

# Executive Summary: Marshgate

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

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## Executive Summary from Business Case Assurance Panel

### Project Title

Marshgate Biotech Centre

### Assurance Panel Feedback

Assurance Panel discussion was held on the 7<sup>th</sup> October. Full minutes for this discussion can be provided on request.

Overall the panel discussion was very positive towards the business case. The Panel unanimously supported the business case, with the following minor amendments to be incorporated:

- Expanding on the commercial case more- structures etc. are appropriate but more content should be provided.
- Emphasise that without public sector investment & the Stevenage Town Investment Plan the scheme would not deliver the same quality of benefits.
- Ensure to include Cell and Gene life science strategies that were recently published with in the narrative
- Ensure the Build Cost Ratio (BCR) is presented more prominently
- Highlight the dependency for loss of car parking to be captured within the work for Station Gateway business case.
- Subsidy Control Assurance/ advice to be completed and appended to the business case when submitted to the Accountable Body processes.
- Government and Hertfordshire LEP have invested circa.£150m in life sciences in Stevenage, and it is great to see a result on that investment with the expansion of a firm that was a start-up company within the cluster

### Recommendations for Board

To endorse the project Marshgate Biotech Centre business case to progress to the Accountable body processes.

## Overview

<b>Project Title</b>
Marshgate Biotech Centre
<b>Project Location</b>
Stevenage Town Centre (Marshgate Car Park)
<b>Partner/Co-Funding Organisations</b>
Stevenage Borough Council, Reef Developments, Autolus
<b>Total Project Costs (£)</b>
£60,000,000
<b>Total Town's Fund Allocation (£)</b>
£1,750,000
<b>Other Public Sector Investment (£)</b>
N/A
<b>Total Third Sector Investment (£)</b>
N/A
<b>Total Private Sector Investment (£)</b>
£61,750,000

## Project Description (500 words max)

Marshgate project focusses on the establishment of a new life science facility within the town centre that will provide high-quality laboratory and office space for international biopharmaceutical company Autolus, pioneers in new cancer treatments.

### ***What was submitted in the Stevenage Town Investment Plan?***

The original proposal submitted as part of the Stevenage Town Investment Plan was a mixed-use scheme that promoted the delivery of office space and residential development on one of the surface level car parks within the town centre called Marshgate.

### ***What has changed?***

Autolus, an international cell and gene research company already operating within the Stevenage Cell & Gene Catapult, have worked with developer Reef to create a European headquarters on the Marshgate site. The proposals include the land sale of the car park from land owner Stevenage Borough Council to an institutional investor, who will provide the remaining funding for the scheme. Reef will deliver over 7000 sqm of high tech office and lab space and new public realm, which will create better pedestrian routes and improve the quality public spaces for residents.

The key worker housing element of the original submission was removed as a contracted output, as the commercial development requires more space, delivers a greater floorspace and provides a much larger investment than originally envisaged; the Development Board has committed to exploring key worker housing in other locations across the town.

The Town's Fund investment in the project will be used for the delivery of the public realm. This investment improves the viability of the scheme allowing for the delivery of the life science centre, but also ensures that a high level public realm space can be achieved, connecting the scheme with the surrounding environment and delivering another package of public realm improvement in the town centre aligned with the emerging public realm design guide.

Key elements of the project are:

- Initiation of a development scheme by Reef to provide 76,437 sqft of offices, high tech and laboratory space
- Land transaction
- Delivery of public realm improvements to integrate proposals with surrounding development
- Enhancement of the town centre regeneration programme
- Job creation in a sustainable location

Commencement of the construction of the this project is expected Autumn/Winter 2021, and it's anticipated delivery date for both the building and the public realm works is 2022/2023.

## Key Purposes of the Project

### *Purpose and Key Elements of the Project*

The purpose of this project is to:

- a) Create the conditions for significant office and R&D space to be accelerated on the east side of Stevenage Town Centre.
- b) Continue expanding the world leading life science sector in Stevenage
- c) Bring a new exciting use to the town centre to add to the economic health of the town centre
- d) Creation of new and improved public spaces across the town centre linking the new scheme with the fabric of the town centre.

## Configuration of the Project

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

Activity	Status and Commentary
Planning Application	Planning was submitted and approval was secured in August 2021 for the proposed scheme.
Design of the scheme (building)	Autolus and Reef have created designs for the building as part of the planning application process
Construction	Initial enabling works are anticipated on the site within the coming weeks. Marshgate car park will be closed in coming weeks to facilitate this. Contractor identified.
Land sale	Activities relating to the sale of the land have been progressed and contracts are due to be exchanged within the next week.
Towns Fund delivery	Initial designs have been drawn up but further consultation and public engagement is to be completed.

## Strategic Case

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

**Policy Alignment (List only, 2.3)**

National Policy	Local Policy
<ul style="list-style-type: none"> <li>• UK Innovation Strategy</li> <li>• HM Government Life Science Vision 2021</li> </ul>	<ul style="list-style-type: none"> <li>• Hertfordshire Covid Recovery Plan</li> <li>• Hertfordshire LEP Strategic Economic Plan</li> <li>• Local Industrial Strategy Grand Challenges</li> <li>• Stevenage Local Plan</li> <li>• Stevenage Central Framework</li> </ul>

**Expected Outputs/Outcomes (2.5.11)**

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

**Wider Outcomes and Benefits (2.5.12)**

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.
- Improved aspiration by providing a high-quality opportunity in a highly sustainable location

## Economic Case

### Economic Benefits (3.3.1)

See table of outputs/outcomes above.

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

### 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.

<b>Target Area</b>	Central Core, Stevenage Town Centre, SG1
<b>External dependencies</b>	None affecting project implementation Site occupancy not dependent on market demand, as occupier for commercial floorspace in town centre has been identified
<b>Benefits to the Target Area: Quantified</b>	As above
<b>Benefits to the Target Area: Qualitative</b>	<p><u>Economic</u></p> <ul style="list-style-type: none"> <li>• Acceleration of the redevelopment of key sites in Central Core</li> <li>• Improved town centre environment</li> <li>• Stronger perception of Stevenage as a place to invest</li> <li>• Higher levels of investor confidence conducive to acceleration of transformation throughout Stevenage Central</li> </ul> <p><u>Environmental</u></p> <ul style="list-style-type: none"> <li>• Improved visual environment</li> <li>• Enhanced scope for living and working in the town centre, thereby reducing the need to travel.</li> <li>• Cleaner air and healthier lifestyles.</li> </ul> <p><u>Social</u></p> <ul style="list-style-type: none"> <li>• Better local amenities due to increase patronage of retail, hospitality and leisure activities in the town centre.</li> <li>• Enhance employment and skills opportunities</li> </ul>

<b>Possible collateral effects in the target area or wider spatial area</b>	<u>Positive effects</u> <ul style="list-style-type: none"> <li>Acceleration of on-going regeneration of the town centre.</li> <li>Reduced car usage, cleaner air and healthier lifestyles</li> </ul> <u>Negative effects</u> <ul style="list-style-type: none"> <li>Possible attraction of employers out of Gunnels Wood employment area</li> </ul>
<b>Adverse effects on protected groups</b>	None so far identified
<b>Different impacts by income group</b>	High quality office development likely to benefit white collar occupations F&B and retail development will provide opportunities for manual and elementary occupations
<b>Views of local stakeholders</b>	TBC
<b>Alignment with wider public policy in the relevant area/s and the UK as a whole/s</b>	<u>National</u> Boost to: Prospects for the UK Innovation Corridor Net Zero Carbon Policies <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 <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.
<b>Dependency on the successful</b>	No direct dependencies, but will complement the completion of new bus interchange and rail station upgrade, and the Queensway

<b>delivery of other proposals</b>	North mixed-used development, which are all under delivery.
<b>Link of Benefits Estimated Link to Theory of Change and Strategic Case</b>	<ul style="list-style-type: none"> <li>• Release and acceleration of an additional development site</li> <li>• Construction of high-quality new commercial space</li> <li>• Attraction of high profile business occupiers</li> <li>• Recognition of Stevenage Town Centre as a high prestige business location</li> <li>• Acceleration of transformation of other SG1 major opportunity areas</li> <li>• Increased footfall boosting prospects for revived retail, leisure and hospitality sector</li> <li>• Consolidation of Cell &amp; Gene Therapy cluster in Stevenage</li> <li>• Increase in town centre residents, employees, visitors and spending.</li> <li>• Enhanced patronage of and investment in upgraded food and beverage outlets.</li> <li>• 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.</li> <li>• Delivery of jobs and training opportunities, increasing the pipeline demand for investment in skills</li> <li>• Delivers central pillars of the Stevenage Town Investment Plan requested by Government</li> </ul>

## Financial Case

### Funding Profile (4.2.6)

<b>Private Sector</b>	<b>£60,000,000</b>
<b>Town's Fund</b>	<b>£1,750,000</b>

### Funding Schedule (4.2.7)

<b>Source</b>	<b>21/22</b>	<b>22/23</b>	<b>23/24</b>	<b>24/25</b>	<b>25/26</b>	<b>Total</b>
<b>Private Sector</b>	£15,000,000	£35,000,000	£10,000,000			£60,000,000
<b>Town's Fund</b>	£100,000	£400,000	£1,250,000			£1,750,000

Stevenage Development Board will expect that the funding will not be released unless there is a signed Accountable Body Agreement in place.

## Commercial Case

### Delivery Model (5.2.4-6)

#### Proposed Delivery Model

The proposed delivery model is to work in partnership with a developer who is able to secure a high quality occupier and institutional investor in advance of the development and for Stevenage Borough Council to dispose of 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

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.

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 is 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.

### Risks (5.2.11)

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.

## Management Case

### Key Participants, Accountabilities and Responsibilities (6.2.2.)

<b>Participants</b>	<b>To Whom Accountable</b>	<b>Accountabilities</b>	<b>Responsibilities</b>
<b>Stevenage Borough Council</b>	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
<b>Reef</b>	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



St George's Way

