

Executive Summary: Enterprise Centre

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



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Executive Summary from Business Case Assurance Panel

Project Title
Stevenage Enterprise Centre
Assurance Panel Feedback
<p>Assurance Panel discussion was held on 17th November. Full minutes for this discussion can be provided on request.</p> <p>Overall the panel discussion was positive towards the business case. The Panel unanimously supported the business case with the following to be incorporated:</p> <ul style="list-style-type: none">• Workshop required with legal services to understand subsidy control and arrange a strong accountable body agreement• This business case is at an earlier stage than others – condition for it to be reported back to Board once reserved matters surround business plan and legal considerations have been met• Inclusion of visual road map to project delivery• Emphasis on the market opportunity for this scheme and viability tests have been conducted which showed residential use or mixed commercial use would have issues
Recommendations for Board
<p>Panel members recommend this Business Case to the Stevenage Development Board with the notion it will be brought back when the project is further developed.</p>

Overview

Project Title
Stevenage Enterprise Centre
Project Location
Town Centre – Current Poundland (77-83 Queensway, Stevenage SG1 1EA)
Partner/Co-Funding Organisations
Stevenage Borough Council and Reef
Total Project Costs (£)
£12,722,364
Total Town's Fund Allocation (£)
£4,000,000
Other Investment (£)
£1,000,000
Total Third Sector Investment (£)
N/A
Total Private Sector Investment (£)
£7,722,364

Project Description (500 words max)

This business case sets out the proposal and rationale for a the development of the Town Centre Enterprise Centre project comprising 57,000 sqft incubator, co-working and meeting space and offices in Stevenage Town Centre focused on supporting young and start up life science businesses.

The project is at an earlier stage of the project cycle; conditions on funding will be required to ensure an updated business plan and business case are approved prior to drawdown of funding, utilising the business case as a live document.

The scheme being supported by the Town Fund will involve the delivery of a new Enterprise Centre in the heart of the town centre with space for labs, workshops, co-working, hot desks and meeting rooms through the use of digital creativity and technology to harness the creation and development of high value growth businesses in the life sciences sectors. This will provide a major boost for the town in consolidating a position within the UK Innovation Corridor by encouraging science-based entrepreneurs to start up new ventures, assure their survival and growth and expand the base of emerging high-value and high growth industries in the area. In parallel it can be used to provide a soft-landing for world class technology based business investing in Stevenage adding further momentum to the town's growing base of advanced technology activity. Longer term, the growth of successful technology and innovation based businesses can be expected to create further demand for commercial space in the town and, as with the proposed Marshgate Biotech Centre project, help position Stevenage as an office location of regional significance. The project will also accelerate the diversification of the town centre, which is in significant need of regeneration, at the same time generating greater demand for the products and services of the retail, hospitality and business services based in the town centre.

What was submitted in the Stevenage Town Investment Plan?

New Enterprise Centre in the heart of the town centre to provide employment space, re-activating underutilised spaces and boosting footfall in the town centre.

What has changed?

This project remains consistent with the aims and objectives of the STIP. Since the submission, and with the emergence of the Marshgate project and wider life science interest in the Town Centre, the potential developer has been refining a sector-specific development. Whilst still providing facilities that are open for all, a life-science focus to complement the wider cluster is seen as an emerging opportunity with space for labs, workshops, co-work/hot desks and meeting rooms through the use of digital creativity and technology, including community space. There is also an opportunity to provide space that could be utilised by students – this will be explored as the project progresses.

It is worth noting that the project is at an early stage; the strategic benefits of the project have been identified and there is a clear rationale and delivery mechanism, but further design development and business plan refinement will be necessary as the project develops.

Key Purposes of the Project

Purpose and Key Elements of the Project are:

- Release of the current building within Queensway for development as a life sciences enterprise centre.
- A contract between the developer and funder for taking over the site and for the build out of the enterprise centre within agreed timescales.
- Bringing about the development of a 57,000 sqft enterprise centre in Stevenage Town Centre, comprising incubator and co-working space, private offices and laboratories, meeting and presentation space and specialist facilities to support life sciences innovation activity within 24 months of project inception.
- Implementation of a high-quality business support offer for start-ups and young businesses to enable their commercial needs to be thoroughly diagnosed and solutions to be provided.
- A robust business plan for the operational phase of the enterprise centre that will assure the viability of the centre, its success in stimulating world beating life sciences ventures and delivery of contracted outputs.
- The enterprise centre has been designed specifically for the needs of life sciences businesses. It will comprise 57,435 square feet, broken down into the following uses:

Uses	Total, All Floors (Sqft)
Co-working Space	8203
Private Work Areas	9627
Meeting Space	2242
Laboratories	12382
DJ 7 Studios	696
Digital Laboratory	971
Break Out Area	2717
Lounge	1600
Events Area	200
Facilities	322
Storage	692
Ancillary Uses	978
Plant & IT Rooms	1861
WC/Changing	1454
Total	43945
Circulation & Other Uses	13490
Grand Total	57435

Configuration of the Project

Key activities of the project are outlined below including what progress has been achieved.

Activity	Parallel Projects	Enabling Phase	Development Phase	Operational Phase
Multi Storey Car Park & zero carbon support infrastructure	√			
Marshgate Biotech Office project	√			
Acquisition of the Forge building		√		
Essential site preparation		√		
Contract/Accountable Body Agreement		√		
Build out of the 57,000 sqft enterprise centre			√	
Business plan to assure viability and delivery of outputs				√
Implementation of a high quality business support offer to centre clients				√

Strategic Case

Indicate how this project meets the Town Investment Plan Vision (<i>tick</i>)		
	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 <i>challenge(s)</i> this project intends to meet (<i>tick</i>)		
	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 <i>opportunity(ies)</i> this project supports (<i>tick</i>)		
	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 (List only, 2.3)																	
National Policy	Local Policy																
<ul style="list-style-type: none"> • UK Innovation Strategy • HM Government Life Science Vision 2021 • Net Zero Carbon Policy – The Move Towards Clean Transportation • National Council for Science and Technology • Advanced Research and Invention Agency, or ARIA 	<ul style="list-style-type: none"> • Hertfordshire Covid Recovery Plan • Hertfordshire Enterprise and Innovation Strategy • Hertfordshire LEP Strategic Economic Plan • Local Industrial Strategy Grand Challenges • Stevenage Local Plan • Stevenage Central Framework 																
Expected Outputs/Outcomes (2.5.11)																	
<table> <tr> <td>Jobs Created</td><td>59</td></tr> <tr> <td>Commercial Floorspace Developed or Upgraded sqm</td><td>5,337</td></tr> <tr> <td>Net Increase in Commercial Floorspace</td><td>929</td></tr> <tr> <td>Additional Homes brought forward</td><td>69</td></tr> <tr> <td>Construction Jobs</td><td>140</td></tr> <tr> <td>Additional GVA Generated per Annum</td><td>£3,375,721</td></tr> <tr> <td>Additional Annual High Level Skills Qualifications Attained</td><td>12</td></tr> <tr> <td>Business Created (during project period)</td><td>60</td></tr> </table>		Jobs Created	59	Commercial Floorspace Developed or Upgraded sqm	5,337	Net Increase in Commercial Floorspace	929	Additional Homes brought forward	69	Construction Jobs	140	Additional GVA Generated per Annum	£3,375,721	Additional Annual High Level Skills Qualifications Attained	12	Business Created (during project period)	60
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Wider Outcomes and Benefits (2.5.12)																	
<p><u>Economic</u></p> <ul style="list-style-type: none"> • Acceleration of the redevelopment of a key site in a Major Opportunity Area, in turn accelerating the on-going regeneration of the rest of the town centre. • Attraction of major investment into a high prestige Innovation and R&D facility. • Creation of a significant number of new businesses in Stevenage. • Scope for creation of a significant number of additional jobs in Stevenage through expansions. • Stronger perception of Stevenage town centre as a high-tech location. • Creation of a magnet for additional world class bioscience activities in Stevenage Town Centre. • Catalyst for stimulating early development commitments on other sites released for development. • An extensive number of construction jobs will be created. 																	

Environmental

- Scope for higher levels of living and working on the town centre, reducing the need to travel.

Social

- New qualifications will be generated as a result of the scheme.

Economic Case

Economic Benefits (3.3.1)

See table of outputs/outcomes above.

GVA impacts from employment and income projections have been projected. These have been projected over a 30-year period. There are no monetisable direct transport benefits.

Relevant Modelling Results	Present Value	Undiscounted
	30 Years	30 Years
Cost	£13,255,769	£14,491,664
GVA	£49,687,126	£84,393,029
Benefits	£49,687,126	£84,393,029
Net Present Value: Benefits Less Cost	£36,431,356	£69,901,365
BCR Calculation	<u>3.75</u>	<u>5.82</u>

Place Based Analysis (3.6.1)

Benefits related to the preferred option which are quantifiable and those wider in scope or non-quantifiable are set in the place-based analysis described below, taking account of local employment impacts.

Target Area	Central Core, Stevenage Town Centre, SG1
External dependencies	None affecting project implementation Site occupancy not dependent on market demand, as occupier for commercial floorspace in town centre has been identified
Benefits to the Target Area: Quantified	As above
Benefits to the	<u>Economic</u>

Target Area: Qualitative	<ul style="list-style-type: none"> • Generation of new high value businesses with potential for high growth and expansion. • Anticipated demand for high quality commercial space as expansions occur. • Acceleration of the redevelopment of key sites in Central Core. • Improved town centre environment. • Stronger perception of Stevenage as a place to invest. • Higher levels of investor confidence conducive to acceleration of transformation throughout Stevenage Central. <p><u>Environmental</u></p> <ul style="list-style-type: none"> • Enhanced scope for living and working in the town centre, thereby reducing the need to travel. • Cleaner air and healthier lifestyles. <p><u>Social</u></p> <ul style="list-style-type: none"> • Better local amenities due to increase patronage of retail, hospitality and leisure activities in the town centre.
Possible collateral effects in the target area or wider spatial area	<p><u>Positive effects</u></p> <ul style="list-style-type: none"> • Acceleration of on-going regeneration of the town centre. • Reduced car usage, cleaner air and healthier lifestyles <p><u>Negative effects</u></p> <ul style="list-style-type: none"> • Possible attraction of employers out of Gunners Wood employment area
Adverse effects on protected groups	None so far identified
Different impacts by income group	<p>High quality office development likely to benefit white collar occupations</p> <p>F&B and retail development will provide opportunities for manual and elementary occupations</p>
Views of local stakeholders	TBC
Alignment with wider public policy in the relevant area/s and the UK as a whole/s	<p><u>National</u></p> <p>Boost to:</p> <p>Prospects for the UK Innovation Corridor</p> <p>Net Zero Carbon Policies</p> <p><u>Sub-regional</u></p> <p>Hertfordshire Covid Recovery Plan: contributes to equipping Hertfordshire's places for mid-21st Century living supporting town centres and town-level economies building digital connectivity.</p> <p>Boosts enterprise and innovation and international trade and</p>

	<p>investment.</p> <p>Sub-regional and Local Transport Policies: helps create a built environment conducive to improved accessibility; reduces the need to travel; encourages change in people's travel behaviour</p> <p><u>Local</u></p> <p>Stevenage Local Plan 2019-2031. Directly addresses Local Plan's ambitions for new homes and additional employment floorspace.</p> <p>Stevenage Central Framework. Recycling of redevelopment sites; opportunities to create offices and workspace matching post-Covid requirements; uplifting the area's image and investor confidence; reduced need to travel; greater opportunities for take up of public transport in place of cars contributing to carbon reduction targets.</p>	
Dependency on the successful delivery of other proposals	<p>Completion of new bus interchange and rail station upgrade, both approved and funded.</p> <p>Completion of the multi-storey car park enabling improved options for accessibility</p> <p>Completion of the Marshgate Bioscience Centre, giving enterprise centre users greater confidence in the credibility of Stevenage as an emerging high tech and life sciences hub.</p>	
Link of Benefits Estimated Link to Theory of Change and Strategic Case	<ul style="list-style-type: none"> • Release and acceleration of an additional development site. • Construction of new commercial space. • Attraction of high profile business occupiers. • Recognition of Stevenage Town Centre as a high prestige business location. • Increased investor confidence. • Acceleration of transformation of other SG1 major opportunity areas and sites. • Increased footfall boosting prospects for revived retail, leisure and hospitality sector. 	

Financial Case

Funding Profile (4.2.6)					
	Funding Profile	Total			
	Private Sector	£7,722,364			
	Town's Fund	£4,000,000			
	Other match funding required	£1,000,000			
	Total	£12,722,364			
Funding Schedule (4.2.7)					
Source	21/22	22/23	23/24	24/25	Total
Private Sector	£0	£2,633,418	£5,088,946	£0	£7,722,364
Town's Fund	£0	£2,230,700	£1,769,300	£0	£4,000,000
Other match required	£0	£1,000,000	£0	£0	£1,000,000
Total	£0	£5,864,118	£6,858,246	£0	£12,722,364
<p>Stevenage Development Board will expect that the funding will not be released unless there is a signed Accountable Body Agreement in place.</p> <p>The project is at an early stage; further design development and business plan refinement will be necessary as the project develops.</p>					

Commercial Case

Delivery Model (5.2.4-6)

Proposed Delivery Model

The proposed delivery model is to work in partnership with a developer who is able to deliver a high quality scheme to a standard that will be guaranteed to attract its intended occupants. In parallel, it is proposed that the Town Fund provides the resources for the gap funding required to address market failure and make the scheme viable. The redevelopment would likely be undertaken by Reef.

Rationale for Proposed Delivery Model

These arrangements have a number of advantages. Provision of a development ready site assurance to the developer that the scheme can proceed on a viable basis. This will be conducive to accelerating the transformation of the Marshgate and Queensway major opportunity area, with associated knock-on benefits to surrounding parts of the town centre.

A further benefit is that this model works well in assuring the meeting of sub-regional economic growth objectives, in this case boosting the position of Stevenage in the UK Innovation Corridor (UKIC) and in this context further developing its significant bioscience industry. Attracting such uses into the town centre is also conducive to making the wider town centre more sustainable both in economic and environmental terms.

Risks (5.2.11)

Risks	Likelihood	Mitigation
Labour shortages in construction, freight transport and supply industries delay construction progress	Medium	In development agreement with Reef and with public realm contractors incorporate commitment to bring in additional temporary labour and stocks of materials to ensure projects are completed on time.
The funding gap between projected income for institutional investment and cost of delivery cannot be bridged	Medium	Other sources of match funding will be explored. Detailed business plan will be developed for sign-off with updated business case prior to drawdown of funding.
The construction cost exceeds the limit for the project or other issues arising during the design & development phase	Medium	A cost consultant will be involved from an early stage of the project to ensure contractor's proposals are realistic and within budget.
Failure to achieve planning approval	Low	Planning approval has been expedited and is well advanced. Through consultation, scope of objections well understood.
Reef suffers financial distress	Low	Through its due diligence, SBC has reviewed Reef's commercial performance and the value of its property

		holdings and is assured of the robustness of its finances.
Failure to provide and deliver adequate business support to centre clients.	Low	Creation of an appropriately represented strategic board (utilising Stevenage Development Board) to define business support needs and to engage appropriate business support organisations and providers to address them.

Management Case

Key Participants, Accountabilities and Responsibilities (6.2.2.)

Participants	To Whom Accountable	Accountabilities	Responsibilities
Stevenage Borough Council	Central Government	Successful regeneration outcomes and impacts within the town centre	Correct use of Town Fund award
	Local residents	Minimisation of adverse impacts of the scheme	Ensuring a high-quality scheme
	Enterprise centre clients	Delivery of contracted outputs	Ensuring mechanisms are in place for delivery of outputs
Reef	Stevenage Borough Council	Compliance with development agreement	Assuring what was proposed is delivered and on time



1.1. Ground Floor Plan

Innovation Centre, The Forge © Copyright Reef Group 2021

