

Stage 2 – Business Case Template

Marshgate Biotech Centre

Business Case template (optional) to be used by Towns as guidance for structuring their business cases

VERSION CONTROL

Document version	Publication date	Description of changes	Modified by
1			
2			
3			

CONTENTS

Business Case Template Guide

Executive Summary

Introduction

Strategic Case

Economic Case

Financial Case

Commercial Case

Management Case

BUSINESS CASE TEMPLATE

1. INTRODUCTION

1.1 Introduction

Purpose of the Business Case

- 1.1.1 This business case sets out the proposal and rationale for a project titled Marshgate Biotech Centre. The project will lead to the creation of 76,437 sq.ft of offices, high tech and laboratory space and high quality public realm.
- 1.1.2 This will enhance investor confidence in the town, help establish it as an office and manufacturing location for the biotech industry within the UK Innovation Corridor, provide a catalyst for the attraction of world class employers within the same sector into the town and position Stevenage more generally as an office location of regional significance. It will lead to the creation of 300 jobs.

Background to Towns Fund and Stage 2 process

- 1.1.3 In November 2019, Stevenage was included in the 100 places eligible to develop and submit a Town Investment Plan. This presented an opportunity for Stevenage to bid for up to £25 million of capital funding to support and address key challenges facing the town. Towns were also invited to bid for over £25m if exceptional circumstances could be demonstrated.
- 1.1.4 Working closely with key public, private and third sector partners the Stevenage Development Board was established and a Stevenage Town Investment Plan was created and submitted to MHCLG (now renamed DLUHC) in October 2020. In March 2021, the partnership was notified of its award of £37.5m of funding.
- 1.1.5 The investment plan was predicated on maximising the success of our businesses in the science and engineering sectors, regenerating the town centre, and delivering opportunities for local people including enhanced skills & training. Ten projects were submitted as part of the ask to central government, ranging across Transport and Active Travel infrastructure, Skills and Enterprise, Arts, Heritage and Cultural and Town Centre Regeneration.
- 1.1.6 One of the projects, Marshgate Biotech, identified an existing town centre car park as an opportunity to deliver a life sciences centre. The site is adjacent to St George's Way, opposite Town Centre Gardens, and to the rear of the former Marks & Spencer development.
- 1.1.7 Building on the Town Investment Plan, this document sets the strategic, economic and financial case for the Marshgate Biotech Centre project, the commercial arrangements for procuring its delivery and the processes and arrangements for the governance and management of the project.

Scheme Promoter and Accountable Body for the Project

- 1.1.8 The scheme promoter is Reef and the landowner is Stevenage Borough Council, working in conjunction with the funder UBS.

1.2 Summary of the Scheme

1.2.1 The scheme being supported by the Town Fund will involve the bringing forward and implementation of a new Life Science development that will directly respond to the need for additional space to meet continued growth of Stevenage’s specialist bioscience cluster. The development will take place on an existing surface car park alongside St, George’s way on the east side of the town centre.

1.2.2 Key activities will involve:

- High quality public realm work to create the conditions for the development to proceed. This will include new paving surfaces, planting and street furniture from the site to Queensway North and a pathway to the current multi storey car park on St. Georges Way
- A development project to be undertaken by the developer Reef to create 76,437 sq.ft of offices, and high-tech laboratory space. A funder, tenant and contractor for the scheme have been identified, and a planning application has been submitted for the development under reference 21/00627/FPM. Reef are now looking to progress the land transaction following planning permission being granted. The land is currently in the ownership of Stevenage Borough Council.

1.2.3 Autolus Holdings UK, who are a biopharmaceutical company founded on advanced cell programming technology and spun-out from University College London in 2014, is an investment vehicle for Autolus Limited who will occupy the Bioscience building with two other group subsidiaries. The ultimate parent company is Autolus Therapeutics Plc, which is listed on Nasdaq and who have a market value of £565m. The scope of the project is summarised below.

Activity	Parallel Projects	Enabling Phase	Development Phase
Station Gateway Phase 1 (Town Investment Plan Project)	√		
Reallocation of car parking spaces from Marshgate to MSCP		√	
Sale of Marshgate car park site to developers		√	
Public realm improvement scheme from Marshgate to Queensway North		√	
Site preparation works			√
Development of bioscience office and laboratory building			√

1.3 Business Case Structure and Content

1.3.1 The full rationale for the project, covering the context, challenges to be address objectives and approach to delivery, are set out below under the following headings.

- Strategic Case
- Economic Case
- Financial Case
- Commercial Case
- Management Case

STRATEGIC CASE

2. STRATEGIC CASE

2.1 Introduction to the Strategic Case

2.1.1 This strategic case defines the scope of the project. It explains how the project will create the conditions for the redevelopment of Marshgate car park by way of site enabling works, the creation of a high quality public realm to support the development of a major bioscience operation.

2.2 Case for Change

Current Context, Challenges and Arrangements

Regeneration Challenges and Priorities

2.2.1 Stevenage Town Centre has become characterised by ageing infrastructure due to time expired buildings that have reached the end of their useful life, and have a negative impact on amenity. It was the first of the New Towns, but now has a decaying appearance. Its current public realm and hospitality offer are failing to attract people. Its shopping centre is losing business and major retailers have moved out, leaving an oversupply of older retail space that is no longer fit for purpose.

2.2.2 Stevenage New Town was originally designed to serve a population of 60,000. The population already stood at 84,000 in 2011 and is forecast to increase to just under 93,000 by 2035 – growth of 50% of that of the original new town, yet there has been no increase in the size of the town centre and growth of surrounding districts will have a significant influence on the town centre.

2.2.3 Meanwhile the economy of Stevenage has grown beyond the regional and national average over the past 15 years principally through expansion of knowledge-based industries and with the presence of an impressive array of world class businesses in life sciences, agri-tech, IT, advanced engineering and high value manufacturing. The area is fragmented with disjointed routes for walking and cycling. The town is currently 'cut off' from Gunnel's Wood, now the largest employment site in Hertfordshire. Current challenges that need to be addressed can be summarised as follows.

- Town centres will have an important role to play in the post-Covid world. They now have to assume greater importance as employment and residential locations, focal points for community, social and recreation activity and as hubs for integrated transport.
- Significant investment in new infrastructure and buildings is needed to meet these conditions and to rectify the current shortcomings of Stevenage town centre.
- Investor confidence is low. The market has not responded independently to the challenge of providing housing and employment space in the town centre or leisure, food and beverage provision meeting the expectations of an increasingly affluent population, many of whom are employees of world class businesses.

- Development sites for housing and employment are in short supply. To transform the town centre, public sector intervention is needed to enable more to be brought forward for development.

Stevenage Central Framework

2.2.4 The Stevenage Central Framework published in 2015 identified the need for significant amounts of new employment space and residential development to make investment in upgraded retailing, food and beverage and other key town centre amenities viable and fit for the 21st century. The Stevenage Central Framework has defined the following major opportunity areas.

- Southgate Park
- Central West (Leisure Park)
- Park Place and Town Centre Gardens
- Stevenage Central Core
- Station Gateway
- Northgate
- Marshgate

Regeneration Proposals for Marshgate and Other Surface Car Parks

2.2.5 The surface car parks in town centre are currently an inefficient use of valuable land and can be used in a much more effective way. They represent a clear challenge in the way that they act as a physical barrier, but also provide a key part of the regeneration opportunity. The redevelopment of surface level car-parks for regeneration is fundamental to the delivery of the homes, jobs and economic benefits sought in the framework and Local Plan.

2.2.6 Redevelopment of these under-utilised sites will create opportunities to develop offices and workspace matching post-Covid requirements. These will raise the image of Stevenage town centre and position it as a high quality, strategic office location. This will then enhance investor confidence and provide a catalyse to development in the wider town centre area.

Progress in to Date in Delivering the Stevenage Central Framework

2.2.7 An early start has been made in delivering the objectives of the Stevenage Central Framework with a number of key building blocks already in place to accelerate transformation and new development.

- A development agreement has been signed with Mace as a private sector development partner, enabling fast track approaches to be new development and construction.
- In addition to SBC's initiation of the SG1 and Queensway, a number of private sector developments have already been completed including Park Place, Vista Tower and Skyline, creating just under 500 new residential units.

- A number of redevelopment sites in the central core, northern and southern gateway major opportunity areas, pivotal to kick starting transformation, have been acquired. Preliminary enabling works are either underway or are scheduled.
- Selected preliminary public realm improvements are currently being implemented or are programmed around key sites with a view to building investment confidence amongst developers and future occupiers and promoting high quality development outcomes.
- Completion of the North Block project, utilising unused second floor space and converting this into a flexible co-working facility facing directly onto the historic town square.
- Construction of a new bus interchange on a new site alongside the station has been approved for funding and construction has now started. This has released a major development site which provides a major catalyst for transformation of the town centre. The new bus interchange, the transformation of Stevenage station and the addition of a 5th platform are the first building blocks towards creating a sustainable transport hub for road, rail, cycling and walking, which will be completed by the first phase of the Station Gateway project, which also forms part of the Town Investment Plan.

Evidence of Need

2.2.8 The Marshgate Biotech Centre project addresses two of the challenges set out in the Town Investment Plan.

Challenge 3: Town Centre Transformation. The town centre has aged, retail is losing business due to dated floorspace, catchment leakage, high representation of lower value outlets, and an over-reliance on traditional retail, with limited diversification. Expansion of housing and employment space in the town centre are needed to create natural footfall and increase demand sustainably. To address this, the Stevenage Central Framework adopted in 2015 sets out a £1bn programme to transform the town centre delivering over 3,600 new homes and 55,750 sqm of offices and other commercial space. To achieve this, Stevenage needs to create the conditions for investment in the town centre and whilst the early phases of our regeneration programme have begun to improve values in the town, development viability remains challenging without public sector intervention.

Challenge 5: Lack of Suitable Modern Space for Growth. The lack of suitable space is constraining market and growth of sectors that hold national significance. Life sciences, agri-tech, advanced engineering and manufacturing, where Stevenage is very strong are generating significant demand for modern space. Increasing demand is emerging for space the town centre. Over the last 10 years, 67,000sqm of commercial floorspace has been lost in Stevenage, 75% to residential. This lack of supply threatens Stevenage's potential to maintain its competitive edge, meet the demand that is coming and the ability to retain key businesses. Achilles Therapeutics, which raised more than £100m of investment moved away from Stevenage to Hammersmith to continue its expansion in 2020. Addressing the demand for town centre space would also drive investment in the broad range of facilities that will help attract and retain skilled employees and businesses, enhancing footfall. This will propel the town centre's revitalisation, wider regeneration and post-Covid resilience.

Future Needs

- 2.2.9 In order to maintain its position in the UK Innovation Corridor (UKIC) being promoted by the Government, Stevenage needs to retain and further develop its significant bioscience industry and attract international investment in these, space and other advanced technologies. These businesses are mainly based in the Gunnels Wood area. As noted above, it has become apparent that a number of these types of businesses are now seeking more sustainable business locations in a town centre environment close to good national and international transport links.
- 2.2.10 Parallel evidence is mounting that in the post-Covid 19 world, new models and layouts of office and workspace layouts will be in demand in highly accessible locations where all the support amenities are at hand, for which development-ready town centre sites are the most attractive. *(Source: JLL: The Future of UK Regional Office Demand Office in Markets Outside Central London After COVID-19; March 2021).*
- 2.2.11 This has become apparent in Stevenage where a number of major bioscience companies have come forward with requirements for office and R&D laboratory space in locations within or close to the town centre.
- 2.2.12 The Marshgate Biotech Centre project is key to stimulating the demand for office space in the town centre. For this, it is essential to redevelop an underused car park on the east side of the town centre by transferring its parking capacity to the enhanced multi-storey car park being developed as part of the Station Gateway project and reallocating planning designation of the site for office and residential use, thereby bringing the site forward for development by Reef. More detailed proposals for this will be displayed in the Station Gateway Business Case.
- 2.2.13 This development will be pivotal repositioning the image of Stevenage as an office location and will help to it to establish a market for commercial development and to compete with comparable locations such as Reading and Milton Keynes, since Stevenage enjoys an advantage over both with quicker journey times into London.

Barriers and Market Failures

Site Shortages

- 2.2.14 There is a severe shortage of employment space within the town centre. The development of the original new town focused major employment development at Gunnels Wood, so provision in the town centre has always been limited. Moreover, much of the borough's employment space has been lost due to permitted development.
- 2.2.15 To provide the level of office and R&D space demand emerging in the town centre, additional development sites for employment would need to be brought forward. Currently, none are readily available. There are a number of other market failures constraining redevelopment.

Market Failures Constraining Redevelopment of the Town Centre

- 2.2.16 The private sector has proved unable to bring forward these opportunities as development schemes cannot self-fund the necessary land assembly, site preparation and supporting

infrastructure required. This market failure needs to be addressed by releasing under-utilised land and creating the conditions to accelerate redevelopment.

2.2.17 Moreover, there has inefficient use of space within the town centre, with over 7 hectares of surface level car parks in close proximity to the station, much of which are under-utilised and this being the case with Marshgate. Existing car parks are now being considered for redevelopment, because replacement is being created to the north of the Station as part of the Station Gateway Phase 1 project which also forms part of the Town Investment Plan.

Addressing Conditions in the Post Covid-19 Era

Implications for the Use of Employment Space and the Future of Offices

2.2.18 The emerging picture is that, where possible, employers will adapt the size, location and configuration of their office buildings given new models of flexible working. With companies all over the country adapting to the fallout of the pandemic and trying to return to some sense of normality in the post-COVID world, most data shows that offices will not strictly be a thing in the past but will mostly adapt to a new framework. Office space configurations and densities are also likely to change. The regional head at Deloitte Real Estate was recently quoted as that tenants were focused on space that was attractive to staff rather than purely functional and that: “The new start office space under construction is being marketed as amenity-rich, with well-being and community high on priorities.” (Source: *Financial Times*; *UK businesses think big about smaller office spaces*; 4th March, 2021.)

2.2.19 This new framework for offices is intended to enhance ‘employee experience’ and not just overhead. A report conducted by JLL states that offices are now seen more as environments that promote collaboration, innovation, recruitment and retention. Offices have already implemented spaces specific for meetings, collaboration, concentrated work and other rooms solely for to provide for a variety of working contexts. More attention is being placed on well-being, with rooms set up solely for mindfulness meditation, yoga, event spaces and cafes. The outside area is also becoming more of a focus from planners to improve employee well-being, with attention being put to improve air ventilation and having more outdoor leisure space. This may lead to offices having less desk spaces, but more collaboration space, with a hybrid model and homeworking on the rise this will end up offsetting a trend of space per worker decreasing since the early 1990’s. (JLL: *The Future of UK Regional Office Demand Office in Markets Outside Central London After COVID-19*; March 2021).

Implications for Town Centres Post Covid

2.2.20 Hybrid and remote-working will create a new set of benefits but also challenges to local economies with its wide-spread adoption.

2.2.21 Research from KPMG says that it is clear things will not return to the way things were before the pandemic. With the reduction in commuter footfall and reduction in commercial rent, city centres may now have to consider serving their inhabitants in a different way. According to the same report, high streets could lose anywhere from 20-40% of outlets. New models could be emerging from the shift to online, with consumers buying online and getting better pricing whilst some stores may adopt a hybrid model where they have their stores as a showroom before the

customer buys the product on their website. However, some speciality stores may keep their physical locations intact. (Source: *The future of towns and cities* (January 2021) KPMG).

2.2.22 Research by Legal and General and Demos showed that in a post-COVID world, the new working models will provide opportunities for parts of the country like rural areas and neighbourhoods that were previously ignored, potentially at the expense of city centres. However, the report concludes that mass exodus from cities is overblown as young people and those with jobs that cannot be done remotely made up the majority of those that moved last year and moved within larger cities.

2.2.23 The view that city centres will still play a key role in the future is corroborated by various findings from the Centre for Cities:

- Evidence has shown that East Asian countries that have suffered threats of pandemics in the past at a more frequent rate than the West, have continued to urbanise and have seen their cities grow
- Companies from similar sectors geographically have tended to cluster together because connections, collaborations and shared ideas create new ideas, innovation and other synergies
- Amenities with a large or specialist customer base need to be in city centres
- Local neighbourhoods cannot match the breadth of jobs that a city centre can offer.

2.2.24 These findings seem to indicate a halfway point between the “15 minute city” and the current reliance on city centres, whereby more local amenities will be situated across neighbourhoods and cities whilst more specialist forms of amenities will remain in city centres in the post pandemic world.

Opportunities

2.2.25 A number of factors have come together that can help accelerate the Marshgate project.

2.2.26 There has been a recent surge of interest by major companies already in Stevenage in taking up space in the town centre. For global businesses, Stevenage town centre offers a strategic location with road, rail and air connections that place it within 20 minutes of London and less than 45 minutes of Heathrow, Gatwick and Luton airports. To attract them, high quality office development and R&D space will be needed.

2.2.27 Site shortages have precluded this option up to now. However, there is now an opportunity to release 6 major surface level car parks spread across 4 hectares within the central area, but this can only be realised if there is no net loss of parking, to protect the existing local economy, whilst also encouraging the use of sustainable transport options and connections. Station Gateway Phase 1, by providing a new multi-storey car park and cycle hub immediately adjacent to the station thereby increasing the car parking capacity of the town centre, enables the under-utilised Marshgate site to be released for redevelopment. In so doing, it will address three of the five major opportunities defined in the Strategic Town Investment Plan.

Opportunity 2: Innovation Hub, High Growth Potential and STEM City. These effects will truly position Stevenage at the heart of the UK Innovation Corridor, enhancing its status

as High Potential Opportunity location and a business location of international significance.

Opportunity 4: Building Wealth and Reclaiming Expenditure. The town centre can be a UK top 100 town. Our vision is to bring back what Stevenage once was - a destination town centre with a combined retail, office, leisure and residential offer that will meet the needs not only of our residents but attract visitors and encourage our great industries and businesses to use it.

2.2.28 This will transform the town centre and harness the strategic potential of the town centre as a key employment hub at the same time maximising the number of jobs created in the town and support the local economy, especially as part of the Covid-19 recovery plan.

2.3 Policy Alignment

National Policy Alignment

UK Innovation Corridor

2.3.1 Stevenage is situated centrally within the UK Innovation Corridor (UKIC), part of a dynamic cluster connecting London to Cambridge, supports an economy worth £189 billion, 2.8 million jobs, out-performs the Oxford to Cambridge Arc and is now Britain's Fastest Growing Region. Amongst industries focussed on commercial innovation, advanced technology, and bioscience, Stevenage specifically is home to global household names - GSK, Airbus, MBDA, and Fujitsu - industries with a bright future. More than 70 companies in the life sciences field have clustered around Stevenage over the past 8-10 years, more than 60% of them focussed on R&D in the Cell and Gene therapy.

2.3.2 Stevenage is one of six Life Science Opportunities Zones identified by the Government and has recently been designated by the DIT as a High Opportunity Area. The opportunity for Stevenage is not only to retain but to grow its share of the global market and be promoted nationally and internationally.

Sub-regional Policy Alignment

Hertfordshire Covid Recovery Plan

2.3.4 Stevenage has a pivotal role to play in the delivering the Recovery Plan for Hertfordshire. Its current regeneration strategy and Town Fund projects directly address the plan's two transformational programmes:

- equipping Hertfordshire's places for mid-21st Century living supporting town centres and town-level economies.
- connecting Hertfordshire for mid-21st Century living and working building digital connectivity.

2.3.5 Through this and other Town Fund projects, Stevenage will lead on the delivery packages for:

- 1) Enterprise and Innovation – Stevenage’s businesses, many of them SMEs are key to economic recovery.
- 2) Skills and Creativity –the extent to which businesses have the confidence to recruit and invest in their staff will be critical to unlocking recovery and will be greatly assisted through our priority projects
- 3) International Trade and Investment – focused on securing new investment for Hertfordshire. This project is aimed at changing Stevenage’s image, attracting and retaining investment.

Hertfordshire LEP Strategic Economic Plan

2.3.6 The project addresses each of the four priorities within the current Hertfordshire LEP Strategic Economic Plan.

Priority 2: Harnessing our relationships with London and elsewhere will be addressed due to delivering smarter forms of connectivity, walking, cycling and ultra-low emissions vehicle access to the rail station.

Priority 3: Reinvigorating our places for the 21st-century. The strategy calls for high-density solutions recognising particular opportunities linked to railway hubs and transforming town centres into vibrant lively urban hubs underpinned by new models of living and working. The Stevenage Central Framework and this scheme align closely with this approach. This will be directly addressed by this project, given the proposal to release car parking land adjacent to the station for high density redevelopment.

Local Industrial Strategy Grand Challenges

2.3.7 Grand Challenges for Hertfordshire highlights the importance of clean growth challenges. This project provides the conditions for accelerating the adoption of clean transportation throughout the borough for the long term. Regarding other Grand Challenges, better facilities for cycling and walking and improved access to recreational activities will be conducive to helping the increasing numbers of older people to stay active, productive and independent.

Local Policy Alignment

2.3.8 Stevenage Local Plan 2019-2031. This was adopted in 2019 following Examination in Public and sets the overall spatial vision for the borough and growth direction to 2031. In total 7,600 homes are planned, 3,000 of these targeted for a regenerated Town Centre. The Local Plan looks to provide at least 140,000 m² of new B-class employment floorspace and is promoting new employment opportunities as a critical component of the town centre regeneration. This project directly reflects the Local Plan’s ambitions.

2.3.9 Stevenage Central Framework. This was prepared in 2015 to set a direction of change for the regeneration of Stevenage Town Centre. Now supported by the Local Plan, the Framework sets out a strategy for accelerated employment and housing provision on a large scale in the town centre to meet the demands of significant population growth and revitalised and enhanced and modernised amenities to service it.

2.4 Vision and Objectives

Vision

2.4.1 This project will bring about a major step forward in transformation of Stevenage Town Centre.

- The creation of a new part 4 storey, part 5 storey Biopharma laboratory and workspace facility (Use Class E), public car park and wider public realm improvement works.
- Enhanced recognition of Stevenage Town Centre as a high prestige location for headquarters and R&D for state-of-the-art technology companies prominent on the world stage.
- The stimulation of major investment commitments of developers and international companies to the development and occupancy of an extensive portfolio of new, high quality commercial space within the town centre.
- Enhanced investment confidence likely to stimulate development of high quality floorspace and housing on other redevelopment sites and throughout the rest of the town centre.

SMART Objectives Related to the Project

- 1) To release a site development opportunity on the east side of the town centre by September 2021.
- 2) To enhance developer and future occupier confidence through upgrades to the public realm on the pedestrian approaches of the site by March 2022, in order to accelerate investment commitment.
- 3) To kick start the transformation of the Marshgate site by September 2021 and accelerate redevelopment of 76,437 sqft of offices, high tech and laboratory space
- 4) To successfully embed the proposed new biotech facility and its staff into the town centre.

Measures of Success

2.4.2 Successes to be measured and the method of measurement each of element of the project are summarised below.

Project	Successes to be Measured	Method of Measurement
Public realm project	Value as a key amenity for local residents and workers	Surveys with local residents and workers
	Success in addressing concerns about visual quality, privacy and noise	Surveys with local residents
Bioscience building	Delivery on time and to budget	Tracking with developer
	No. of high quality jobs created	Tracking with Autolus

2.5 The Proposed Investment

Options Considered

2.5.1 The Do nothing and Do minimum options considered in the first instance to deliver the solutions to meet the above objectives were:

- a) Do nothing: No redevelopment of the car park for high value office and laboratory based R&D activity or related public realm improvements, no economic improvement for the town centre.
- b) Do minimum: To reduce costs, proceed with the project without investment in accompanying public realm improvements; development unlikely to proceed or attract such a positive end-user.

2.5.2 A full list of the options considered is set out in Section 3 along with the criteria adopted in shortlisting them.

Preferred Option

2.5.3 The preferred option is the creation of a new street, footpath and high quality public realm linking the site to Queensway North and the current multi-storey car park project to create 76,437 sqft of offices, high tech and laboratory space.

Project Risks, Constraints, and Interdependencies

2.5.4 The main inter-dependency is the completion of the new multi-storey car park, which forms part of the Station Gateway Phase 1 TIP project. This is because there will be a loss of parking as a result of this development. A new multi-storey car park, will enable more efficient use of land, promote more EV spaces, and incorporate integrated cycling facilities. The development itself will comply with all planning requirements to ensure a travel plan is in place that promotes sustainable forms of transport. The site is in a highly sustainable location that may reduce the number of daily car and minibus journeys compared to alternative sites. Further details of this will be included in the Station Gateway Business Case. Project risks are set out in the table below.

Risk Register L: Likelihood; I: Impact; T: Tolerance										
Ref.	Risk	Triggers	Consequences	Controls	Risk Score			Contingency	Responsible Person	Date: Added/ Updated
001	Objections to public realm by neighbouring uses and general public	Consultation and publication of design proposals	Unpopular proposals could lead to public cynicism	Communications strategy to ensure public kept informed	3	3	9	Timely commencement of consultation activity in order to identify and address major issues should they arise. benefits of design proposals to be clearly communicated.		August 2021
002	Failure to achieve planning approval	Notification of Council decision	Major delay to completion. Risk of Autolus pulling out of relocation to town centre and related job creation not realised	Planning approval has been expedited and is well advanced. Through consultation, scope of objections well understood.	4	10	8	Ensure design of public realm builds in solutions to address objections such as concerns over privacy, noise and visual quality.		
003	Reef suffers financial distress and ceases operations	Reported delays in construction progress	Major delay to completion. Risk of Autolus pulling out of relocation to town centre and related job creation not realised	Terms of development agreement Regular progress reviews	2	10	10	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. SBC has other development partners such as mace who could be called upon to rescue the project in such circumstances		

004	Autolus backs out of the deal with Reef	Feedback from regular reviews	Major job creation opportunity not realised	SBC has no direct control of this, but the purpose of the commitment to the public realm scheme is a significant inducement, minimising the possibility of a pull out.				Intensify relationship with Autolus to resolve difficulties causing possible pull out. If necessary promote the opportunity to another high prestige occupier.		
005	Labour shortages create delays	Conclusion of contracts building contractors with building for public realm and site redevelopment	Delays to completion of both projects due to recruitment difficulties for contractors	Contractual arrangements	4	8	9	In development agreement with Reef and contract with public realm contractors incorporate commitment to bring in additional temporary labour to ensure projects are completed on time.		August 2021
006	Climate changes and weather conditions	Unusually harsh weather conditions	Bad weather retards progress of the construction programme	Regular progress reviews	6	9	12	Build in sufficient slack in the programme to cover for unforeseen eventualities such as weather		August 2021

007	Slowdown in development activity of bioscience centre and housing	Milestones in development programme not achieved	Delivery of outputs held back	Regular progress reviews	3	7	12	Incorporation of tight delivery standards in development agreement.		August 2021
008	The construction cost exceeds the limit for the project or other issues arising during the design development	Capital & revenue overspends. Inadequate project management. Failure to resolve conflicting priorities. Robust financial systems are not established.	Impact on capital programme. Revenue overspends. Requirements to make compensatory savings to balance budget. Increased legal fees. Reputational damage.	Client management relationship. Rigorous and well-informed project monitoring reports. Effective communication. Appointment of key personnel.	3	4	12	Appointment of a B&D contractor in a two-stage process with a caveat to end the contract after the first stage should the Council wish to make that decision (PCSA - Pre-Construction Service Agreement). A cost consultant will be involved from an early stage of the project to ensure contractor's proposals are realistic and within budget.		August 2021
009	Constrained nature of the site limits both the volume of building which can be accommodated, the range of uses and how the buildings are organised on site.	Funding restricted / stopped. Poor management decisions Failures in contractor / partnership working Poor project management Poor planning	Project delays/over-runs. Reputational damage. Cost overruns Public dissatisfaction Discouragement of future partnerships Delay, impact on service delivery.	Regular meetings with designers / contractors. Effective procurement strategy. Post contract reviews. Regular and timely meetings with planning. Robust project management.	3	3	9	Close cooperation with Planning to ensure sufficient area is designated for the new MSCP. Procurement of an experienced car park building company specialising in a construction of modular buildings.		August 2021

010	Loss of customers using the remaining car parking site during the construction period.	General reduction in car parking revenue. Inadequate alternative provision. Ineffective communication.	Economic impact on local businesses. Impact on customer behaviour and their travel choices. On-street parking provision and peripheral parking provision is likely to increase. Increased enforcement of on-street parking.	Parking incentives to optimise usage. Appropriate signage to maximise use of alternative provision. Rigorous and timely data capture. Customer relationships management.	3	3	9	 <p>Location of nearby car parks with access routes would be widely advertised encouraging commuters to use them. The best time to build would be during the recovery from pandemic when parking levels are still not back to 'regular levels'.</p>	August 2021
011	Covid-19 Outbreak and possible introduction of lockdown measures	Negative changes to working practices through social distancing. Uneconomical for construction supply train to operate. Added delays due to drop in output levels	The need to implement practices to ensure safety. Shortfalls in manufacturing capacity causing price inflation. Project delay by significant social distancing measures. Negative Change in payment practices.	Client, consultants, and contractors work together to agree common solutions. Innovative approaches to procurement are in place. Allow for time extension in contracts. Monitor financial resilience of supply chains.	2	3	3	 <p>Scenario planning to assess the impact of the closedown and reduced output levels and advise clients accordingly to ensure timely completion. Bring in additional temporary labour. Review planning conditions and seek changes where possible to enable sites to operate in shifts over longer working hours. Manage cashflow.</p>	August 2021

012	Development of Marshgate car park constrained by unknown site conditions.	Physical obstructions. Physical conditions.	Need to change working methods. Revision of the design. Delays in delivering the development. Cost escalation.	Clear and appropriate description of works in technical documents. Clearly defined scope of works e.g. contractor's design obligations and buildability obligations	3	3	9	Contractual provisions to manage unforeseen site conditions e.g. physical obstructions or physical conditions.		August 2021
-----	---	--	--	--	---	---	---	--	--	-------------

Description of the Project

Purpose and Key Elements of the Project

2.5.5 The purpose of this project is to:

- a) Create the conditions for significant office and R&D space and residential development to be accelerated on the east side of Stevenage Town Centre.

2.5.6 Key elements of the project are:

- Programme of public realm improvements
- Initiation of a development scheme by Reef to provide 76,437 sqft of offices, high tech and laboratory space.
- Management proposal for the loss of car parking in relation to the Station Gateway Phase1 Business Case

Public Realm Improvements

2.5.7 The public realm will be upgraded on land adjacent to the development site for the Biotech Offices and the on rest of the Marshgate site. This will create a new street to Queensway North together with a high quality footpath to the expanded multi-storey car park. It will include repaving of areas around remaining car parking spaces and planting of trees and shrubs around the perimeter of the site and the parking spaces. Preliminary design for the public realm works has commenced and detailed design will start at the outset of the project and be completed by early 2022, following which implementation will proceed.

Site Preparation and Enabling Works

2.5.6 Contracts will be put out by the developers for site clearance, any necessary remediation, fencing and installation of essential site services. Please refer to the management section of the project.

Development Scheme

2.5.7 Construction of 76,437 sqft of offices, high tech and laboratory space to be undertaken by the developer, Reef on behalf of the proposed occupier, Autolus and comprising the following uses.

Ground Floor: Warehouse Storage, deliveries, shipment processing and communications.
Mezzanine Storage: Plant rooms and maintenance stores.
First Floor: Cell Manufacturing Processing facilities and staff changing facilities
Second Floor: Vector Manufacturing and QC Vector processing and laboratories
Third Floor: Offices, meeting rooms, seminar centre and banks of desks for staff.

Floorspace areas:

Use	Sqm	Sqft
General Manufacturing Production	2,508	26,996
Office	1,771	19,063
Warehouse	1,270	13,670
QC Labs	858	9,235

TOTAL	6,407	68,964
-------	-------	--------

2.5.8 The development will enable the activities of Autolus, currently spread over four separate locations in Stevenage to be consolidated on a single site. This will assure the retention of Autolus’s global manufacturing operations in Stevenage whilst establishing a critical mass of cell and gene therapy excellence that will further drive the growth of the Stevenage Cluster, and positioning Stevenage at the heart of the U.K.’s bioscience and life science capabilities.

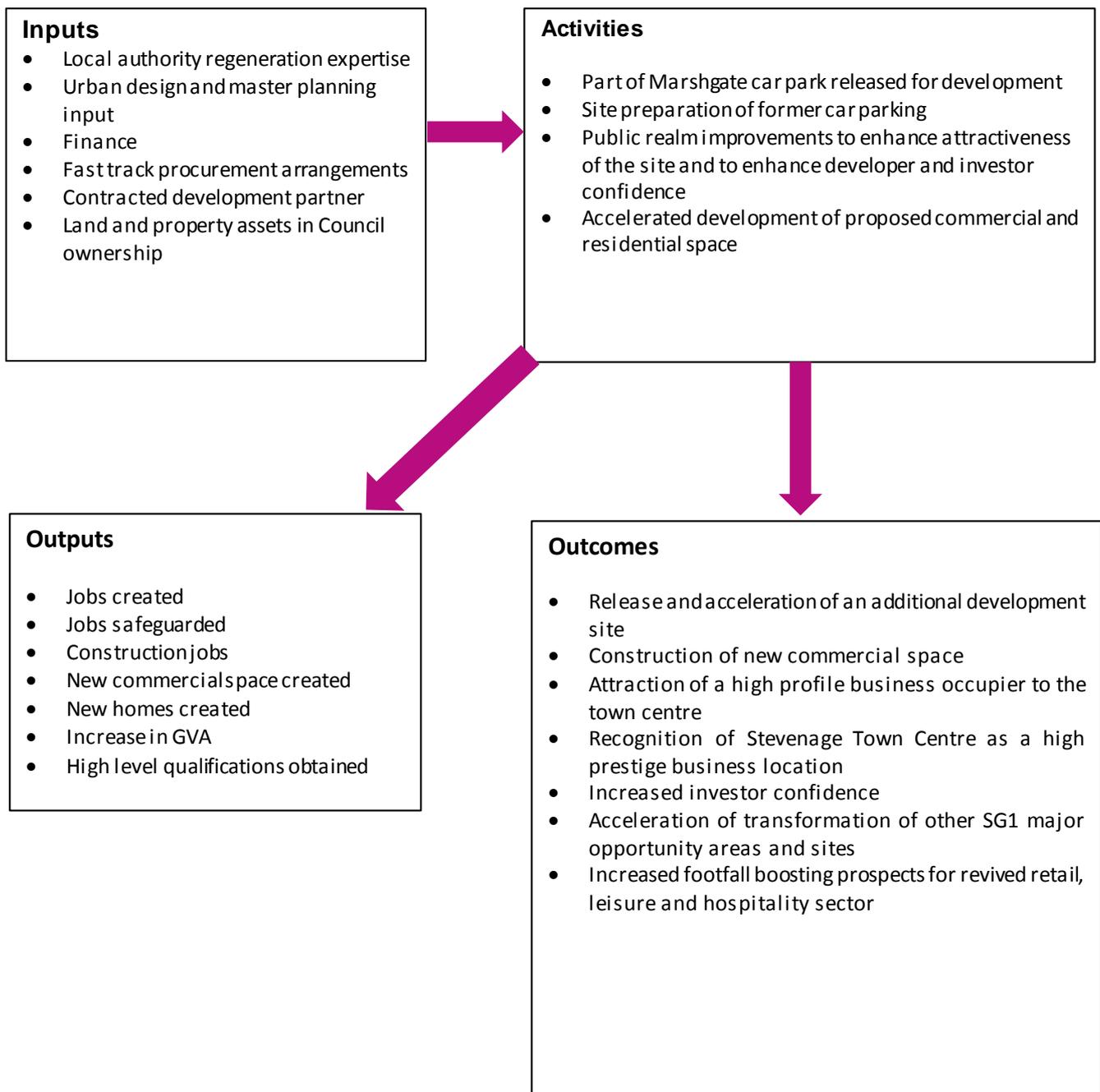
How the Project Addresses the Objectives and Vision

2.5.9 The vision and objectives will be addressed and met as a result of the following outcomes.

- Releasing one of the smaller car parks in the town centre will accelerate the redevelopment of the rest of Stevenage Central by enabling assembly of a pivotal redevelopment opportunity.
- High-quality public realm improvements will be conducive to the realisation of new, high quality commercial space within the town centre, and accessible high quality public spaces. This will boost investor confidence and accelerate investment commitments of the developers and that of the prospective new owner occupier.
- This will build recognition of Stevenage Town Centre as a high prestige location for headquarters and R&D for state-of-the-art technology companies prominent on the world stage, providing a catalyst for a sequential flow of investment in high quality floorspace and housing throughout the rest of the town centre.

Project Theory of Change

2.5.10 The following logic model explains the theory of change.



Expected Outputs and Outcomes

2.5.11 Quantified Outputs

Jobs Created	307
Commercial Floorspace Developed or Upgraded sqm	7,103
Net Increase in Commercial Floorspace	1,580
Construction Jobs	169
Additional GVA Generated per Annum	£17,712,967
Additional Annual High Level Skills Qualifications Attained	23

2.5.12 Wider Outcomes and Benefits

Economic

- 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 HQ and R&D facility.
- Retention of a significant number of jobs in Stevenage.
- Scope for creation of a significant number of additional jobs in Stevenage.
- Catalyst for stimulating early development commitments on sites similarly released for development.
- Creation of a magnet for additional world class bioscience activities in Stevenage Town Centre
- An extensive number of construction jobs will be created.
- Stronger perception of Stevenage as a place to invest by the private sector.

Environmental

- Major visual improvements contributing to creation of a higher quality living and working environment on the east side of the town centre.
- 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.

2.5.13 Expected Different Impacts by Protected Characteristics and/or Income Groups

No adverse effects are identified. (Please refer to Town Investment Plan EQIA?)

2.6 Stakeholders

2.6.1 Key stakeholders and their role or interest in the project are listed below.

Project	Sub project	Primary Stakeholder	Comment
Marshgate Biotech Centre	Public realm	Autolus	Boost to image of the location. Provides recreational amenity key for attracting high quality staff in the post Covid era
		Local residents	Improved lifestyle offer for users of the town centre. Needs to play a key role in screening the development from surrounding residential development
		Arts and Cultural Group	Input in to the design of public art piece
	Creation of the bioscience building	Autolus	Provides Autolus with superbly located space for expansion, close to food and beverage, retail, leisure and other amenities key to supporting staff in the post Covid era.
		Herts LEP and Local Bioscience Industry Bodies	Major champions for development of the bioscience cluster
		Local residents	Major boost in numbers of high quality jobs for young people
	Creation of affordable homes	Local residents	Increased scope for living and working locally

Summary of Engagement to Date and Evidence Gathered

Autolus

2.6.2 Feedback from the potential tenant has been overwhelmingly positive. They recognise a number of strategic benefits to being located within the town centre. These include;

- Access to amenities and services for staff, enabling a better work-life balance and providing a wider range of options, promoting staff wellbeing
- Promoting a vibrant local economy to promote long-term business growth
- Excellent car-free access from the rail station for staff and visitors, promoting sustainable transport and reducing carbon footprint
- Proximity to hotels and residential accommodation for visitors and staff
- Availability of land and the potential for future expansion.

Consultation from the Planning Process

2.6.3 As part of the planning process, 234 individual and organisations have been invited to comment on the proposed development on the Marshgate site, of these 22 comments have been received with 14 supporting and 8 objecting to the project.

Comments from those Supporting the Project

2.6.4 A comment from Hertfordshire LEP in support of the Planning application states “This is a really exciting step forward in the development of the Life sciences cluster in Stevenage. The

development of Marshgate will be critical by transforming into Stevenage R&D hub into a full scale industrial cluster. This has major socio and economic benefits for the local area by creating high skilled, technical and ancillary employment opportunities for residents both in the industry and its supply chain and boosting the performance of the local economy. Globally it will continue to consolidate Stevenage's position as a destination hub for cell and gene therapy companies, generating further investment from overseas investors."

2.6.5 A comment from the Cell and Gene Therapy Catapult states: "At present, Stevenage is at the centre of the largest cell and gene therapy cluster outside of the US.....Retaining Autolus's global manufacturing operations is pivotal to creating a critical mass of cell and gene therapy excellence that will further drive the growth of the Stevenage Cluster, adding benefits to the inhabitants of the town.....Consolidation on a single site is imperative to retaining this growing company in Stevenage. Autolus is committed to upskilling their employees; they have multiple apprentices and have utilised local skills initiatives such as the aseptic course offered by the University of Hertfordshire. The proposed facility is an important part of delivering Stevenage at the heart of the U.K.'s bioscience and life science capabilities, articulated by the Stevenage Town Investment Plan and referenced in the UK government's Life Sciences vision. With the UK cell and gene sector being composed of over 100 companies, the proposed facility open also represents a long-term proposition".

2.6.6 Four town centre businesses have provided comments, all of which are supportive, amongst which the project being a great opportunity for local businesses and good for jobs and a great project for the regeneration of Stevenage and for securing more jobs for local people have been mentioned. A major retail operator has highlighted the significant boost for the businesses and shops in the town centre, with the some 300 additional employees shopping, eating and socialising within the town and surrounding facilities being a positive step for the survival of many town centre businesses and stores.

2.6.7 Supporting comments from residential neighbours have highlighted:

- Well needed public realm improvements
- New jobs and fresh opportunities for the town
- More people in the town supporting local business
- The development hiding an outdated building
- The project usefully retaining some parking spaces
- The quality of materials elevating the town and additional landscaping making Stevenage a nicer place to look at for local residents and visitors
- The boost to a night time economy for Stevenage
- A further major investment in Stevenage as a town and science centre of the UK.

2.6.8 A key caveat put forward was the need for great care and consideration to be shown towards existing neighbours and residents in terms of noise, dust creation and works traffic.

Comments from those Objecting to the Project

2.6.9 Against this, objections from neighbours highlighted:

- Concerns over loss of light, blocking of views and overshadowing

- Concerns over privacy due to being overlooked from the building
- Forcing people to use the multi storey car park which is dated, poorly lit at night and intimidating
- Concerns over noise from deliveries and general use of the building 24/7
- Concerns over traffic - Marshgate being a very small one way road for so many employees
- Question of where all the employees will park
- One of the industrial sites or the existing science park could well meet the requirement

Approach to Wider Stakeholder Engagement

2.6.10 In a wider context, stakeholders views have been captured through the Stevenage engagement programme, encompassing a number of mechanisms.

Local Residents

- A wide range of digital engagement utilising social media other related platforms
- A dedicated Visitor Centre in Town Square open to the public, where people could view, engage with and discuss the regeneration of the town.
- A 'virtual visitor centre', which contains all of the content in a digital platform on our dedicated website. This has enabled the Council to continue to reach residents of all ages and abilities during the pandemic.
- Stevenage residents' survey.

Currently engagement is focused on the consultation and promotion of the Council's priority projects.

Business

- Business networking events, a number of project based consultations, such as the Local Plan, SG1, and the Bus Interchange and a number of roadshow events.

Other Stakeholders

- Regular consultation with public sector bodies such as Hertfordshire County Council, the LEP and relevant statutory bodies
- Project specific consultation as part of the planning process

2.6.11 The key themes that have emerged from residents, business and community groups are:

- Create inclusive accessible transport
- Create great spaces to live in and socialise
- Create a vibrant town centre offer that is a destination for all
- Create aspiring communities and opportunities that create a lasting legacy. events through to a wide range of digital engagement utilising social media other related platforms.

Summary of Stakeholder Viewpoint of the Project and How it Has Influenced the Strategic Case

- 2.6.12 Extensive engagement was carried out as part of the development of the Town Investment Plan process. Project-specific consultation took place both before and during the planning application, and further engagement is planned as part of the public realm design. Clearly, the benefits of more well paid jobs assuring the continued vibrancy of the town centre, higher quality amenities, and the prestige of having a world beating bioscience facility in the heart of the Stevenage urban area are recognised by local businesses and some neighbouring residents.
- 2.6.13 Against this, concerns about impaired visual quality, privacy and being overlooked, potential noise and traffic congestion are valid concerns. For this reason, the design of public realm scheme will need to take account of these concerns and incorporate solutions to address and mitigate potential adverse effects of the scheme.
- 2.6.14 In parallel, the initiatives being brought forward for the wider regeneration of the town, including integrated public transport, new walkways and cycle ways, enhanced parking provision with electric charging elsewhere in the town, and the impacts on providing travel options alternative to the car need to be clearly communicated to the incoming employees in order to prevent car based traffic congestion.

ECONOMIC CASE

3. ECONOMIC CASE

3.1 Introduction

3.1.1 This economic case defines the benefits from the scheme identified and how they will have come about, the geographical scale of the benefits by way of a place based analysis and how the how benefits estimated link to the theory of change and strategic case set out above. Quantified benefits have been calculated and an assessment made of non-quantifiable benefits. The economic case indicates which benefits have been monetised and how these will be generated year by year. Factors such as additionality, deadweight and displacement of benefits and double counting have been considered as have distributional impacts.

3.2 Approach to the Economic Case

Options Initially Considered

3.2.1 In the first instance, the following long list of options was considered for addressing the opportunities and constraints described above.

- i) Do nothing: Leave the Marshgate undeveloped and continue to use as a car park.
- ii) Stevenage Borough Council to act as a speculative developer.
- iii) Redevelop the car park for alternative uses such as retail and leisure.
- iv) To reduce costs, proceed with an office development project without investment in accompanying public realm improvements.
- v) Pursue a solely office based development on the site.
- vi) Pursue a residential development exclusively on the site.
- vii) Creation of a new street, footpath and high quality public realm linking the site to Queensway North and the multi-story and a development project to create 76,437 sq.ft of offices, high tech and laboratory space.

How Project Options Were Shortlisted

3.2.2 The following criteria have been adopted in shortlisting options. Projects must be able to:

- Align with Stevenage Town Investment Plan strategic objectives
- Provide a positive local economic impact
- Address the stated objectives of and benefits sought from the project and those of associated strategic policies
- Be delivered within a 36 month timescale.
- Significantly accelerate delivery of the Stevenage Central SG1 Regeneration Strategy
- Significantly improve accessibility in an out of the Town Centre

- Demonstrate a significant impact on air quality, adoption of ultra-low vehicles and reduction of traditional car usage

How Options were Shortlisted

3.2.3 Of these options redeveloping the car park for alternative uses such as retail and leisure or exclusively for either office development were rejected because:

- a) the retail sector and its space requirements are declining
- b) ample provision either exists or is being created for leisure and hospitality activity in adjacent town centre locations
- c) these options do not have the same catalytic impact on regeneration as the preferred option
- d) A market opportunity for life sciences emerged quickly

Shortlisted Options

3.2.4 The remaining options, which have been shortlisted are appraised as follows.

Option 1	Do nothing: Leave the Marshgate undeveloped and continue to use as a car park.
<i>Appraisal</i>	Sites such as these are urgently required to create new development opportunities conducive to diversifying and sustaining the prosperity of the town centre. Without this site comprehensive regeneration of the town centre will not be accelerated. Continued use of the site for parking also reduces the viability of the proposed multi-storey car park.
Option 2	Do Minimum Scenario: Fence off the car park and wait for the market to come along with a suitable scheme without any public sector inducements or support such as investment in accompanying public realm improvements.
<i>Appraisal</i>	Leaving the opportunity solely for the market to decide is likely to lead to sub-optimal regeneration outcomes. Satisfactory development outcomes are likely to take many more years.
Option 3	Council to act as developer as speculative developer.
<i>Appraisal</i>	This is not an optimal use of resources or expertise. Proactive private sector investors and developers are more nimble and can deliver higher quality development at less cost than the public sector. By working with the private sector the Council's financial resources can be deployed to stimulate transformation more quickly and more widely across the town centre.

Option 4	Adopt an alternative development such as retail and leisure or exclusively offices or housing.
<i>Appraisal</i>	Demand for retail space is in decline. Schemes have already been brought forward for more copious food and beverage provision. Combining office and residential uses in towns and cities has been identified by bodies such as the Centre for Cities as a means of keeping urban centres prosperous and resilient as strong demand for high quality amenities can be established and maintained. It is also conducive to creating a sustainable environment as by having homes and employment opportunities close together reduces the need to travel. Also, given the demand for housing, uses on available development sites need to be intensified.
Option 5	Creation of a new street, footpath and high quality public realm linking the site to Queensway North and the multi-story and a development project to create 76,437 sq.ft of offices, high tech and laboratory space.
<i>Appraisal</i>	This option creates a high prestige employment use; helps to consolidate Stevenage as a premier bioscience location; establishes a market for high quality office uses on other town centre sites; alleviates housing shortages; diversifies the town centre and sustains the viability of local amenities and accelerates the comprehensive transformation of the town centre.

Preferred Option

3.2.5 The preferred option is No. 5, the creation of a new street, footpath and high quality public realm linking the site to Queensway North and the multi-story and a development project to create 76,437 sq.ft of commercial life sciences space, responding to a unique market opportunity for Stevenage and the need for grow-on space for the internationally recognised Cell & Gene Therapy Cluster.

3.3 Economic Benefits

3.3.1 Quantified Benefits

Jobs Created	307
Commercial Floorspace Developed or Upgraded sqm	7,103
Net Increase in Commercial Floorspace	1,580
Construction Jobs	169
Additional GVA Generated per Annum	£17,712,967
Additional Annual High Level Skills Qualifications Attained	23

How Benefits Have Been Monetised

3.3.2 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 30 Years
Cost	£47,189,795
Benefits	
Transport	£0
Non-Transport	£254,405,820
Total	£254,405,820
Net Present Value: Benefits Less Cost	£207,216,025
<u>BCR Calculations</u>	
Transport	0.00
Non-Transport	5.39
Transport and Non-Transport	5.39

Annual Undiscounted Benefits (real terms)

	Undiscounted 30 Years
Cost	£50,206,443
Benefits	
Transport	
Non-Transport	£442,824,184
Total	£442,824,184
Net Present Value: Benefits Less Cost	£392,617,741
<u>BCR Calculations</u>	
Transport	0.00
Non-Transport	8.82
Transport and Non-Transport	8.82

Additionality, Deadweight, Displacement and Substitution of Benefits

3.3.3 The following assessment has been made of additionality, deadweight, displacement and substitution of benefits.

Additionality	<p>Additionality affects that would not have been realised but for this project are:</p> <ul style="list-style-type: none"> • New floorspace created and associated job creation • Additional housing that would not have been possible without the project • Enhancement of Stevenage Town Centre's profile as a high-quality business location for international companies
Leakage	This project is about place specific site development which cannot take place

	elsewhere so no leakage is anticipated.
Deadweight	The benefits from this project could not have happened anyway given identified market failures and the amount of investment needed to release and prepare the proposed sites ready for development.
Displacement	Possible relocation of high-tech businesses from Gunnels Wood to the town centre will occur, but given the intensity of demand from the clustering effects within the biosciences sector coupled with a shortage of employment space borough-wide, replacement investment would be found quickly, creating jobs that would cancel out any displacement effects.
Substitution	Not expected to apply as: <ul style="list-style-type: none"> a) Stevenage is being position for attracting investment and jobs from international companies b) Given the proposed innovation hub and STEM skills project complementing this project as part of the Town Fund proposals, skills levels will be enhanced.

Assessment of Non-Quantified Benefits

3.3.4 Non-quantified impacts and benefits are summarised below.

Project	Impact	Assessment of Benefits
Public realm	Higher levels of investor confidence	<ul style="list-style-type: none"> • Acceleration of development commitments and completions. • Providing an improved town centre visual environment will generate higher levels of investor confidence, conducive to acceleration of the rest of the redevelopment of Stevenage Central. • New homes will be created to offset housing shortages. Faster provision of new affordable homes that can be allocated to local people. • Enhanced patronage of and investment in upgraded food and beverage outlets. • Wider choice of high quality jobs for local residents • Increase in town centre residents, employees, visitors and spending.

Consideration of Distribution of Impacts

Employment and income

3.3.5 High quality office development employment opportunities will predominantly benefit white collar occupations. Food and beverage and retail development will provide employment opportunities for service sector, manual and elementary occupations.

Geographical

3.3.6 Beneficiaries will be primarily current residents of Stevenage and future residents of the town centre plus those within Stevenage and its travel to work area.

Protected Groups

3.3.7 No adverse effects are identified.

3.4 Economic Costs

Breakdown of Project Costs

Marshgate Biotech Centre Affordable Housing

	Bioscience Building	Affordable Housing	Public Realm	Total
Site Acquisition Costs	£3,400,000	£21,040	£0	£3,421,040
Construction:				
Construction costs	£23,648,965	£14,976,748	£1,800,000	£40,425,713
Professional fees	£2,241,330	£1,944,000	£200,000	£4,385,330
Financing costs	£1,082,839	£891,521		£1,974,360
Sub Total	£26,973,134	£17,812,269	£2,000,000	£46,785,403
Total	£30,373,134	£17,833,309	£2,000,000	£50,206,443

3.5 Value for Money Assessment

VFM Assessment

	Present Value 30 Years
Cost	£47,189,795
Benefits	
Transport	£0
Non-Transport	£254,405,820
Total	£254,405,820
Net Present Value: Benefits Less Cost	£207,216,025
<u>BCR Calculations</u>	
Transport	0.00
Non-Transport	5.39
Transport and Non-Transport	5.39

Steps taken to Maximise Vfm

3.5.1 Appropriate measures are being applied to ensure that the construction works for the project can be delivered in the most cost-effective manner possible, without sacrificing on the quality and functionality of the end product.

3.5.2 To this end, the appointed contractors will be asked to assess scope for further savings from the supply chain, alternative configurations and materials with a view to optimise value for money. In addition, quotes for ongoing design and survey activity will be retendered should this be considered to have scope for further savings.

3.6 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.

Place Based Analysis		
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	Summary of Outputs	
	Jobs Created	307
	Commercial Floorspace Developed or Upgraded sqm	7,103
	Net Increase in Commercial Floorspace	1,580
	Construction Jobs	169
	Additional GVA Generated per Annum	£17,712,967
	Additional Annual High Level Skills Qualifications Attained	23
	Benefits to the Target Area: Qualitative	<p><u>Economic</u></p> <ul style="list-style-type: none"> • 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"> • Improved visual environment • 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"> • New homes will be created to offset housing shortages • 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 Gunnel's Wood employment area 	
Adverse effects on protected groups	None so far identified	
Different impacts by income group	High quality office development likely to benefit white collar occupations F&B and retail development will provide opportunities for manual and elementary occupations	
Views of local stakeholders	TBC	
Alignment with wider public policy in the relevant area/s and the UK as a whole/s	<u>National</u> Boost to: Prospects for the UK Innovation Corridor Net Zero Carbon Policies	

Place Based Analysis	
Target Area	Central Core, Stevenage Town Centre, SG1
	<p><u>Sub-regional</u> 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. Boosts enterprise and innovation and international trade and investment. 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> Stevenage Local Plan 2019-2031. Directly addresses Local Plan's ambitions for new homes and additional employment floorspace. 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	Completion of new bus interchange and rail station upgrade, both approved and funded
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 additional housing • 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 • Increased footfall boosting prospects for revived retail, leisure and hospitality sector

3.7 Summary of Preferred Option for Investment

Purpose and Key Elements of the Project

3.7.1 The purpose of this project is the creation of a new street, footpath and high quality public realm linking the site to Queensway North and the multi-story and a development project to create 76,437 sqft of offices, high tech and laboratory space.

3.7.2 Key elements of the project are:

- Reallocation of the car parking spaces to the Station North Car Park whose capacity is being augmented by an upper deck as part of the development of the Station Gateway Phase 1 sustainable vehicle park scheme.
- Following the release of one of the town centre surface car parks for redevelopment, site preparation works and public realm enhancements will provide an opportunity for new housing and commercial development.
- Initial enabling works and public realm work to create the conditions for the development to proceed.

- High quality public realm including new paving surfaces and planting of trees and other foliage around the perimeter of the site and car parking area.
- A development project to be undertaken by the developer Reef to create 76,437 sq.ft of offices, high tech and laboratory space
- New office development made possible will reposition Stevenage as office location of international significance providing high quality jobs and career opportunities to Stevenage residents.

3.7.3 Key benefits of the project will include:

- Major boost in the number of and choice of high quality jobs for local residents
- New homes will be created to offset housing shortages. Faster provision of new affordable homes that can be allocated to local people.
- Increase in town centre residents, employees, visitors and spending.
- Enhanced patronage of and investment in upgraded food and beverage outlets.
- An improved town centre visual environment will generate higher levels of investor confidence, conducive to acceleration of the rest of the redevelopment of Stevenage Central.
- Acceleration of development commitments and completions across the wider town centre.
- Consolidation of the gene therapy cluster and wider bioscience sector within the region and UK.

FINANCIAL CASE

4. FINANCIAL CASE

4.1 Introduction

4.1.1 This section sets out the financial case for the project first describing the approach and funding options, details of the buildup of costs, proposed funding and an affordability assessment.

4.2 Approach to Financial Case

Funding Options Considered

Stevenage Borough Council

4.2.1 Stevenage Borough Council has been investigating a range of funding opportunities to fund projects within the Regeneration programme and working across the organisation to create a centralised review of available funding opportunities and determine which projects are most appropriate. The financial impact on the council following COVID 19, will be significant, and it is anticipated that the capital programme will be affected. Were this project to be funded by the Council, it would divert funds earmarked for other initiatives essential to accelerating the regeneration and renewal of the SG1 area, such as strategic site acquisitions and associated enabling works.

Other Public Sector Funding Options

4.2.2 Other funding options such as Future High Street, One Public Estate and Levelling Up funding are less aligned in terms of criteria and the urgency surrounding the scheme, though these are being explored in conjunction with the Town Development Board.

Private Sector

4.2.3 There are good prospects for mobilising the private sector to invest in and take forward the project. A costed development scheme has been worked up by Reef, a development partner of Stevenage Borough Council and a private sector funder identified.

Town Fund

4.2.4 However, the visual quality of the area adjacent to the site is poor and presents a somewhat drab environment comprised of dated buildings and the rear of Queensway North. This presents a potential barrier to triggering a development start. To be sure of securing the investment commitment of the above developer, it will be necessary to mitigate this constraint by parallel investment in high quality public realm works that will significantly enhance the experience and visual quality of the site's environs for employees and visitors to the proposed bioscience building as well as for other town centre visitors.

Preferred Funding Option

4.2.5 The Town Fund is considered to be an ideal option for this scheme as it provides for sufficient resources to implement the public realm elements of the scheme. This can realistically be expected to create the level of confidence needed to secure the investment and development commitment necessary for the bioscience and affordable homes scheme to move forward.

Funding Profile and Scheduling

4.2.6 The funding profile is summarised as follows.

Funding Profile	
Type	
Private Sector	£48,206,443
Town Fund	£1,750,000
Total	£50,206,443

4.2.7 The table below shows the scheduling of the funding.

Funding Profile	20/21	21/22	22/23	23/24	24/25	25/26	Total
Private Sector		£9,641,289	£38,565,154				£48,206,443
Town Fund		£100,000	£400,000	£1,250,000			£1,750,000
Total		£9,841,289	£40,365,154				£50,206,443

4.3 Costs

4.3.1 The project costs are as set out below. The construction costs of the bioscience building and affordable homes are taken from the development appraisals prepared as part of the Marshgate site valuation undertaken by Cushman and Wakefield in behalf of Stevenage Borough Council in June 2021. The costs of the public realm works have been estimated by members of the Council's regeneration team.

Marshgate Bioscience Office and Affordable Housing				
Breakdown of Project Costs	Bioscience Building	Affordable Housing	Public Realm	Total
Site Acquisition Costs	£3,400,000	£21,040	£0	£3,421,040
Construction:				
Construction costs	£23,648,965	£14,976,748	£1,800,000	£40,425,713
Professional fees	£2,241,330	£1,944,000	£200,000	£4,385,330
Financing costs	£1,082,839	£891,521		£1,974,360
Sub Total	£26,973,134	£17,812,269	£2,000,000	£46,785,403
Total	£30,373,134	£17,833,309	£2,000,000	£50,206,443

4.4 Funding and Revenues

4.4.1 Funding options considered are as described above. The funding of the site redevelopment will be assured under the terms of a development agreement with Reef. Sources and uses of funds are summarised below.

Funding Profile				21/22	22/23	23/24	24/25	Total Uses
Sources	Value	Uses	Value					Total
Private Sector	£48,206,443	Development and Construction	£48,206,443					£48,206,443
SBC								
Town Fund	£1,750,000	Public Realm Works	£1,750,000	100,000	400,000	1,250,000		£1,750,000
Total	£50,206,443		£50,206,443					£50,206,443

4.5 Affordability Assessment

4.5.1 A BCR has been calculated as shown below.

Cost	£47,189,795
Benefits	
Transport	£0
Non-Transport	£254,405,820
Total	£254,405,820
Net Present Value: Benefits Less Cost	£207,216,025
<u>BCR Calculations</u>	
Transport	0.00
Non-Transport	5.39
Transport and Non-Transport	5.39

4.5.2 As can be seen from the table above, the net cash flow taking account of economic benefits gives a net present value of £266m and benefit cost ratio of 5.4.

4.5.3 It is proposed that the Town Fund provides the resources for completion of the public realm scheme leading to the site. These commitment to these works provide the assurance to the developer that the visual and physical environment around the redevelopment of the Marshgate site will be significantly upgraded in parallel with his investment commitment, enhancing confidence in the expected success of the scheme.

4.5.4 The redevelopment to be undertaken by Reef will be on the basis of a pre-let to the occupier of the office space. The pre-let would be to Autolus Holdings UK, who are a biopharmaceutical company founded on advanced cell programming technology and spun-out from University College London in 2014. The commitment to this pre-let will be more likely to be secured is this tenant can be assured that their operational environment will be of high quality.

COMMERCIAL CASE

5. COMMERCIAL CASE

5.1 Introduction

5.1.1. This section sets out the commercial case, describing the potential commercial options for delivery of the project model and supporting rationale, taking account of the existing commercial strategy of Stevenage Borough Council and on this basis the procurement strategy adopted, based on a review of possible options for the preferred procurement route. The proposed procurement process, including key milestones, and processes for assurance and approvals are then set out.

5.2 Commercial Deliverability

Potential Delivery Options

5.2.1 There are three delivery options.

1. Stevenage Borough Council promoting a development with its own finances and management resources.
2. Attracting proposals from speculative office developers.
3. Working in partnership with a developer who is able to line up a high quality occupier in advance of the development.

5.2.2 The first option, where the Council would act as a speculative developer is a poor use of its resources and expertise which are better deployed to stimulate leveraged investment and transformation more quickly and more widely across a variety of the town centre. Especially as an opportunity with a developer has naturally arisen through market conditions.

5.2.3 Attracting proposals from speculative office developers has the advantage of bringing in private sector investors and developers who have stronger expertise in development schemes and can deliver at less cost than the public sector. However, the Council's regeneration strategy and wider sub-regional economic growth objectives have determined the need to build powerful clusters in specific areas of economic activity and within definitive timescales. This cannot be assured simply by relying on speculative developers. Leaving the opportunity solely for the market to decide is likely to lead to sub-optimal regeneration outcomes. Moreover, development completions are likely to take many more years.

Proposed Delivery Model

5.2.4 The proposed delivery model is to work in partnership with a developer who is able to line up a high quality occupier in advance of the development and for Stevenage Borough Council to sale the land subject to appropriate conditions as landowner In parallel, it is proposed that the Town Fund provides the resources for completion of the public realm scheme leading to the site, for additional quality and integration with the Town Centre. The redevelopment would be

undertaken by Reef on the basis of a pre-let to the occupier of the office space and the relationships built and established through market engagement process

Rationale for Proposed Delivery Model

- 5.2.5 These arrangements have a number of advantages. An agreement for lease provides assurance to the developer that the scheme can proceed on a viable basis. The commitment to this AFL will be more likely to be secured if this tenant can be assured that their operational environment by way of an enhanced public realm will be of high quality. Both factors are conducive to accelerating the transformation of the Marshgate major opportunity area, with associated knock-on benefits to surrounding parts of the town centre.
- 5.2.6 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. The pre-let would be to Autolus Holdings UK, who are a biopharmaceutical company founded on advanced cell programming technology and spun-out from University College London in 2014. Attracting such uses into the town centre is also conducive to making the wider town centre more sustainable both in economic and environmental terms.

Existing Commercial Strategy

- 5.2.7 Stevenage Borough Council has a strong track record of delivering projects and are working collaboratively with partners to increase momentum to regenerate the town centre. In particular, in March 2019, the Council entered into a development agreement with the urban developer Mace to bring forward two of the Major Opportunity Areas (MOAs) of the Framework - Southgate Park and the Central Core – as well as acting as a catalyst to deliver major place shaping changes to the town centre.

Evidence of Market to Deliver the Project

- 5.2.8 As stated in the Town Investment Plan, Reef are an urban regeneration specialist with a £4bn regeneration portfolio and expertise in enhancing communities and environments, providing design expertise and end-to-end management including programming, cost analysis, procurement, construction and leasing. In Stevenage, Reef have acquired the former M&S site in partnership with SBC are delivering a £20m+ mixed-use regeneration scheme of 107 apartments, diversified leisure, retail and restaurant uses, and new commercial space. The scheme is on site now and nearing completion. . Reef are keen to do more in Stevenage particularly involving the life science sector.

Key Contractual Arrangements

- 5.2.9 SBC will contract for the sale of the relevant portion of the Marshgate site based on a recently completed independent site valuation. In parallel with the contract of sale, a development agreement will be concluded between SBC and Reef which will commit Reef to delivering the public realm scheme on behalf of Stevenage Borough Council Reef to commit to developing the office and laboratory space and residential units on the Marshgate within a defined timescale . As

of xxx planning permission was granted to xxx for the development of the office and laboratory space.

Delivery Arrangements

5.2.10 The above contractual arrangements will assure the development of the Marshgate scheme will be completed with the appropriate conditions and mechanisms to monitor the progression of the construction and the design and delivery of the public realm scheme.

Risks

5.2.11 The identified risks are assessed as follows.

Risks	Likelihood	Mitigation
Failure to achieve planning approval	Low	Planning approval has been achieved.
Autolus backs out of the deal with Reef	Medium	SBC has no direct control of this, but the purpose of the commitment to the public realm scheme is to ensure an attractive operational environment for the company and its employees. This is a significant inducement, minimising the possibility of a pull out.
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.

5.3 Procurement Strategy

Projects that will need to be Procured

5.3.1 There are two projects that need to be procured.

1. Turnkey design and build of the public realm project. Responsibility: Reef
2. Turnkey design and build of the bioscience project. Responsibility: Reef.

Procurement Process, Milestones, Assurance and Approvals

5.3.2 Reef Developments will procure the public realm project.

5.3.4 Stevenage Borough Council follows public procurement procedures and complies with public procurement law (s35 Local Government Act 1972 plus current OJEU regulations). Information regarding this can be viewed on our website by following the link below, this also outlines the corporate procurement strategy between 2016-2020. Stevenage Borough Council will perform the procurements of construction contractors.

Proposed Policies on Social Value, Sustainability, and Innovation

To be completed. Do Reef have some criteria for this? Is this where we need to include our core values as a measure or no?

MANAGEMENT CASE

6. MANAGEMENT CASE

6.1 Introduction

- 6.1.1 This section sets out the approach and experience of SBC in delivering similar projects and sets out the proposed arrangements for Project Organisation and Governance. The approaches to oversight and approvals and to assurance and the assurance plan are then described.
- 6.1.2 The scope of the project and its key elements are then described along with the approach to specifying and managing requirements, the interfaces with third parties and related management approach and the approach to solution development, confirmation management and acceptance.
- 6.1.3 The structure of the project programme and principal stages and workstreams and related timescales are then described, making reference to interdependencies with rest of TIP and non-TIP projects.
- 6.1.4 The key milestones and key decision points, assurance, consents, approvals are then summarised. Constraints and assumptions are then summarised and the most likely forecast completion date stated.
- 6.1.5 This section also elucidates on the approaches to risk and opportunities management, project management, stakeholder engagement and benefits, monitoring and evaluation.

Evidence of Application on Similar Projects

- 6.1.6 Stevenage Borough Council has a strong track record of delivering projects and are working collaboratively with partners to increase momentum to regenerate the town centre. In particular, in March 2019, the Council entered into a development agreement with the urban developer Mace to bring forward two of the six Major Opportunity Areas (MOAs) of the Framework - Southgate Park and the Central Core – as well as acting as a catalyst to deliver major place shaping changes to the town centre.

6.2 Project Organisation And Governance

- 6.2.1 There is a very well established two- tier governance system which is already overseeing the delivery of the programme of projects delivery regeneration in the town centre. The Town Development Board has been recently established after drawing the previous Stevenage First board to a close. This board operates a strategic steering group, which sets the vision and direction for the Town Investment Plan funding. In terms of the project delivery, there is a two tier governance structure in place at a programme and project level. Regeneration Steering Group, which monitors the overall performance of the programme. Working groups are

established relating to the project with standardised governance and project management approach that escalates progress, risks and relating to budget, timescales tolerance levels. to the Regeneration Steering Group Projects delivered to date under this supervision model include the public realm projects- Forum Square, Littlewoods Square, Market Place, Wayfinding and more recently North Block, Town Square and the vacant possession of Swingate House.

Key Participants, Accountabilities and Responsibilities

6.2.2 The key participants, accountabilities and responsibilities are summarised below.

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	Delivery of a high-quality public realm	Adequate consultation
		Minimisation of adverse impacts of the scheme	Ensuring a comprehensive design scheme
Reef	Stevenage Borough Council	Compliance with development agreement	Assuring what was proposed is delivered and on time
	Autolus	Provision of a building meeting agreed specification	Assuring quality of the product meets original commitment

Project Delivery Organisation

6.2.3 The project delivery organisation is summarised below.

Organisation	Functions	Key Roles	Capability	Competences and Resourcing
Stevenage Borough Council	Orchestration of regeneration strategy and projects	Stakeholder consultation Project scoping Sourcing of funding Initiation of delivery partnerships Formalising approvals	Well-developed stakeholder engagement strategy, organisation and processes Devising high impact regeneration solutions Delivery through partnership	Expert and experienced regeneration team Town Fund award and match funding for key projects Scope procurement framework Delivery partnerships
Reef	Delivery of high-quality development	Sourcing high quality tenants	Orchestration of scheme design, funding and	Comprehensive array of development

	schemes	Funding Scheme design and planning Procurement Construction and delivery	construction	expertise Access to commercial development funding
--	---------	---	--------------	---

Governance Arrangements for Oversight and Approvals

6.2.4 The Town Development Board will continue to monitor the progress of the programme of Town Investment Plan projects. The Board includes a number of local leaders from key sectors and businesses, including companies such as Airbus, MBDA, Wine Society and Groundwork East; all tiers of local government and Hertfordshire LEP; community sector; education sector including North Hertfordshire College (FE) and the University of Hertfordshire (HE), and others such as the local NHS Trust. Stevenage Borough Council (SBC) will be the accountable body. The Council has a dedicated regeneration directorate to deliver a programme of projects with a current capital value in excess of £60m. SBC will be supported by both the County Council and the LEP. The LEP has considerable experience of major programme management (BEIS/MHCLG Getting Building Fund, Growth Deal and Growing Places funding). The LEP approves and monitors its projects using an Assurance Framework and this will be utilised for administering Town Deal.

6.2.5 As mentioned, the Regeneration Steering Group will monitor the performance of the scheme and the project manager linked to this project will

6.3 Assurance

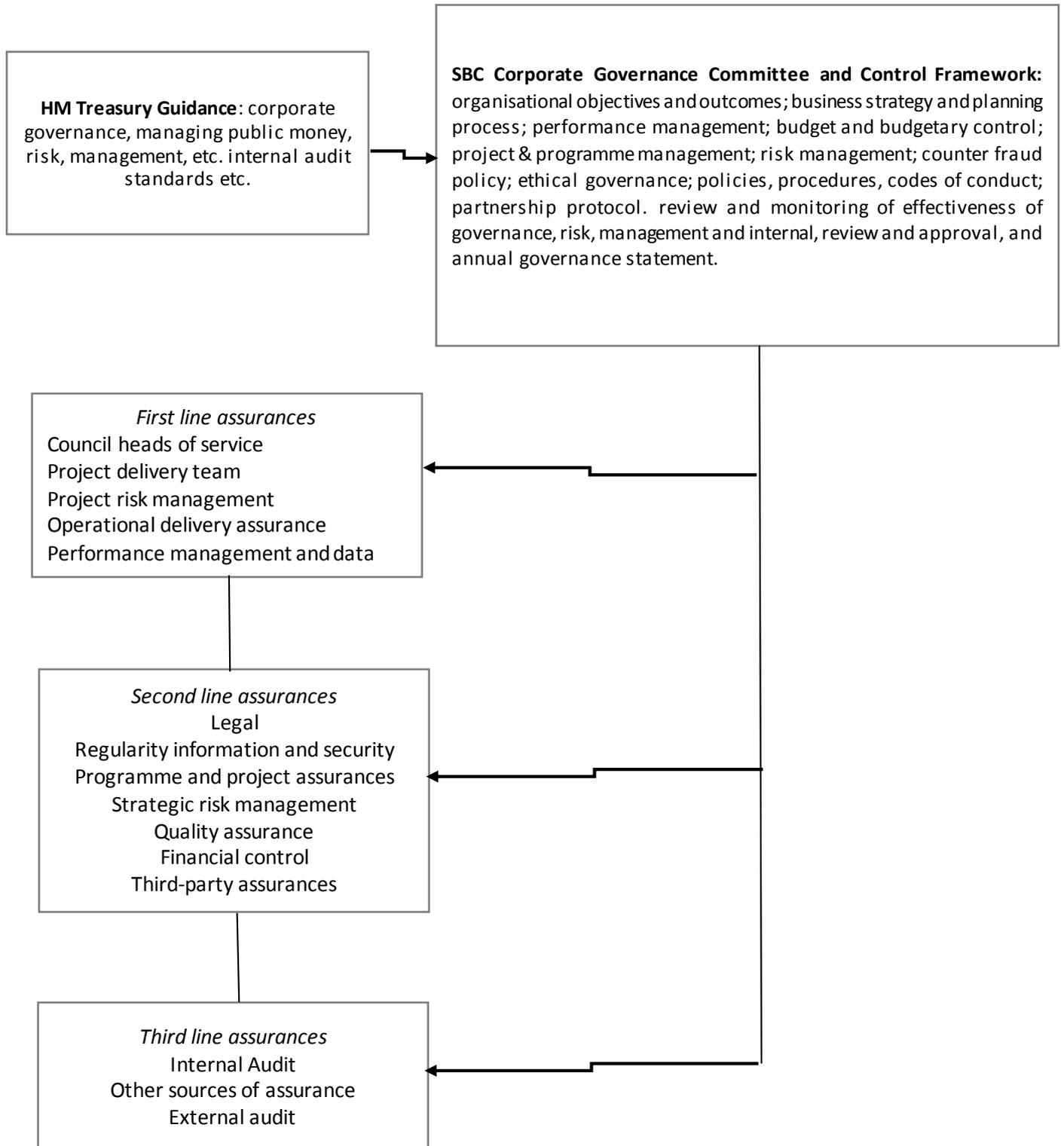
Approach to Assurance

6.3.1 All proposals and business cases will go through a transparent and robust application and scrutiny process, based on three simple principles:

- Robust interrogation to maximise value for money and ensure outputs and outcomes are deliverable and achievable
- Streamlined and efficient process, utilising private sector partners, to ensure pace of delivery is maximised
- Transparency and openness, with the process and framework published (without prejudice to commercial confidentiality).

Summary of Assurance Plans and Timing of Key Reviews and Links to Decision Points

6.3.2 The assurance process will proceed via the following framework.



Integrated Approvals and Assurance Plan

6.3.3 The approvals and assurance arrangements are illustrated in the table below.

Month	Project Delivery Team	Stevenage Development & Town Board		Independent Auditing
	Actions	Approvals	Oversight Actions	Investigations and assurances
<u>Public Realm Project</u>				
1	Final scoping and business case	Approval of business case		
3	Report on risk profile and mitigation measures		Integrated review of project risks and strategic risks, mitigation proposals and actions	Review and commentary on risk profile and combined project risks, mitigation proposals and actions
2	Consultation process and report	Approval to finalise project plan		
3	Project delivery plan: proposed designs, solutions, delivery programme and costings	Approval of project plan		Submission of comments on project delivery plan
4	Asset Transfer	Approval of land sale		
4	Project launch	Approval for project start		
5-35	Monthly project reports: progress, achievements, risk mitigation actions and expenditure		Review of monitoring reports	
			Stage gate assessments	
			Decisions and interventions in the event of serious delays or emerging major uncertainties	
			Commission interim project audit report	Interim project audit
		Directions in event of financial and other irregularities		
<u>Site Development Scheme</u>				
5-35	Monthly report on developers' compliance with development agreement		Interventions in event of non-delivery of development agreement	
<u>Project Completion</u>				
36	Project completion report	Sign off of project completion	Sign off independent auditing	Final project audit

6.4 Scope Management

Summary of the Scope of the Project and its Key Elements

- 6.4.1 The scope of the project specification is driven by the Stevenage Central Framework produced in 2015, through which Stevenage Borough Council has set out to comprehensively regenerate the town centre through the transformation of its major opportunity areas, of which Marshgate is one, in a phased manner. The attraction of high quality employment into the town centre alongside the development of good quality housing is a fundamental objective for assuring the town centre's future resilience.
- 6.4.2 In accordance with this objective, the scheme being supported by the Town Fund will involve the bringing forward and implementation of a new mixed-use development that will directly respond to the need for additional space to meet continued growth of Stevenage's specialist bioscience cluster.
- 6.4.3 The development will take place on an existing surface car park alongside St, George's way on the east side of the town centre. Key activities will involve:

- Initial enabling works and public realm work to create the conditions for the development to proceed. This will include high quality public realm including new paving surfaces and planting from the site to Queensway North and a pathway to the multi-storey car park area.
- A development project to be undertaken by the developer Reef to create 76,437 sqft. of offices, high tech and laboratory space

6.4.4 Autolus Holdings UK, who are a biopharmaceutical company founded on advanced cell programming technology and spun-out from University College London in 2014 is an investment vehicle for Autolus Limited who will occupy the Bioscience building with two other group subsidiaries. The ultimate parent company is Autolus Therapeutics Plc, which is listed on Nasdaq and who have a market value of £565m.

Activity	Parallel Projects	Current Project	
		Enabling Phase	Development Phase
Multi Storey Car Park & zero carbon support infrastructure	√		
Reallocation of car parking spaces from Marshgate to MSCP		√	
Sale of Marshgate car park site to developers		√	
Public realm improvement scheme from Marshgate to Queensway North		√	
Development of bioscience office and laboratory building			√

Approach to Specifying, Approving, and Managing Requirements

6.4.5 The Stevenage Central Framework also sets the parameters underlying the specification of requirements. This has set targets for the amounts of employment space and number of homes to be developed and jobs to be created. Sub-regional economic growth objectives, such as assuring the success of the UK Innovation Corridor in Hertfordshire and the bioscience cluster in particular have an influence on the scope of the project.

6.4.6 To achieve these aims and targets, the Council has specified the resources, processes and tools that need to come together in place to transform Marshgate. Specifically:

- Allocation of one of six surface car parks to be redeveloped – i.e. Marshgate
- The lining up of a competent developer and high prestige occupier for the site
- A project plan and programme for the creation of a high quality public realm to provide conditions for the redevelopment aims to be realised successfully
- Ensuring the necessary planning approvals are secured
- Putting in place other relevant enabling measures affecting the site

6.4.7 The responsibility for initiating and managing these processes will lie with the SBC Regeneration team. Key management tasks the SBC Regeneration team will be concerned with are:

a) Site Specific:

- Specifying the extent and boundaries of the public realm project
- Detailed design
- Consultation with relevant third parties
- Site preparation works
- Building works
- Planting

- Fit out
- Sign off

b) Marshalling Resources:

- Assembling the necessary funds and expertise to take the project forward

c) Integration:

- Ensuring the timely completion of the proposed multi-storey car park to ensure that the spaces taken out of use are effectively substituted
- Consultation with neighbouring uses
- Provision of the necessary non-car accessibility to the site

d) Project development and assurance

- Mechanisms to ensure the project is delivered on time and to budget
- Identification and management of risks
- Assuring the performance of the developer in delivering the required product(s) within the agreed timescale through effective monitoring
- Monitoring and evaluation to ensure that the targeted outputs and outcomes are delivered
- A detailed project plan specifying how the above will be brought together and implemented

e) Approvals

- Approval for the project plan will be sought from the Town Development Board

Interfaces with Third Parties and Management Approach

6.4.8 A number of key interfaces need to be managed:

- Ownerships and occupiers at the boundaries of the public realm works through appropriate consultation activity before design work is finalised
- Monitoring of the developer's activities to ensure that what has been promised through the development agreement is actually delivered
- Ensuring successful embedding of Autolus once the development is handed over A clear and targeted communication plan that highlights the investment in public realm with opportunities for residents to input, and a positive marketing campaign that further secures Stevenage as a life science leader

Approach to Solution Development, Confirmation Management and Acceptance

Solution Development

6.4.9 Given that the solution for the creation of the bioscience office building has been extensively worked up by Reef, the solution development process described here focuses on the public realm project. This has comprised the following stages:

- i) Objective setting
- ii) Consultation with the prospective occupier, neighbouring business users and residents

- iii) Issues identification – examination of how key outcomes to be realised and what adverse impacts need to be minimised
- iv) Specification of requirements
- v) Identification, investment appraisal and evaluation of solution options
- vi) Selection of optimum solution
- vii) Specification of the project
- viii) Verification that the specification will deliver what is required
- ix) Interim development of value-improving proposals
- x) Interim checks on the project to ensure that the right product is being built

Confirmation Management and Acceptance

6.4.10 The confirmation management and acceptance process will cover the reviews and decisions to address:

- the relevance and appropriateness of the objectives
- whether the requirement reflects the objectives and addresses the issues identified
- whether the project specification will meet the preferred solution
- whether the final project outcome has met what was required.

6.5 Programme/Schedule Management

Summary Structure of the Programme

6.5.1 Key elements of the programme are:

- Public realm improvement scheme from Marshgate to Queensway North and the MSCP
- Sale of Marshgate car park site to developers
- Site preparation works
- Development of bioscience office and laboratory building

Summary Timescales

6.5.2 Main milestones are as summarised below.

Milestone	Timescale	
	Start	Complete
Public Realm		
<i>RIBA 1 outline concepts</i>	September 2021	October 2021
<i>RIBA 2 concepts</i>	November 2021	December 2021
Final Design	December 2021	January 2022
Procurement Actions	December 2021	February 2022
Construction	March 2022	March 2023
Completion		March 2023
Site Redevelopment		
Completion of planning process	June 2021	Completed
Sale of site to developer with legal conditions	August 2021	October 2021
Preliminary site works	December 2021	January 2021
Main construction period	February 2022	September 2023
Handover to occupier	September 2023	October 2023

Interdependencies with the Rest of TIP and non-TIP Projects

6.5.3 The main inter-dependency is the loss of car parking which will need to be considered as part of the Station Gateway Phase 1 Business Case development, as this includes the construction of a new Multi-Storey car park as a key enabler for unlocking future development.

Decision Points, Assurances, Approvals and Critical Paths

6.5.4 These are summarised as follows.

Key Decision Points	<ul style="list-style-type: none"> • Sign off of final business case • Sign off of project designs final costings and delivery plan for public realm works • Sign off of risk mitigation measures • Authorisation of project start • Commissioning of interim and final audits • Sign off of project completion summarised as follows.
Assurances	<ul style="list-style-type: none"> • Integrated review of project risks and strategic risks, mitigation proposals and actions • Review of monitoring reports • Stage gate assessments • Decisions and interventions in the event of serious delays or emerging major uncertainties • Interim project audit

	<ul style="list-style-type: none"> • Directions in event of financial and other irregularities if required • Interventions in event of non-delivery of development agreement • Sign off of independent audits
Consents & Approvals	<ul style="list-style-type: none"> • Local authority planning approval • Approval of final business case • Approval of project designs, final costings and delivery plan for public realm works • Approval of terms of land sale • Approval of development agreement • Approval for project start • Sign off of project completion
Critical Paths and Higher Risk Workstreams	<ul style="list-style-type: none"> • Interim arrangements for reallocated car parking capacity • Completion of multi-storey car park • Finalisation of land sale and development agreement

Summary of Schedule Hierarchy

Milestone	Timescale
Public Realm Start on Site	March 2022
Public Realm Completion	March 2023
Completion of planning process for site redevelopment	November 2021
Site redevelopment completion	September 2023
Handover to occupier	September 2023

Summary of Constraints, Assumptions, and Basis for Programme Durations

6.5.5 These are summarised below:

Issue	(Possible) Constraints	Assumptions	Basis for Programme Durations
Planning	Decision awaited	Approved & issued	Delays would affect project start
Re-allocation of parking capacity	Cannot be finalised until new MSCP is completed	Arrangements will be made to divert cars to interim provision on other under-utilised surface car parks	No delays expected
Public realm works	Need for consultation with neighbouring uses	No major issues expected as project expected to benefit neighbouring uses	6 months for design and approval and 12 months for construction
Sale of car park land	Sale price to be negotiated	Developer expected to accept formal site valuation commissioned by SBC	No delays expected
Site development scheme	Development agreement still pending	Delays unlikely as most elements already agreed with developer	Minimum build out period of 17 months

Forecast Completion Date (within stated range)

6.5.6 September 2023 to November 2023

6.6 Risk and Opportunities Management

Summary of Risk Management Strategy

6.6.1 The risk management strategy is focused around maximising the popularity of the scheme amongst local residents, minimising delays and cost overruns and ensuring timely delivery of the redevelopment scheme, for which a development agreement will be the key assurance tool.

Summary of Processes and Tools

6.6.2 The Town Development Board takes responsibility for the assessment of the project risks and the measures necessary to mitigate them, working with the project delivery team and other sources of assurance such as the auditors.

6.6.3 The board has adopted an assurance plan that provides for an integrated review of project risks and strategic risks, mitigation proposals and actions. As part of this process the board will seek comments on risk profile and combined project risks, mitigation proposals and actions from the SBC audit team. The board will initiate interventions in the event of serious project delays, emerging major uncertainties (e.g. a climate change disaster), non-contract compliance or financial irregularities.

Summary of Risk Themes and Key Risks and Mitigations

6.6.4 The main risk areas relate to:

- a) Potential delays, due to changing weather conditions, labour shortages or unknown site conditions
- b) Public realm proposals proving to be unpopular
- c) Poor delivery performance by the site developer or public realm contractor
- d) Financial - cost overruns and parking revenue loss

6.6.5 Key mitigation measures will include:

- Timely commencement of consultation activity in order to identify and address major issues
- Use of the legal agreement with Reef to secure a commitment to tight delivery standards, to ensure availability of spare labour and measures to address unforeseen eventualities such as weather and unknown site conditions.
- Incorporation of tight delivery standards in development agreement
- Involvement of a cost consultant will be involved from an early stage of the project to ensure contractor's proposals are realistic and within budget.
- Advertising of nearby car parks to encourage use by those regularly parking at Marshgate
- Contractual provisions to manage unforeseen site conditions e.g. physical obstructions or physical conditions

Approach to Opportunities Management and Realisation

6.6.6 The Town Development Board is attuned to the concept of opportunities management, since its core function is to find ways to maximise the social, community and economic benefits from the resources available within the town. In particular, this project was an market opportunity that presented itself following the initial concept work for the site. The generation of ideas is a process that is proactively managed by the Council and the Development Board and addressed through the following processes:

- Proactive stakeholder consultation as a means of capturing useful ideas
- Acquiring new ideas through partnership working

- Developing options in response to changing circumstances e.g. climate change, disruptive innovation etc.
- Seeking optimum uses of under-utilised resources, such as sites with scope for redevelopment
- Examining opportunities as a response to identified risks
- An up-to-date comprehensive vision of where Stevenage wants to be, providing a framework in which ideas can be generated and opportunities identified, evaluated, scoped out and where appropriate taken forward.

6.6.7 These processes are built into the remits, work programme, meeting agendas of the Development Board and relevant Council delivery teams.

Assessment of Opportunities to Gain from Industry Productivity Initiatives

6.6.8 This is an integral part of the process described above as well as being tied into the solutions for the development process. For example:

- The potential use of new construction techniques are constantly considered when specifying tendered contracts.
- Exploiting opportunities brought about by climate change. For example, the need for an expanded multi-storey car park and new cycle way are a means of promoting use of electric vehicles through the provision of charging infrastructure and facilitating the adoption of electric bikes and scooters as an alternative to car use.
- The on-going adoption of digital technologies in all aspects of urban development and operations

6.6.9 Assessment of these types of opportunity are embedded into the agendas of the Council and Development Board.

6.7 Project Management

Proposed Project Management Approach

6.7.1 The project delivery team will be assembled from key officers within the Stevenage Borough Council Regeneration division. This team will take responsibility for day-to-day project management of the scheme. This will include direct delivery of the public realm scheme and ensuring compliance with the development agreement for the bioscience office by Reef. The officers in question have extensive experience of setting up urban development and construction projects and taking them forward to completion.

6.7.2 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. The governance structures in place ensure there is responsibility for overall control of the scope and progress the project and for putting in place the necessary assurances.

Key Processes for Controlling Scope, Programme, Cost, Risk and HSE Assurance and Reporting

6.7.3 The final scope, scheduling and budget for the project will be worked up by the project delivery team then presented to the Development Board for consideration. The Development Board will then ensure that the project scope is in line with predefined regeneration objectives and the TIP and that the proposed implementation programme is realistically deliverable.

6.7.4 The Development Board will also review all risks and mitigation measures taking into account any views of the council's internal audit team. It will provide directions to the project delivery team for any additional measures that need to be put in place to minimise risks identified.

6.7.5 A number of the controls will be brought about through the contractual process, in particular provision for addressing possible causes of delay, health and safety assurance, quality control and tight and regular reporting.

Processes for Managing Key Interfaces, Consents, and Compliance

6.7.6 The project delivery team will act as the key vehicle for liaising with the parties such as neighbouring uses, the site developer and contractor for the public realm works. As mentioned above the control mechanisms will be built into the contractual process for the developer and contractor and a regular process of monitoring will assure that contract compliance. And remedial actions where this is not achieved. The delivery team will also take responsibility for regular liaison with statutory authorities for planning and other consents required throughout the development process. A further dimension is the initial consultation and ongoing liaison with neighbouring uses so that the public realm proposals and any issues that are likely to arise during the implementation phase are dealt with in a satisfactory and cooperative manner.

Approach to Information Management

6.7.7 A designated member of the project delivery team will take responsibility for information management so that all aspects of the project and its progress and related issues arising are comprehensively recorded and reported upon where necessary. Regular monitoring reports will be submitted to the Development Board and relevant service heads within the Council.

Details for Managing Change

6.7.8 The risk register has identified a number of areas where there might be a need for managing change. These could include severe weather conditions, unexpected problems with site conditions or delays caused by labour shortages affecting the development and construction process.

6.7.9 It will be the responsibility of the Development Board to decide on alternative structures, processes, organisational and governance arrangements that may need to be put in place to address major changes of circumstances.

Arrangements for Managing Professional Service Contracts and Third-party Agreements

6.7.10 As mentioned above the contractual process would be a key tool in controlling the performance of the developers and contractors and related outcomes. The responsibility for managing these another agreements with life with the project delivery team advised and supported by the Council's legal services team.

6.8 Stakeholder Engagement

Key Stakeholders, Interests and Power to Influence Delivery

6.8.1 Key stakeholders and their role or interest in the project are listed below.

Project	Sub project	Primary Stakeholder	Comment
Redevelopment of Marshgate car park	Creation of the bioscience building	Autolus	Provides Autolus with superbly located space for expansion, close to food and beverage, retail, leisure and other amenities key to supporting staff in the post Covid era.
		Herts LEP and local bioscience industry bodies	Major champion for development of the bioscience cluster
		Local residents	Major boost in numbers of high quality jobs for young people
		Park Place residents	Residents living in close proximity to the scheme, will wish to be informed of project progress, engage with the public realm design and development and construction disruption caused.
		Town Centre businesses	Will need to be informed of the progress of the scheme and any construction disruption caused.
	Public realm	Autolus	Boost to image of the location. Provides recreational amenity key for attracting high quality staff in the post Covid era
		Local residents	Improved accessible space for users of the town centre.

Strategy to Engage through Development, Delivery

6.8.2 Of these, residents of neighbouring homes and businesses in control of neighbouring uses will be of particular importance as regards ensuring that the design of the public realm and operational issues associated with having an adjacent new commercial building and additional homes are clearly understood and appropriately addressed.

6.8.3

Summary of Approach to Communications with Stakeholders Including the Public

6.8.4 The Council's stakeholder consultation and communication processes are well designed, extensive and far-reaching. Stakeholders views have been captured more widely through the Stevenage engagement programme, encompassing a number of mechanisms. These processes will operate in parallel with the stakeholder consultation process specific to the project as described above in order to fully inform the course and outcomes of the project.

Local Residents

- A wide range of digital engagement utilising social media other related platforms
- A dedicated Visitor Centre in Town Square open to the public, where people could view, engage with and discuss the regeneration of the town.
- A 'virtual visitor centre', which contains all of the content in a digital platform on our dedicated website. This has enabled the Council to continue to reach residents of all ages and abilities during the pandemic.
- Stevenage residents' survey.

- Currently engagement is focused on the consultation and promotion of the Council's priority projects.

Business

- Business networking events, a number of project based consultations, such as the Local Plan, SG1, and the Bus Interchange and a number of roadshow events.

Other Stakeholders

- Regular consultation with public sector bodies such as Hertfordshire County Council, the LEP and relevant statutory bodies.
- Project specific consultation as part of the planning process.

6.8.5 The key themes that have emerged from residents, business and community groups are:

- Create inclusive accessible transport
- Create great spaces to live in and socialise
- Create a vibrant town centre offer that is a destination for all
- Create aspiring communities and opportunities that create a lasting legacy. events through to a wide range of digital engagement utilising social media other related platforms.

6.9 Benefits, Monitoring and Evaluation

Summary of Benefits Register

6.9.1 Key benefits from the project are summarised as follows.

Economic

- Acceleration of the redevelopment of a key site in a Major Opportunity Area
- Attraction of major investment into a high prestige HQ and R&D facility
- Retention and creation of a significant number of jobs in Stevenage
- Scope for creation of a significant number of additional jobs in Stevenage
- Creation of a magnet for additional world class bioscience activities in Stevenage Town Centre
- Catalyst for stimulating early development commitments on sites similarly released for development.
- An extensive number of construction jobs will be created
- Stronger perception of Stevenage as a place to invest by the private sector

Environmental

- Major visual improvements contributing to creation of a higher quality living and working environment on the east side of the town centre
- Scope for higher levels of living and working on the town centre, reducing the need to travel

Social

- New homes will be created to offset housing shortages
- Provision of new affordable homes which will be allocated to local people
- New qualifications will be generated as a result of the scheme

6.9.2 Quantified Outputs are as follows:

Jobs Created	307
Commercial Floorspace Developed or Upgraded sqm	7,103
Net Increase in Commercial Floorspace	1,580
Indirect Jobs	0
Jobs Safeguarded	0
Construction Jobs	169
Additional GVA Generated per Annum	£17,712,967
Additional Annual High Level Skills Qualifications Attained	23

Approach to Developing a Benefits Realisation Plan and its Approval

6.9.3 The benefits realisation plan will focus primarily on assuring successful delivery of the following outcomes.

- i) Completion of the bioscience office and laboratory building and floorspace
- ii) Creation of jobs Delivery of public realm

6.9.4 The benefits realisation plan will define the mechanisms through which the benefits projected from these outcomes are fully met. Thus, the plan will demonstrate how creating the necessary floor space will be a critical step in achieving the projected number of jobs to be created, how these will translate into the increase in GVA skills qualifications attained as a direct consequence of the project. The plan will show how the realisation of these quantifiable outputs will be tracked by way of interim and post project audits conducted with the developer, commercial and residential occupiers.

6.9.5 Verifying the qualitative benefits will be more nuanced. The benefits realisation plan will provide for interim as well as post project reviews of the public realm project. At interim stage the plan will verify that the design of this project will be likely to suitably deliver the lifestyle and workstyle benefits sought whilst addressing concerns raised by neighbours. A post project stage it will validate the project's success or otherwise in meeting these criteria.

6.9.6 Wider qualitative benefits will be longer term in nature and dependent on parallel initiatives being taken. For the reason the benefits realisation plan will build in periodic reviews to

- a) Assess whether parallel activities, such as investment promotion activity, have been established as a means of maximising scope for the attraction of additional bioscience activities into the town centre and the stimulation of early development commitments on other town centre sites, a stronger perception of Stevenage as a place to invest, as a result of the scheme going ahead
- b) Gauging the extent to which these outcomes will have been achieved.
- c) Evaluating the extent of higher levels of living and working in the town centre, reduced housing shortages and confirming that the new affordable homes got allocated to the right local people.

Arrangements for Tracking and Reporting Benefits Through Delivery

6.9.7 The tracking reporting of benefits through delivery will be closely tied into the formative, interim and summative evaluation process described below. This will be based on defining what needs to be measured against each type of benefit and the method of doing so. Key mechanisms to be established in the regard will include:

- i) Regular liaison with the site developer and public realm project team to verify progress and that original targets and outcomes are on track
- ii) On-going relationship building with Autolus to track levels of job safeguarding and additional job creation
- iii) Survey activity to gauge the impact of the public realm works in enhancing quality of life and addressing neighbours' concerns
- iv) Wider liaison with the town regeneration teams to evaluate the extent of new investment and development commitments and the success of new housing in meeting wider regeneration aims

6.9.8 These activities will be built into the benefits realisation plan and scheduled accordingly. The plan will then presented to the town development board for review and approval.

High Level Strategy for Monitoring and Evaluating Benefits Realisation

6.9.9 Internally the project will be subject to continual evaluation and monitoring through the governance structures and arrangements outlined above. It is intended that key milestones are built into the programme to monitor the tracking of projected outputs and outcomes (e.g. at planning consent, start on site, completion).

6.9.10 In parallel, the evaluation will seek to clarify whether the project achieved what it set out to do and what benefits accrued from it from the points of view of a range of stakeholders. Points to be clarified in evaluation to discussions with stakeholders would be:

Developer and Occupiers:

- Did the Town Fund project assist with the proposed site development and help meet defined targets?
- Was the money spent wisely and could better value for money had been achieved?
- Has the new public realm areas been used by those employed on site and how have users found it beneficial?

General Public:

- How satisfied have users become with the upgraded public realm?
- What use has been made of the public realm areas and how have users found it beneficial?

Stevenage Planning and Regeneration Team:

- To what extent has the project helped to build momentum for wider regeneration in the town centre and beyond?
- How have other developments or improvement projects been encouraged as a result of this project?
- To what extent has footfall within the town centre increased since the completion of the project?

- What lessons can be drawn from the policies for operation of the vehicle park?

Building contractors:

- How well was the project programme planned and implemented?
- Was the site preparation implemented adequately?
- How could the implementation process overall have been improved?

6.9.11 The evaluation will determine whether the outputs projected from the project have been delivered. This will partly be evaluated by quantitative measures, monitoring the impact of the project in terms of outputs i.e. the number of residential units, commercial floorspace and jobs that are created. Both core and non-core outputs will be monitored and evaluated by SBC.