wiltshire Council’s Cabinet for capital funding, the Ministry of Homes, and Communities and Local Government (“MHCLG”) for ERDF. Porton Science Campus is one of the largest, if not the largest focal point of scientific research and development in Wiltshire and Swindon and has international recognition as a Centre of Excellence. The Science Park benefits from “Life Science Opportunity Zone” (“LSOZ”) status conferred upon it by the Department for Business, Education and Industrial Strategy (“BEIS”) working with the Office of Life Sciences (“OLS”) in recognition of its commercial attractiveness at an international level. The science campus is an important provider of high-value employment for south Wiltshire and this underpins its wider economic role in terms of supply chain and resident’s disposable income, which in turn supports its main settlements including the cathedral city of Salisbury. The Porton Collaborative Innovation Centre, once constructed, will produce significant and immediate economic outputs which will produce new commercial laboratory and office space for growing businesses in science, research and development; new additional high value employment opportunities; and, new state-of-the-art space and facilities for research collaborations between SME’s, Higher Education Institutions and the Research Institutions currently on the campus (Dstl and PHE). It will play an important role not only in direct response to crises such as the Covid-19 pandemic, but also in helping to reinvigorate and help ensure the resilience of the south Wiltshire wider economy by stimulating growth in science, research and development. The capital build will be accompanied by a programme of Business Support funded through revenue secured from ERDF. This Business

Support will animate new research activity at the Collaborative Innovation Centre and create a supportive environment enabling new enterprises to establish themselves and grow. There is a clear case for commercial viability and as the lead authority in capital implementation of this project, the council demonstrates robust procurement and compliance procedures. The financial case is based on professionally assessed costs and an income model which demonstrates that no net additional revenue impact should accrue to the public sector as a result of the project. It is proposed that delivery and implementation of the project will be governed and managed by Wiltshire Council as the lead project sponsor working closely with campus stakeholders. A delivery programme is provided as part of this Outline Business Case.

Scheme Overview

- 1.3 The Porton Collaborative Innovation Centre project is to build a second phase, 3,576 sqm building at the Science Park comprising:
- A 1780 sqm. Collaborative Innovation Centre which will provide
 - 192 sqm. 'Atrium' area for welcoming, networking and relaxation
 - 144 sqm. Meeting Space responding to market demand at Porton Down
 - 165 sqm. office space to be made available on easy-in, easy-out terms to research organisations, small businesses and collaborators
 - 498 sqm. laboratory space also available on easy-in, easy-out terms to promote collaborative scientific research and development, of which:
 - 398 sqm. "Wet space" geared towards research in biological and chemistry related research (including Life Sciences)
 - 100 sqm. "Digital orientated" geared towards research in digital and high technology sciences
 - 1,796 sqm. Grown Space developed as a "shell" for bespoke occupier-led fitout; the space will be made on traditional but attractive commercial terms and provide much needed space for growing enterprises at Porton Down to grow and benefit from the research ecosystem at the Campus

Figure 1 below illustrates the building's footprint and appearance:

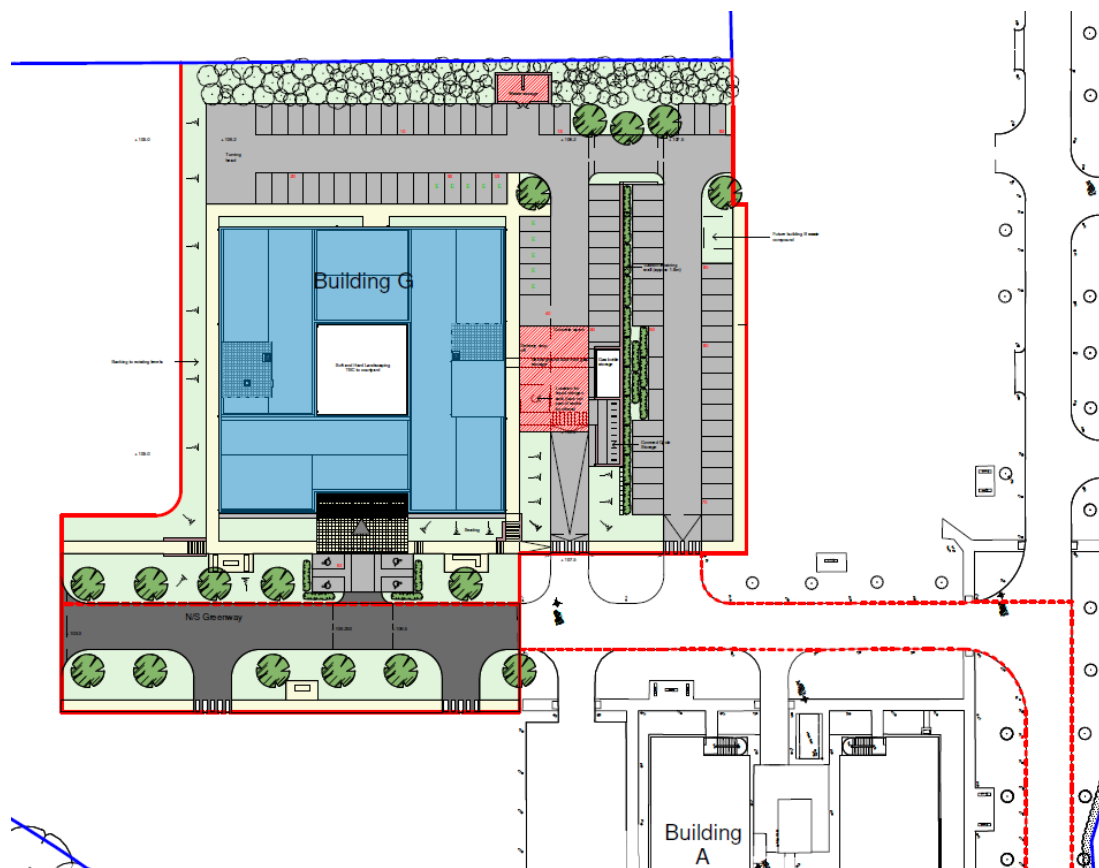


Figure 1 Porton Collaborative Innovation Centre-Site plan

Full design drawings and plans are provided at **Appendix B** of this OBC.

- 1.4 The Innovation Centre will be a collaborative space, designed to accommodate up to 63 researchers and ancillary staff from business, Higher Education and Research Institutions, and made available on flexible terms to facilitate short-term initial-phase research projects (i.e. new research projects which may be contracted for between three to twelve months). It will therefore have a high turnover which will bring to the Science Park a new and varied audience in the scientific research community which will in turn increase its profile and visibility on the market. In support of this the meeting space, of which there is an overall shortfall in supply at the Campus today, will be able to accommodate up to 100 people¹ and thereby create the opportunity to hold scientific symposiums which again will improve the profile and reach of the Science Park, supporting its status as an LSOZ. This will be a completely new and important addition to the Science Campus's existing strengths.
- 1.5 The attached Grow On space will supply the identified strong demand for additional commercial laboratory and office space, co-located both with the new Collaborative Innovation Centre and the wider research ecosystem that exists at Porton Science Campus. It will also boost the effectiveness of the Campus stakeholders by providing an opportunity for supply chain and related businesses to be located at the Science Park. It will make the science park much more attractive on the investment market and will spur further phases of development on the 10-hectare site. It will be able to accommodate up to 137 researchers and ancillary staff.

¹ Assuming a relaxation in Covid-19 restrictions on workspaces

- 1.6 The design of the building has been undertaken by McAvoy who are a prominent and competent modular build enterprise. The design is at the time of preparing this OBC at RIBA Stage 3, and the build programme is on schedule for opening of the new building to take place in March 2022.

Figure 2 below illustrates the Atrium concept in the Innovation Centre for shared working, networking and relaxation for researchers:



Figure 2 Design Concept for the 'Atrium' within the Innovation Centre

- 1.7 As a market leader in modular build, McAvoy will deliver significant savings in time and cost compared with a more traditional build process by delivering the buildings off-site reducing the construction overhead at the main build stage. The building will be constructed to a Building Research Establishment Environmental Assessment Method ("BREEAM") "Very Good" rating, the highest viable rating currently deliverable at Porton Science Campus, and in line with council and ERDF environmental policies, and the SWLEP's Local Energy Strategy.
- 1.8 Capital expenditure will be used on the Design and Build of the Phase 2 Innovation Centre which under our proposals will be completed and handed over in February 2022.
- 1.9 The project will be accompanied by a Business Support programme designed to enable new and small enterprises collaborating at the Innovation Centre to establish themselves and grow. This activity will be funded through ERDF. It will help ensure that outputs relating to new innovative research are produced and provide a supportive environment to collaborating researchers benefiting from the new building at the LSOZ.
- 1.10 The project will have a substantial positive impact on GVA sub-regionally of approximately £200 million, which measured against the overall project cost produces a benefit cost ratio of 17:1.

1.11 A summary of each of the five cases as per the Treasury’s Green Book approach is presented below:

Strategic Case Overview

1.12 The project will address growth needs identified in the Swindon and Wiltshire ESIF strategy which in turn is informed by a wide body of evidence including the Local Enterprise Partnership’s Strategic Economic Plan. The project is also aligned to the Industrial Strategy and the Life Sciences Sector Deal.

1.13 The needs the project will address are in:

- Innovation,
- Knowledge and Skills Sharing, and;
- Business Competitiveness

Economic Case Overview

1.14 The project will deliver 3,576 sqm of new commercial laboratory, office and ancillary space. It will support the creation of 10 new enterprises, provide business support to 58 enterprises, and enable 10 collaborations with research institutions. This will create 200 new jobs in the scientific research and development sector. We have modelled the economic output of this activity in full within the Economic Case and conclude that the Benefit Cost Ratio (“BCR”) on against overall project cost including SWLEP investment will be 17:1.

Commercial Case Overview

1.15 The commercial case for LGF investment is based around the following:

- **Demonstrable commercial viability** – the requested SWLEP Getting Building Fund investment will be used to co-fund the capital design and build of the Phase 2 Collaborative Innovation Centre. Our commercial case demonstrates the viability of this building.
- **Robust procurement procedures** – the council has already procured the main design and build contractor for the project using compliant procurement procedures. Any additional procurement will follow the council’s standing orders and constitution relating to procurement which in turn are fully compliant with procurement legislation and best practice to secure best value for money.
- **State Aid compliance** – The council has sought legal advice from Bevan Brittan to confirm State Aid compliance and includes this written advice at **Annex C**.

Financial Case Overview

1.16 The total scheme costs amount to £9.5m, of which £9.2m comprises the capital cost of design and build of the Collaborative Innovation Centre and Grow On Space, and £0.3m comprises revenue funding secured via ERDF to deliver the associated Business Support programme. The funding proposal is broken down as follows:

- £5m Wiltshire Council capital
- £2.5m ERDF
- £2m SWLEP GBF

Management Case Overview

- 1.17 The delivery and implementation of this project will be governed and managed by Wiltshire Council, as the applicant and lead project sponsor. The council is working closely with Campus and wider stakeholders on the Porton Collaborative Innovation Centre project and the governance arrangements for this are provided at **Appendix I**. The council is highly experienced in the delivery of capital projects and has well established working relationship with all local stakeholders. An indicative delivery programme is provided alongside this business case which demonstrates that the Centre will be completed and open in March 2022. The council has established monitoring and evaluation procedures in place, and a live risk register with mitigation measures which is reviewed regularly at the CEM (client engagement meetings).

2. Strategic Case

Introduction

- 2.1 The strategic case for investment includes an overview of the scheme’s vision and objectives, its rationale and challenges the scheme is seeking to address, the policy / strategy context (including alignment to the Strategic Economic Plan (“SEP”) and Local Industrial Strategy (“LIS”)), and the likely do-nothing scenario.

Project Vision and Objectives

- 2.2 The vision for this project is to deliver a 1780 sqm Collaborative Innovation Centre to support scientific activities linked to the Porton campus alongside 1796 sqm of new commercial Grow On laboratory and office space to accommodate growing businesses at the same location. The centre will be a research and innovation facility providing; collaborative workspace, flexible office and laboratory bench space. A programme of business support, training and development will be provided by specialist providers at the Centre. The project will promote and develop interaction between universities, SMEs and the Swindon and Wiltshire Local Enterprise Partnership (SWLEP), enabling universities to strengthen their role as strategic partners in growth in Swindon and Wiltshire. Porton Science Park is strategically positioned to facilitate this, as it benefits from Life Sciences Opportunity Zone status conferred upon it by Government. Our approach will help academics, entrepreneurs and businesses achieve and accelerate growth at Porton Down by investing in innovation, research and development activities.
- 2.3 The Centre will form a second phase building at Porton Science Park, on land adjacent to Dstl and PHE, outside of the secure MOD compound perimeter at Porton Down. The area is a nexus of the South Wiltshire Research Triangle, incorporating the relationships between PHE/Dstl, QinetiQ, Salisbury NHS Trust and Southampton University. It is located to the north east of Salisbury within the Swindon and Wiltshire Local Enterprise Partnership (SWLEP) A303 Growth Zone.
- 2.4 The council promoted the Innovation Centre in response to European Structural and Investment Funds (“ESIF”) ERDF call OC33R18P 0793. This call was made under ESIF Priority Axis 1: Promoting Research and Innovation:
- 1a) enhancing research and innovation infrastructure and capacities to develop research and innovation excellence, and promoting centres of competence, in particular those of European interest
 - 1b) promoting business investment in research and innovation
- The council consulted with the SLWEP in submitting its business case to the ERDF managing authority MHCLG. The project was successful at both Outline and Full Business Case stages. The Full Application for the Innovation Centre is included at **Appendix A**.
- 2.5 At the time of submitting this application, the project's scope was limited to the Innovation Centre and did not include Grow On space. Through subsequent discussions with SWLEP officers involved in promoting the Science Park as an inward investment opportunity it emerged that there could be potential in extending the project to include additional commercial laboratory and office space built out as a shell for bespoke fitout for new occupiers. This would bring advantages in being able to market the Science Park as having existing new capacity for occupiers beyond the Phase 1 Beech-Allen Building and thereby supply an identified demand.

It would also improve the commercial viability of the project by increasing its potential to generate rent income on more secure terms.

2.6 Council officers further developed the project to include Grow On space and in January 2020 sought cabinet approval for a capital commitment to investing in this space, in addition to match funding the ERDF co-funded Innovation Centre. The proposal was given cabinet’s approval and it is on this basis that the council moved forward to procure main design and build contractors to ensure that the programme would meet the funding availability period of ERDF.

2.7 Following a procurement process to appoint a design and build contractor, McAvoy was selected as the council’s preferred bidder and appointed in June 2020. The key programme milestones are as follows:

- Design to RIBA Stage 4: Jan 2021
- Design approval, proceed to build stage: February 2021
- Practical completion / handover: February 2022

The council will procure and appoint the provider for business support during the design and build process so that the business support programme will start coinciding with the opening of the new building, or earlier using the existing Phase 1 Beech-Allen Building as the locus for provision ahead of the opening of Phase 2. Business support provision will continue to mid-2023, this date being determined by the end of funding availability from the current ESIF programme.

2.8 The Council will deliver the project. The council is the headlease holder of the science park land upon which the Phase 2 building will be constructed. It has been working closely in partnership with Dstl, the freehold owner of the site, and the other campus partners including PHE and PBL for many years now and is the recognised lead on further development of the science park. The council has successfully delivered the first phase Beech-Allen Building, which currently operates at capacity, as well as a three-year business support programme called the Wiltshire and Swindon Health and Life Sciences Hub, in partnership with Wessex and West of England Academic Health Science Networks (“AHSNs”). The council has learned much through this early experience on the Science Park and those lessons will be fully taken into account to improve the build process and business support programme for Phase 2.

2.9 The project will benefit SME companies engaged in S&T activity in the health and life sciences sector, potentially including new start-ups, higher education institutions wanting to participate in specialist research activity at Porton, the existing institutions and companies at the Porton science campus, the business support provider (to be appointed), and the Council.

2.10 The Centre, being located at an existing and world-renowned science hub, will provide a high-quality environment in which to inspire invention, discovery, and experimentation combined with entrepreneurial prowess. It will provide users with the opportunity to take full advantage of the potential for collaborative working and knowledge sharing. The Centre will encourage greater interaction and collaboration between universities and businesses, allowing universities to establish and strengthen their role as strategic partners in local growth and stimulate further development at the Science Park.

2.11 Specifically:

- SME's will benefit from access to collaborative meeting, laboratory, office and conferencing space which is in high demand, as well as specialist technical support and business advice which is not at present readily available at the Porton Science Campus
- HEI's will benefit from the same access, enabling them to send visiting postgraduate researchers and research staff to engage with commercial enterprises and the research institutions at Porton Science Campus which will also benefit

2.12 The SMART objectives for which funding of £2m is sought to facilitate delivery of the Porton Collaborative Innovation Space include the following:

- Delivery of 3576 sqm of new laboratory, office and ancillary space by February 2022
- 10 new enterprises created by mid-2023
- 53 enterprises supported by mid-2023
- 10 new collaborations with research institutions by mid-2023
- 228 new jobs created by mid-2023
- An uplift in Gross Value Added ("GVA") of £23,712,000 per annum by mid-2023
- An uplift in Land Value ("LVU") of £253,645 as a direct consequence of creating the second phase building, and generating potential land value uplift of up to £6,375,000 on the wider science park

2.13 These objectives are all considered SMART (specific, measurable, achievable, relevant and time definitive.)

2.14 To help us achieve these objectives, the Get Britain Building funding will be used towards the capital design and build of the Collaborative Innovation Centre.

Project Definition

2.15 The project involves the delivery of a phase 2 Collaborative Innovation Centre and Grow On Space as follows:

- A 1780 sqm. Innovation Centre which will provide
 - 192 sqm. 'Atrium' area for welcoming, networking and relaxation
 - 144 sqm. Meeting Space responding to market demand at Porton Down
 - 165 sqm. office space to be made available on easy-in, easy-out terms to research organisations, small businesses and collaborators
 - 498 sqm. laboratory space also available on easy-in, easy-out terms to promote collaborative scientific research and development, of which:
 - 398 sqm. "Wet space" geared towards research in biological and chemistry related research (including Life Sciences)
 - 100 sqm. "Digital orientated" geared towards research in digital and high technology sciences
- 1,796 sq. ft. Grown Space developed as a "shell" for bespoke occupier-led fitout; the space will be made on traditional but attractive commercial terms and provide much needed space for growing enterprises at Porton Down to grow and benefit from the research eco-system at the Campus

2.16 The building will occupy a 0.4 hectare plot on the Science Park as shown in the plan below:

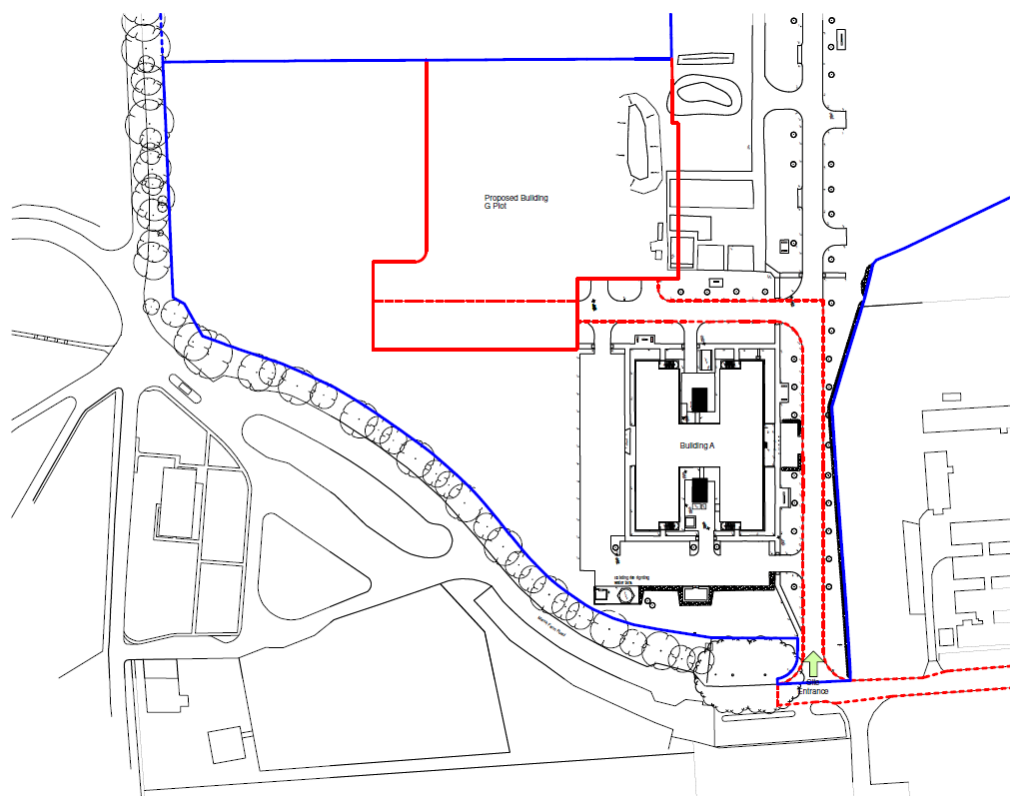


Figure 3 Location Plan

The plot will include car parking, landscaping and other amenities including cycle racks, which are all costed as part of the overall proposal.

2.17 The strategic design brief, provided at **Appendix E**, purposefully responds to the project objectives by:

- Specifying the council's aspirations for the quality of the building that will foster collaboration and innovation and provide flexible workspaces
- Meet or exceed the quality achieved on the Phase One Beech-Allen Building
- Specifying environmental standards including reduction in energy emissions to achieve carbon neutrality, and meeting BREEAM Very Good or equal alternative environmental standard
- Specifying a design life of a minimum of 60 years with a structural warranty of a minimum of 30 years
- Specifying a requirement that the internal layout of the building be designed as flexibly as possible to enable changes to be made relatively easily to reflect particular tenant needs and requirements over future years
- Providing the planning context and seeking to ensure that the building design can be delivered within and discharge any remaining conditions of the existing Outline Permission and Reserved Matters Approval (ref 15/12526/REM)
- Setting out the project programme and milestones ensuring handover in February 2022

- Ensuring that all parts of the building are fully accessible to people with disabilities
 - Addressing lessons learned from the delivery of the first phase building, for example with respect to soft landscaping planting
- 2.18 The location is in the ownership of the council on the basis of a long leasehold granted to it by Dstl on 16 August 2016. The Phase 2 building will be delivered and handed over to the council in February 2022.
- 2.19 The project will address growth needs identified in the Swindon and Wiltshire ESIF strategy which in turn is informed by a wide body of evidence including the Local Enterprise Partnership's Strategic Economic Plan. The project is also aligned to the Industrial Strategy and specifically the recently published Life Sciences Sector Deal.

Challenges and opportunities to be addressed

2.20 The needs the project will address are in:

- Innovation,
- Knowledge and Skills Sharing, and;
- Business Competitiveness

Innovation

2.21 The project will broaden out innovation at Porton to more SME's in Swindon and Wiltshire. While Swindon and Wiltshire have clear strengths in innovation, with a comparatively high number of patents, cost makes it harder for SME's to innovate. The Centre will provide a flexible and affordable space for collaborative innovation combined with specialist support (Innovation Technology Counsellors) to enable SME's to innovate to grow their businesses and consider looking for new markets and innovation partners overseas. It will attract entrepreneurs looking for an innovative environment in which to start a new high-value creative business. It will also function as a Technology Translator, able to explain the importance of emerging technologies to more SME's. It will provide a physical location for specialist technical activity and start-ups to secure additional grants to fund their endeavours. It will drive greater commercialisation and exploitation of research and development activity, particularly arising from private and public investment. It will promote innovation for Smart Specialisation – 'the entrepreneurial process of discovery', by enabling blue skies research as well as new discoveries and inventions; improving the interface between Higher Education Institutions and business; and, delivering a better environment for commercialising research.

Knowledge and Skills Sharing

2.22 The project will enable collaborations transferring good ideas, research results and skills between universities, research institutions and business. This will enable businesses to innovate and new products and services to be developed. One of the project's objectives will be to nurture long-term relationships between these entities. While realistically it must be assumed that the number of such collaborations being born within the timescale of the project will be modest, the Centre nonetheless should trailblaze a new culture of cooperative research at Porton, leveraging the advantages of its location and local knowledge base. This in turn will encourage foreign and domestic investment in the science park.

Business Competitiveness

- 2.23 The project will provide a supportive environment for our existing businesses to grow while reinforcing Porton Down an attractive location to invest. Some businesses already see the supply chain opportunities of being located near some of the UK's largest, most innovative firms and the commercial opportunities associated with the Military. They can also be attracted to the area's strategic connectivity to national and international markets and the quality of life on offer. However, the competition faced by Swindon and Wiltshire, and specifically Porton, is fierce because of the concentration of high value-added economic activity in London and the other large English core cities which present a challenge to a science park located in rural Wiltshire. To attract a greater share of foreign and domestic investment to the area it is necessary to leverage and showcase the existing research strengths Porton boasts and the uniqueness of its offer. This project, potentially alongside Life Science Opportunity Zone status for the Science Park, will achieve this objective. It will promote the area and attract new inward investors from around the world, for which innovation is a major business driver. It will provide a new key selling point in the LEP's inward investment strategy for Porton and its role in the Industrial Strategy. It will become a well-recognised venue for annual events to be held (Festivals of Innovation, Venturefests) and highlight innovative companies in Swindon and Wiltshire, raise aspirations among business owners and managers, and encourage networking and the development of partnerships and collaborations.
- 2.24 In summary, while the first phase of development at Porton Science Park has been highly successful and demonstrates its potential, it is fundamentally a workspace-focussed facility with no readily available business support on offer, and a recognised and evidenced lack of meeting, conferencing and collaborative space. It is necessary therefore to deliver this second phase which will address those issues both by providing the space within which collaboration and innovation for Smart Specialisation can take place, and the on-hand technical and business support to enable SME's to innovate to grow.

Constraints, dependencies and interdependencies

- 2.25 In order to meet spend deadlines for the funding associated with both ERDF and GBF, the scheme has been developed in accordance with the Outline Planning Consent and Reserved Matters reference S/2007/1402/OL.² Divergence from the conditions and principles of the outline planning consent at this stage would require a full planning application which would risk delaying the build programme and thereby put at risk the management team's ability to ensure spend by the relevant funding deadlines and delivery of the completed building by February 2022.
- 2.26 Because the science park at Porton Down is a rural location, it is constrained from a transport perspective. While the proposed scheme will not pose any transport concerns from a planning perspective, it is one of several factors which renders achieving a BREEAM Excellent or above accreditation unviable, and therefore is a contributory factor to the management team's decision to target a Very Good accreditation as the maximum achievable score for this project. The evidence for this is provided as part of this business case and will be presented to the council, and MHCLG with respect to exempting this scheme from the standard requirement for new build to be delivered at BREEAM Excellent and above. Other constraints relating to the rural location of the science park relating to ecology, environment and landscape impact are

² Details available via the council's planning portal at:
<https://unidoc.wiltshire.gov.uk/UniDoc/Document/Search/DSA,517453>

mitigated through the conditions attached to the outline planning consent to which this scheme will accord.

2.27 The council owns the land the project will be delivered on under a long leasehold granted to the council by the Secretary of State for Defence. The headlease contains a user and restriction clause as follows:

- **Clause 4.7.2** of the lease requires the Council to only use the Premises (land edged red on the lease Plan) for laboratories, research facilities, workshops and storage for:
 - scientific and engineering research; and
 - the development of small scale production of high technology products in the Permitted Fields
- The Permitted Fields are not only “health and life sciences”, but all of the areas listed under the relevant definition:
 - Chemical and biological sciences;
 - Biomedical sciences;
 - Physical and material sciences;
 - Environmental sciences;
 - Communications and information systems technologies;
 - Electronic and sensors technologies;
 - Advanced defence, aerospace and automotive technologies; and
 - Other advanced engineering technologies.

2.28 As an important new development at the Porton Science Campus, the Science Park is part of a large and dynamic ecosystem of public and private sector S&T research and development and is therefore to some extent dependent on new development which might be brought forward by Dstl, PHE and PBL. The management team maintains a positive ongoing dialogue with respect to new development at the science campus with the campus partners. New development proposals which may have a bearing on the science park and the proposed Collaborative Innovation Centre include:

- Wider campus development including improvements to accessibility, development of the campus-wide travel plan, and review of the campus masterplan
- New development proposals which may come forward from each of the campus partners
- New provisions which may arise to ensure the security of the wider campus

It is not anticipated that any of these dependencies would have any immediate impact on the deliverability of the Phase 2 Collaborative Innovation Centre which all campus partners are aware of and are supportive of. Indeed, it is expected that where appropriate the campus partners will benefit from the delivery of the new centre, as it is an important part of this strategic case that the centre will facilitate collaborations between business and research institutions including Dstl and PHE.

The ‘do-nothing’ position

2.29 A key part of the strategic case for GBF investment is to consider the likely reference case scenario where no GBBF funding is secured. Under this scenario, the project will not proceed, and the council will be unable to invest in the Porton Collaborative Innovation Centre. There is no alternative funding to GBBF at this time to complete the funding envelope and deliver this important project. Therefore, in the absence of GBBF the project will not be delivered and it may take several years to find suitable alternative funding.

2.30 The most likely outcomes under a no-GBBF scenario are therefore that:

- The second phase Porton Collaborative Innovation Centre will not come forward and delivery of further phases of development at the Science Park will likely be delayed for a number of years
- ERDF co-funding of £2.5 million will be lost both to the project and to the Swindon and Wiltshire area as there is insufficient time remaining for a new proposal to come forward within the funding availability period of the ESIF programme
- The SMART objectives set out above relating to job and new business creation and support will not be achieved representing an opportunity cost to the area

Alignment with economic and planning policy / strategy

Porton Down Masterplan (January 2007)

2.31 The Porton Down Masterplan, while now in need of updating, establishes the broad principles for new development coming forward at Porton Science Park. The council is leading on the renewal of this Masterplan in view of the developments that have come forward since its original publication over a decade ago. These developments include the delivery of the first phase Beech-Allen building by the council which opened in January 2018. The proposed second phase Collaborative Innovation Centre and associated Grow On space continue the development of the Science Park, addressing the specific challenges detailed above. It is therefore aligned with the principles set out in the original Masterplan and the updated Masterplan will be brought up to date with the current state of development and emerging planning policy.

Wiltshire Core Strategy (January 2015)

2.32 The Wiltshire Core Strategy was adopted in January 2015 and covers the period up to 2026. It specifically identifies the scientific community at Porton Down as a ‘prized asset in Wiltshire’.³ Core Policy 5 strongly supports the principle of development at the Porton Down Science Campus for research and development purposes and states that the council will work with the principal site stakeholders to build on the work already undertaken to facilitate their business aspirations in accordance with Strategic Objective 1 of the Core Strategy.

2.33 Core Policy 5 also identifies wildlife management as a specific issue for which co-ordination is required. The council has worked with relevant consultees in bringing forward the Outline Planning Consent and Reserved Matters which the proposed site benefits from. These issues have therefore been resolved for the purposes of bringing forward the proposed Phase 2 development.

³ *Wiltshire Core Strategy (2015)* available at: <https://www.wiltshire.gov.uk/planning-policy-core-strategy>

Swindon and Wiltshire Strategic Economic Plan (2016) and Local Industrial Strategy

- 2.34 The current Strategic Economic Plan was published in 2016 and identifies the life sciences and defence technologies specialisms at Porton as being world class. The SWLEP's focus is to restructure the economic base of the area by focussing on innovation particularly in the life sciences and defence technology. The SWLEP is actively working with Wiltshire Council to promote the science park at Porton Down as a Life Sciences Opportunity Zone and is a key stakeholder in its future development.

National Industrial Strategy and Relevant Sector Deals

- 2.35 The economic contribution of the UK Life Sciences industry is widely recognised, with government commissioned research demonstrating that almost half a million UK jobs are supported by the Life Sciences sector, with the average GVA per employee over twice the UK average at £104,000. The activities of companies in the life sciences sector directly contributed £14.5bn to the UK economy in 2015, with an additional £15.9bn provided through the Life Sciences supply chain and employee spending.
- 2.36 This project aligns with the government's life sciences sector deal, which proposes significant additional measures and innovative programmes to secure a global lead in the areas of greatest opportunity in the UK.
- 2.37 Porton Science Park has won UK Government and by extension international recognition as a Life Sciences Opportunity Zone. It was one of six sites to be successfully granted the status in the UK in February of this year. The Government scheme allows partners on the site to showcase the capabilities of the Porton Science campus to an international audience, particularly overseas life sciences companies looking to expand into the UK. As Porton Science Park grows there will be an increase in international collaborative projects between industry, academia and Government that will attract investment from start-ups to multi-nationals.

Policy / Strategy Summary

- 2.38 It is evident from the above that the delivery of the second phase Collaborative Innovation Centre at Porton Science Park is a key policy and strategy priority for the council and the SWLEP. It represents the most significant centre of scientific research, development and innovation in south Wiltshire and is one of the key economic drivers of the LEP economy. All of the policy documents reviewed support further development of the science park at Porton Down.

3. Economic Case

Introduction

3.1 This section presents the economic case for GBF support in the Porton Collaborative Innovation Centre project and the economic benefits that the project will bring in developing Porton Science Park and creating high value employment in South Wiltshire. In line with Government guidance on Green Book appraisal and evaluation, it provides an overview of the various options that were considered and appraises a shortlist of options to identify a preferred option based on the value for money position and wider economic outcomes.

Appraisal options – long list to short list

3.2 The long list of options that were considered is presented in the table below, along with a short description and details of whether they are to be shortlisted through to the full economic appraisal stage.

Option	Description, cost and outcomes	Shortlisted?
Do nothing – no GBF investment	Under this option, it is assumed that the proposed Collaborative Innovation Centre is not delivered. Given there is no other funding available at the current time to deliver the phase 2 building, it is assumed it will not come forward. The building is critical in creating new suitable employment space at Porton Science Park and the projected outputs. As a result, the scheme outputs as proposed do not materialise under this option.	Yes – this option has been shortlisted as the do nothing reference case in accordance with the HM Treasury Green Book guidance to illustrate the impacts of no GBF funding in this project.
Do minimum – c. £1 million GBBF	Under this option, it is assumed that cost savings in constructing the proposed Collaborative Innovation Centre would have to be found. During the RIBA stage 2 and 3 process, options relating to the use of surplus material within the masterplan site and achieving a BREEAM Very Good rating for the project have been considered. In theory it may be possible to achieve savings in these areas or others however these will impact on the deliverability and projected outputs of the scheme. In particular, failing to deliver suitable landscaping would put the project at risk from a planning perspective, while failing to achieve a BREEAM Very Good rating would fail to meet both the Council's requirements for new build as well as a fundamental funding condition of the ERDF funding which has been secured towards the scheme (£2.5 million).	No – this option has been rejected on the basis that it would fail to deliver the Collaborative Innovation Centre since ERDF funding would likely be lost and the project would also be put at risk from a planning perspective. It would also not adhere to the GBF requirement to support green recovery.
£2 million GBBF investment	This option assumes that the Council secures £2m of GBBF in addition to the capital funding already committed to the scheme. This would	Yes – this option has been progressed through to full

Option	Description, cost and outcomes	Shortlisted?
	<p>deliver the required building for the Collaborative Innovation Centre at Porton Science Park. This will create 200 new high value jobs and deliver other beneficial outcomes as set out later in this economic case.</p>	<p>economic appraisal as the preferred option</p>
<p>Do more – additional GBBF (or other source) of investment</p>	<p>There could be a number of potential options where additional funding could be made available. For example, the scale of the proposed centre could be extended, quality of landscaping or interior fit out enhanced, or indeed new utilities could be installed to enhance the existing servicing to the science park (specifically water (clean and foul) and energy).</p>	<p>No – this option has not been shortlisted at this stage. Primarily this is because we are aware that the maximum allocation towards Porton Collaborative Innovation Centre from GBBF stands at £2 million. Furthermore, the project is already well developed within the anticipated budget and changing the scope of the design at this stage would be inefficient and could put the existing ERDF funding allocation at risk due to its deadline for expenditure. Installing new services for the remainder of Porton Science Park would be a separate project and is not a requirement for the proposed Collaborative Innovation Centre.</p>
<p>Alternative funding option – Council funds</p>	<p>Under this option, it is assumed that the Council could fund the required £2m of proposed GBB funding through prudential borrowing.</p>	<p>No – this option is discounted on the basis that this is not affordable from a Council perspective, given its existing and ongoing financial commitments to the Science Park</p>
<p>Alternative funding option – private sector</p>	<p>Under this option, it is assumed that the private sector could fund the required £2m of GBB funding through an appointed developer partner</p>	<p>No – this option is discounted on the basis that the Collaborative Innovation Centre is not a purely commercial venture. The space it will provide and is designed to achieve will enable public research collaborations between both Research and Higher Education Institutions working with business. The market would not have the appetite to to fund the Collaborative Innovation Centre on the basis of the risk vs reward and the fact that it has a number of distinct quasi-public good features as</p>

Option	Description, cost and outcomes	Shortlisted?
		alluded to in the market failure case for intervention.

Description of assessed options

3.3 Based on the analysis above, two options have been shortlisted through to full economic appraisal. Although typically an outline business case would seek to appraise a minimum of three shortlisted options, in this instance, the do minimum option above is not considered to be a credible and viable option to create the Collaborative Innovation Centre and achieve its objectives. This is because under the do minimum option the building would likely be undeliverable from a planning and environmental perspective. Therefore do-minimum has not been shortlisted. The HMT Green Book makes it clear that any shortlisted do minimum option must be “viable” and in this instance there is not considered to be a viable do minimum option on the basis that it needs to be of this scale to achieve sufficient critical mass to be financially viable once operational.

The shortlisted options therefore are:

Do Nothing

3.4 Under this option, it is assumed that the proposed Collaborative Innovation Centre is not delivered. Given there is no other funding available at the current time to create the overall funding envelope required to cover the capital cost of the building, it is assumed that it will not come forward. As a result, the scheme outputs as proposed do not materialise.

3.5 For this reason, the quantitative economic appraisal of the preferred option will assume a **nil deadweight position** on the basis of the following:

- There is an evidenced demand both for the availability of new laboratory, office and meeting space and the configuration of the Collaborative Innovation Centre to facilitate new research projects bringing together Research Institutions, Higher Education Institutions and business. In the absence of the requested SWLEP funding to deliver the building, it cannot go ahead and the scheme outputs will not be delivered.
- Without GBF support for the proposed Collaborative Innovation Centre, the scheme will not be viable and will not come forward under private sector led development. There are no other sources of public sector funding currently available to support delivery.

3.6 On the basis of a lack of scheme viability, it is therefore apparent that in the absence of SWLEP funding as proposed, no development and associated economic outputs will come forward. This therefore supports a nil deadweight position.

£2m GBF investment

3.7 This option assumes that the council secures £2m of GBF funding. This would deliver the required Collaborative Innovation Centre. This will create space for up to 200 new high value jobs as well as deliver outputs as follows:

- 10 new enterprises supported
- 58 total enterprises receiving support

- 10 enterprises cooperating with research institutions
- 48 enterprises receiving non-financial support

As set out, it will be delivered with the benefit of ERDF funding towards business support activity to take place in the Collaborative Innovation Centre.

Quantitative Economic Appraisal

3.8 A full economic appraisal of the preferred option has been undertaken in accordance with HM Treasury Green Book methodology. The economic benefits of the scheme have been assessed on a traditional employment / GVA basis and the results of this appraisal are presented below. The primary focus of the economic appraisal is on the economic / GVA approach on the basis that we understand that the SWLEP is seeking to deliver new employment space and associated GVA outputs as part of its Local Industrial Strategy and commitment to Government. We do recognise that the MHCLG Appraisal Guide and refreshed Green Book have shifted the approach to assessing value for money scheme towards other metrics including land value uplift as the key measure of private benefit for land and property schemes. However, the 2016 guidance does note that appraisals should not put a monetary value on employment impacts **unless** there is strong evidence of a supply side effect. We argue that there is in this Outline Business Case absolute evidence of a supply side effect insofar as:

- The proposal is to commit GBF towards direct delivery of employment space comprising laboratory, office and networking space configured to facilitate research collaborations between Research Institutions, Higher Education Institutions and business
- That in the absence of GBF this employment space cannot be delivered for the reasons identified in the options shortlisting process (principally viability)
- The increase in supply of commercial employment space is in response to an identified undersupply of such space at Porton Down and evidenced demand for this space to come forward now, which it otherwise could not; this is in line with the Local Industrial Strategy and responding to local need
- The Centre will attract new start-up businesses and graduate/post graduate based employees and in doing so will provide dedicated facilities (including wet lab space for which there is a distinct lack of across the SWLEP area) to enable new people to enter the labour market within the LEP area who may otherwise not find the facilities to be able to within the LEP area to meet their business ideas.

The reason that the updated guidance would ordinarily reject monetary value being placed on employment impacts is that ‘the default assumption is that any jobs created by a development resulting from government expenditure do not increase aggregate employment as these employment effects are already largely determined by macroeconomic decisions on the level of overall public expenditure (though they often have an important local impact).’⁴ We respond to this default assumption on two fronts with respect to this particular project and OBC:

- Essentially the argument put forward for the new guidance was that job creation as a result of government expenditure would essentially be entirely displacement of jobs that

⁴ *The DCLG Appraisal Guide (2016) p. 22*

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/576427/161129_Appraisal_Guidance.pdf

would be created anyway by general macroeconomic decisions on the level of overall public expenditure. This might be generally true but as we have identified the current macroeconomic conditions render the proposed collaborative innovation centre and its outputs unviable under private, or even local council, investment alone. In this case GBF is required to enable the delivery of new employment space at the Science Park which is designed for the particular process of enabling research collaborations between Research Institutions, Higher Education Institutions and business. Not only does the proposed GBF investment directly enable the creation of new jobs associated with this specialised activity, the specialist nature of this high value employment is also not wholly facilitated by macroeconomic decisions on government expenditure but requires local decision making, such as this OBC proposes, to enable them to come forward where they are needed (i.e., in this case the Science Park at Porton Down adjoining two major government research institutions, but which lacks employment space to accommodate Higher Education or indeed new business collaborations). For these reasons we strongly believe that in this case the argument that macroeconomic decisions on government expenditure alone would not enable the Collaborative Innovation Centre to come forward and the associated outputs, including new high value employment and the monetized economic benefits associated with that, would fail to materialise entirely. For these reasons we strongly consider that in informing SWLEP decision making the economic / GVA approach is by far the more appropriate metric to use, for this particular project and the reasons set out here.

- The updated Green Book guidance accepts the important local impact that the creation of new employment has. When the Secretary of State Robert Jenrick MP wrote to LEP Chairs on 10 June 2020, he outlined that the reason he was addressing LEPs in particular was ‘the key role [they have] going forwards in supporting local recovery’. It was for this reason that he expressed the Department’s interest in exploring how acceleration of Department funds could be used to support the delivery of capital projects in order to stimulate the economy over the next 18 months [...] to help create jobs and raise overall demand in the economy.’ The new projects would have to deliver on two overarching objectives, driving up economic growth and jobs, and supporting green recovery. Specifically, a call was made for ‘investment in innovation ecosystem including through improvements to research and development facilities driving up business productivity’. We consider it self-evident that this project meets these requirements. Furthermore, we consider that the measure of Land Value Uplift would entirely fail to reflect the satisfaction of this requirement in the call for funding proposals. The increase in business productivity enabling new job growth by investing in the innovation ecosystem through improvements to research and development facilities (in this instance, the supply side delivery of an entirely new Collaborative Innovation Centre at a location where this is high and currently unsatisfied demand) must, surely, be evaluated based on the monetised economic output of its delivery and not on Land Value Uplift which, while considered by the DCLG Appraisal Group in 2016 to be the more suitable and robust approach because it is based on observable market data, would in no way reflect the outcomes sought by the Secretary of State from the funding made available to Get Building. In short, the Secretary of State did not seek Land Value Uplift as an output in his call for projects, but rather economic growth and jobs and supporting green recovery. We therefore respond directly to those requirements in this Outline Business Case.

The LVU approach simply does not work for this type of capital innovation scheme in this location. The Council has discussed this with Cushman & Wakefield (C&W) who undertake business case development work nationally for LEPs and CAs and are retained national economic advisors to Homes England, and based on their experience a scheme of this nature will not achieve the required BCR hurdle rate through the application of the LVU approach. In C&W's experience, a number of other LEPs/CAs acknowledge this in relation the GBB fund and are satisfied with using the more traditional employment/GVA approach for this type of scheme as long as an explanation is presented as to why the LVU approach is not appropriate and an attempt has been made to demonstrate the outcome of using the LVU approach.

We therefore offer an estimate of Land Value Uplift in support of this business case to adhere to the 2016 MHCLG guidance and ensure that we meet the requirements of the Assurance Framework. However, we would like to emphasise once more our considered opinion that the Value for Money Assessment for this project should be primarily based on an employment and GVA approach for the reasons we have set out above.

Land Value Uplift Approach

- 3.9 The assessment of the land value uplift benefits of the scheme has prudently focussed upon the land which will be developed only and does not make any assumptions about land value uplift arising on the remaining 8ha available for development as a science park. This approach has been adopted on the basis that the project does not attempt to address identified servicing needs on the remainder of the science park relating to energy and water capacity. It will therefore improve the land value of the specific parcel of land upon which it will sit, but whether it will have a measurable impact on the existing economic use value of the remainder of the science park land is much more challenging to determine.
- 3.10 No external transport impacts have been modelled as this is not a transport-based business case; it is a regeneration scheme from a LEP perspective.

Land Value Uplift Benefits

- 3.11 The NPV of the net additional employment land value uplift has been based on VOA Land Value Estimates for Policy Appraisal 2019.
- 3.12 The existing economic use value of the land in question is determined as nil because it cannot be used for agricultural purposes under the terms of the Council's leasehold of the land, and scientific research cannot be undertaken on it because there is no building for which that use can take place. The site is currently lain vacant and as a result has no current economic productivity value or existing economic use value.
- 3.13 Values for commercial office out of town / business park for Swindon and Wiltshire have been used in the calculation. The blended figure including all Common Areas has been used since the Collaborative Innovation Centre by design contains Common Areas. For Swindon and Wiltshire this figure is £70.93 per square metre GIA.
- 3.14 Applying this to floorspace which would be provided by the Collaborative Innovation Centre results in a land valuation of £253,645. Since we assume the land to have a present value of nil based on its existing economic use value, the gross land value uplift would be £253,645. Given we are not taking this LVU based assessment any further we have not accounted for adjustment factors such as displacement (this figure is gross and accounting for displacement would net this down further), discounting (based on when the LVU arises) and neither have we adjusted

the VOA values to 2020/21 values. In practice, applying these adjustments would reduce the overall LVU further and this would not assist the case.

3.15 Clearly, based on this assessment alone the project would not meet the Assurance Framework requirement of a 2:1 BCR based on a £2 million investment from GBF. However, we would offer the following observations before moving onto the Employment / GVA Approach:

- This assessment is based on the VOA's analysis of land values for uses in Swindon and Wiltshire and as the VOA acknowledges valuations are extremely sensitive to local circumstances and site context. We would propose that the land value at Porton Science Park, given its location adjacent to major government research institutions bearing strong supply chains, would likely be much higher than the figure provided by the VOA's Estimates for Policy Appraisal based on a standard out of town office park. However, given the particular circumstances at Porton Down where the majority of the land in question is in public ownership, it is challenging to make any accurate estimates of land value based on market observation. We therefore do not attempt to propose a higher value per square metre GIA for the calculation but simply observe that in our opinion this is likely to be significantly higher given the prestigious nature of the location in question.
- Consistent with this, the quality of the buildings at Porton Down including the proposed Phase 2 Collaborative Innovation Centre are of a higher value than that associated with other types of office space which is the figure this calculation is based on. Again, we would expect that in actual market conditions, delivery of higher quality and particularly laboratory space would have a greater impact on land value uplift than traditional out-of-town office space would be likely to achieve.
- Applying the figure per hectare for out of town commercial office space for Swindon and Wiltshire from the same guidance (£850,000) to the remaining approximately 7.5 hectares of developable science park at Porton Down would result in a land value of £6,375,000. Two observations may be made in this regard:
- One could argue that by delivering the second phase of development at Porton Science Park will more firmly achieve that valuation impact on the remaining developable land than is currently observable. We have, for the reasons set out above, opted not to propose a BCR calculation based on this assumption, however theoretically it would result in a BCR of approximately 3 thereby achieving the Assurance Framework threshold. However, this would also be on the premise that the wider site would be developed out on the back of the phase 2 scheme which may be unlikely given the type of development proposed and the likelihood that further public sector funding may be required to unlock this beyond phase 2.
- Again, and for similar reasons as for the observations made on assumed land value uplift on the Phase 2 building land itself, we would consider it very unlikely under observable market conditions that the value of land at Porton Science Park would be this modest. Again, given its attractiveness of the location for scientific research and development, we would expect Porton Down to have a higher land value than average out of town commercial land in Swindon and Wiltshire.

Employment / GVA Approach

3.16 The economic appraisal model has been based on the following key headline assumptions and factors as per HM Treasury Green Book Guidance:

- Model start date – 2020 (this is the base year – i.e. the current FY when the first tranche of spend would commence and all NPVs are presented in 2020/21 values).
- Appraisal period – employment-led benefits have been assumed to have a persistence of benefits period of 5 years (as per best practice appraisal guidance). Note the Green Book would allow for a 10 year persistence period (based on persistence evidence e.g. from the PWC RDA Evaluation of similar activity) but to be prudent at this stage we have reduced this to 5 years to reflect the types of jobs being created.
- Discount rate – 3.5% per annum (based on Green Book guidance to reflect the Social Time Preference Rate)
- Sunk costs – to date the council has expended £246,017 on developing the project to this stage. These costs have been deducted from the calculation of overall public sector funding towards the scheme as per Green Book guidance and therefore excluded from the economic appraisal.
- Inflation assumptions – the economic appraisal has not made any assumptions with respect to inflation and this is excluded. The Green Book states that general inflation should not be included in scheme appraisal.

3.17 Gross Value Added (GVA) per FTE estimates associated with E(g)(ii) research and development of products or processes are based on regional gross value added (balanced) by industry: city and enterprise regions released by ONS on 19 November 2019 for professional, scientific and technical activities (SIC07 M) for the Swindon and Wiltshire Local Enterprise Partnership area.

New Commercial Floorspace

3.18 Under the no GBF option, no new floorspace will be delivered. Under the £2m GBF option, the following would be delivered:

A second phase, 3,576 sqm (GIA) building at the Science Park comprising:

- A 1780 sqm. Collaborative Innovation Centre which will provide
 - 192 sqm. 'Atrium' area for welcoming, networking and relaxation
 - 144 sqm. Meeting Space responding to market demand at Porton Down
 - 165 sqm. office space to be made available on easy-in, easy-out terms to research organisations, small businesses and collaborators
 - 498 sqm. laboratory space also available on easy-in, easy-out terms to promote collaborative scientific research and development, of which:
 - 398 sqm. "Wet space" geared towards research in biological and chemistry related research (including Life Sciences)
 - 100 sqm. "Digital orientated" geared towards research in digital and high technology sciences
- 1,796 sqm. Grown Space developed as a "shell" for bespoke occupier-led fitout; the space will be made on traditional but attractive commercial terms and provide much needed space for growing enterprises at Porton Down to grow and benefit from the research eco-system at the Campus

Gross employment impacts – Professional, scientific and technical activities

- 3.19 It is assumed that no gross FTE jobs would be delivered under the do-nothing option given that no new development would come forward on the site in the foreseeable future in the absence of GBB funding.
- 3.20 Under the £2m GBBF option the building will be directly delivered by the Council and will open in February 2022. GBB funding will thereby directly deliver the jobs and GVA outputs associated with this second phase of development at the science park. Under this option the estimated gross employment stands conservatively at 200 new jobs in the professional, scientific and technical activities SIC. This estimate has been provided by McAvoy as the professional design team appointed by the council to undertake the detailed design of the building (now at RIBA Stage 3) and it is based on the net floor area which will be employed. This estimate has therefore been provided directly by the technical design team as a realistic estimate of the employment potential of the building which is a more accurate approach than relying on more generic HCA Employment Densities.
- 3.21 In terms of the timing of output delivery, it is assumed that the second phase building will be opened in February 2022. A 50% void has been assumed in year 3 (opening year). A 20% running void has been assumed from year 4 onwards (i.e. 80% occupancy from then on). This equates to a total of 160 gross jobs with the assumed running void from year 4 onwards accounted on floorspace reducing the total number that could be accommodated by the centre by 40.
- 3.22 A number of adjustments have been made to the above gross employment figure to calculate the number of net additional jobs created by the scheme. Leakage has been included at a rate of 22% based on the quantity of floorspace designed and intended to accommodate researchers residing in areas which will likely be outside of the Swindon and Wiltshire target area, for example academics working for Higher Education Institutions outside of the area. Displacement has been accounted for at a rate of 25%, a low level of displacement as per the 2014 HCA Additionality Guide. The specialist nature of the building for which there is a recognised lack of supply in the target area justifies this approach. While it is accepted that some displacement effects are to be expected, these will only be to a limited extent. This reflects the lack of multi-user lab wet lab space particularly within the SWLEP area (but also across the country more generally especially given the growth in demand as a result of the growth in the life science sector, likely to continue as a result of Covid19) – the project will deliver a genuine new product to the market and so the propensity for displacement will be minimal as a result. A multiplier rate of 1.46 has been applied based on the 2014 HCA Additionality Guide for Research and Development.
- 3.23 A nil deadweight position is assumed as explained in the options description above, given the assumed do-nothing Business As Usual scenario which has been modelled as the counterfactual do nothing option. This also supports the justification presented for preferential treatment to be given to the additionality approach for evaluation the value for money of the scheme. Evidence in support of this is offered below:
- The council has a waiting list comprising enquiries from a total of 18 companies in the research and development sector for the Beech-Allen building, of which 3 have been able to be accommodated within the first phase building, and of which two are engaged with

the council in discussions about occupying the Collaborative Innovation Centre. The council will be actively engaging with the remaining companies as part of its marketing plan for the Collaborative Innovation Centre.

- Of the companies currently occupying the Beech-Allen building, four are known to have growth plans which will lead them to need new space to expand into in the coming years. The second phase building would provide Grow-On space enabling the growth of these businesses and their retention within the Swindon and Wiltshire area.
- The SWLEP’s programme of inward investment activity has generated significant interest in the science park particularly from the USA.
- With specific respect to the new collaboration facilities including meeting space, demand for the sole shared meeting space at the Beech-Allen building has been very high with bookings being accepted on a nearly daily basis. Centre management have also had to turn down some meetings as the room can only support up to 20 people. In response to this, to make new office space available to a new occupier on the waiting list, and taking advantage of “downtime” as a consequence of Covid-19 restrictions on in-person meetings, the council has invested in a new replacement meeting space in the Beech-Allen building alongside new washroom facilities. This will be a larger meeting space able to accommodate at least double the number of people that the former meeting room was able to. It is nonetheless expected that this will only partially satisfy demand for collaborative space outside of the secure wire at Porton Down and it is further expected that it will need to be repurposed again in the future to accommodate the growth needs of the occupiers of the Beech-Allen building. There is therefore clear demand for meeting and collaborative space outside of the wire at Porton Science Campus, and that the space proposed within the Collaborative Innovation Scheme will not be subject to displacement or deadweight impacts in this regard as there is a clear case that this is a supply-side intervention responding to existing excess demand in the area.

3.24 The above adjustments generate a net additional FTE employment figure of 137 (from year 4 onwards – year 2 of building operation post PC), inclusive of a 20% running void allowance in relation to the E(g)(ii) floorspace.

	E(g)(ii)
Gross direct jobs	160
Less leakage	35
Gross local direct jobs	125
Less displacement	31
Net additional local direct jobs	93
Plus supply / income multiplier effects	43
Net additional local jobs	137
Less deadweight	-
Total net additional local jobs	137

Construction Job Outputs

3.25 The project will generate construction jobs through the development of the new Phase 2 building.

- 3.26 The construction job estimate has been made by the council's build programme manager based on professional expertise, comparable direct experience of building the first Phase Beech-Allen Building at Porton Science Park, and knowledge of the design of the building at RIBA Stage 3 and the manufacturing and building processes which will be used in the construction of the Phase 2 building.
- 3.27 The estimate is 75 FTE construction jobs per year for the assumed approximately 1-year build programme between April 2021 and February 2022.
- 3.28 We apply a relatively high level of leakage of 50% to this gross figure because of the modular construction techniques being utilised by the main build contractor which means that a proportion of the construction jobs will originate from outside of the target area (SWLEP area). However, the local supply chain will be utilised where it is appropriate. We assume a low level of displacement of 20% as per the HCA Additionality Guide and a multiplier factor of 0.29 based upon the 2014 HCA Additionality Guide at a sub-regional level.
- 3.29 These adjustments generate a net additional construction jobs figure of 39 FTEs per annum for the 1 year construction period as a consequence of the GBBF expenditure.
- 3.30 Under the no GBBF funding scenario, it is assumed there would be no construction jobs as a result of the fact that the scheme is assumed to not be delivered.

Net Additional Gross Value Added (GVA) impacts

- 3.31 The net additional GVA impacts of the scheme can be presented on the basis of applying relevant annual GVA per worker output assumptions to the above net additional FTE jobs created by the scheme. Given the lack of any new net additional jobs under the do-nothing option, the GVA impacts of this will be nil. Under the £2m GBBF option, the GVA impacts are presented below.
- 3.32 GVA impacts generated by the construction jobs related to the scheme have prudently not been included within the net additional GVA figures calculated below.

Professional, scientific and technical impacts

- 3.33 We propose the basis for average annual GVA per FTE worker output in the relevant SIC Division for the professional, scientific and technical sector (M) to be £60,500 based BRES and ONS data and on the advice of SWLEP economic intelligence.
- 3.34 It is assumed that GBB funded delivery will complete in February 2022, with scheme construction commencing in 2021. It is assumed that 50% of the floorspace will be let upon practical completion and that this would increase to 80% by year 2 of the centre operations and then remains at this with a prudent 20% running void then allowed for from then onwards. This equates to a gross cumulative GVA impact of £41.338m assuming a 5 year persistence of benefits period. This has been discounted at a rate of 3.5% per annum in line with HM Treasury Green Book guidance, generating a present value GVA impact of £35.609m.

Private Sector Leverage

- 3.35 While the Phase 2 Collaborative Innovation Centre is not intended to directly leverage any private sector investment directly for the reasons set out in the options analysis above, it is anticipated that it will be an important new attractor for private sector investment in the future development of the 8 ha science park land. This has been previously value to have a potential

£70m - £80m Gross Development Value potential, which may be higher in practice given increases in build costs since the delivery of the first phase building.

- 3.36 The Council is working with SWLEP and the Porton Science Campus partners to market the science park opportunity and identify the most suitable option to procuring private sector investment towards the further development of the science park.

GBBF Costs

- 3.37 The requested £2m GBBF grant will be directly utilised towards the construction of the Phase 2 Collaborative Innovation Centre. 25% optimism bias has been applied to the GBBF costs (and indeed the Council/ERDF funded costs) based on a view of the cost risk at this stage for this kind of project in accordance with the HMT Supplementary Green Book Guidance on Optimism Bias. It has been assumed that all GBBF costs will be incurred between 2020 and 2022, the GBBF costs of the scheme have therefore been discounted to present day values at (2020/21) at a discount rate of 3.5% in line with HM Treasury Green Book guidance. No sunk costs have been paid for via GBB Funding. This generates a total discounted GBBF cost including optimism bias of £2.436m million (no discounting applied to the base year). The total PV public sector cost (including GBB) with OB is £11.271m.

Value for Money Assessment

- 3.38 Assessing the value for money (VFM) of public sector investments is a core component of the economic case. A VFM assessment is presented below for the two shortlisted options – i.e. the do nothing and the £2m GBBFF option, based on the GBBF cost per net additional job and the Benefit Cost Ratio of the scheme.

	Do nothing	£2m GBF option
New floorspace E(g)(ii) (sqm, GIA)	0	3,576
Gross new direct permanent FTE jobs (excluding running void)	0	200
Gross new direct permanent FTE jobs (with 20% running void on E(g)(ii)) (from year 2 of opening onwards)	0	160
Net additional new direct FTE jobs (with 20% running void on E(g)(ii))	0	94
Net additional new indirect FTE jobs (utilising HCA guidance multiplier of 1.46)	0	43
Total new net additional FTE jobs	0	137
Gross direct construction job years	0	75 construction job years over approximately 1-year construction period
Net additional direct construction job years	0	38 construction job years over approximately 1-year construction period

Undiscounted cumulative GVA relating to permanent net additional FTE jobs (5-year persistence of benefits period)	0	£41,338,440
Discounted cumulative GVA relating to permanent net additional FTE jobs (5-year persistence of benefits period)	0	£35,609,340
GBF Costs (undiscounted, excluding optimism bias)	0	£2,000,000
GBF costs (discounted, including optimism bias)	0	£2,436,594
Benefit Cost Ratio	0	14.6

Given that the whole of the £9.5 million project will be funded by public resources, it is appropriate to appraise the benefit cost ratio on the basis of the overall public sector funding budget as well. Applying the same optimism bias and NPV calculation to the £9.5 million budget less sunk costs provides an adjusted figure of £11,271,600. This results in a **Benefit Cost Ratio of 3.2** which represents high value for money based on national VFM benchmarks and exceeds the LEP Assurance Framework threshold of 2 by some margin.

- 3.39 Given the fact that no net additional economic outputs are assumed under the do-nothing option, no VFM analysis is presented for this option and a zero-deadweight position is assumed for the preferred option.

Sensitivity Analysis

- 3.40 A sensitivity has been modelled which tests the impact of a reduction in anticipated GVA per FTE of 20% across the appraisal period. This results in a reduced PV cumulative GVA of £28.487m and a BCR against GBBF investment only of 11.7 and against the overall public sector costs of in excess of 2.5. This demonstrates that even discounting the high productivity value generally associated with new direct job outputs in the scientific research and development sector, the scheme would still deliver excellent value for money from a public sector investment perspective and well exceed the LEP Assurance Framework BCR threshold of 2.

Qualitative Economic Appraisal

- 3.41 In addition to the monetised economic benefits above, the scheme will also deliver a number of wider non-quantifiable benefits, none of which are assumed to come forward under the do-nothing scenario which would result in the site remaining 'as is' for the foreseeable future. These are set out below.
- 3.42 While we do not claim, and therefore do not monetise, that the second phase building will automatically result in further private sector investment and development in the wider science park at Porton Down, it should be recognised that the proposed second phase of delivery will be significant and have an appreciable positive effect on the promotion and marketing of the science park as a Life Science Opportunity Zone.
- 3.43 The second phase Collaborative Innovation Centre is designed, more so than the initial phase Beech-Allen building has been, to facilitate productive research collaboration between the

government research institutions at Porton Down, Higher Education Institutions and business. It will provide space for conferencing, meeting and networking which are not currently accessible at Porton Down outside of the secure wire, and this is envisaged to be an important next step in creating a positive ecosystem at the science park for scientists from the public and private sectors to engage in collaborative research.

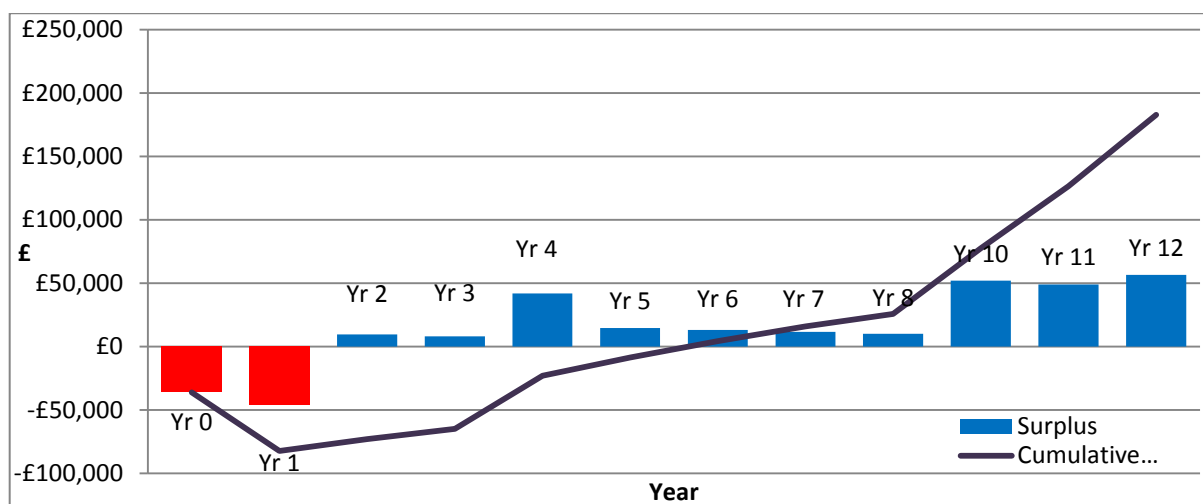
- 3.44 The scheme responds in a positive way to economic recovery locally following both the recent and ongoing Covid-19 pandemic and the 2018 Novichok incident in Salisbury. By providing new employment space for high value job creation in science and technological research and development, this project will deliver significant GVA outputs which will mean an increase in disposable income in the region and therefore wider economic growth stimulus.
- 3.45 The GBBF investment will be towards a project which meets Very Good BREEAM standards for building sustainability and the design and build contract has been let on the basis of achieving net carbon neutrality. The building will therefore not make any negative impact on the environment and will stand as a further exemplar for environmentally sustainable development at Porton Science Park.

4. Commercial Case

- 4.1 The commercial case for Getting Building Fund investment in the Collaborative Innovation Centre is presented below in accordance with HM Treasury Green Book/Five Case methodology.

Commercial viability

- 4.2 The requested Getting Building Funding will be used to fund a comprehensive package of works which will deliver the Collaborative Innovation Centre. The appendix F Commercial Analysis demonstrates that once the Centre has been delivered, within six years it will be viable to generate income to cover the costs of maintenance and management, with a surplus that can be reinvested into the Science Park. The initial appraisals undertaken by the council’s professional advisors demonstrate that this scheme is in principle commercially viable. Therefore, with the benefit of the GBF investment, the economic benefits that will be brought in the Health & Life Sciences and associated sectors can be realised and are commercially viable.
- 4.3 Summary of commercial model



Procurement Strategy

- 4.4 Any future procurement processes will comply with the Best Value processes as set out in the Wiltshire Council Procurement Manual. To support this, early advice and support will be sought from Wiltshire Council’s Strategic Procurement Hub to ensure that the procurement process meets the expected high standards routinely demonstrated by Wiltshire Council. The council will also ensure that any further procurement of services is undertaken in accordance with these established approaches.

Asset ownership

- 4.5 The entirety of the project will be in the ownership of Wiltshire Council.

State Aid compliance

- 4.6 The council has sought professional legal advice from Bevan Brittan to confirm State Aid compliance and this is appended at **Annex C**.

Charging mechanism / accountancy procedures

- 4.7 Wiltshire Council acts as the Accountable Body for the Swindon and Wiltshire Local Enterprise Partnership through which GBF funding is being sought. Getting building Fund payments are

made to the Accountable Body through payments from Central Government and are held in a separate Swindon and Wiltshire Local Enterprise Partnership account stream within the Accountable Body accounting arrangements. This ensures a robust and transparent accountancy procedure that will be subject to full internal and external auditing procedures at regular intervals in accordance with Council, LEP and Government regulations.

- 4.8 The Accountable Body provides the accountancy function for Swindon and Wiltshire Local Enterprise Partnership financial business activity. Monitoring and recording of spend against submitted cost profiles will be conducted through this function. The Wiltshire Council Section 151 Officer is responsible for the release of funding in collaboration with the Swindon and Wiltshire Local Enterprise Partnership Board and Commissioning Group. All accounting activity is also undertaken in accordance with the LEP’s approved Growth Deal Assurance Framework.

Risk management and transfer

- 4.9 As the delivery agent, Wiltshire Council will be responsible for the identification, management and mitigation of all risks associated with the project. The Wiltshire Council Risk Management Strategy outlines the processes and responsibilities that the organisation upholds when delivering projects and/or services, whether these be threats to delivery or opportunities to improve delivery.
- 4.10 Contingency provisions have been made according to best industry practices in the cost assessment and defining the project budget.
- 4.11 A risk register has been developed for the scheme and this is described within the management case section of this Outline Business Case and provided at **Annex H**.

Key milestones

- 4.12 The key milestones for this project are set out below:

Milestone	Date
Procure Building Contractor/design team for Stage one (RIBA stages 1-4 and Pricing)	June 2020
Contract Building contractor for stage two	February 2021
Start of construction work	March 2021
Procure Business support provision	July 2021
Building handover	February 2022
Launch of Business support provision	February/March 2022
End of defects liability and retention due	February 2023
Practical completion of business support outputs	June 2023

5. Financial Case

Project Costs

- 5.1 Current forecast Project Cost at this stage is £9,267,723. This leaves 232,277 for the associated visitor carpark (awaiting estimated costs) and potential unexpected underground discoveries, alongside the 3% contingency built into the programme.

Forecast Construction costs, incl. design fees	8,434,744
Carbon Consulting fees for BREEAM assessment	19,560
Site investigation works	19,375
Fees (client side)	92,848
Statutory planning/building control fees	20,000
FF&E, IT and allowance for Lab Gases/Alarms	120,000
Works costs	8,706,527
Construction contingency @ 3%	261,196
Total construction works	8,967,723
Business support provision	300,000
Current Forecast Project Costs	9,267,723

- 5.2 This forecast is based upon the McAvoy updated RIBA Stage 2 cost plan issued on 20/10/20 with the RIBA Stage 3 report, in line with advice from Faithful & Gould who are the externally appointed Quantity Surveyors for this project. A more granulated cost breakdown won't be available until the end of RIBA stage 4. The 3% contingency is a flat risk uplift provided by the Council's external professional costs consultant. This has been reduced based on professional advice following surveys and ground inspection, from 5% to 3%, and is deemed appropriate for a new build scheme at this stage. The build is modular based, with the structures being produced in factories and then brought to site; therefore, the risk of additional costs is deemed low.

Project Funding

- 5.3 Wiltshire council have agreed to provide £5m to fund the Collaborative Innovation Centre, with additional Grow-on space to enable an economy of scale. £2.5m of European ERDF grant has been allocated towards the Collaborative Innovation Centre and Business Support package, which realises a budget of £7.5m.
- 5.4 In order to reduce the overall financial risk to the council, the project is following a two-stage process. The first stage was to enter into a pre-construction services agreement with McAvoy, with two outputs: Firstly, to carry out design works across RIBA stages 1 to 4, and secondly to provide a lump-sum fixed price to build the proposed Innovation Centre. On acceptance of the design and the price, we will then look to award the contract for stage two and begin construction work.
- 5.5 Without the Getting Building Fund support it is considered that:
- The Collaboration Innovation Centre will not go ahead due to lack of funds
 - The ERDF grant will not be drawn down and £2.5m will be re-allocated out of the Swindon and Wiltshire area
 - Further development of the Porton science park will be severely set back

GBF expenditure and funding profiles

- 5.6 The current programme assumes that 100% of the requested GBF contribution is drawn down on a defrayed expenditure basis during FY 2021/22 with all spend incurred by February 2022; the proposed date for handover of the building.

Revenue costs / incomes

- 5.7 An NPV cashflow has been completed for the Centre, and forecasts that the site can breakeven in year 6 28/29. From year 28/29 the site can cover all forecast operational running costs and generate an average return of £72k per year. Modelling has been based on reaching 80% capacity by year 24/25.
- 5.8 Until the Centre is in a position where it can cover all its running costs, Wiltshire Council will support the Centre, balancing revenue requirements with borrowing costs. Based upon our experience of demand for the existing building at Porton science park, we do not foresee any long-term negative impacts on public sector finances.

Capital cost over-runs

- 5.9 The risk of significant cost over-run is considered low to medium. This is due to the fact that we cannot be sure there won't be any un-charted services or hazardous items that require remediation. However, the council is working closely with Dstl and the area has been classified as low risk.
- 5.10 The Council will only proceed with construction once a fixed price, based on the extensive RIBA stage 1-4 work, has been agreed. The current gap in funding is due to additional options that have been selected as part of the design stage.

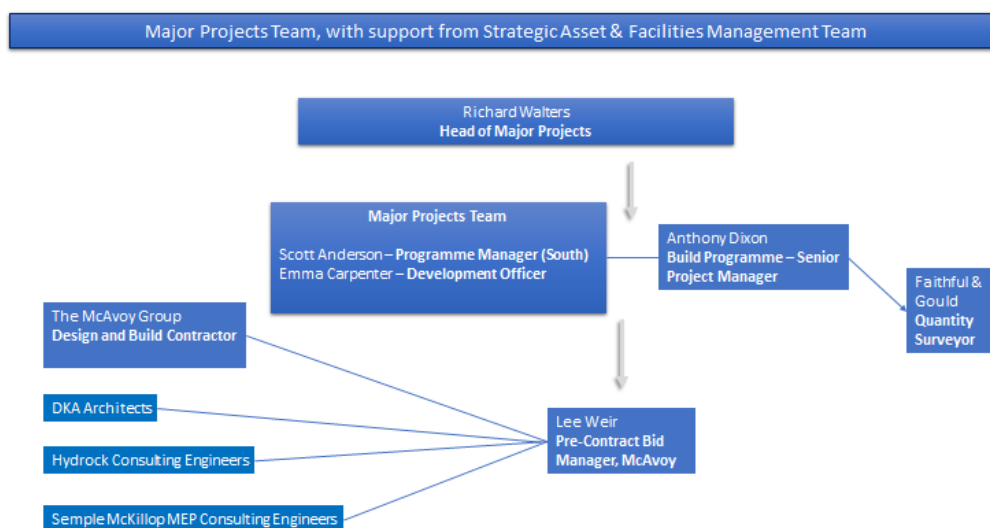
Financial risks

- 5.11 Other financial risks will be identified and included within the risk register in line with the risk management processes described in the Management Case.

6. Management Case

Project governance and management arrangements

- 6.1 The delivery and implementation of this project will be governed and managed by Wiltshire Council, as the applicant and lead project sponsor. The Council is highly experienced in the delivery of capital projects and major redevelopment schemes and has a dedicated Major Projects Service. This service will be responsible for the overall project, with day to day management of the build provided by Wiltshire Council’s Build Programme Senior Project Manager from the Strategic Asset & Facilities Management Team. The Head of Service for Major Projects will be the Senior Responsible Officer (SRO) and have oversight of the project and report progress to the Porton Science Park Steering Group. Executive decision making for the project shall be Wiltshire Council’s cabinet and, where appropriate under the council’s constitution and scheme of sub-delegation, the Executive Director for Growth, Infrastructure and Place.
- 6.2 An organogram identifying key lines of responsibility and reporting is presented below, and a more detailed version is provided at **Annex I**.



- 6.3 The day to day project management lead from Wiltshire Council will be Anthony Dixon.
- 6.4 The council’s Major Projects service will be responsible for all elements of engagement with the LEP and monitoring expenditure and output delivery against targets.

Approvals Procedures

- 6.5 This section only pertains to the council’s approvals procedures and treasury management and the process in place to secure approval to spend the ERDF.
- 6.6 Council approval to proceed with the project and enter into contract for the design and build of the Collaborative Innovation Centre was secured at its meeting of cabinet in January 2020. At this meeting the allocation of council capital funding towards the scheme was also endorsed and that funding allocations exists on the council’s capital programme. The council’s capital funding towards the scheme is governed by its Treasury Management rules.

- 6.7 Scrutiny functions are now being undertaken. The project will be presented in December to the following of the council's Overview and Scrutiny committees:
- Financial Planning Task Group
 - Environmental Select Committee
- 6.8 Delegated authority to enter into funding contracts for both ERDF and GBF will be sought at Wiltshire Council's cabinet committee meeting on 5 January 2021.
- 6.9 In parallel all remaining pre-contractual conditions will be discharged with respect to the ERDF allocation enabling the funding agreement for ERDF to be signed with MHCLG by the end of February 2021 at the very latest.

Delivery programme

- 6.10 The delivery programme is provided at **Annex D**.

Project monitoring and evaluation

- 6.11 The Council has committed to undertaking project monitoring, reporting and evaluation as part of the management of this project, in line with ERDF requirements. The delivery and implementation of this project will be governed and managed by Wiltshire Council, as the applicant and lead project sponsor. The council is highly experienced in the delivery of capital projects and has well established working relationship with all local stakeholders. An indicative delivery programme is provided alongside this business case which demonstrates that the building will be completed in February 2022 and the Centre will open to the public/tenants in March 2022.
- 6.12 The council has established monitoring and evaluation procedures in place, and a live risk register with mitigation measures which is reviewed regularly at the CEMs (Client Engagement Meetings). A set of project tolerances have been developed regarding time, cost and quality issues. Clear processes are in place to inform relevant stakeholders in the event of a project tolerance breach which ensures early and necessary action can be taken to rectify any issues and mitigate any further issues arising. A change control management system has been developed to ensure that the relevant authorisations are sought in the event of unexpected changes to cost, time and quality during project delivery.
- 6.13 Wiltshire Council has been working closely with the LEP in developing the SWLEP Assurance Framework and as the accountable body for the LEP has agreed to provide an Accountable Body Monitoring Officer. The Assurance Framework identifies that scheme promoters must monitor and evaluate their scheme's progress in line with the SWLEP Monitoring and Evaluation Framework. It also identifies that for the allocation of funding, clarity of responsibilities for delivery and monitoring will be specified in writing from the Accountable Body to scheme promoters and that this will include the requirement for quarterly provision of delivery and performance information from programme managers in line with the Monitoring and Evaluation Framework and Implementation Summary Reports and compliance to relevant legal agreements.
- 6.14 The purpose of this is primarily to monitor spend to budget, time and to scope of inputs by project. The Assurance Framework states that in relevant circumstances, the role of Accountable Body and Wiltshire Council as a scheme promoter will need to be kept strictly independent of each other to provide assurance that there is no conflict of interest. It states

that the Section 151 Officer of Wiltshire Council will specify the procedures for ensuring no conflict of interest and clarity of roles, responsibilities, communications, monitoring and reporting as per the arrangements set out in the Accountable Body Legal Agreement. Advice from the Section 151 Officer will be sought as part of this.

6.15 The Council will maintain monthly monitoring reports, which it will share with the LEP and Monitoring Officer, of project progress which will highlight progress, risk management, expenditure, change management and benefits realisation. These reports provide a constant and consistent method of report and monitoring the project between programme management and the SWLEP governance process. After a reasonable timeframe post project completion, to be agreed with the Monitoring Officer, the Council will commission an independent evaluation of the project, focusing on the extent to which it has achieved its proposed objectives and outputs.

Benefits realisation strategy

6.16 Wiltshire Council will be responsible for monitoring and recording the benefits of the project with the support and guidance of its Strategic Procurement Hub. The quantifiable outputs and outcomes to be monitored will include the following in accordance with the project's SMART objectives:

- 160 researchers working in improved research infrastructure facilities
- 58 enterprises receiving support
- 10 enterprises cooperating with research entities
- 3576 sqm of commercial laboratory, office and ancillary space built

6.17 The benefits to be monitored and recorded will be established as part of the monitoring and evaluation procedure identified above.

Change management process

6.18 Wiltshire Council will be responsible for the monitoring and report of changes to project scope, scale and cost. This will be recorded in a Change Register. The SWLEP Delivery and Performance Team has developed a process of change management based on best practice methodology and PRINCE2 project management processes.

Risk analysis and risk management

6.19 Wiltshire Council will be responsible for the identification, management and mitigation of all risks associated with the project. The Wiltshire Council Risk Management Strategy outlines the processes and responsibilities that the organisation upholds when delivering projects and/or services, whether these be threats to delivery or opportunities to improve delivery. Wiltshire Council has an excellent track record of delivering capital projects of a similar scope and scale and is therefore experienced at managing risk and the transfer of risk in project delivery.

6.20 As part of this outline business case a risk register has been developed and is provided at **Annex H**. The risk register will, in accordance with Wiltshire Council Corporate Policy, be monitored and updated on a regular basis throughout project development and delivery.

6.21 The main strategic risks associated with the project at this stage include:

- Matched funding is not secured

- Lack of market demand for proposals
- Costs exceed the updated RIBA Stage 2 cost plan issued on 20/10/20 impacting viability
- State Aid and/or procurement issues delay or prevent scheme delivery
- Lack of capability/capacity within the council to deliver the project

6.22 Further details of these and associated mitigation measures are presented in the appended risk register.