Towns Fund Delivery Partner

Executive Summary: SITEC Centre

Prepared for the Stevenage Development Board
Full Business Cases are available on request

STEVENAGE BETTER

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Executive Summary from Business Case Assurance Panel

Project Title
Stevenage Innovation & Technology Centre (SITEC)

Assurance Panel Feedback
Assurance Panel discussion was held on the 10th February 2022 and a summary of comments is provided below. Overall the panel discussion was very positive and supportive of the direction of travel for the business case, although work was ongoing on the document at the time. The Panel unanimously supported taking forward the business case, with the comments below to be incorporated: - Supportive of a Strategic Outline Case, which sets out the different options still under consideration, with a process for working through those options over the next 6-9 months - On-going board support will be crucial for the success of the project – a number of stakeholders will need to be involved to make this a success - Need to utilise the next period of time to continue to explore other funding options for the match funding - Whilst it is accepted that there is still much to develop as the project is at outline stage, it has the potential to address one of our biggest challenges from the investment plan, and is one of the most effective projects for addressing our skills challenge.

Recommendations for Stevenage Development Board
To acknowledge and endorse the progression of this business case to Accountable Body processes. To endorse recommendations set out in the business case to: - Finalise governance for moving the project forward in the next 3 months - Progress to detailed business case with preferred solution within the next 9-12 months, with an updated business case to be presented to the Board

Overview

Project Title
Stevenage Innovation & Technology Centre (SITEC)
Project Location
TBC
Partner/Co-Funding Organisations
Stakeholder group to include North Hertfordshire College, The University of Hertfordshire, Hertfordshire Local Enterprise Partnership, Hertfordshire County Council, Stevenage Borough Council, and business representatives
Total Project Costs (£)
£10,000,000
Total Town's Fund Allocation (£)
£5,000,000
Other Public Sector Investment (£)
£3,000,000 (indicative)
Total Third Sector Investment (£)
N/A
Total Private Sector Investment (£)
£2,000,000 (indicative)

Project Description

The Stevenage Innovation and Technology Centre (SITEC) project will deliver a brand-new, purpose-built learning facility in the centre of Stevenage. The centre will provide Level 3, 4 and 5 courses in science, technology, engineering and health, and a range of apprenticeship opportunities in these sectors. Crucially, the centre will deliver an interface between Stevenage's residents and the high-tech, high-value national and international businesses located in the town. The SITEC development will capitalise on the opportunities that the Town Deal presents and will directly address several the key strategic challenges facing the town.

To address the skills deficits that underpin the gap in employment and earnings between Stevenage's residents and the high-tech businesses developing in the town, key stakeholders, in partnership with key businesses and industries in Stevenage, are proposing the development of a new £10m SITEC, located in the heart of the town centre.

There is a proven and growing demand for skilled technical workers for jobs within the engineering, technology science and health industries. The SITEC will bridge the skills gap, train the workforce of the future and stimulate job creation by providing specialisms in the following sectors – all of which are critical to the Stevenage area and the wider Hertfordshire and UK economy: Engineering, Life sciences, Biotechnology, Telehealth and Telecare, Digital and Computing Innovation and Advanced Construction Skills

Key Purposes of the Project

The need to level-up skills levels in Stevenage was a key element of the Stevenage Town Investment Plan, which identified that the town's population had higher than average level 1 and 2 qualifications, and significantly lower than average level 4 & 5 qualifications. This led to a situation where people were leaving education at the earliest opportunity to access paid work, but not going on to develop qualifications and skills needed to progress to jobs with a higher salary. This is indicated by the significant disparity between the average salary of somebody working in Stevenage compared to somebody living in Stevenage. A number of residents are commuting out of the town to access lower paid employment when compared to roles available within the town - with skills & qualifications presenting one of the barriers to accessing such (higher paid) roles. There is also a perception amongst some residents that the "STEM" employers in the town are not accessible to them. The primary purpose of this project is to change this, providing access to high-quality facilities which bridge the gap to higher education and remove some of the barriers to traditional higher educational attendance, resulting in a better skilled workforce that provides local employer's with the required local labour supply.

The establishment of a new state-of-the-art Science, Innovation and Technology Centre in the town will provide the space and facilities to develop a highly skilled workforce in direct collaboration with the businesses in the town, and offer opportunities to raise skill levels of Stevenage's residents. A new purpose-built facility, located centrally within Stevenage, linking with other satellite facilities, is proposed in close proximity to both the rail station and re-

located bus station. Each curriculum specialism will offer technical skills development via advanced and higher-level courses and higher apprenticeships from Level 3 to Level 5, delivered in state-of-the-art facilities and in partnership with leading industry specialists. Included in this portfolio will be the offer of 3 T Levels in the Health and Science Engineering, Manufacturing, Processing and Controls and Computing pathways from 2023 onwards.

The Stevenage Innovation and Technology Centre will become a highly visible point of interface between residents, skills providers and our business community. It will act as a bridge to ensure the future growth of the cluster and sustainable outcomes. This will include local employment, a supply chain of labour, and the opportunity to showcase the town's industries to inspire our young people. By engaging businesses directly in the skills agenda, we will create a responsive environment that ensures the skills supplied are up-to-date and continuously aligned with present employer demand in a fast-moving environment.

Configuration of the Project

The Stevenage Technology and Innovation Centre will incorporate a range of learning and training environments as well as opportunities for conferences and wider engagement. The building will be a clear statement of the interface between our businesses, education providers and resident population and will incorporate the following:

- Clean Lab space.
- Flexible teaching facilities and spaces.
- Virtual reality facilities and technology.
- Engineering space including practical training space for key trades.
- Café and Student refectory, including kitchens.
- Conference space(s), events space and meeting rooms.
- Practical training space for advanced construction skills.
- Employer Spaces.

The proposed facility has the potential to consolidate some of the College's current related learning facilities into a single building from a number of leased facilities. There will also be the potential to broaden the offer of the existing STEM centre in Stevenage. The total number of learners and staff on site will inevitably fluctuate significantly through the course of each day, week and year due to enrolments, timetabling and other factors. On this basis the building will be designed with a maximum assumed occupancy of approximately 450 - 500 students and up to 30 staff.

Options Under Consideration

At this stage of the development of the SITEC project, two options for its location and construction are being considered:

Option 1:

A New Build on a central town centre site within the Stevenage Central Framework Zone.

Pros	Cons
Maximises regenerative impact of new building on town centre. A brand-new, purpose-built town centre asset. Creation of a highly visible shop frontage for the College in Stevenage town centre. Higher land value uplift impact.	Higher construction costs. Increased operational costs as a standalone site. Unsecured match funding and development site.

Option 2:

Extension of the existing current College campus buildings with addition of a new SITEC building adjacent and linked to the existing Da Vinci building.

Pros	Cons
Efficiencies generated from operating across a single site, including the benefit of sharing the College's existing campus infrastructure and operational staff efficiencies. Potential for lower construction and operating costs.	Although the College site is located within the Stevenage TIP boundary, it is less central. Lower impact on town centre regeneration. Less direct footfall and town centre spend. Lower land value uplift impact.

Strategic Case

Indicate how this project meets the Town Investment Plan Vision *(tick)*		
	Reflecting and Re-Interpreting our New Town Heritage for future generations	
	Embracing Sustainable Travel to maximise the benefits of our strategic location and link our communities with jobs and leisure	✓
	Transforming our Town Centre as a key place of opportunity and integration for business, residents and visitors	✓
	Upskilling and providing opportunities for all our people to benefit from innovation & growth	✓
	Supercharging the growth of National and International Business Base	✓
Indicate which *challenge(s)* this project intends to meet *(tick)*		
	Challenge 1: Ageing Infrastructure – Urban Disconnections and a Brake on Growth	✓
	Challenge 2: Bridging the Skills Gap and Raising Aspirations	✓
	Challenge 3: Town Centre Transformation	✓
	Challenge 4: A Resident Population Being Left Behind	✓
	Challenge 5: Lack of Suitable Modern Space for Growth	✓
Indicate which *opportunity(ies)* this project supports *(tick)*		
	Opportunity 1: National and International Gateway for UK PLC	✓
	Opportunity 2: Innovation Hub, High Growth Potential and STEM City	✓
	Opportunity 3: The Untapped Potential of Stevenage People	✓
	Opportunity 4: Building Wealth and Reclaiming Expenditure	✓
	Opportunity 5: Reviving Stevenage's Sustainable Travel Network	✓

Policy Alignment

National Policy	Local Policy
• UK Levelling Up Strategy • National Industrial Strategy • Global Britain • Life Sciences Vision	• Hertfordshire Local Industrial Strategy • Hertfordshire Skills and Employment Strategy • Hertfordshire Strategic Economic Plan • Unlocking Hertfordshire Recovery Plan • Stevenage Central Framework • Stevenage Local Plan • Stevenage Community Strategy

Expected Outputs/Outcomes

Once operating at its full capacity in 2028/29 SITEC will deliver:

- 468 students per annum enrolled on science, technology, engineering and health courses:
  - Level 3 (A Level equivalent) – 308 students
  - Level 4 (Degree equivalent) – 84 students
  - Level 5 (Post Graduate equivalent) – 76 students
- 77 students per annum participating in science, technology, engineering and apprenticeships *(included within the total of 468 students above)*
- 100 students per year participating in work placements in science, technology, engineering and health sectors, in collaboration with leading national and international firms based in Stevenage.
- Up to 30 new jobs at the centre, a large proportion of which will be high-value teaching positions, with further resulting job creation as a result of the development

Non-Monestised Benefits

Alongside monetised impacts, the SITEC project has the potential to deliver a range of wider 'non-monetised' impacts. Whilst these less tangible impacts have been excluded from any monetised appraisal results, they nevertheless indicate important additional likely beneficial outcomes from SITEC.

The range of wider economic and social impacts include:

- **Delivering a signature asset in the centre of Stevenage to encourage better integration and innovation between Stevenage businesses and skills providers**, including more direct access to employment opportunities and the high-value jobs being created within Stevenage's high-value engineering and science-based industries**.**
- **Increasing young people's aspirations, achievement and pathways to high-value employment.**
- **Inducing Wider Productivity Improvements** – brought about through effective agglomeration, knowledge-transfer and dynamic clustering which will enable improved business-to-business networks and commerce. A recent example being Autolus's £65m global headquarters (gene and cell therapies) located in the heart of Stevenage town centre.

- **Improved Image Value** – demonstrated in the contribution that SITEC will make Stevenage's identity, prestige, vision and reputation, and potential as a catalyst investment within Stevenage Town Centre.
- **Complementing Regeneration and Place-Shaping** – improving the viability of wider planned public and private-led schemes across the town centre, including other forthcoming STIP and other regeneration schemes.
- **Improved Town Centre Connectivity and Safety** through the delivery of a new modern asset that will better connect the town centre and Stevenage's high-value businesses currently located on the edge of the town centre.
- **Delivering Social Value** – SITEC can reinforce civic pride and encourage social inclusion and interaction, supporting improved health and wellbeing outcomes.
- **Promoting Competitiveness** – by increasing the proportion of Stevenage residents with higher-order skills, enabling better access to high-tech and science-based jobs within Stevenage's high value engineering and science industries, this should generally improve Stevenage's appeal for inward investment in these industries.
- **Increase the scope and range of courses provided by North Hertfordshire College,** strengthening the opportunities for collaboration between the College, Stevenage's businesses and Hertfordshire's (and potentially wider) higher education providers.

Economic Case

Economic Benefits

See outputs/outcomes above.

The tables below set out the possible scale of impacts of SITEC given current knowledge of the project. As noted above at FBC stage additional benefits can also be quantified to give a more complete assessment of the overall benefits of the project. At this point the benefits of option 2 and 3 are estimated to be the same, however the location of centre will affect the levels of spillover LVU and amenity impact attributable to the scheme.

National-Scale Impacts

Indicative Assessment of Net Benefits, NPV – National Level	
Direct LVU	£6,814,121 (To be reassessed at FBC stage)
Spillover LVU (Commercial)	To be determined at FBC Stage
Spillover LVU (Residential)	To be determined at FBC Stage
Amenity Impact	To be determined at FBC Stage
Labour Supply Impact - Skills-related	£11,039,912
Move to More Productive Jobs - Skills-related	£5,968,472
Distributional Impact	£2,969,631

Total net benefits (NPV) quantified	**£26,792,135**

Local-Level Impacts

Indicative Assessment of Local Benefits	
Gross Construction FTEs	5
Net Construction FTEs	2
Gross Operational FTEs	50
Net Operational FTEs	46
Total Gross FTEs	55
Total Net FTEs	48
Cumulative GVA	£24,225,570
GVA at NPV	£19,083,190

Financial Case

Funding Profile

Funding Profile	Total
Town's Fund	£5,000,000
Other Public Sector	£3,000,000
Private Sector	£2,000,000
Total	£10,000,000

Funding Schedule

Source	22/23	23/24	24/25	Total
Town's Fund	£1,500,000	£1,500,000	£2,000,000	£5,000,000
Other Public Sector	£1,500,000	£1,500,000	£0	£3,000,000
Private Sector	£500,000	£500,000	£1,000,000	£2,000,000
Total	£3,500,000	£3,500,000	£3,000,000	£10,000,000

Commercial Case

Delivery Model

A range of procurement options exist for the development of SITEC and these will be thoroughly reviewed during business case development.

Potential options for procurement include:

- Grant funding to a lead stakeholder, enabling them to directly procure the construction of the SITEC centre.
- A separate legal entity that includes key public and private sector partners is established to act as the contracting party for the development.
- One or more of the parties enters a partnership with a developer to construct and / or operate the new facility.

A decision will also need to be taken whether to contract the development as a single design & build contract or as separate contracts for design and construction phases. A combined contract offers benefits in terms of contractor knowledge and continuity; however, separating the design and construction elements may allow design work to begin sooner.

The commercial/procurement options available for SITEC will be assessed to determine the most cost effective and tax efficient procurement approach. The final procurement approach will be agreed and signed off by the Town Deal Board at the OBC stage. Procurement will begin during the development of the FBC for the project and the construction contract(s) will be signed as soon as possible after FBC approval.

Alongside procurement for the construction and fit-out of SITEC, decisions will need to be made on the ownership and occupation of the land and buildings post construction.

Risks

Risks	Likelihood	Mitigation
Site identification acquisition	**Medium**	Site acquisition outstanding.
Funding	**High**	Towns Fund Confirmed subject to FBC approval. Confirmation of match funding is required.
Subsidy Control	**Low**	Subsidy control advice to be secured from Stevenage Legal Team or external specialist legal advisor. Public sector organisations only – No direct benefit to private sector organisations so subsidy control risk is considered low.
Partnership arrangements	**Medium**	Project level partnership arrangements defined but not as yet operational.
Detailed Design	**Medium**	Initial feasibility design work complete. Appointment of architects and detailed design

			to be undertaken. Procurement and project delivery approach to be confirmed.
	Lack of resources to manage the project	**Low**	• Prepare project delivery plan, map resources required and cover through procured consultant teams • Robust governance structure
	Failure to secure planning consent	**Low**	• Prepare comprehensive scheme proposals reflective of policy considerations • High quality design proposals and thorough stakeholder engagement • Pre app discussions
	Inflationary risk due to delayed project start	**Medium**	The project is at an early strategic stage and will take some time to further develop. This delay will introduce additional inflationary costs that will impact the resources available.
	Tender return prices higher than expected due to construction prices inflation.	**Medium**	See above
	Consultation (internal and external) leads to changes to the scheme design.	**Medium**	Detailed design work still to be undertaken. Project budget is fixed at £10m and scheme design must stick to this.
	Cost overruns	**Medium**	Arrangement for the management of cost overruns to be confirmed.

Management Case

Next steps and Project Organisation

SITEC will be delivered by public partnership. However, there will be strong support from the private sector as it is deemed that this facility will help them meet their workforce and training needs by creating a pipeline of students beginning a pathway to careers in local businesses. How the delivery of SITEC will be managed is dependent on decisions still to be made by key stakeholders concerning project delivery. The options to be considered include:

- A key stakeholder taking the lead for delivery of the project, and managing the construction of the project, with an operator to be selected/procured
- A consortia of key stakeholders working together as a joint entity to oversee the delivery of the project, with an operator to be selected/procured
- An operator taking direct control of the delivery of the project, with construction and operation under process

In any scenario, the detailed implementation of the project will be set out in a comprehensive delivery plan. This will schedule all activities from project inception, through design, costing, approvals, construction activity through to completion and handover. It will build in necessary ongoing stakeholder liaison processes. Governance structures already in place ensure there is responsibility for overall control of the scope and progress the project and for putting in

place the necessary assurances.

Integrated Approvals and Assurance Plan			
Project Delivery Team	Stevenage Development Board		Independent Auditing
Actions	Approvals	Oversight Actions	Investigations and Assurances
Prepare brief for design team	Approval of design brief.		
Tender and select design team	Approval of selected design team	Review of design team budget and work programme	
Appoint team, undertake site surveys and specialist reports. Prepare outline design to RIBA stage 2 and consult stakeholders.	Approval of outline design proposals		
Design up to RIBA stage 3 detailed planning application including supporting documentation and formal consultation	Approval of detailed design proposals	Review and commentary on risk profile and combined project risks, mitigation proposals and actions	Submission of comments on project design proposals
Planning application period			
RIBA Stage 4 Technical design, discharge of planning conditions and construction information	Approval of technical design proposals	Review and commentary on risk profile	
Contractor shortlist and tender period	Approval of tender brief		
Review tenders and appoint contractor	Approval of contractor appointment		
Pre-construction works			
RIBA Stage 5. Demolition. Construct SITEC	Approval of construction programme		
Commission monthly project reports: progress, achievements, risk mitigation actions and expenditure	Approve stage gate construction completions	Review monthly project reports Stage gate assessments Decisions and interventions in the event of serious delays or emerging major	Interim project audit

			uncertainties Commission interim project audit report Directions in event of financial and other irregularities	
	Operator fit out and staff training	Approve staff training plan Approve fit out		
	SITEC Open: September 2024			
	Completion of external works	Sign off of project completion	Sign off independent auditing	Final Project Audits