

## The template

This document provides the business case template for projects seeking funding which is made available through the **South East Local Enterprise Partnership**. It is therefore designed to satisfy all SELEP governance processes, approvals by the Strategic Board, the Accountability Board and also the early requirements of the Independent Technical Evaluation process where applied.

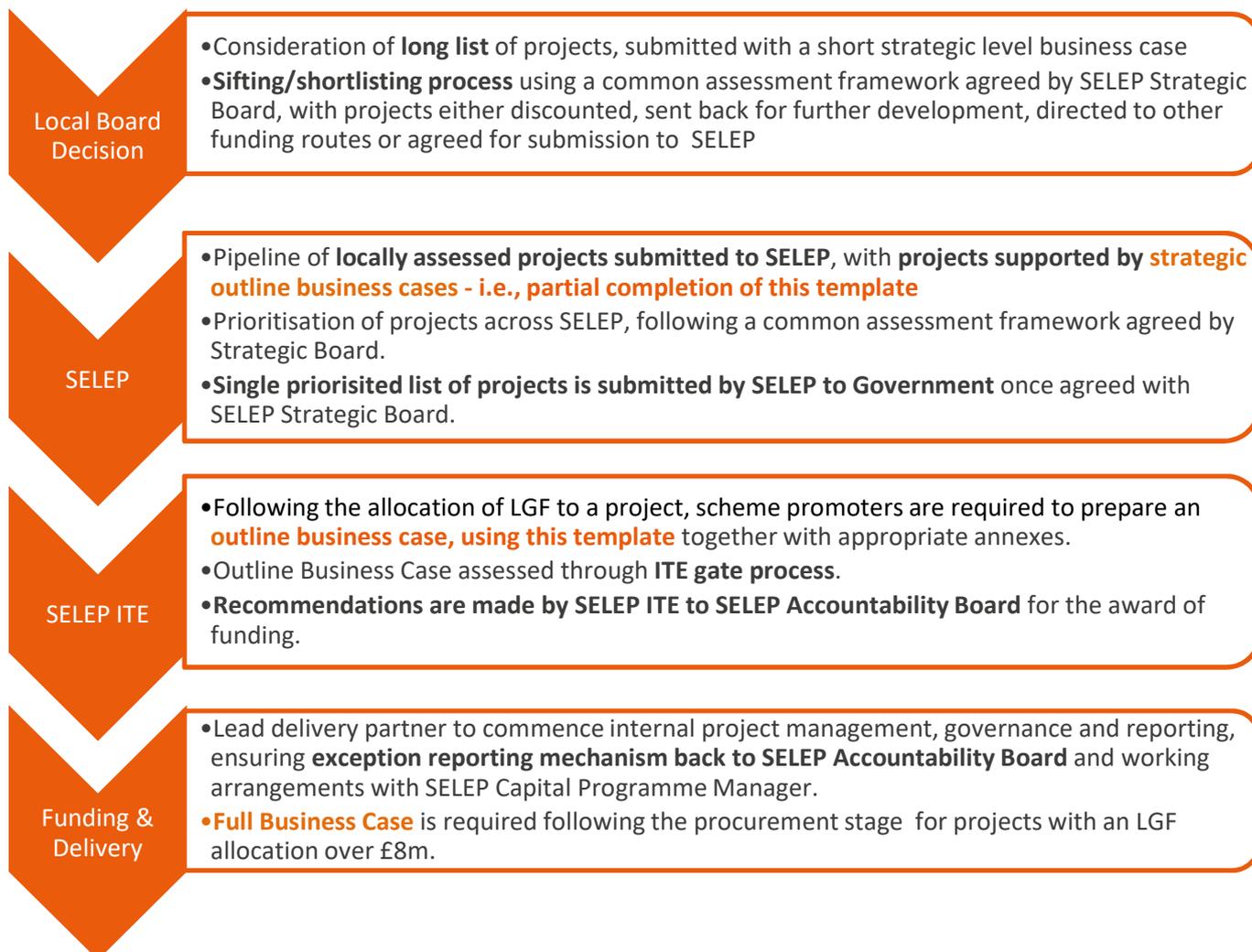
It is also designed to be applicable across all funding streams made available by Government through SELEP. It should be filled in by the scheme promoter – defined as the final beneficiary of funding. In most cases, this is the local authority; but in some cases the local authority acts as Accountable Body for a private sector final beneficiary. In those circumstances, the private sector beneficiary would complete this application and the SELEP team would be on hand, with local partners in the federated boards, to support the promoter.

Please note that this template should be completed in accordance with the guidelines laid down in the HM Treasury's Green Book. <https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government>

As described below, there are likely to be two phases of completion of this template. The first, an 'outline business case' stage, should see the promoter include as much information as would be appropriate for submission though SELEP to Government calls for projects where the amount awarded to the project is not yet known. If successful, the second stage of filling this template in would be informed by clarity around funding and would therefore require a fully completed business case, inclusive of the economic appraisal which is sought below. At this juncture, the business case would therefore dovetail with SELEP's Independent Technical Evaluation process and be taken forward to funding and delivery.

## The process

This document forms the initial SELEP part of a normal project development process. The four steps in the process are defined below in simplified terms as they relate specifically to the



LGF process. Note – this does not illustrate background work undertaken locally, such as evidence base development, baselining and local management of the project pool and reflects the working reality of submitting funding bids to Government. In the form that follows:

Version control	
<b>Document ID</b>	LGF Business Case – Innovation Warehouse – 2020
<b>Version</b>	1.2 – Full Business Case. Gateway 2
<b>Author</b>	JPH
<b>Document status</b>	FINAL
<b>Authorised by</b>	
<b>Date authorised</b>	

## 1. PROJECT OVERVIEW

### 1.1. Project name:

Innovation Warehouse

### 1.2. Project type:

*[Site development, skills, innovation etc.]*

Site development.  
Innovation.  
Digital connectivity.  
Skills.  
Enterprise support.

### 1.3. Federated Board Area:

Opportunity South Essex

### 1.4. Lead County Council / Unitary Authority:

Essex County Council/ Basildon Council/

### 1.5. Development location:

Wat Tyler Green Centre  
Pitsea Hall Lane  
Pitsea,  
Basildon  
Essex,  
SS16 4UH

### 1.6. Project Summary:

Funding is being sought to bring to reality the Basildon Innovation Warehouse concept, through a **£870,000** contribution to the conversion of the Green Centre in the Wat Tyler Country Park, into a co-working innovation hub aimed at supporting entrepreneurs and innovators in the area, raising productivity and creating jobs and additional GVA for the borough.

The Innovation Warehouse will promote enterprise, increase productivity and skills, and create new jobs in the Thames Gateway area. It will provide an inspiring environment alongside specialist facilities, equipment and business support to new, high-tech ventures in vital STEM sectors.

The Warehouse will build on the Gateway's existing employment and entrepreneurial base and complement the traditional business support offer. It will do this by addressing the recognised need for cutting-edge facilities (including maker space, workshops, and 3D printers) alongside tailored support and networking for individuals and companies at the start-up and pre-start-up phase. It will also address the key challenges of out-commuting from the borough, creating a vibrant and attractive hub for local and regional entrepreneurs.

This proposal is closely aligned with the priorities articulated in national, regional and local strategic plans, including the Industrial Strategy, SELEP SEP and Basildon’s local growth ambitions and sector specialisms

There is significant private sector support for this proposal and strong market demand for the kind of support the Warehouse will offer. However, the private sector / local companies are not in a position to cover the up-front costs needed to refurbish the building that will house the Warehouse. Research from other areas concludes that this is almost always the case; while companies will use, sponsor and support an innovation support hub once operational, it takes state intervention to meet the initial costs.

To make the Warehouse a reality, **£870,000 of LGF investment is required** to convert an existing but under-used building in Pitsea, Basildon into a tailor-made complex. The building is currently owned by Basildon Council, who will be responsible for providing the balance of capital funding required (£1.2m) and will take responsibility for project managing and delivering the full refurbishment scheme. The Council will also procure an experienced “operator” to run / manage the facility under a ten year management contract from the date of practical completion, providing both property and business support services.

The facility will stay in the ownership of the Council who will, through a robust process, procure an external body to manage the centre. The Council’s Growth Service will initially manage the contract, with the intention to develop a CIC who will take over the management of the contract. The CIC will consist of representatives from the Council, businesses, FE/HE institutions, schools, community groups and the management company.

Current financial projections, indicate that the Warehouse will quickly become **self-financing, generating an annual surplus from Year 2**, which will be re-invested in providing business support for early stage and growing SMEs as well as to support collaboration between research intensive businesses and innovators across the borough.

According to a detailed impact study, commissioned by Basildon Council in 2016-17, the LGF investment will **generate 186 jobs by year 5, directly associated with BIW and support a further 64 further jobs by year 5 through business graduation from BIW (growing to 369 by year 10)**. The investment is expected to contribute over **£14m per annum GVA to the economy by year 5, rising to more than £30m per annum by year 10** as the number of business graduations grows. .

In a post Covid-19 pandemic, early analysis by Government and industry commentators is that flexible workspace that provides targeted and tailored business support will be more attractive to early stage and growing SMEs. In fact, it could be argued that the support and equipment proposed in the Innovation Warehouse would have been invaluable during the pandemic crisis, given its focus on advanced manufacturing, prototyping, 3-d printing and digital advancements.

### 1.7. Delivery partners:

Partner	Nature of involvement (financial, operational etc.)
Basildon Borough Council	Lead partner and building owner; implementation and operation role
FE/ HE partners: Procat/South Essex College	Training and skills provision; operational role

Corporate partners: CEME New Holland Agricultural Basildon Business Group Essex Invest Ford Motor Co Essex Chamber of Commerce Advante Ltd	Revenue funding; collaboration; operational role
--	--

**1.8. Promoting Body:**

Basildon Council

**1.9. Senior Responsible Owner (SRO):**

Tomasz Kozlowski, Assistant Director – Growth, Basildon Council

**1.10. Total project value and funding sources:**

<b>Funding source</b>	<b>Amount (£)</b>	<b>Flexibility of funding scale or profile</b>	<b>Constraints, dependencies or risks and mitigation</b>
LGF	£870,000	A smaller-scale development is potentially possible but would deliver fewer outcomes. Depending on the scale of reduction, a smaller scale centre may not be viable. Please see Section 3.1 – Options assessment.	LGF funding is required to enable this development and unlock the associated economic benefits in terms of jobs and GVA created, increased productivity and skills development
Basildon Council Capital Funding	£1,205,671	The shortfall will be met by BBC to deliver the Innovation Warehouse, and there will potentially need to be flexibility in this amount as amounts become finalised	
<b>Total project value</b>	<b>£2,075,671</b>		

**1.11. SELEP funding request, including type (LGF, GPF etc.):**

The funding request to SELEP is for £870,000 of LGF investment.

The structure of the Innovation Warehouse project will be created to be State Aid compliant. This will include:

- The procurement of contractors to complete the renovation of the Innovation Warehouse
- The procurement of the operator of the Innovation Warehouse
- The support the Innovation Warehouse will provide will be mindful of State Aid compliance, especially in terms of de minimis aid and the inherent reporting requirements.

### 1.12. Exemptions:

N/A

### 1.13. Key dates:

Project commencement (commencement of expenditure): May 2020

Construction start: December 2020

Scheme completion/ Opening date: December 2021

These key dates are based on what is currently known and expected in terms of the Covid-19 pandemic, its impact on SELEP's funding timeline and the wider impacts on the development of the Basildon Innovation Warehouse, the wider construction industry, procurement and availability of resources. Please see summary below and full plan in **Appendix C: Gantt Chart - BIW Programme Covid-19 Impact**.

### 1.14. Project development stage:

<b>Project development stages completed to date</b>			
<b>Task</b>	<b>Description</b>	<b>Outputs achieved</b>	<b>Timescale</b>
Site options assessment	Review of long-list and short-list of potential sites.	Report identifying the optimal site.	2016 – reviewed and refreshed 2020
Development options assessment.	Review of development scenarios for the refurbishment of the chosen site	Report recommending the preferred development scenario.	2016 – reviewed and refreshed 2018
Outline business case	Business case based on a review of potential models, drawing on experience from elsewhere.	Written report with business case modelling.	2017 - 2018
Market research	Cross-sector consultation with local partners to assess level and type of demand.	Consultation report.	2017-2018
<b>Project development stages to be completed</b>			
<b>Task</b>	<b>Description</b>	<b>Timescale</b>	
Full Business Case Development , including financial plan	BBC internal agreement on FBC	Feb – April 2020	



Next stage work up of design and specification of refurbishment works	Final report providing any revisions to specification & cost details - to be approved by BBC	May - September 2020
Agreement in principle - Council and public / private sector partners re governance, funding & management	Final funding proposals, governance and management arrangements –in a Community Interest Company (CIC) (with Members comprising the key public and private partners / stakeholders) could be one option or direct lease to a management co	Summer / Autumn 2020
Appointment of professional project delivery / management team	Approved structure, roles and responsibilities	Mar 2020
Successful LGF Funding application – final funding confirmed	Conclusion of successful application to LGF <ul style="list-style-type: none"> <li>LGF Funding - final stage bid and approval</li> </ul>	Apr – July 2020
Detailed design specification / bill of quantities etc	Final approved plans and cost estimates	July to Sept 2020
Preparation of Planning Application / Approval to change of use etc	LA confirmation	June – August 2020
Funding agreement – SELEP	SELEP notification	July / August 2020
Project procurement - construction contract to tender Contractor appointment	Acceptable tender procedure adopted Tenders sought and analysed, and tender report compiled  Partner's approvals secured Schedule of works agreed Suitably qualified contractor appointed	Oct / Nov 2020  Dec 2020
Construction - Refurbishment of the Green Centre into the Basildon Innovation Warehouse	<ul style="list-style-type: none"> <li>Works undertaken</li> <li>Satisfactory progress reports</li> <li>Basildon Innovation Warehouse developed to time, budget and design</li> </ul>	Dec 2020 – Dec 2021
Long term IW management contract Operator - tendered / appointed	Suitably qualified operator identified through competitive process	Jun 2021

	Acceptable tender & Partner's approvals	
IW Mobilisation - Completion of the fit out of the BIW, marketing and sales activity and operationalising the BIW by the operator	<ul style="list-style-type: none"> <li>Final fit out (FFE) completed</li> <li>Staff recruited</li> <li>High level of marketing and sales activity</li> <li>Initial lettings pursued</li> </ul>	Sept – Dec 2021
Practical completion and snagging	PC of build contract	Dec 2021
IW Opening	Successful event	Jan 2022
Initial lettings	Completed tenancy arrangements etc	Jan – Jun 2022
Final contractual and operation arrangements agreed including roles, responsibilities (governance and delivery mechanism), and funding Establishment of a CIC considered as an option	Final Agreement to be signed and embodied within the Article & Memorandum of the CIC, which will be established to run, oversee and implement the project in the long term	2022

#### 1.15. Proposed completion of outputs:

The completed project will deliver the following outputs, which are aligned with the LEP's strategic priorities to lever investment in growth corridors/ locations to increase productivity and skills in key sectors such as advanced manufacturing thus promoting innovation:

Outputs	Amount	Timing
Newly refurbish public sector asset	One public sector owned asset to be refurbished to provide 1,800 sq m of high quality commercial floor space.	By March 2021
Floor space	The newly refurbished space will provide dedicated desk space as well as hot desks, and workshops/ work benches with circulation space and break out areas.	By March 2021
<b>Outcome</b>		
Companies in occupation	78 businesses	by 2021/2
<b>Impacts</b>		
Jobs created	186 direct jobs associated with BIW and 64 further jobs supported through business graduation from BIW by year 5 (growing to 369 by year 10)	Over the next 5 years
GVA	£14.5m per annum by year 5	Over the next 5 years
Skills	Improved skills and training provision and increased demand for skilled staff from employers	Over the lifetime of the project
Wider impacts	Improvement in the attractiveness for the area for investment and recruitment;	Over the lifetime of the project

	<p>Business creation, growth and retention with the Borough;</p> <p>Building more resilient business community locally;</p> <p>Creating business links and collaboration opportunities between different organisations;</p> <p>Encourage inward investment and private sector support/ involvement</p>	
--	--	--

## 2. STRATEGIC CASE

### 2.1. Scope / Scheme Description:

The **UK's future competitive advantage** hinges on our ability to lead in the design and application of new technologies and associated products in the STEM sectors. This kind of **high-tech innovation requires tailored support**, of a type that goes beyond traditional business support packages.

These early-stages enterprises are looking for opportunities to network and collaborate, appropriate space and kit to develop new products, and relevant support and mentoring. The demand for co-working / supported / creative spaces have seen a marked increase over the last five years, with the move to more virtual teams within businesses, the advent of cloud based working practices and the desire to collaborate more openly with entrepreneurial peers.

In recent years, the **makerspace movement** has developed in response to this demand. Makerspaces offer “open workshop[s] with different tools and equipment, where people can go independently to make something” (NESTA, 2015). Such facilities engage individuals with ideas for new products and support their development through access to equipment and facilitated links to advisers, potential partners and funders. The support they offer is increasingly vital to the growth of STEM innovation.

**There are not enough high-tech, supported workspaces in the Thames Gateway area and none in Basildon.** In Thames Gateway as a whole, there are a number of innovation centres and business parks: such as CEME, The Bridge, and planned developments such as Airport Business Park in Southend-on-Sea. In Basildon, the needs of traditional businesses were addressed by the Enterprise Centre, run by Invest Essex. However, the Centre closed last year despite its high occupancy rates as a result of funding cuts.

The space now forms part of a more traditional centre (the Brodie Business Centre), which offers business space at £26 / sq ft inclusive of service charge. The centre offers flexible workspace over short, medium- and long-term periods for companies seeking suitable accommodation. Nevertheless, the borough is at risk of falling behind other parts of the wider Essex region and UK that are actively investing to support business growth through provision of affordable workspaces and associated business advice – and are already benefitting as a result.

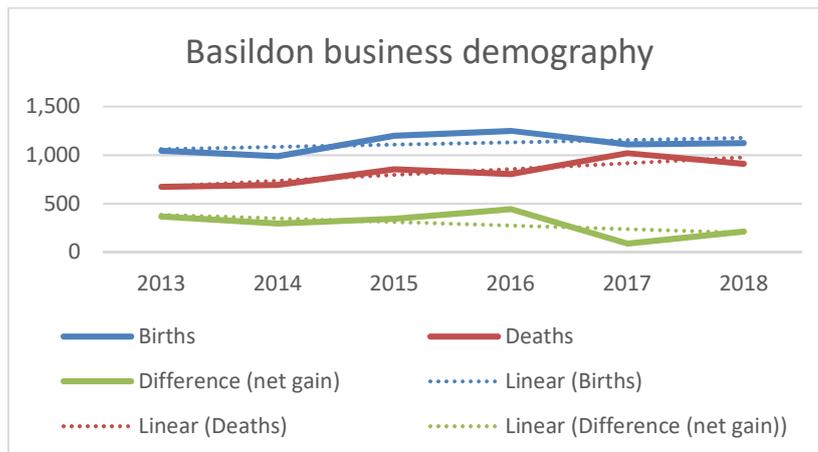
A key measure of the requirement and demand for any innovation space is the health and dynamism of the local SME base. Innovation spaces are proven interventions where there is a challenge in the rate of business start up, survivability and/or scale up. Innovation spaces provide the support and community to identify and tackle the barriers to SME growth and success.

Reviewing the most recent ONS data on business birth and death rates<sup>1</sup>, over the 5 year period of 2013-2018, the number of new start-in Basildon ups year on year has remained relatively steady at an average of 1,120 against average annual business closures of 827, resulting in an average net increase of businesses to the Borough of 293. Worryingly though, **the rate of business closures shows an increased upwards trend against the fairly static business start-up rate.**

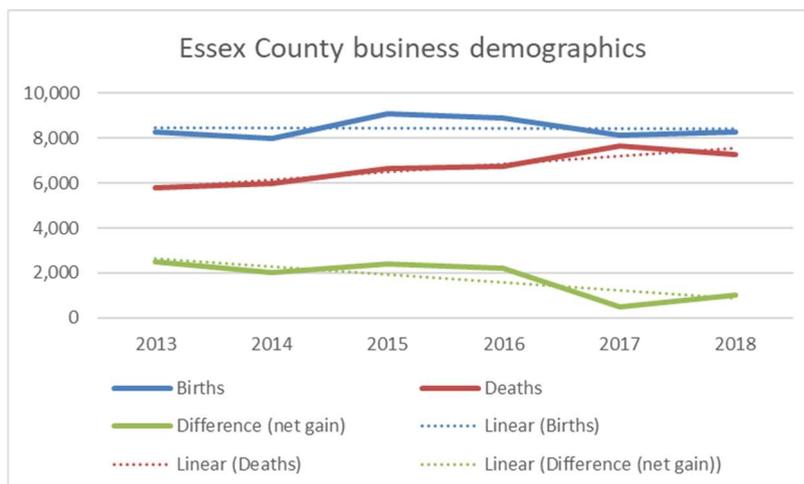
---

<sup>1</sup> *Business Demography, UK: 2018*, Office for National Statistics, November 2019.

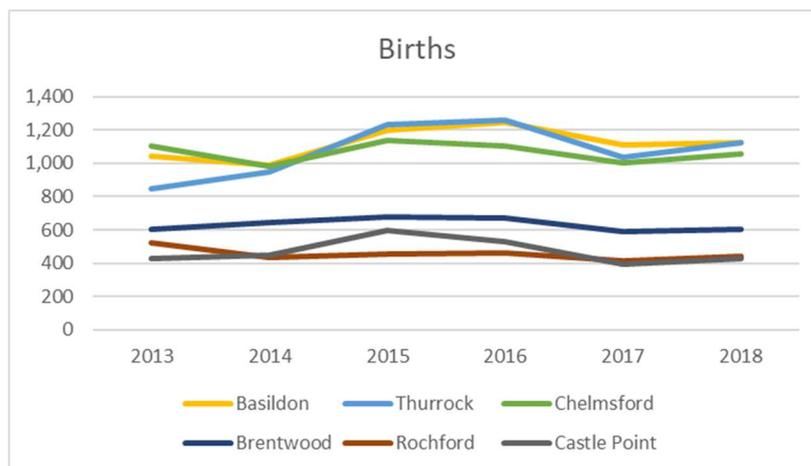
<https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation/bulletins/businessdemography/2018>



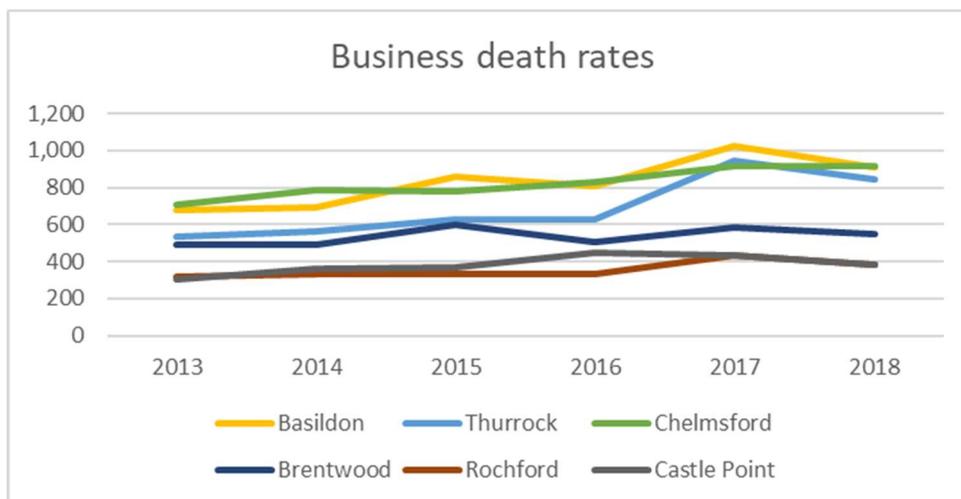
These trends are not only apparent in the Basildon Borough but also reflected across the Essex County:



Reviewing ONS data for Basildon against neighbouring local authority areas, the Borough is one of the better performing areas in terms of the rate of business start ups, on a par with Thurrock and Chelmsford.

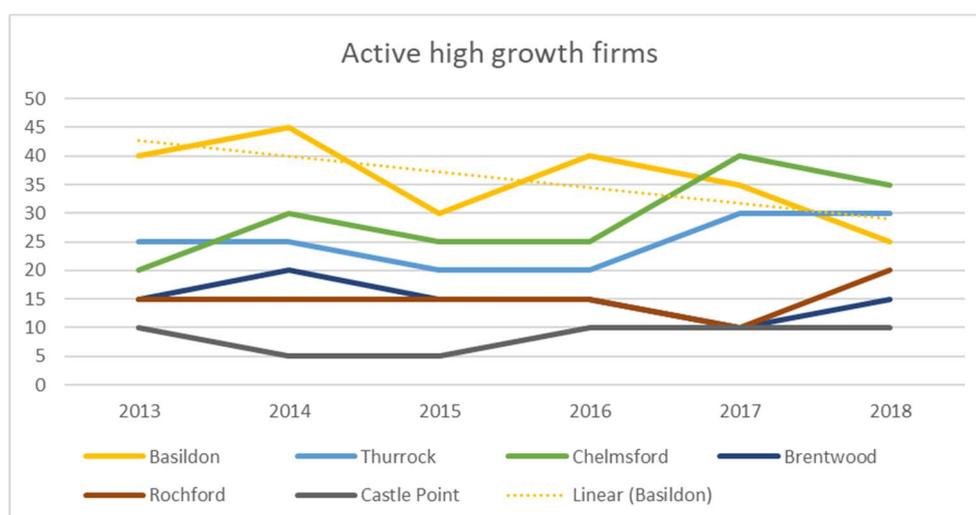


However, **the rate of business closures in the Borough is higher than other areas in the locality**, with a much higher recent upwards trend in the number of closures as compared with Chelmsford. Thurrock experienced a peak in the number of business deaths in 2016-2017 but has since plateaued.



Reviewing available data on **the number of high growth firms in the area shows a marked downward trend** in the amount of active high growth firms. ONS defines these firms as:

*High growth ... measures all businesses with an average growth in employment of greater than 20% per year over a three-year period (between 2015 and 2018). The size threshold used to identify these businesses is that they have 10 or more employees. The high growth rates have been calculated from 2018 active business counts with 10 or more employees.<sup>2</sup>*



<sup>2</sup> Business demography, UK 2018, ONS, November 2019.

<https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation/bulletins/businessdemography/2018#there-were-14000-high-growth-businesses-in-the-uk-in-2018>

The data on self-employment is another way to understand the demand for this type of space and support. The 2011 Census shows that there are 3,388 self-employed residents in Basildon which is similar to the regional and national figures. **More and more of these entrepreneurs need the kind of facilities, networking and support provided by the Warehouse.**

Analysing this data, the current picture for Basildon in terms of the health of the SME market in the Borough is not good: while the number of business births remains steady, there is a marked upwards trend in the number of business closures and a decrease in the number of active businesses that are growing year on year, creating jobs and opportunities for local residents. Ultimately, the rationale for developing the BIW concept as detailed in SQW's 2016 research has strengthened as an intervention to support the start-up, scale up and survivability of SMEs in Basildon through targeted and tailored business and innovation support.

There is clear evidence that that the **productivity gap is growing in Basildon**. The GDP improvement between 2015 and 18 of was below the UK average of 9.4% this is also reflected in reduction of patent applications, which have been reduced with 35% between 2015 and 2018. As a result of the stagnation in innovation and productive, the GVA per worked has also been reduced between 2013 and 2016 from £61,438 to £58,620, the; lowest by far in South Essex (average £67,421) and UK average of £69,923. It is clear that without intervention, this downward trend will continue, resulting in lower salaries and demand for skills from employers, leading to a growing low skilled/low paid population. **The Innovation Warehouse will provide the platform for entrepreneurs and SMEs to test out new innovative ideas and to transform the economy and increase the contribution to productivity nationally.**

To enable ideas to form and collaboration to grow, **a new type of work space is required**, one which provides a holistic approach to business growth, including open plan spaces, flexible options, business support and technical support. This is very much a different type of space that the existing enterprise centres and “innovation centres” which, over sometime becomes no more than managed workspace. There are a number of commercially run managed workspaces but **the Innovation Warehouse brings a new and innovative approach**, by providing expertise and equipment which is currently not available in the South East. It will provide the platform to develop tomorrow's entrepreneurs and support today's innovators to take products to market. The collaborative space it can offer will be workshops and meeting spaces, which will allow maximum networking opportunities and relationship building.

The **technical expertise is supported by research and development capacity** and specialism from one or several HE partners. There are currently conversations ongoing with several HE institutions and there will be a requirement from the operator to formalise these.

### **Sector analysis**

Basildon is home to a community of advanced engineering and manufacturing companies, with 7,725 businesses employing 93,000 people. The Borough has a long history of being the home of advanced engineering and manufacturing with some of the most advanced technical facilities in the UK. Companies such as Ford, New Holland Agriculture, Leonardo, Costa Coffee and Konica Minolta bolster this reputation. The presence of Ford (automotive, low carbon) and

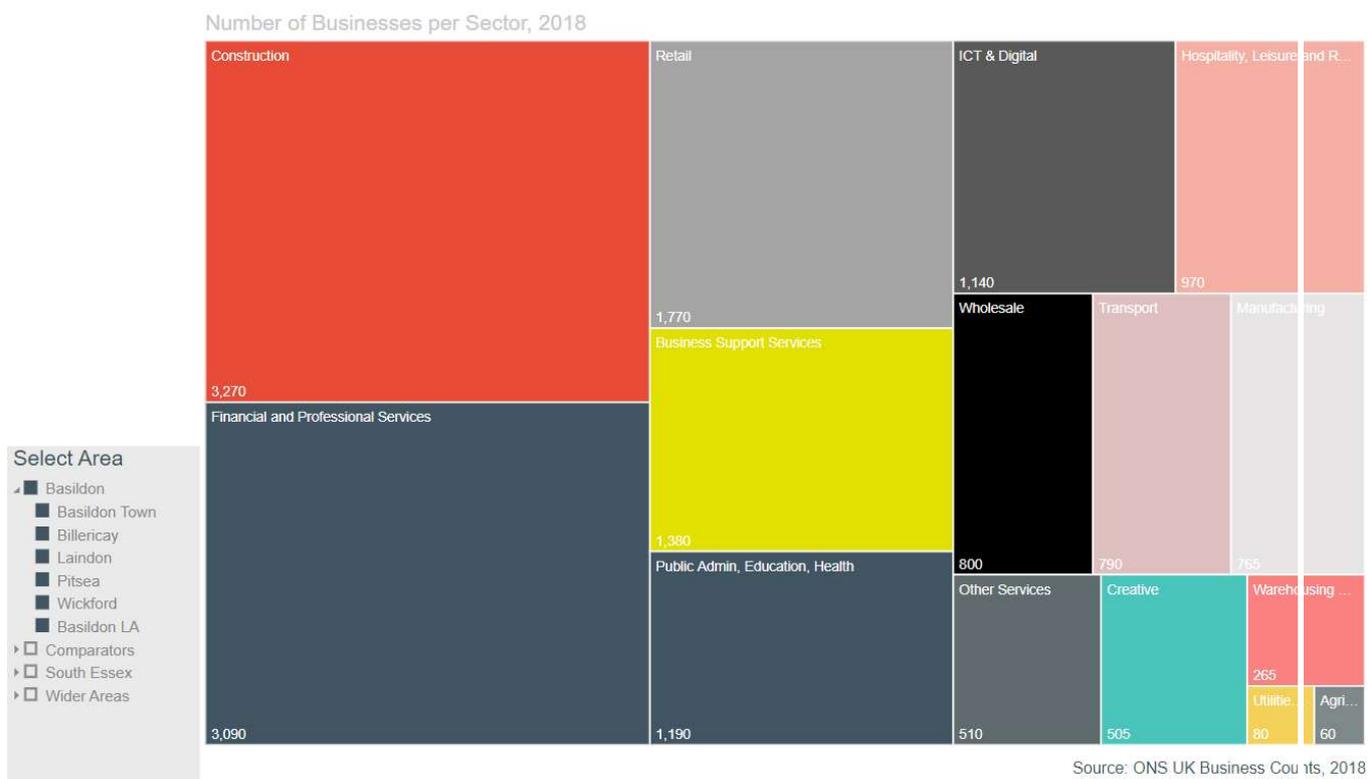
Leonardo (aerospace, ICT and advanced electronics) also gives Basildon an advantage in Government recognised growth sectors.

The Borough is also a major centre for the financial, retail and distribution sectors, represented by First Data, DST Financial Services whilst PMS International is a UK wholesale importer and distributor of consumer products to the retail trade market.

The Borough also has particular strengths in the digital, creative and ICT sector, which between them provide over 5,000 jobs. The Digital, Creative and ICT sector is experiencing greater growth in Basildon than in both London and Cambridge.

The sectoral split in the Borough as detailed in the table below:

### Business Sectors Structure



3

While construction, financial and professional services and retail are the 3 main sectors in the Borough in terms of business counts, ICT, Manufacturing and Creative are growing industrial sectors aligned to the opportunities provided through enabling technologies, more creative and digitally savvy businesses.

<sup>3</sup> Taken from *Basildon Economic Baseline Tool*, 2018

<https://app.powerbi.com/view?r=eyJrIjojODRkNzZlY2UtOWFhZS00OWIzLTk2ZjUtMTdlMDAxMzVhMGFlwliwidCI6jUxYmZkZmVhLWRmZjktNDk5OS1hYmY1LTc2ODI3NjllZiJ9>

The Council's *Economic Development Strategy* refresh in 2018<sup>4</sup>, stated:

*The following sectors have a LQ higher than 1 and are therefore particularly strong in the Borough:*

- *ICT and Digital*
- *Wholesale*
- *Construction*
- *Motor Trades*
- *Retail*
- *Financial and Insurance*
- *Health*
- *Manufacturing*

However, it is important also to look to the future and to opportunity sectors. Essex Economic Commission sets out High Value Manufacturing and the associated enabling technologies as a growth opportunity. Key to growth within this sector is the conversion of innovation into growth and the development of new sectors such as Low Carbon and Smart Cities. The Digital sector also presents a similar opportunity. Basildon, with a considerable strength in both these sectors, is in an excellent position to take advantage of this growth which is not only about new jobs but increasing the value of existing jobs leading to higher skilled and paid jobs.

### **Addressing future problems**

The impact of not establishing the Innovation Warehouse as a platform for development of new products and services is clear. The introduction of automation will clearly impact on the local economy and around 20% of local jobs will disappear. Price Waterhouse Cooper sets out the sectors most at risk of automation by 2030. This is an average across the UK so can differ from place to place:

Manufacturing	46.6%
Wholesale and Retail	44%
Transportation and Storage	56.4%
Administration and Support Services	37.4%

These sectors are strong in Basildon with nearly 45,000 employed within the affected sectors. Unless these businesses adopt new ways of operating and embrace innovation and automation, there is a strong risk of these jobs to be lost and business failures. Many of these companies have adopted the business model of employing a large amount of unskilled and low paid staff rather than investing in technology. With the implementation of Brexit and reduction of access to low skilled staff coupled with the requirement of social distancing as a result of the COVID outbreak, businesses will be forced to change their business model and invest in new technologies rather than in a large amount of low skilled staff. The Innovation Warehouse will service as the

---

<sup>4</sup> *Economic development strategy – refresh 2018*, Basildon Borough Council, 2018  
[https://www.basildon.gov.uk/media/8339/Economic-Development-Strategy/pdf/ED\\_Policy\\_refresh\\_v11\\_final\\_draft\\_for\\_circulation.pdf?m=636694117383000000](https://www.basildon.gov.uk/media/8339/Economic-Development-Strategy/pdf/ED_Policy_refresh_v11_final_draft_for_circulation.pdf?m=636694117383000000)  
 South East LEP Capital Project Business Case  
 Page 15 of 142

platform for this transformation and contribute to the reduction of impact of all the above future risks.

The scheme's primary target group are SMEs but not exclusively, it is a facility for all the community including budding entrepreneurs in schools, new business start-ups, spin offs from larger companies and companies who retracted as a result of COVID. The expertise and equipment is focussed on supporting STEAM sector and as such will attract companies from within this sector. The facility also provides an opportunity for collaboration between large companies and local SMEs in order to strengthen local supplier chains. This will particularly important in the COVID Recovery phase in order to strengthen future resilience.

The Innovation Warehouse will be working through existing channels such as the Chamber of Commerce and the Federation of Small Businesses to promote the scheme to their members who are nearly exclusively SMEs and Micro companies.

As the facility is not a generic Enterprise Centre or managed workspace and the technical support and equipment offered is focussed on STEAM, it will only attract SMEs and Mico companies from this sector.

### **Covid-19 impacts**

Evidence from independent research for the British Council for Offices has found just one in five (20%) UK adults plans primarily to work from home in the future, while only 16% hope that working from home replaces the office following the easing of lockdown from Covid-19 pandemic<sup>5</sup>. Their research also found that 38% do not plan to work from home at all. Meanwhile, more than a quarter (27%) plan to work from home for less than half of the working week, or on an ad hoc basis. Additionally, a quarter (25%) of those polled miss having a physical distinction between work and leisure.

A recent article in Forbes<sup>6</sup> cited 3 reasons why there is now more than ever need *and* demand for the type of coworking space the BIW will provide:

- **Remote Workers Have to Work Somewhere** – while the BIW is aimed at early stage and growing businesses, other users could be those whose main office is elsewhere but reluctance to travel and the impact of social distancing will result in demand for additional flexible working environments for innovators and entrepreneurs. Insight from Savills has also found: *a shift towards diverse location strategies and the emergence of a hybrid model, a combination of home working, local office hubs and a head office. This is an opportunity to improve long-term employee wellbeing, organisational resilience, and sustainability.*<sup>7</sup>
- **Resource Coordination for Small Business** – even before the current crisis, SMEs often found it difficult to navigate the business support landscape. The BIW team will

---

<sup>5</sup> Most British workers reluctant to work mainly from home, new polling shows, May 2020, British Council of Offices  
<http://www.bco.org.uk/News/News45664.aspx>

<sup>6</sup> Here Are Three Reasons COVID-19 Makes Coworking Spaces Even More Important, April 2020, Forbes  
<http://www.bco.org.uk/News/News45664.aspx>

<sup>7</sup> The impact of Covid-19 on real estate, May 2020, Savills <https://www.savills.com/impacts/market-trends/the-impact-of-covid-19-on-real-estate.html>

be able to curate access to existing and planned business support, as well as providing much needed tailored and bespoke support as these businesses need to pivot and review their growth potential following the structural changes made to the economy and markets as a result of Covid-19.

- **Community is Key to Recovery** – entrepreneurs, business owners, and workers will need social networks and local connections more than ever to regain their footing. The core objective of the BIW is to create and animate a community of innovators, cultivating peer to peer collaborative networks and skills development opportunities.

Evidence from innovation spaces' sector, after the initial lockdown and drop in number of enquiries, May 2020 has seen a marked increase in the number and types of enquiries and is something OI has experienced across its network. These enquiries range from:

- Speculative/information gathering to support existing SMEs in their social distancing planning (ie existing premises don't provide enough space to permit)
- Individuals and small project teams who want to establish a local base (either so as not to have to travel into large, urban areas or build in operational resilience)
- Projected growth from homeworkers or established businesses seeking professional space and support
- Existing SMEs wanting to join supportive and/or specialist communities.

### **In summary**

To address this need, **the Innovation Warehouse will deliver the following support package** to entrepreneurs, pre-start-ups and start-ups:

- An inspiring and creative environment for start-ups;
- Access to specialist facilities and equipment such as 3D printers;
- Affordable and flexible accommodation;
- Links to key businesses in the area;
- Specialist support for innovation in the STEM sectors; and
- Links to FE / HE programmes

The facility will be based in Basildon and meet local demand but will operate an **open-door policy to entrepreneurs from across the Thames Gateway**.

Based on evidence from makerspaces in similar markets, **the support package described above will enable STEM enterprises** in the Thames Gateway to:

- Access investment sources for start-up and early enterprise growth;
- Exploit new R&D and new products and services;
- Collaborate with other business to develop, prototype and commercialise new products; and
- Trade nationally and internationally.

According to detailed economic modelling, this increase in business support and accommodation, **collaboration, product development and trade will deliver the following benefits** to the Thames Gateway and beyond [Expanded in 2.10]:

- **Skills** – through collaboration with local skills providers, such as the South Essex College

- **Enterprise** – supporting the existing Basildon Business Group to network and innovate
- **Jobs** - The Warehouse will directly support 186 jobs by year 5, and through graduation of businesses from BIW is forecast to support a further 64 jobs locally by year 5 (369 by year 10).
- **Productivity** – providing makers, creators, entrepreneurs and innovators the tools to improve and increase the quality of their output
- **GVA** – the contribution to the local economy by year 5 is forecast to be £14.5m per annum (£30m+ per annum by year 10)

We explain in Section 2.3 how these objectives will help deliver the priorities articulated with national, regional and local strategies.

A consultation with a wide range of stakeholders has been undertaken and private sector investment has been sought. Major technology companies such as Ford Motor Company and New Holland Agricultural have consistently lent their support to the project with commitment of resources and collaboration and confirmed their need for the Innovation Warehouse. The development of the project has taken place over the last 4 years with local businesses and business organisations providing their support along the way. In the submission to SELEP in 2019 letters of support was provided from Ford Motor Co, CNH Tractor Plant and Essex Chambers of Commerce, reflecting the support from the full range of the Borough's businesses.

Developing the business case, it was the intention to request firm commitment from local SMEs that they would use the Innovation Warehouse and provide financial support. However, this has not been possible due to their challenging efforts for their businesses to survive. However, it is clear that a facility such as the Innovation Warehouse will be a key part in building up the local economy following the COVID 19 crisis.

Evidence from other places demonstrates that schemes such as this are rarely delivered solely by the private sector. They are funded by the public sector (such as Makerversity at Somerset House in London, which received funding through Innovate UK and the Arts Council) or are part of a larger scheme / institution (such as the Institute of Making, which is part of UCL).

Similarly, we envisage that the IW scheme will attract private sector partners once the delivery of the scheme has been confirmed. This could be in the form of sponsorship, letting of additional space, providing equipment, networking and collaboration opportunities for the centre users.

As the economy is predicted to shrink by 35% and unemployment rise to over 3 million in the UK, the Innovation Warehouse will provide the opportunity to kick start the recovery of the economy, not only in Basildon, but in the whole of South Essex. It will provide the space for residents who have been made redundant and provide support to bring their innovations to market. It will promote the formation of new companies and provide a launch pad for international companies looking to invest in the South East. The Innovation Warehouse aims to be so much more than a managed workspace, it aims to provide specialist support and equipment to enable entrepreneurs and innovators to develop their products.

Due to the lack of workforce both due to Brexit and the closure of borders as a result of COVID 19, some SME's will have to change their current business model from relying on cheap labour to introduce new technologies to enable them to survive. The Innovation Warehouse will provide the space, technical support and equipment to enable them to survive. SMEs will also need to pivot to a 'new' normal: new markets, new opportunities, new challenges and will need help and

support to navigate the ‘new’ barriers to business growth that will appear over the months and years to come.

## 2.2. Logic Map

A Logic Map for the Project is set out in the table below, highlighting the logical flow between inputs, outputs, outcomes and impacts for the scheme.

Inputs	Outputs	Outcomes	Impacts
<p>Grant Spend - £870,000</p> <p>Matched Capital Contributions Spend - £1,205,671</p> <p>Leveraged Funding - £0</p>	<p>1,800 sq m of “maker space” workspace, comprising a mix of dedicated desks, hot-desks and work benches and associated support facilities / equipment</p>	<p>A total of 186 direct jobs within the Centre by Year 3 of operation</p> <p>This is estimated to create an annual GVA of some £10.8m from Year 3 onwards</p> <p>A further 64 jobs created as a result of companies “graduating” from the BIW to other accommodation, by Year 5 of the operation</p> <p>This is estimated to create an additional annual GVA of some £3.5m in Year 5, and is expected to increase on an annual basis thereafter, rising to over £20m pa by Year 10</p>	<p>For schemes of £2m of LGF funding or less:</p> <ul style="list-style-type: none"> <li>• n/a</li> </ul>

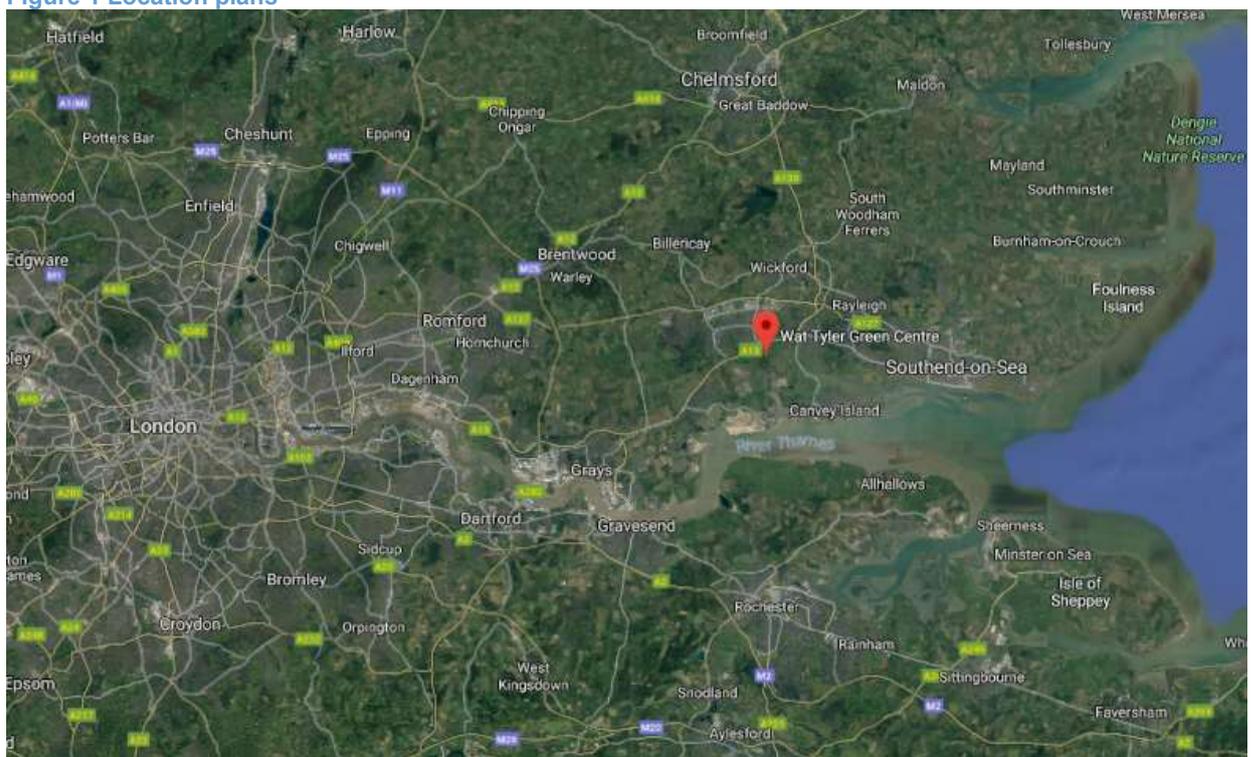
### 2.3. Location description:

In terms of its specific location, **the proposal is that the Innovation Warehouse would be based in the existing Green Centre in Pitsea (see detailed options analysis below of other locations).**

The Green Centre is an existing building situated within the Wat Tyler Country Park and to the South of the A13 and Pitsea railway station, providing direct links to London and Southend. It is situated close to the entrance to the Country Park with a large area of open car parking and a collection of small buildings supporting a variety of uses. Further south into the Park there is the complex of Wat Tyler buildings and a visitor centre. The Park and buildings are in the ownership of Basildon Council.

There are established pedestrian paths all the way from the station right up to the Green Centre, serviced by a pedestrian crossing. There is also a cycle lane the majority of the way. The waste facility, located nearby, is effectively set to close in December and large vehicle movements will then reduce significantly.

**Figure 1 Location plans**





Source: Google maps (2018)

The Green Centre has had a number of previous uses but in 2011 it was partly refurbished and reopened as an ecology centre to promote green technologies. The building is currently home to the Essex Field Centre (EFC) and to a small number of Basildon Council employees from Basildon’s Green Spaces team. The building accommodates exhibition and conference space, office space and archive storage for EFC, meeting rooms, a workshop and a commercial kitchen. The rear of the building which was not refurbished in 2011, is currently used for ad hoc storage.

The key characteristics of the site are provided in the table below:

Key Characteristics	The Green Centre
Site availability	Building owned by Basildon Council, with the rear portion currently used as temporary storage space and limited office accommodation. Early vacant possession would therefore be achievable, with the existing office users taking space in the refurbished scheme
Site location	Close to an industrial area / waste disposal facility to the outskirts of the Borough, but within a Country Park and very close to the A13 and Pitsea rail station
Public Transport	Walking distance from Pitsea Train station
Car Parking	Existing large car park adjacent to the building
Current Condition of site/building	Old industrial building in part refurbished to a high standard. Rear section of the building requires refurbishment
Timescale	12 months

The site is relatively easy to access by car, being located just off the A13, albeit it requires some wayfinding signage.

There is however no “dedicated / quality” pedestrian link between the station and the building at present and improvements to the current pedestrian facilities (which have to traverse busy road intersections leading into the waste recycling facility) will be required to provide quicker and safer access.

#### 2.4. Policy context:

The proposal is closely aligned and would help deliver the priorities of key national, regional and local strategies, as detailed in the table and narrative below.

Strategy	Strategic drivers/areas	BIW fit
HM Government: Industrial Strategy	<ol style="list-style-type: none"> <li>1. The world's most innovative economy</li> <li>2. Good jobs and greater earning power for all</li> <li>3. A major upgrade to the UK's infrastructure</li> <li>4. The best place to start and grow a business</li> <li>5. Prosperous communities across the UK<sup>8</sup></li> </ol>	<ol style="list-style-type: none"> <li>1. Supporting innovative businesses, diversifying the local economy</li> <li>2. Supporting high value jobs creation</li> <li>4. Creating an engaging and supportive environment for early stage businesses to grow</li> <li>5. Creating high value jobs in Basildon to a – minimize the requirement to out-commute and b – retain and attract talent to the Borough</li> </ol>
HM Government: Industrial Strategy Grand Challenges	<ol style="list-style-type: none"> <li>1. Artificial Intelligence and data - supporting our leading sectors and businesses in implementing advancements in AI</li> <li>2. Ageing society - pioneer design and technological solutions that better support the needs of an ageing population.</li> <li>3. Clean growth</li> <li>4. Future of mobility</li> </ol>	<ol style="list-style-type: none"> <li>1. Data underpins innovative and growing businesses and the target market for BIW is SMEs that have digital, robotic, manufacturing, data at their heart</li> <li>2. BIW customers could pioneer design and technological solutions that better support the needs of an ageing population.</li> </ol> <p><i>Also alignment with SELEP Draft Local Industrial Strategy</i></p>
HM Government: Left behind places strategy	<ol style="list-style-type: none"> <li>1. Regenerating towns in economic terms</li> <li>2. Cutting taxes to unlock thriving High Streets;</li> <li>3. Giving young people a future,</li> <li>4. Infrastructure development/enhancement</li> <li>5. Creating more community ownership</li> <li>6. Building community spirit.</li> </ol>	<ol style="list-style-type: none"> <li>1. Diversifying the local economy and moving away from resilience on industry primes.</li> <li>3. BIW will provide access to work experience and work placements to enhance skills development.</li> <li>4. Redevelopment of the Green Centre squarely aligns with this driver.</li> <li>6. Community will be at the heart of BIW – not only</li> </ol>

<sup>8</sup> Industrial Strategy: Building a Britain fit for the future (HM Government, 2017)

		<p>the business community calling it home but also citizens who will be invited in to share and collaborate through events and showcases.</p>
<p>SELEP Draft Local Industrial Strategy (alignment with the drivers of productivity)</p>	<ol style="list-style-type: none"> <li>1. Ideas</li> <li>2. People</li> <li>3. Place</li> <li>4. Infrastructure</li> <li>5. Business Environment.</li> </ol>	<p>The specific drivers BIW will address:</p> <ol style="list-style-type: none"> <li>1. Ideas: <ul style="list-style-type: none"> <li>• developing collaborative programmes, in particular targeting our key clusters and involving international partners;</li> <li>• creating testbeds for innovation, for example through 'living labs', that link partners to drive innovation activity;</li> <li>• creating an innovation framework/eco-system to support greater participation in R&amp;D activities to boost productivity and knowledge exchange, including enhancing our existing innovation assets;</li> <li>• encouraging those businesses with the capacity for innovation and high growth to scale up; and</li> <li>• supporting businesses to increase the adoption of new technologies and processes.</li> </ul> </li> <li>2. People</li> </ol>

		<ul style="list-style-type: none"> <li>• provide leadership coaching and B2B support for leaders of our SME base, supporting their approaches to growing their business and doing so sustainably, developing their talent (including through apprenticeships &amp; T Levels), participating in R&amp;D and attracting further investment;</li> <li>• provide information and guidance for employers to increase awareness of apprenticeship and skills development opportunities (linked to wider business support)</li> </ul> <p>3. Places</p> <ul style="list-style-type: none"> <li>• We need to create places to which South East residents and businesses aspire to live, work and invest and that contribute to raising living standards.</li> </ul> <p>4. Infrastructure</p> <ul style="list-style-type: none"> <li>• working with government and industry providers to better understand our digital coverage, acknowledging existing ‘not spots’ and exploring new models for delivering digital infrastructure in hard to reach places;</li> </ul> <p>5. Business environment</p>
--	--	---

		<ul style="list-style-type: none"> <li>• establishing a more coordinated business support offer, building on the Growth Hub, backed by multi-year funding commitments and accessible to all types of enterprise including entrepreneurs, small businesses, social enterprise and freelancers;</li> <li>• delivering a bespoke scale up programme for businesses seeking to grow,</li> <li>• identifying how all businesses in the region can access the level of digital connectivity they require;</li> <li>• optimising the growth and development of our leading sectors through effective clustering and R&amp;D.</li> </ul>
--	--	--

As above, the **UK Industrial Strategy** aims to position the UK as the world’s “most innovative economy”, through a “major upgrade” to infrastructure and the development of a business environment that “guarantees that best place to start and grow a business”. The Warehouse will deliver both improved physical infrastructure through the upgrade of the building and provision of equipment and accommodation, and the promotion of an inspiring and connected business environment. The project also aims to contribute towards one of the cornerstones of the Industrial Strategy – Strengthening the foundations of productivity – by raising the demand for innovation and enabling access to support and resources.

The **SELEP Strategic Economic Statement, ‘SmarterFasterTogether’** sets out the path towards SELEP’s Local Industrial Strategy. Key ambitions include the aim to bridge the gap in GV per filled job between the South East and the rest of the UK, uplifting productivity across the LEP area, and improving productivity especially in sectors at the ‘leading edge’ of innovation. These ambitions will form the Boosting productivity is key to enabling growth through collaboration between business, entrepreneurs and universities. The Warehouse will facilitate the delivery of these ambitions by providing a unique facility where this kind of sophisticated collaboration will be nurtured. It also aims to boost productivity by making innovation accessible to existing companies and start ups.

Basildon is part of the **SEP's A127 Strategic Corridor**, which is an absolutely vital artery to economic competitiveness of the sub-region and indeed to the economy of the County of Essex and beyond. Along this corridor the A13 links the key port infrastructure of Tilbury and London Gateway with London and the wider strategic road network, while the A127 corridor connects the capital to the manufacturing hub of Basildon, and to Rochford, Southend, London Southend Airport and surrounding employment areas. Basildon has the largest concentration of employment in Essex and one of the largest concentrations of advanced manufacturing businesses in the South of England, including in the area of low carbon and renewables. There are ambitious plans to redevelop the town centre and railway station in this competitive centre for growth and innovation.

The Warehouse will drive growth in line with the vision set out in the **Thames Estuary Commission**. The new Thames Estuary Envoy, Kate Willard, was appointed in October 2019, and will act as the Chair of the Thames Estuary Growth Board which will receive £1 million of government funding to drive economic growth plans in the area. Despite its many assets the Commission report notes that the estuary has “consistently been unable to deliver the same levels of economic growth as other parts of the UK.”<sup>9</sup> To address this, the Commission puts forward a set of measures to strengthen traditional economic sectors and speed the development of newer sectors. Central to this objective is supporting the provision of start-up and grow-on space for new and existing businesses and providing targeted business support to micro and small businesses (which make up over 95% of businesses in the South Essex area), and supporting the delivery of jobs in sustainable locations such as Basildon..

The Warehouse will also link with the **BEST Growth Hub**, which provides ‘navigators’ to help businesses access the support, advice and financing they need to grow. The Warehouse will immediately become a significant source of high-quality support for high-tech STEM sector ventures.

The Warehouse is closely aligned with the ambitions of the **Opportunity South Essex Growth Strategy**. The Strategy will drive growth through the provision of access to grow-on space, expertise, equipment, skills development and appropriate business support. In particular, the Warehouse supports the ambition:

*“Providing businesses with access to high quality business development support to encourage improved performance and employment growth. The support will be simple to access, holistic, high quality and tailored to the needs of business. Effective outreach will ensure maximum take-up and effective diagnosis of business needs”*

The Warehouse should play a significant role in establishing the **Thames Estuary Production Corridor**, which has been awarded £4.3m to unlock long term, transformational, culture-led growth in South Essex, North Kent and London following consultation and the publication of ‘From Vision to Action’. According the to the vision for the Corridor:

*“The Estuary’s manufacturing legacy provides a unique opportunity for new industry. A skilled local workforce – from fabricators to metalworkers - already exists.... Core to this vision will be the creation of pathways into long-term employment through schools, further and higher education (FE & HE), skills training, apprenticeships and careers advice.”<sup>10</sup>*

---

<sup>9</sup> <https://www.gov.uk/government/publications/thames-estuary-2050-growth-commission-report>

<sup>10</sup> [https://www.london.gov.uk/sites/default/files/tepc\\_vision\\_2017.pdf](https://www.london.gov.uk/sites/default/files/tepc_vision_2017.pdf)

The Innovation Warehouse is well placed to realise this ambition through creating excitement around and accessibility to entrepreneurship and innovation support and processes.

The project will link with the **Association of South Essex Local Authorities (ASELA)** and support its vision of focusing on building strength in key sectors and growing certain types of businesses by supporting the growth in future sectors such as digital and industrial creative. ASELA recently commissioned work to assess the lack of supply of grow-on space, for recent start-ups that have outgrown their accommodation and require larger workspace of 150-500 sq m. Basildon leads on the development of an Industrial Strategy on behalf of ASELA for the whole of South Essex and the Innovation Warehouse will play a key part in showcasing the opportunities and the entrepreneurial capabilities of the residents and businesses in South Essex.

In particular the Innovation Warehouse will play a key part in the development of the ASELA COVID 19 Recovery Plan and support the longer term sustainability and resilience of SMEs and Micro businesses.

The Warehouse is closely aligned with **Basildon Council’s corporate ambition to be a place that encourages business to grow and residents to succeed** by: creating high aspirations, supported by access to training and education; reducing unemployment; and supporting the growth plans of local businesses.

These objectives will be furthered by **Basildon’s Local Plan (2014 – 2034)** which aims to maintain the borough’s **status as a sub-regional economic hub**. This will be achieved by providing enough land in suitable locations with the supporting infrastructure to accommodate businesses needs including:

- Strengthening businesses both big and small, and supporting the diversification of the Borough's employment sector mix.
- Maintaining and enhancing business support programmes.
- Ensuring access to education and training at all level.
- To support residents into local jobs and move towards full employment.
- To deliver a thriving and mixed economy offering local jobs for local people.
- To increase level of business start-up and innovation to create new jobs and improve productivity
- To ensure that the skills needs of business are met across a range of sectors, offering opportunities for all levels of qualifications and delivering skills support to deliver career progression and retain skilled workforce.

In terms of alignment with specific **planning policies** the table below details how BIW will address specific priorities:

Planning policy	BIW’s role in delivering this
Policy E1: Economic Growth Strategy - Clear objective to deliver at least 20,000 additional jobs.	The modelling shows that not only will the BIW deliver additional jobs, it will enable businesses to start and

	grow, increasing GVA and supporting economic growth overall.
Policy E1: Economic Growth Strategy -1.1.f. Facilitating the training and education of local people to gain skills required to enter or remain part of the local workforce;	The BIW will provide training and support to individuals and businesses to enable them to support economic growth
Policy E1: Economic Growth Strategy -1.1.g. Establishing and maintaining relationships between local businesses and local training and education providers to ensure local facilities are provided to access professional and vocational training; and	The BIW will provide a centre for collaboration between business and training providers to support access to training for both individuals and businesses. It will provide a network for Basildon and the SE region, supporting joint working and entrepreneurship.
Policy E1: Economic Growth Strategy -1.1.h. Supporting and facilitating proposals and initiatives which contribute to implementing the priorities identified in the Council's Economic Development Policy.	This is set out in the above narrative.

## 2.5. Need for intervention:

**The Innovation Warehouse will address a clear market failure; the need for more specialist support for STEM start-ups in the Thames Gateway** as a whole and South Essex in particular. There is demand for this provision, but the private sector / local companies are not in a position to cover the up-front costs of a new facility.

In addition to this it will be **addressing the productivity gap which currently exists in South Essex** where large global high technology companies sit alongside a considerable amount of smaller low value/productivity SMEs vulnerable to automation and future technological changes.

**The project has support from the Borough's largest technology companies**, Ford Motor Company and New Holland Agricultural as well as smaller technology SMEs who have pledged their support, collaboration and resources. **They all recognise the need for the Innovation Warehouse** and how it can drive growth and productivity not only in South Essex but in the whole of the South East.

**Independent research**, into local supply and demand for innovation and the operation of similar innovation support schemes, reached two clear conclusions.

**There is local demand for more innovation support.** The research consortium conducted stakeholder consultations with four groups:



- Intermediaries (Innovation Essex, Invest Essex, Basildon Job Centre Plus and Essex Employment and Skills Board)
- Facility managers,
- Local businesses; and
- and universities with a known interest in the area (the University of Essex, Anglia Ruskin University (ARU), University College London (UCL) and Loughborough University).

Despite their different perspectives, these stakeholders were clear about the need for a new innovation support facility. They highlighted the following **local needs that the Warehouse would address**:

- **There is a local shortage of collaborative work space.** Over the last five years Basildon Enterprise Centre had to turn away clients searching for co-working facilities. The Centre has now closed, and no replacement space is available to start ups.
- **Technical expertise and equipment is not locally available.** Many successful makerspaces promote a wide range of technical expertise and equipment. This provision does not exist locally. Invest Essex stated that a technical facilitator is essential and will serve to reassure smaller players, allowing them to make the most of / grow in confidence with using specialist equipment. In **Appendix K – Makerspace Equipment**, we provide an overview of the indicative list of specialist equipment to be provided within the BIW and the rationale for providing these items based on 2 core themes: **sectoral demand analysis shows there is demand is for innovation and maker space and yet there are no other providers in the area.**
- **There are not enough networking opportunities.** According to the Nesta Report (2015) on “makerspaces”, socialising is the top reason why people use these facilities. Yet local consultees told us that many entrepreneurs are in an isolated state of working at home isolating and would value the opportunity to be in a co-working environment two to three times per week.
- **Need for strengthened university-business links.** Overall the attitude of nearby universities and colleges is open and supportive of local businesses. HEI’s are highly invested in supporting innovation and are enthusiastic to create connections with SMEs. UCL explained that business outreach is “part of the ecosystem of the University”, particularly within the Engineering Department. They find their expertise is particularly tested and made more relevant to teaching through engagement with the outside business world.
- **Existence of low value firms and a lack of demand from SMEs to innovate.** Figures from Centre for Cities research shows that South Essex lags behind the national average of 18.17 patents per 100,000 population with only 5.97 patents in Southend and 16.93 in Basildon. This is mirrored by the below national average GVA of £56,610 per worker where in Basildon the GVA was reduced from £48,930 in 2015 to £47,840 in 2016 with similar figures for the rest of South Essex. The worrying downward trend of productivity is reflected in the slow increase in workplace earnings which over the 5 year period (2012-17) have only increased with 5.67% in Basildon, well below the national average of 9.65%. This shows a trend towards **decrease** in highly paid and skilled jobs, reducing the opportunity for local people to prosper and stall the contribution to the productivity growth of the area.

While there is widespread support and demand for the Innovation Warehouse, we face a significant barrier with regard to funding.

The current Covid-19 pandemic highlights an even more pressing need for the Innovation Warehouse. As the UK enters the recovery stage, SMEs will require the support and space proposed in the Innovation Warehouse to rebuild and find new ways of bringing innovations to

market. The current unemployment figures show an increase from 3% to 10% in the region as a direct result of the crisis and projections are for this to grow over the coming months. The region's industry primes are reviewing their long term plans which could significantly impact on employees and the region's economy. As detailed in OI's 2020 demand study (**Appendix J**) there is no other facility like this in the region, it is a unique model to address the lack of space, support and resources to meet the demand of skilled people with ideas. The Innovation Warehouse is perfectly positioned to support SELEP in re-structuring and rebuilding the local and regional economy.

## 2.6. Sources of funding:

Local market testing demonstrates that there is strong demand for the services to be provided through the Warehouse once it is operational. Once it is fully occupied, it should generate an ongoing revenue stream and become income producing in month 12 of operation, with a cumulative operating profit reached by month 31.

However, the up-front costs associated with the refurbishment represent a high level of risk to the private sector. Evidence from elsewhere, as described in 2.1, shows that spaces like the Innovation Warehouse are usually funded by the public sector or form part of a much wider redevelopment / investment programme.

During 2017 and early 2018, local and national private sector stakeholders were extensively consulted as to their desire and ability to provide funding for the redevelopment of the Green Centre. Whilst supportive of the scheme, none were able to commit funding to the refurbishment project but would provide in kind/revenue support once operational. This is explored further in Section 6.4

Detailed financial analysis (as detailed in Section 5.1) as to the likely performance of the Innovation Warehouse once constructed has identified the following:

- The BIW reaches operating breakeven in Month 14 (Year 2)
- The BIW reaches cumulative operation breakeven in Year 5
- The total surplus over the 5 year period (taking into account the early years' losses) is £26,031, over a 10 year period £433,933 and over a 20 year period £1,350,281.

The surpluses will be used to cover the operational costs, the repayments / interest on its prudential borrowing and also to be reinvested into the centre to sustain the Councils' Economic Development offer and services through a detailed business support programme to be delivered in the Innovation Warehouse. A management contract will be entered into with an experienced operator for the long term running of the Centre, and through the engagement with a wide range of other stakeholders in the area, this support will benefit those using the centre as customers but will also provide outreach in terms of a programme of workshops, seminars, tech-fests and expos.

The above Profit and Loss clearly indicates that the Innovation Warehouse is a sustainable project once operational, returning 'surpluses' but also delivering on a wide range of economic development and social objectives, as outlined in Section 2.7.

As well as directly investing some £1.2m and committing to cover the early years' losses, Basildon Borough Council will also be foregoing any future surplus rental income (over and above the sums required to repay its prudential borrowing).

## 2.7. Impact of non-intervention (do nothing): The Reference Case

Without intervention, the Green Centre would continue to be at risk of being under-utilised as it currently is. It would provide some office, exhibition and meeting room facilities, alongside some low-level storage space for the maintenance of the Country Park. This represents a significant under-use of the space.

Confined to these uses, the venue would continue to raise relatively low levels of incomes. The areas of proposed refurbishment currently run a loss, and if the building was to be left it would cost the council to run. Indeed in the longer term, the lack of investment in the building could well see some of the existing tenants vacate further reducing income. .

The project concept has been discussed by partners for over three years. While research found significant interest in and support for the proposal, it has not been possible to identify sources of investment. Even with the building in council ownership, the costs of refurbishment against the estimated levels of income in the short term make the scheme unviable. As we can see from almost all other innovation spaces, they require enabling public investment and / or funding through a much larger scheme, in order to establish a viable and deliverable scenario.

Consequently, as described in 2.5, local partners will not be able to proceed without LGF funding.

As a result of this Do Nothing scenario, we would see the following consequences:

- The South Essex Thames Gateway would fall further behind competitor places in its ability to offer tailored support to hi-tech particularly STEM ventures.
- With a very limited supply of early business accommodation in the area, business birth and growth will not be supported or encouraged.
- The Borough will not be able to bring forward this innovative scheme in any other location and materialise the opportunities and links highlighted in this submission with local businesses, large corporations and educational institutions, thus limiting prospects for collaboration and economic growth.
- Local residents will as a result not be able to access appropriate / affordable workspace in the area and are likely to seek such accommodation outside the Basildon borough.
- A lack of access to innovation and a lack of the rise in demand to adopt innovative processes will contribute to continued decline in productivity.

## 2.8. Objectives of intervention:

### Project Objectives

**Objective 1:** Regenerate an under-used public-sector asset to deliver 1,800 sq m of commercial floor space.

**Objective 2:** Deliver a range of space for SMEs and start ups and offer a co working/networking space to promote joint working and innovation.

**Objective 3:** Deliver Innovation / academia support for advanced manufacturing and digital SMEs

**Objective 4:** Raise access to and demand for innovation by low value/productivity firms

**Objective 5:** Reduce the risk of companies and residents relocating elsewhere by creating an environment that makes Basildon 'sticky' to innovators and entrepreneurs.

**Objective 6:** Support STEM education, narrow future digital skills gap and create next generation job opportunities for residents

**Objective 7:** Enhance productivity and overall economic development of the area through the development of a visible and vibrant hub of activity.

**Objective 8:** Maintain public access to the facility and education for visitors / the community to learn about new technology / STEM sector

*Problems or opportunities the project is seeking to address*

**Problem / Opportunity 1:** There is a local shortage of collaborative work space and networking opportunities.

**Problem / Opportunity 2:** Technical expertise and equipment is not widely available.

**Problem / Opportunity 3:** Productivity is on a downward trend and there is a lack of demand for innovation.

**Problem / Opportunity 4:** Need for strengthened university-business links.

	<b>Problems / opportunities identified in Need for Intervention section</b>			
	Shortage of collaborative work space and networking opportunities	Expertise and equipment not available locally.	Productivity is on a downward trend and there is a lack of demand for innovation	Need for strengthened Uni-business links.
Regenerate an under-used public sector asset	✓✓✓	✓✓	✓	✓
Deliver space for SMEs and start ups	✓✓✓	✓✓	✓✓	✓
Deliver Innovation / academia support for advanced manufacturing and digital SMEs	✓✓✓	✓✓✓	✓✓	✓✓
Raise access to and demand for innovation by low value/productivity firms	✓✓✓	✓✓✓	✓✓✓	✓✓✓
Reduce the risk of companies and residents relocating elsewhere by creating an environment that makes Basildon 'sticky' to	✓✓✓	✓✓✓	✓✓✓	✓✓✓

innovators and entrepreneurs.				
Support STEM education, narrow future digital skills gap and create next generation job opportunities for residents	✓✓✓	✓✓✓	✓✓✓	✓✓✓
Enhance inward investment and overall economic development of the area through the development of a visible and vibrant hub of activity.	✓✓✓	✓✓✓	✓✓✓	✓✓✓
Maintain public access to the facility and education for visitors / the community to learn about new technology / STEM sector	✓	✓	✓	✓

## 2.9. Constraints:

Delivery constraints include:

- The biggest delivery constraint to this project is the lack of funding to finance the refurbishment of the rear section of the Green Centre. As described in the sections above, sufficient private and alternative public funding is unlikely to come forward to successfully deliver this project.
- Grant funding has been used to refurbish part of the Green Centre historically. This issue has been managed by proposing physical changes to the areas that did not receive grant funding and continuing with existing leases to the front part of the building in the new proposed innovation warehouse.
- To carry out the works it will be necessary to vacate part of the Green Centre that is currently in use. This constraint is made more difficult due to the impact of COVID19, but a vacant possession plan has been developed to ensure the process is managed effectively.
- There is currently no superfast broadband infrastructure in the immediate area. The Council has been working hard with partners over the last 12 months to ensure that broadband upgrade will be delivered to ensure this vital business infrastructure is available for the new occupiers, and recent funding decisions have confirmed that this is now in place.
- Statutory and other approvals will be required for change of planning use – currently the building has an Education and Training use. Local planning officers have indicated such

scheme is not likely to face any planning challenges as changes proposed are internal with minimal impact to the environment, and highlighted no reasons at present why it should not be recommended to Committee for approval.

#### 2.10. Scheme dependencies:

There are three major interdependencies in relation to the delivery of the Innovation Warehouse. First, is the availability of funding to deliver this scheme. Despite various consultations with key partners and stakeholders, the Council has not been able to secure alternative sources of funding. Hence, LGF funding is critical to realising the Innovation Warehouse. Without this funding, the project will not come forward.

Second, is the availability of the Green Centre building itself. Currently only part of it is in use and the rear section has been consistently deteriorating. Without the refurbishment of the rear as part of the delivery of the BIW, the Green Centre will continue to remain largely underused and to under-perform its potential, with the associated financial and resource inefficiencies which this entails. On the other hand, an increased footfall and extra users from more intensive use of the back section of the building, will create new opportunities and existing costs can be shared and optimised.

Third, proposals to deliver the Basildon Innovation Warehouse scheme, within the Green Centre, on the Wat Tyler site, were always seen as dependent on the provision of a suitable superfast fibre broadband connection, in order to provide the right level of service required by the range of companies likely to occupy the facility.

In the absence of an existing provision, investigations have been underway for the last few months to identify whether a suitable connection can be provided (at a capacity which meets business needs), and if so at what cost, and to what timeframe. It has also been assumed that this connection would be capable of providing a service to the existing Wat Tyler Centre and café.

Basildon Council commissioned Openreach to undertake a survey of the installations in the area, and provide a cost quotation for the provision of a fibre connection, to the Green Centre and adjoining premises. This has taken some considerable time to process, however a response was received a few weeks ago, confirming that a 1Gb fibre connection, could be made to both the Green Centre and the Wat Tyler centre, for a capital contribution of £9,000.

Current thinking is that a 2Gb connection would be ideal, and indications are that this would not be an issue.

An official order is required in order to commence the process and fix the contribution level, however on the basis that this is able to be actioned over the next 2 / 3 months, then it is expected that the installation works could be completed before the end of the current financial year '20/'21 (current Covid19 provisions allowing).

In the meantime, the S Essex Authorities have been progressing a project (known as the Local Full Fibre Network scheme – designed to maximise the availability and benefit of gigabit capable broadband services to public sector, business and residential users) which has secured DCMS funding to cover a number of specific schemes (originally some 46 but now filtered down to 10 or so) of which Wat Tyler is on the list. These schemes are intended to be complete / spend all of the allocated money by the end March 2021.

The project has progressed through the first two DCMS “Gateways” and was approved by DCMS at their Gateway C Board on the 26<sup>th</sup> March 2020, with an expectation that the Wat Tyler

installations, will be funded by the DCMS project, by the end of the current year (with again, current Covid19 provisions allowing).

On this basis it is proposed that the Green Centre / Wat Tyler Centre installation, be progressed through the S Essex Authorities, DCMS Full Fibre Network proposals, with a view to monitoring progress carefully over the next few months, to ensure that the necessary installation works can be completed, by the end of March 2021 (subject to review).

In the event that this timeframe slips / is not judged to be deliverable, then as a “fall-back”, Basildon Council will place an order for the works, in response to the quotation recently provided by Openreach, with a view to these works being funded as part of the overall Innovation Warehouse budget. The current budget of £9,000 (together with any increase needed to raise capacity to 2Gb), can be accommodated within the cost estimates currently being included within this Business Case.

- The Local Full Fibre network programme has now been approved by DCMS and intervention to upgrade infrastructure across all sites in Basildon is expected to be delivered ahead of the Innovation Warehouse, thus providing super fast broadband to the Green Centre.

#### 2.11. Expected benefits:

According to detailed economic modelling, this increase in **collaboration, product development and trade will deliver the following benefits** to South Essex and beyond:

**Skills:** Improved skills and training provision and increased demand for skilled staff from employers, through providing opportunities for work experience and placement opportunities in supported businesses, as well as collaboration activities between Warehouse customers

**Enterprise:** The Innovation Warehouse will increase the **scale of enterprise** across the Thames Gateway through:

- Supporting an average of **77 businesses** by the end of its first year of operation (2021/2022)
- Bring together a wide range of innovators and entrepreneurs in one ‘space’ to collaborate

**Jobs:** Through the increase in enterprise describe above, the Innovation Warehouse will directly support 186 jobs by year 5, and through graduation of businesses from BIW is forecast to support a further 64 jobs locally by year 5 (369 by year 10).

**In addition, it is anticipated that a number of jobs will be created/safeguarded** in the wider advanced manufacturing and engineering sectors, where businesses are currently struggling to recruit and retain staff with the necessary skills as the centre will provide the necessary facilities and collaborative environment for individuals and businesses to develop further skills and retain this expertise locally.

**Productivity:** Raising the demand for innovation and resulting in higher skilled jobs and wages. Taking all of the above into account, the Innovation Warehouse will contribute £14.5m per annum to the local economy by year 5, rising to over £30m per annum by year 10.

The projections of jobs and businesses being supported by the BIW are drawn from OI's proprietary modelling tools, based on benchmarks from OI's network of centres and tracking impact on jobs growth over 30 years of running Innovation Centres.

## 2.12. Key risks:

Risk	Likelihood*	Impact*	Mitigation
Funds not being available (in part or wholly) to carry out refurbishment work.	2	5	Without LGF the scheme would not proceed.
Increase in the scope of the refurbishment works as scheme develops	2	3	Undertake building and infrastructure surveys including utility capacity and carry out detailed scheme design to firm up the cost plan.
Build cost inflation prior to letting refurbishment contract, including effects of disruption from Covid-19 and Brexit on supply-chains and costs of labour on volatility of build costs	4	4	BBC will monitor and review the project as it develops and prior to commencing refurbishment works.
Statutory and other approvals not all being in place as and when required	3	5	Early conversations with Basildon planning department have already taken place and the requirements for a full planning permission have been identified and are being progressed
Lower take up rates for desk, workshop, space and memberships resulting in reduced income in the early years, including as yet uncertain economic disruption arising out of Covid-19 response	4	5	Active marketing of Investment Warehouse and connect into strong existing business networks. Flexible use of space to respond to areas of demand. Proactive business support and other activities to support economic recovery amongst entrepreneurs, start-ups and micro businesses
Lack of PULL factor.  (1) Innovation Warehouse fails to have a physical impact/quality of space to create the right environment to encourage people to want to use it.  (2) Lack of support, promotion, network, technical equipment operational skills, for occupiers	3  3	5  4	(1) Industrial style space in the existing building is a good starting point, refurbishment to incorporate good design and quality of materials. Good evidence base as to what works in successful innovation warehouses.  (2) The Business plan envisages a team to run the centre, importance to

Risk	Likelihood*	Impact*	Mitigation
			get the right individuals to help and promote start-ups.
Innovation Warehouse reaches capacity early and cannot meet local demand	4	3	<p>The concept layout has assumed a conservative spacing of the co working desks at one per 8 sq m it would be possible to increase the number of desks to one every 4 to 6 sq m. Additional “shipping container” style expansion space could be provided on land within the ownership of the LA, adjacent to the building.</p> <p>The Innovation Warehouse should be seen as part of a wider initiative by BBC to promote innovation, start-up companies and to provide growth on space.</p>
Covid-19 impact	3	3	<p>The scheme will play a key part in rebuilding the economy following Covid-19 and will be a place for SMEs to relocate given the likely increased use of technologies as opposed to labour. Careful positioning of the BIW as a place for businesses to get the space and the support they need to pivot, grow and navigate the challenges the future faces.</p>

### 3. ECONOMIC CASE

#### 3.1. Options assessment:

As part of the Outline Business Case for the IW, undertaken during the latter part of 2017, early part of 2018, and updated in February 2020, an analysis of other, potentially suitable buildings / locations for the Innovation Warehouse was carried out. This exercise was designed to consider a wide range of alternatives and to focus on a short list of options for more detailed consideration and was undertaken by SQW Land and Property (formerly BBP Regeneration). Their analysis follows:

The following criteria were used to assess sites / buildings, in order to determine the prospects of delivering the BIW facility and ensuring its successful/ long term operation:

- Location and access
- Site/ Building area
- Layout
- Planning designation
- Ownership
- Market availability
- Tenure
- Quality of site/ condition/ environment
- Any potential constraints
- Conversion / refurbishment prospects (including redevelopment prospects)
- Deliverability, viability and overall suitability

#### **Sites available in the long term**

Several sites had been previously identified in the past, as offering development potential for the IW, details of which are also provided below.

- Ford's surplus/ expansion land – there had been a number of meetings between Ford and the Council to discuss opportunities around this site. There has not been any very recent feedback, however, due to the scale of development and the need to consider a viable Phase 1 scheme, it was thought very unlikely that the IW could be constructed here in a realistic timeframe.
- Gardiners Lane – a site largely owned by Homes England; there is a high level development framework currently being finalised. The proposals envisage some 700 new homes (50dph) plus 6ha of employment land, although discussions are suggesting that the housing capacity could be increased and employment reduced, with a re-allocation of employment numbers onto other land being considered for employment allocation, elsewhere in the Borough. As above, due to the complexity of bringing forward development on this site, it was thought very unlikely that the BIW could be constructed here in a realistic timeframe.
- Narrow strip of land at PIPPS Hill Industrial Estate – the layout / configuration of the site does not render it particularly suitable for development; and was thought likely that this land will be potentially used for road widening in the future

The above sites were therefore not thought to be suitable for the BIW development due to uncertainty of short term development and the long term timescales of bringing forward any construction on site.

### **Sites / premises available in the short to medium term**

Similarly, there were a number of sites / premises which were identified, as potentially becoming available for development / use in the shorter to medium term. As above, the current position was reviewed on these in order to understand the feasibility of accommodating the IW on such locations. Further details are set out below.

- Homes England (previously HCA) –owns a site at Festival Business Park – which has the potential for a new warehouse/ shed development. The delivery of this development is at an advanced stage and the potential to deliver an IW on this site in the foreseeable future is unlikely.
- The site adjacent to the original PROCAT campus was considered as part of an initial exercise on this project. Proposals for large scale redevelopment and re-use of the site have been explored for some time and the prospect of “trade counter” premises, accommodating A uses, rather than B-class, is looking most likely(see further details below – the Gilbarco Site)
- The company EXCHANGE, who occupied a unit at Festival Business Park, were understood to be looking to relocate (following a merger with another company), although the age and scale of the building, is unlikely to make it a realistic opportunity, at a reasonable cost.
- Homes England owns the site next to the Basildon water treatment works and new waste facility – apart from odour issues, this could also be a relocation site in order to release development land on Gardiners Lane.

It was therefore not considered that these premises / sites were suitable for the BIW due to other commitments, uncertain timescales, viability constraints, unsuitable uses and poor quality of environment.

### **Sites / Premises available immediately**

In addition to the above, we have updated our previous search of available premises currently on the market in Basildon, which could be refurbished for use for the BIW concept.

For the exercise, the study considered a number of unit sizes that would be capable of housing a BIW of 10,000 to 15,000 sq ft. Where larger spaces were available, we have taken the view that the additional accommodation could be available for longer term expansion potential, or alternatively sub-letting for other uses. It should be noted that the current proposals for the Green Centre (and the associated financial modelling) are at the upper end of this scale, in respect of the GIA required.

The vast majority of these properties are in private ownership, in reasonable condition and available to rent or for sale. This is likely to have a major impact on the financial viability of the scheme. The major constraints imposed by these options are considered to be:

- the terms of any head lease from the ultimate freehold owner including ongoing rental (and other) commitments
- where available, the costs of acquiring the freehold or long leasehold interest in an appropriate building from the private sector
- the costs of any major refurbishment / conversion works required to bring the premises into a suitable condition for use as an Innovation Warehouse

This review concludes that the configuration of ownership arrangements will be a key ingredient when developing out and running the proposed BIW facility.

**Appendix M** contains a range of properties which could potentially be suitable for conversion to “maker-space” accommodation of the kind envisaged, and which are currently reported as ‘Available’ on the EGi database, within the Basildon area. This includes a range of premises from recently constructed high-grade industrial space to more dated premises.

Many of these are part of existing industrial terraces and are therefore relatively restricted in terms of access, the opportunity to create a specific image/profile, external parking/storage space, ability to deliver long term flexibility/expansion potential. There are however some units which are detached and set within their own grounds.

Analysis of the market for this kind of property and note that industrial transactions since January 2019 in the Basildon area have achieved rents of £6-£13 / sq ft across premises of varying age and condition. The average achieved industrial rent in the Borough over the last year has been £9.21. The higher end of this spectrum relates to very small units. There were six transactions involving units larger than 10,000 sq ft, and smaller than 60,000 sq ft, with the average achieved rent for these being £7.87 / sq ft.

This would imply an annual minimum liability on any Innovation Warehouse scheme undertaken in accommodation either leased from the private sector within a range of £80,000 to £190,000 per annum (based on a range of 10,000 sq ft to 15,000 sq ft) depending on size, age, quality and specification of the premises, or if purchased freehold an upfront capital cost of £950,000 to £1,425,000.

These costs would be in addition to refurbishment, running and management costs and would consequently impose a significant additional burden on the financial viability of the proposed initiative, either in terms of an initial capital cost, or an ongoing annual running cost liability. Furthermore, the Council has also recently acquired the former Robbins Cinema (located adjacent to the new East Square redevelopment scheme which the Council is undertaking within the town centre) The overall site containing the cinema, is being brought forward for wholesale redevelopment within the next 3 to 5 years. This means it is not a suitable location for the BIW, as the investment of some £1.5m in a project that may only last some 3 years, would not be a sensible use of resources.

Innovation Centres that have to pay a ‘market rent’ (prior to refurbishment and fit-out) are not attractive to operators and are unlikely to be financially sustainable. This is counter to the aims of stimulating and supporting the creation of a cluster of innovative and entrepreneurial start ups and scale ups, which in turn provide economic returns in terms of jobs created and GVA.

We therefore do not consider the majority of the above premises to be well-aligned with the requirements for a maker-space facility (location, image, specification, configuration). The extra over costs which the BIW would need to cover, in terms of up front acquisition or ongoing, annual rental payments, would make the viability of the proposal highly challenging and prejudice long term sustainability.

#### **Other Premises reviewed**

A number of discussions were also held with Council personnel, in connection with any other sites / premises which are either –

- known to the Council, or
- within Council / public sector control, including those currently occupied or in alternative uses BUT potentially available for other uses such as an IW, in the foreseeable future

These options are set out in the paragraphs below.

**Eastgate shopping centre** – a number of vacant retail units are currently available (or could be made available, subject to negotiation), however, there is limited parking/ delivery options and the surrounding shopping centre environment may not lend itself well for the range of maker-space activities (non desk based) envisaged within the BIW.

**Basildon & District Local Enterprise Agency**, located in Samson House, Arterial Road, Laindon, offers office and workshop space, which are well occupied with very limited availability. Having examined the building externally, it appears to be dated and split into multiple units, which is unlikely to be suitable for the BIW concept, even if there was available space.

**Essex Enterprise Centre**, based in the Burnt Mills Enterprise Park, has been run by Invest Essex for a number of years but their use ceased earlier in 2018. Although located in an industrial estate, the space renders itself better for office uses and would not be ideally suited to IW activities. In addition, the space is now in private ownership, in need of significant repairs (re-roofing works) and will also be leased on open market terms (which is one of the reasons why the Enterprise Centre is having to close). The unit is located next to the “untidy” Industry Zone, which offers a relatively poor-quality environment, with unpleasant odours being one of the main issues in the area.

**Basildon Community Assets** – we understand that the Council has over recent months been reviewing a number of Council-owned assets, including community buildings and an old depot building. However, it is likely that these are long-term development / value generating opportunities and will most likely be redeveloped for residential accommodation.

**Gilbarco** - The Gilbarco site (already mentioned above) comprises 6 acres and is located within Basildon’s industrial area to the north of the Cranes Farm Road, A1235. The site is situated adjacent to the former Prospects College of Advanced Technology (PROCAT) and bounded to the North by Luckyn Lane, to the west by Miles Gray Road and accessed from the south via Crompton Close. Planning consent was granted in June 2019 for A1/A3 retail units, a self-storage unit, associated parking and a B1/B2/B8 employment unit for the re-provision of the Gilbarco operation, An application for variation of conditions attached to this planning permission was submitted in March 2020 and is awaiting decision, suggesting the developer is looking to bring forward the scheme.

The site is currently occupied by Gilbarco (under a lease with 50-years remaining) and comprises a range of old industrial buildings, from single to three stories, all at the end of their economic life. We understand that a large area of the site is surplus to Gilbarco requirements and that they would like to build a new 20,000 sq ft building and yard area, on a part of the site comprising some 1.5 acres, and surrender the rest of the site back to the Freeholder.

Due to the uncertainty around the availability of / acquisition of the Gilbarco Site, the timescale to develop and open the Innovation Warehouse on this site and following further discussions with Basildon Council, the Gilbarco site has been discounted as a suitable location for the Innovation Warehouse at the current time.

### **Wat Tyler Green Centre**

The final site / building considered, was the Green Centre, which has been described in some detail earlier in this proposal, and is in the ownership of Basildon Borough Council.

In brief, this existing building is situated within the Wat Tyler Country Park and to the South of the A13 and close to Pitsea railway station, which provides direct links to London, Basildon town

centre and Southend. It is situated close to the entrance to the Country Park with a large area of open car parking and adjoined by a collection of small buildings supporting a variety of uses.

Further south into the Park there is the Wat Tyler visitor centre and a range of other buildings. The Country Park is also in the ownership of Basildon Council.



As set out above, the Green Centre has had a number of previous uses and was partly refurbished and reopened as an ecology centre to promote green technologies in 2011. The building is currently home to the Essex Field Centre (EFC) and to a small number of Basildon Council employees from Basildon’s Green Spaces team. The building accommodates exhibition space, meeting rooms and archive storage for EFC, a workshop / storage and a commercial kitchen. The rear of the building which was not refurbished in 2011, is currently used for storage / workshop purposes for the Country Park.

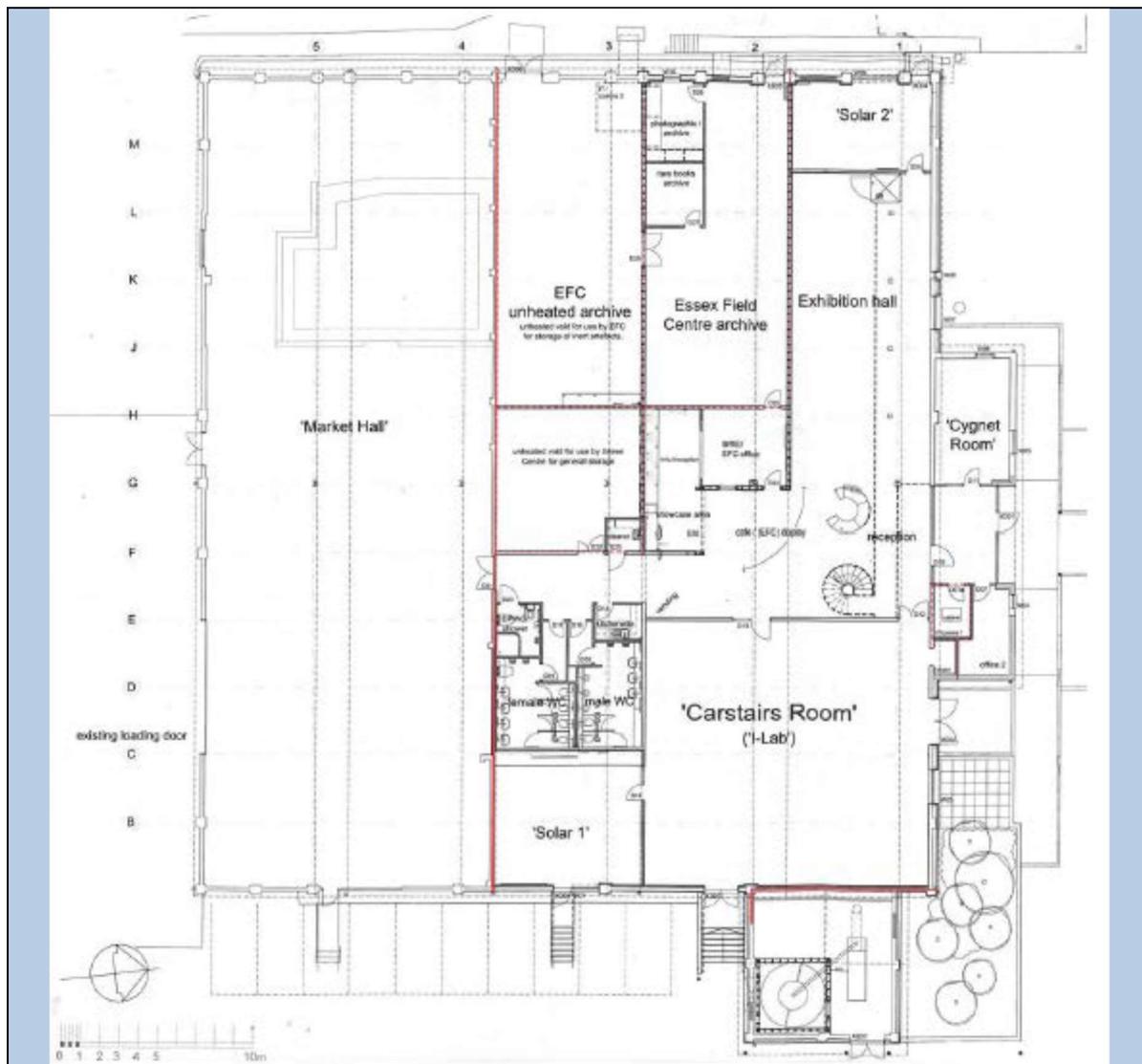
The potential for the rear portion of the building to be refurbished and adapted, for workspace / maker-space purposes, was highlighted as a major opportunity, together with links to the existing conference / exhibition / meeting space to the front of the building, to create a flexible and comprehensive mix of accommodation

As the Wat Tyler Green Centre is in Basildon BC’s ownership and is being offered to the IW project as an asset at nil cost, the additional costs in establishing (running costs etc) and maintaining the facility will in effect be offset by the medium term, direct returns (“rental” surpluses of the Centre) and wider economic impacts.

A more detailed analysis of the building is set out below -

Key Characteristics	The Green Centre
<b>Location / access</b>	Located in the Country Park but close to the Industrial area and within close proximity to Pitsea station. Pedestrian access needs to be improved as well as street lighting – which needs to be extended for security purposes.
<b>Building area</b>	Area available for conversion / refurbishment covers a footprint of some 6,000 sq ft of floorspace (ground floor only). Additional space available through the construction of mezzanine areas, and use of the accommodation to the front of the Centre, already refurbished
<b>Layout</b>	Existing floor plan is provided below.
<b>Planning designation</b>	The Green Centre is currently used as an Education/ Visitor Centre (D1 use) and will require change of planning use as well as planning permission for any external works. Having spoken with the LPA, we think that planning will be obtained for this project.
<b>Ownership</b>	Owned by Basildon Council.
<b>Market availability</b>	The building is readily available - the majority of the space is vacant except for the rear part, which is used as storage space but early vacant possession achievable
<b>Tenure</b>	The freehold of the building is owned by the Council, which secures its long term use. The refurbished accommodation will be made available on a “management contract” to a suitable BIW operator / manager
<b>Transport</b>	Walking distance from Pitsea Train station but footpath will certainly need upgrading or some form of shuttle service should be provided.
<b>Car Parking</b>	Existing large car park adjacent to the building but dedicated spaces will be needed for BIW
<b>Services/ Infrastructure requirements</b>	Improvement to broadband/ connectivity will be required; pedestrian access improvements will be desirable.
<b>Current Condition of site/building</b>	Old industrial building largely refurbished to a high standard, rear section of the building requires refurbishment to house BIW.
<b>Quality of the environment</b>	Pleasant environment being located in a Country Park, however, within close proximity to the Land Fill, with regular lorry movements in the area. We understand that Essex CC have extended the lease for the Land Fill to 2025 – after that the site will be turned into a park (subject to being filled up). There do not appear to be any current odour issues
<b>Constraints</b>	Issues to be considered further - Flood risk, increase in usage, pollution and noise – likely impact on the SSSIs (Sites of Specific Scientific Interest - sensitivities as Natural England have become increasingly vigilant) – need to consider ways to

	<p>mitigate impact. Mitigation actions will include carrying out necessary surveys and amending design where appropriate to respond to these (such as flood risk, traffic modelling, pollution and noise surveys).</p> <p>The budget includes design work and reports necessary to secure planning and to mitigate any risks. This will be reviewed as investigations take place and the design develops. A contingency has been included to support this impact of any changes.</p>
<b>Key property steps required</b>	<ul style="list-style-type: none"> <li>• Relocate existing storage / workshop uses within accommodation suitable for refurbishment</li> <li>• Obtain planning for change of use/external works (as required)</li> <li>• Refurbish rear section of building and carry out external works</li> </ul>
<b>Timescale</b>	12 months for construction and refurbishment
<b>Deliverability</b>	The site is available and deliverable in the short term
<b>Existing floorplan</b>	



## Conclusions

In summary:

Although there may be some sites in suitable locations, their long-term availability / deliverability takes them out of current considerations;

The sites / premises available in the shorter / medium term are inappropriate for a number of reasons - due to other potential development commitments, uncertain timescales, unsuitable uses and poor quality of environment;

There are a number of premises (and some sites) immediately available for refurbishment / use, however these are all on the market for lease / freehold sale, and at significant cost (either freehold / or ongoing annual rental payments). Many are also not ideal in terms of location / configuration and layout. These factors will all adversely affect the viability of the proposed BIW facility;

In conclusion the Green Centre is the only site / building offering real and immediate potential for development as an Innovation Warehouse and it is therefore the most appropriate / deliverable option for the BIW project.

## **Development options**

Feasibility studies were therefore commissioned to undertake an assessment of the potential development options for conversion of / re-purposing of the Green Centre as an Innovation Warehouse.

Three options were identified as part of this work, and for all it has been assumed that the building is operated / managed as one “entity” (with the exception of the EFC accommodation which is subject to specific occupational terms) with for example the Innovation Warehouse being able to utilise the existing meeting rooms and the exhibition / conference space for use by businesses occupying the centre, or events with an “innovation” theme.

Whilst all the concept options presented below show how the space can be used for different purposes, in practice a high degree of flexibility is desirable and any final scheme will need to be adaptable to emerging demand for the different types of space on an iterative basis as occupational levels develop and grow.

For the purposes of our initial appraisals however, a view has been taken on the type / mix of space to be provided / occupied – and therefore resulting conversion costs and achievable rental levels have been calculated on this basis

### **Option A: Minimum works**

Option A utilises the existing spaces within the building, making minimum alterations to the structure and primarily keeping the existing sub divisions. The kitchen, meeting room, workshop, mezzanine floor and the partition wall between the EFC unheated store and the Market Hall remain in situ. To improve connectivity however, a glazed screen and door will be incorporated between the currently unheated archive / furniture store – and the main “market hall” area.

New workshops will be created on the ground floor under the existing mezzanine but these will have restricted head height, limiting the nature of activity that can be carried out and thus have been termed “craft workshops”.

Co- working breakout space will be provided in the double height area, quiet desk space in the former EFC “overflow” archive area and hot desking space on the mezzanine floor. It should be noted that this scheme envisages that the existing “carp pond” is relocated and the current void, filled.

The overall level / specification of the refurbishment works will be modest, focused on making the area functional and immediately usable. It should be noted that the finished accommodation, will be below the quality of the high standards achieved in the rest of the building, but nevertheless entirely suitable as a small business facility.

A summary of the types of floorspace created by this scheme are set out in Figure 1 together with the areas of lettable accommodation and number of desk spaces.

**Figure 1: Option A - minimum works**

**Approximate Areas**

**WORKSHOPS**

- » Workshops / Fab Lab: 80m<sup>2</sup>
- » Craft Workshops: 280m<sup>2</sup>

**WORKSPACE**

- » Quiet Workspace: 180m<sup>2</sup>  
Number of Desks: 22 (based on 8m<sup>2</sup> per desk)
- » Desk Workspace: 200m<sup>2</sup>  
Number of Desks: 25 (based on 8m<sup>2</sup> per desk)

**HOT DESKING & BREAKOUT**

- » Breakout Area: 75m<sup>2</sup>  
Number of Hot Desks: 15 (based on 5m<sup>2</sup> per desk)

**MEETING**

- » Meeting Room: 50m<sup>2</sup>

**Total Desks: 62**

- » Existing Mezzanine and Stair retained
- » Existing Kitchen retained
- » Existing Meeting Room retained
- » Existing Doors and Windows retained
- » EPC Archive Space converted to desk space
- » EPC Archive partition retained (possibility for acoustic insulation)
- » Glazed Screens and doors added to visually connect spaces

**NOTE**

All areas and desk numbers are approximate as drawings are based on PDF's





Source: ADP Architects (2016)

### Option B: Full Refurbishment

Option B seeks to make the most of the existing “structural envelope” / accommodation already provided.

Proposals are that the kitchen is retained but the temporary meeting room / Country Park workshop is removed to make way for a large workspace.

The existing mezzanine is removed opening up double height space for workshop units along the rear external wall, with new openings created to give greater external access. An acoustic wall will separate the workshops from the rest of the working space.

A new mezzanine is constructed over the former EFC “overflow” archive room, adjacent furniture store and the kitchen area - maximising the desk space at first floor level with craft workshops underneath. Co-working breakout space is provided in the central double height area.

An additional entrance is provided on the east elevation and new large window openings on the west and eastern elevations creating a greater sense of connectivity with the surrounding Country Park. In addition, some external works particularly to the eastern elevation will improve the sense of arrival to the building. The overall level of refurbishment is higher than option A

creating a real sense of destination. It should be noted that this scheme also envisages that the existing carp pond is relocated and the current void, filled.

In addition, this option includes an allowance for external works, including resurfacing the existing surface car park with Bitmac and installing ramps from the car parking to the building. Some landscaping improvements are recommended to enhance the sense of place and arrival, including improved external elevations.

A summary of the types of floorspace created by this scheme are set out in Figure 2 together with the areas of lettable accommodation and number of desk spaces.

**Figure 2 Option B - full refurbishment**

**Approximate Areas**

**WORKSHOPS**

- Workshops (incl. Fab Lab): 295m<sup>2</sup>
- Craft Workshops: 210m<sup>2</sup>

**WORKSPACE**

- Desk Workspace: 360m<sup>2</sup>
- Number of Hot Desks: 45 (based on 8m<sup>2</sup> per desk)

**HOT DESKING & BREAKOUT**

- Breakout Area: 80m<sup>2</sup>
- Number of Hot Desks: 16 (based on 5m<sup>2</sup> per desk)

**Total Desks: 61**

- Existing Kitchens retained
- EPC Archive Space converted to Craft Workshop space
- New Mezzanine proposed above Craft Workspace and R1 Chen. New floor needs to be created.
- Meeting room removed - Open plan meeting space proposed at the new internal atrium
- Workshop space (private - retained) added along the South elevation with direct access to the yard
- Acoustic partition with glazed high level screens proposed to new south Workshop space
- New windows proposed to East and West elevations to allow views out

**NOTE**

All areas and desk numbers are approximate as drawings are based on PDF's





Source: ADP Architects (2016)

### “Hybrid” Refurbishment Option (Option C)

Option C is a hybrid scenario which considers the potential for a refurbishment scheme midway between the minimum and full refurbishment proposals.

Having considered the key elements of the existing building and the nature of the “offer” which the new centre will have to provide in order to attract tenants and other users, it has been concluded that the following are the main “influencing factors” in considering any hybrid alternative

- How to make the most of the space within the existing “structural envelope”
- The importance of having unrestricted workshop space, adjacent to external access points (and therefore removing the existing mezzanine)
- Whether to provide a new mezzanine area and if so the most efficient size / location
- If not, then does provision need to be made for one to be installed in the future
- The opportunity to phase refurbishment proposals generally, with a lower cost initial scheme

- The long term benefits of more investment in the upgrading / replacement of the existing roof structure (new roof windows, linings and insulation)
- The importance of improving the external aspects / image of the building
- The importance of upgrading the external access / parking provisions

As a result of the above considerations, the 'hybrid' scheme envisages a proposal which focuses on the re-use of the same ground floor accommodation as adopted in the Full Refurbishment scheme and – demolishes the existing mezzanine floor, creates “full height” workshops along the rear elevation, with external access, creates a new mezzanine area over the current EFC / furniture storage space (only), installs new M&E services throughout, and a reasonable quality upgrade to all internal areas (floors, internal walls, windows and doors etc). Indicative floor plans provided below:

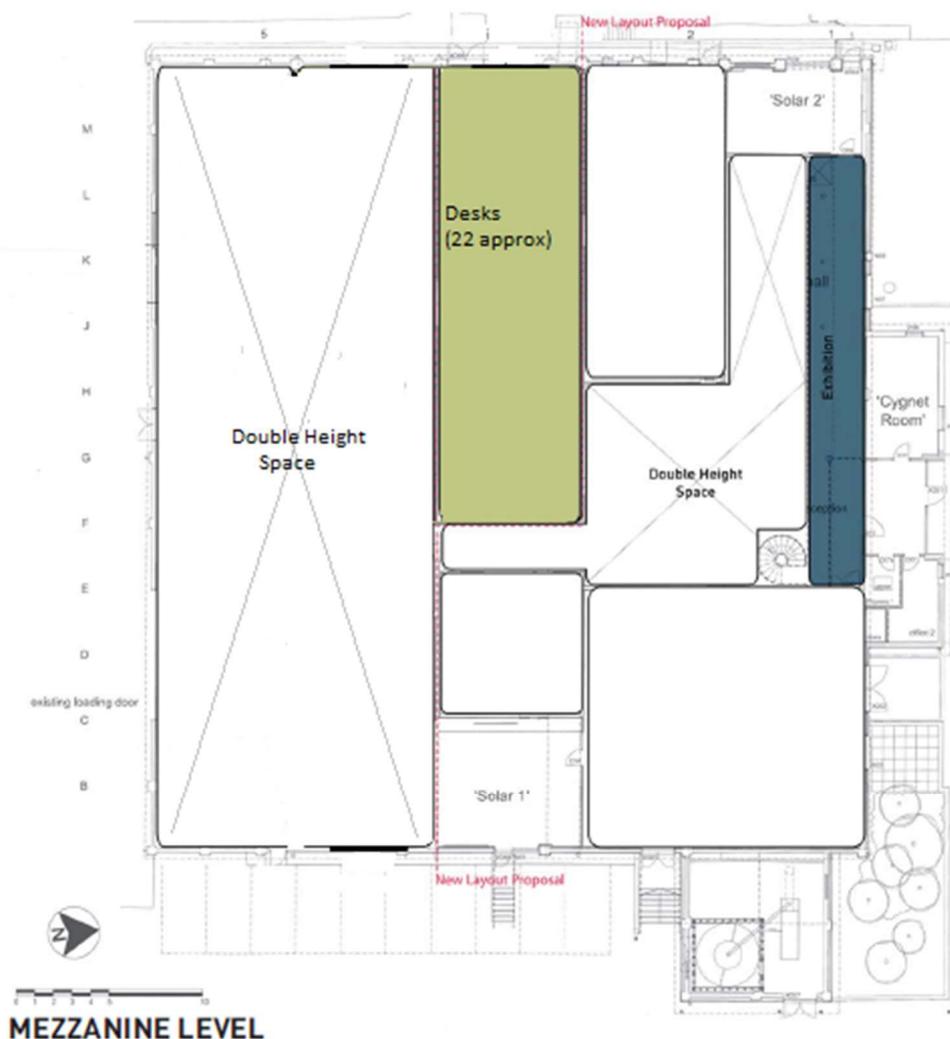
Figure 2 Option C - hybrid scheme layout

- Existing Kitchen retained
- EFC Archive Space converted to Craft Workshop space
- New Mezzanine proposed above Craft Workspaces and Kitchen. New floor needs to be created.
- Meeting room removed - Open plan meeting space proposed at the new internal atrium
- Workshop space (private + shared) added along the South elevation with direct access to the yard
- Acoustic partition with glazed high level screens proposed to new south Workshop space
- New windows proposed to East and West elevations to allow views out

**NOTE**

All areas and desk numbers are approximate as drawings are based on PDF's





Source: ADP (2016), BBP Regeneration (2016)

An analysis of the three above Options, has therefore been undertaken in the table below, to establish how each performs across a number of key criteria, namely

Option	Criteria			
	strategic fit	achievability	acceptability	affordability
DO MINIMUM (Reference Case)	Does not meet the LA's strategic objectives and does not support SELEP's	Physically achievable subject to funding Longer term objectives of business start-	Does not provide quantum or quality of space, deemed necessary to meet demand	Depends on availability of LGF funding Not likely to be any other public or private funding to



	growth agenda for jobs and GVA creation in key growth locations	ups & growth would be more challenging due to low specification facilities Lower income earning potential would also threaten long term viability	identified - Unacceptable	support this option
FULL REFURBISHMENT	Meets the majority of the LA's strategic objectives and supports SELEP's growth objectives for jobs and GVA creation in key growth locations	Physically achievable subject to funding Optimum specification would maximise business start-ups and growth. Higher income earning potential would foster long term viability	Provides optimum scheme - Acceptable	Depends on availability of LGF funding
HYBRID OPTION	Meets the majority of the LA's strategic objectives and supports SELEP's growth objectives for jobs and GVA creation in key growth locations	Physically achievable subject to funding More limited range and quantum of space would result in – <ul style="list-style-type: none"> <li>• Lower income earning potential</li> <li>• Long term viability issues</li> <li>• Reduced outputs in terms of business start-ups &amp; growth</li> </ul>	This could provide a fallback scheme but because of viability and reduced outputs, would not be acceptable to the Council or other stakeholders	Potentially unaffordable - this option still creates a viability deficit (albeit lower than Option 1) which would need to be met by the public sector.

### 3.2. Preferred option:

#### Preferred development option

In conclusion, it is recommended that **Option B – The full refurbishment** proposal, provides the Preferred way forward, particularly because it –

- makes the most of the space available within the building as a whole
- creates the most efficient and effective use / mix of new accommodation
- establishes a centre which will include a flexible offer to both start-ups and growing businesses
- creates a facility that we know will be attractive to private sector businesses and local FE / HE providers, and encourage their involvement in sponsorship, management, networking and skills development – and particularly with the entrepreneurs and businesses within the Centre
- provides a viable business in the medium term, that will generate annual surpluses that can be invested into a range of “soft services / support” throughout the wider Borough
- will provide a “stepping stone” for expansion of both the existing building and other similar, networked centres, in the medium term
- meet the feedback from consultation with Stakeholders and others, who have identified a need to ‘**do something now**’: driven by the demand from SMEs, the desire for large and small businesses to collaborate and education and research entities to engage with a dynamic community of innovators in the Basildon area.

### 3.3. Assessment approach:

The Options Analysis above was undertaken by a professional property development consultancy firm, taking into account key site criteria, including critical mass, ownership and timing. An architect and cost consultants were also appointed to produce initial layout plans for the options, and to provide associated, indicative refurbishment costs, which informed the short listed options. The indicative costings have also recently been reviewed to reflect current cost levels, as at the beginning of 2020.

- Benefits and costs in constant 2020/21 prices have been cash flowed and discounted at the Standard HMT Social Time Preference Rate of 3.5%;
- A conservative approach has been adopted to the range of benefits included in the CBA, focusing only on those jobs forecast to be **directly accommodated within the BIW**;
- Valuation of the economic benefit of these jobs has utilised 2018 ONS data for Essex Thames Gateway on GVA per job filled (i.e. GVA per worker), inflated to 2020/21 prices using the GDP deflator;
- Adjustments were made at the sub-regional level for deadweight (47.2%), leakage (16.3%), displacement (19.5%) and multiplier effects (1.25), drawing on published evaluation benchmark evidence for business development and competitiveness interventions.<sup>11</sup>

The build-up of jobs directly accommodated in the BIW is drawn from OI’s proprietary Jobs Modelling tool, based on benchmarks from OI’s network of centres and tracking impact on jobs growth over 30 years of running Innovation Centres. This model makes assumptions regarding

---

<sup>11</sup> Department for Business, Innovation and Skills (BIS) (2009) “Research to Improve the Assessment of Additionality” BIS Occasional Paper 1  
South East LEP Capital Project Business Case  
Page 57 of 142

the number of companies operating directly from the centre, as well as those who are engaged with the centre's work virtually, including through memberships (which are not included in this economic analysis). For the purposes of economic appraisal, physical occupancy is capped at 85% and the build up in years 1 to 3 draws upon OI's business planning assumptions.

Oxford Innovation's research into the wider impact of their Centres in terms of jobs created can be found in the attached Business Survival and Growth Report. This analysis includes evidence that:

- 58% of companies were previously working from home and had no prior office (this demonstrates the strong additionality associated with Centres of this kind, and is broadly consistent with the deadweight assumption utilised in this analysis which draws on a wider range of evaluation evidence;
- The average length of occupancy is just under 2 years
- On "graduation" into other accommodation, the average number of employees is 7.5 per company

OI's jobs modelling has been used and independently verified in a number of funding applications, such as:

- Maidstone Borough Council's ERDF successful application to MHCLG for £5.7 million for the development of the **Kent Medical Campus Innovation Centre**
- University of the West of England's successful application to BEIS for **University Enterprise Zone** funding to develop Future Space on its campus in Bristol
- Fareham Borough Council's successful application to Solent LEP's Solent Growth Fund for £1.98m to significantly expand **Fareham Innovation Centre** to meet demand generated by the innovation centre on the Gosport Peninsula

#### 3.4. Economic appraisal assumptions:

Assessment approach and key assumptions included above.

#### 3.5. Costs:

We were aware of funding conditions prior to bid preparation, Basildon Council's Capitalisation policy is to capitalise all items of expenditure identified in the bid, so will be fully compliant with funding conditions and therefore minimal impact on revenue. The exception to this is £7,500 monitoring and evaluation costs to be incurred in tranches at the end of Year 1 after practical completion and after the end of the 3<sup>rd</sup> and 5<sup>th</sup> year of operation, which cannot be capitalised and which will be funded from Basildon Council's revenue budget. The total cost of £2.075m consists of LGF bid value (£870,000) plus Basildon Council capital budget funding (£1.2m), the breakdown of which is set out in the table below.



Costs		Comments	REVISED AS AT Q2 2020
Demolition/ site clearance		Incl. demolition/ removal of existing carp pond and existing M&E; remove existing mezzanine	£48,602.56
Mezzanine structure		Break out concrete floor and excavate for foundations to new mezzanine; Install new mezzanine with full steel supporting structure and foundations, incl stairs	£149,646.02
Overhaul existing roller shutter and install new timber external double door including forming opening			£12,959.04
Install new electric power and lighting to workshops area			£264,117.52
Ventilation and new warm air installations		Adjust existing ventilation ducts to accommodate new works;	£6,170.97
Making good/ Improvement works		Make good existing floors, walls; Extra over flooring for installation of ramps from areas with higher floors; Make good existing external / internal walls, including installation of new linings, insulation, vapour barriers, timber studs and plasterboard; new acoustic partition	£102,826.87
Roof works - Overhaul/repair allowance		Install new roof windows; Install new roofing infill where north lights removed; Internal lining to existing roof, insulation etc.	£177,723.94
Install new windows (x 10) and doors		Incl. removal of old windows and new openings / windows / doors; New glazed screen and door including forming opening; extra for glazing at high level	£58,673.58
External works		Resurface existing concrete surfaced car park with bitmac; Improved access/footway in existing rear yard (lean-to removed by others); Install ramp from car park to building entrance; GRP canopy to form entrance feature	£85,819.68
Redecorate surfaces / carpets		Incl. steelwork; Carpet tile finish to mezzanine, circulation and breakout	£49,367.76
Improvements and upgrades		Improvements to existing archive space, comprising upgrade services, alterations and decorations	£24,683.88
<b>SUB TOTAL</b>			<b>£980,591.82</b>
Prelims	18%		£176,506.53
Overhead & Profit	7%		£80,996.88
Contingency	5%		£61,904.76
PLUS ADDITIONAL CONTINGENCY			£50,000
<b>SUB TOTAL</b>			<b>£1,350,000</b>
IT and Telephony		IT Equipment (including Hardware & flood wi-fi), and Telecomms equipment. Also including work benches and exhibition area.	£50,000
Allowance for Cabling			£100,000
FFE		Including all furnishings, fixtures and equipment to common areas, reception, meeting rooms and kitchens.	£150,000
<b>SUB TOTAL</b>			<b>£300,000</b>
Design, Professional Fees and legal fees (8%)	8%		£108,000
Local authority fees and charges including planning fees			£50,000
BBC Project Management Fees	12%		£117,671
Replacement facilities for caretakers			£75,000
"Maker-Space" Kit for Centre			£75,000
<b>OVERALL TOTAL</b>			<b>£2,075,671</b>

### **Renewal costs**

A lifecycle fund has been included in BBC's appraisal which will cover the cost of renewal of components of the building over time.

### **3.6. Benefits:**

Alongside the financial objectives of the BIW, one of the key measures of success is the delivery of wider benefits to the business community and district. Innovation Centres (in all their guises) accelerate and stimulate enterprise, increase the survival and growth rates of early stage businesses, and play a vital role in building and driving cluster development.

Economic impacts from a centre will tend to be viewed in terms of business creation and growth (output or sales), jobs created and value added (GVA). These impacts can be direct or indirect and could extend to broader social impacts, such as changes in amenity or quality of life factors. These tend to follow on from the creation of higher value jobs in the local area, enabling a greater spending power of consumers.

Oxford Innovation published a report in 2014, based on independent research carried out by economic development consultants SQW, which assessed and evaluated business growth and survival at 15 Innovation Centres across a 10 year period (2003 – 2013) *Business Survival and Growth*. From this data we have been able to create some assumptions about a typical innovation centre customer, growth and job creation. These assumptions were noted above.

As this research focused on OI's Innovation Centres in 2014, where the majority of our customers rented dedicated office space, OI has adapted its proprietary Jobs Modeller tool to reflect on BIW's target customer market of individual innovators and entrepreneurs who will be utilising the desk, work bench and membership offerings.

### **Direct Economic Impact**

The approach taken in this Full Business Case is to test whether, based on latest available evidence, the preferred option remains good value for money. In doing so, the economic impact assessment is deliberately confined to the core stream of potential benefits which emerge from the BIW **focusing on the direct jobs physically accommodated within the BIW** over the initial five year period.

In taking this approach it is fully recognised that a much wider range of economic development benefits will emerge during this period and beyond, particularly as companies grow and "graduate" from the BIW. The role of the BIW in supporting the development and growth of virtual customers and members not physically located at the centre is also expected to be significant over time.

These wider benefits are discussed in more detail below, however due to the wide / potential variations around such forecasts, they have not been included in the economic modelling at this stage. The full range of benefits from the BIW will however be subject to monitoring and evaluation over the life of the project (see section 6.9 and **Appendix D**).

We anticipate that the BIW will directly generate 54 net additional full time equivalent jobs (FTEs) for the sub-region by year 5, building up in the manner shown in the table below. The forecast Present Value of cumulative GVA over the five year period in respect of these jobs is £12.98 million.

	Year 1	Year 2	Year 3	Year 4	Year 5
Gross jobs accommodated, including centre management (3.2 FTEs)	78	121	121	121	121
Net additional jobs for Essex Thames Gateway NUTS3 area, after allowing for deadweight, leakage, displacement and multiplier effects	35	54	54	54	54

### **Wider job creation through virtual companies and graduating businesses**

As noted above, for economic appraisal purposes we have restricted the analysis to those jobs directly accommodated within the BIW, whether through permanent occupation of desks and work benches or occasional utilisation of hot desks and benches by members.

This did not capture the broader impact of companies accessing the BIW virtually, or the impact of those businesses “graduating” from BIW, having outgrown the space there and continuing to grow elsewhere in the local economy after leaving BIW.

Research shows that on average graduated businesses continue to add 3 members of staff per year. There are, of course, wide variations in the actual increase/decreases in staff numbers.

The table below provides an overview of the forecast quantifiable contribution of the BIW in gross terms. By year 5, it is forecast that the BIW will contribute £14.5m of gross GVA per annum to the local economy and by year 10 this is expected to increase to over £30m per annum.

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Occupancy and customer build up	Average number of desk/bench users	38	77	88	88	88	88	88	88	88	88
	Average number of memberships/virtual customers	39	92	95	95	95	95	95	95	95	95
	Average companies in occupation	77	169	183	183	183	183	183	183	183	183
BIW - jobs and GVA created within the centre	FTE jobs at 1 per occupying company plus 1 per membership/virtual	77	169	183	183	183	183	183	183	183	183
	Centre Staff	3	3	3	3	3	3	3	3	3	3
	BIW - gross jobs	80	172	186	186	186	186	186	186	186	186
	Annual GVA @ £58,098 GVA per worker	£ 4,659,460	£ 10,004,476	£ 10,817,848	£ 10,817,848	£ 10,817,848	£ 10,817,848	£ 10,817,848	£ 10,817,848	£ 10,817,848	£ 10,817,848
Graduations	Graduations to Move-on Space (companies) - research provides evidence that 5% of current year occupiers (rounded up) graduate from the centre. Start Year 2.	0	1	10	10	10	10	10	10	10	10
	Cumulative number of graduations	0	1	11	21	31	41	51	61	71	81
	Cumulative FTE jobs at 1 per graduating company	-	1	11	21	31	41	51	61	71	81
	Ave jobs created by graduations - additional 1 per year after graduating from IC	0	1	11	21	31	41	51	61	71	81
	Cumulative jobs created by graduations	0	1	12	33	64	105	156	217	288	369
	Annual GVA @ £58,098 GVA per worker	£ -	£ 58,098	£ 697,176	£ 1,917,234	£ 3,718,272	£ 6,100,290	£ 9,063,288	£ 12,607,266	£ 16,732,224	£ 21,438,112
				GROSS ANNUAL GVA FROM BIW-SUPPORTED EMPLOYMENT BY YEAR 5		£ 14,536,120			GROSS ANNUAL GVA FROM BIW-SUPPORTED EMPLOYMENT BY YEAR 10		£ 32,256,000

## Wider benefits

Some of the wider benefits of a centre such as the BIW, will be seen in an improvement in the attractiveness of the area for business growth and retention and for business investment. A key spill over from creating a supportive business environment in the form of the BIW within the wider Basildon area is to build a more resilient business community. Research<sup>12</sup> indicates that high growth businesses are more resilient to downturns and continue to grow despite worsening economic conditions. Because of this it is widely accepted that greater value is generated from business support programmes that focus on innovation, rather than simply broad support programmes for SMEs and start-ups.

The benefits derived can be seen to be split into quantifiable and non-quantifiable as outlined in the table below.

Non Quantifiable	Quantifiable
<b>Health and Social:</b> <ul style="list-style-type: none"> <li>New technology developments, devices in communications and robotics</li> <li>Public funding opportunities</li> </ul>	<b>Employment:</b> <ul style="list-style-type: none"> <li>Tenant employment (direct jobs accommodated)</li> <li>Virtual tenant employment</li> </ul>

<sup>12</sup> Bubbles Pop, Downturns Stop, McKinsey, 2019 <https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/bubbles-pop-downturns-stop>

	<ul style="list-style-type: none"> <li>• Supply chain employment</li> </ul>
<p><b>Additional Economic Benefits:</b></p> <ul style="list-style-type: none"> <li>• New demand for grow on space in Basildon and Essex as more high growth businesses are created</li> <li>• Inward Investment</li> <li>• IP and Patents developed</li> <li>• Additional revenue streams for BCC created</li> </ul>	<p><b>Economic Benefits:</b></p> <ul style="list-style-type: none"> <li>• GVA</li> <li>• Investment raised</li> </ul>

### 3.7. Local impact:

Basildon Council are committed to creating a Borough which is not only an attractive and welcoming place for families to create homes but somewhere both residents and businesses feel supported and encouraged to grow and develop. Basildon continues to look at how we can support the businesses in the ever-changing economic climate, enabling businesses to make the required adaptations to maintain their market position as new technologies become the norm. The project seeks to enable start-ups and established businesses alike to prosper and through a thriving economy at the warehouse, deliver economic growth at pace, serving not only Basildon but the wider Thames Gateway.

The creation of a high quality, shared business space such as the Innovation Warehouse is fully aligned with both the Local Council's ambitions and the wider region's plans to support to drive up the ambition of the local economy. This will support businesses in the area through bringing about much needed business start-up space. With objectives of the project to deliver an interactive environment for start-ups and established companies to do innovative business; utilising new technologies and peer to peer support to continue to grow and become successful.

The project supports the ongoing work of the South East LEP and the emerging Local Industrial Strategy, with ambitions and outcomes that will support the South East's economy to thrive. Basildon's ambition is to maintain the fast paced growth of the Digital and Advanced Manufacturing sector we have seen over the coming years and their position as a leading economy in Essex and the South East. Situated in a prominent location, with proximity to London and located within the Thames Estuary area the Innovation Warehouse has the ambition to deliver growth and support businesses region wide, being a hot spot for learning and development through newly formed partnerships and innovative ways of working.

Furthermore, the Innovation Warehouse is aligned with the ambitions of the South East LEP to boost the productivity of our businesses, through offering a space such as the IW, opportunity is offered to the local economy to continue moving forward at pace, utilising new technologies earlier than they would be able to independently. The project will also bring forward development of the Thames

Gateway area, which Basildon sits within, further supporting the SEP's ambitions and those of Central Government, as outlined in the Thames Estuary 2050 Growth Commission report.

The Innovation Warehouse will indirectly offer upskilling to the business base in Basildon and the wider economy, further complementing the ambitions of the South East LEP to decrease the amount of unqualified people but to support the re-training and upskilling of people in work. The IW proposes to work in partnership with Further and Higher Education education providers and hopes to attract the support of further businesses once Government funding is received, such as a University specialising in Advanced Manufacturing. Through this the IW will offer growth to both the local businesses base and community.

The impact of Automation and Brexit over the next 20 years will provide both challenges and opportunities for local companies. A report by Localis predicts that between 15% - 20% of current jobs in Basildon will have disappeared within the next 10 – 15 years. Additionally, a report<sup>13</sup> commissioned by the Council, identifies the sectors most at risk ie Manufacturing, Wholesale and Transport, Retail and Administration. These are the current main sectors in the Borough and who are depending on a large workforce rather than technology. With the event of Brexit and a reduced access to low skilled/paid workforce, combined with new technological developments, the businesses in these sectors need to revise their current business strategies to include technology in order to stay competitive and sustainable in the longer term. The Innovation Warehouse will be able to support these businesses to access new technologies and drive up the demand for innovation by showcasing new opportunities.

### 3.8. Economic appraisal results:

The results of the re-appraisal of the preferred option, on the basis described above, are shown in the appraisal summary table below. This demonstrates that, even on the core analysis of direct jobs, described above, the benefit : cost ratio is extremely healthy.

<b>Appraisal Summary Table (preferred option – full refurbishment)</b>		
A	Present Value of Net Additional Benefits – based on Green Book principles and Green Book Supplementary and Departmental guidance	£12,988,591
B	Present Value Costs / (Surplus)	£1,935,647
C	Present Value of other quantified impacts	£0
D(i)	Net Present Public Value [A-B]	£11,052,945
D(ii)	Net Present Public Value [A-B+C]	£11,052,945
E	'Initial' Benefit-Cost Ratio [A/B]	6.7
F	'Adjusted' Benefit-Cost Ratio [A+C]/B]	6.7
G	Significant Non-monetised impacts	See extracts from OI BC 2018

<sup>13</sup> Basildon – Future Economic Opportunities and Challenges Study, HATCH Regenerate 2019

<http://www.basildonmeetings.info/mgConvert2PDF.aspx?ID=105199>

H	Value for Money (VfM) Category	High
I	Switching Values - % benefits reduction for BCR to be less than 1; Rationale for VfM Category	85%  Switching values show that major changes in key variables are required for the proposal to show an unacceptable BCR; the VfM is therefore considered very good.

In particular the Switching Value figure should be highlighted, demonstrating that a reduction of some 85% in quantified benefits would be required, in order to reduce the BCR down to a level of one.

Sensitivity testing has also been undertaken to assess the impact of Optimism Bias (on capital costs) and the impact of reduced benefits, over the initial 5 years of operation. The results of this sensitivity testing, on the figures set out in the Table above, are shown in the analysis below.

Optimism Bias has been assessed at some 8% in this analysis, and a summary of the calculations behind this figure, is attached as APPENDIX M – OPTIMUM BIAS to this Business Case. The Table below shows the results of two sensitivity tests. The first shows the impact of an 8% increase in capital spend. The second models a theoretical reduction of 35% in benefits, in order to show how this might impact upon value for money.

In both sensitivity tests, the value for money category remains high.

	Sensitivity test, OB on capex 8%	Sensitivity test, OB capex 8%, reduction in benefits of 35%
Present Value Benefits – based on Green Book principles and Green Book Supplementary and Departmental guidance	£12,988,591	£8,442,584
Present Value Costs / (Surplus)	£2,090,498	£2,090,498
Present Value of other quantified impacts	£0	£0
Net Present Public Value [A-B]	£10,898,093	£6,352,086
Net Present Public Value [A-B+C]	£10,898,093	£6,352,086
'Initial' Benefit-Cost Ratio [A/B]	6.21	4.04
'Adjusted' Benefit-Cost Ratio [A+C]/B]	6.21	4.04
Value for Money (VfM) Category	High	High

## 4. COMMERCIAL CASE

### 4.1. Procurement options:

The procurement strategy will be developed following the Basildon Council's procurement rules, which comply with the Public Contract Regulations 2015 and the EC Procurement Directives in selecting the suppliers of goods, works and services.

The works proposed to the Green centre building fall into two categories – mainly a refurbishment works project but including the fabrication and construction (steelworks) of a mezzanine floor.

Whilst the two works packages could be tendered and run separately this would delay the programme, therefore the Council considers that tendering one contract (as a Design and Build contract) is the most appropriate route forward.

D&B also enables the Council as client to finalise an employer's requirements specification rather than take the steelwork design to a final detailed construction stage.

The fabrication and erection of the steelworks is a specialist sub-contractor activity and therefore the employers requirements documentation will be used to define the outcomes required without including detailed technical solutions. The successful D&B contractor will deliver an appropriate solution that meets Building Control requirements as well as the Client brief.

The Council will review available frameworks for the delivery of this work, but from recent experience it is likely that a two stage (PQQ/ITT) open tendering approach will be taken.

In terms of the procurement of an operator, the favoured procurement route would be to go to market via an open tender, via OJEU or other similar vehicles. This will allow for a wide range of operators to put forward their proposals to manage the Innovation Warehouse to meet the objectives of the Council and also deliver the outputs as detailed within this funding application.

#### 4.2. Preferred procurement and contracting strategy:

The preferred procurement route will be for a D&B contractor through a traditional PQQ and ITT process (see comments above and below). This could be done through an open tendering exercise or through the use of suitable frameworks available to BBC. A review of the accessible and suitable frameworks is currently underway, with a view to use a framework to ensure efficient procurement in a timely and cost-effective manner. The tender analysis and recommendation on tender award would be a Committee decision under the Council's Constitution.

#### **Market Maturity**

The market for the construction work is healthy, with many local businesses, as well as frameworks that can be used to get an appropriate contractor. The Council has existing relationships through frameworks and existing contracts with a number of firms who operate in the area and would be able to deliver the work.

#### 4.3. Procurement experience:

Basildon Council has significant experience across the whole range of procurement options. The Council has a dedicated and experienced procurement team and has access to external advisors where necessary, or to bridge resource gaps at times of high workload.

The Council has undertaken the tendering for a new Surgery premises in Wickford (D&B) on which construction completed approx. 18 months ago. The Council is undertook a tendering process for a further project for the construction of a new (relocated) Community Building, which

successfully completed in December 2019. It is currently project managing the Cinema project at circa £20m - in which the Council is the developer and managed the procurement.

This will be a modular construction method but again tendered as a D&B. The Council would consider the use of an appropriate Framework but is most likely to progress tendering for the Innovation Warehouse works a D&B contract on a traditional PQQ and ITT basis.

#### 4.4. Competition issues:

The procured operator of the Innovation Warehouse will be expected to work in partnership, rather than in competition, with other providers of business space and support. As the Innovation Warehouse is a unique concept in the region, there are no direct competitors. However, there are other providers of general space and support for SMEs and the Innovation Warehouse operator will signpost to them where the Innovation Warehouse is not the 'right' solution for any potential or existing customer's needs or indeed where specific support can be delivered by others (such as BEST Growth Hub etc).

#### 4.5. Human resources issues:

The Innovation Warehouse operator will be expected to demonstrate through the procurement process their HR policies and procedures, and that these comply with the prevailing legislation at the time. Through the monitoring and evaluation of the contract, the Council will expect any HR issues to be notified to them alongside any mitigation/escalation plans to resolve.

#### 4.6. Risks and mitigation:

The key risks which the project is likely to face, are set out in the Table below, together with the mitigation factors that will need to be addressed, in order to offset or overcome these risks. The likelihood of the risk being encountered and the impact, in the event that it is, are also set out below

Further details are provided in **Appendix B**.

Risk	Likelihood*	Impact*	Mitigation
Insufficient funds being available to carry out the full package of refurbishment work to create the envisaged IW (particularly LGF funding)	4	5	The Council will work with other public and private sector sources to identify any possible funds to bridge the gap. It will however be important to ensure that any reduced scope / scale of the proposed scheme, does not deliver an uneconomic business / financial model going forward No or severely reduced LGF funding will result in the scheme not proceeding
Increase in the scope and / or costs of the refurbishment works as scheme develops	2	3	Undertake detailed building and infrastructure surveys (including surveys to the roof, utility provision, particularly broadband availability / capacity) and carry out detailed scheme

			design to firm up the cost plan prior to tender
Build cost inflation prior to letting refurbishment contract, including effects of disruption from Covid-19 and Brexit on supply-chains and costs of labour	4	4	BBC will monitor and review the project as it develops and prior to commencing refurbishment works.
Statutory and other approvals not forthcoming OR all being in place as and when works are required to commence	3	5	Early conversations with Basildon planning and building control departments during detailed scheme design to ascertain if any planning permissions are required and any pre-app feedback to be addressed.
Lower take up rates for desk, workshop, space and memberships resulting in reduced income in the early years, including as yet uncertain economic disruption arising out of Covid-19 response	4	5	Active promotion and marketing of Investment Warehouse during the construction phase and ensure that connections are made into strong existing business networks. Promote flexible use of space to respond to areas of demand.
Lack of PULL factor.			
<ul style="list-style-type: none"> <li>Innovation Warehouse fails to have a physical impact/quality of space to create the right environment to encourage individuals / businesses to want to use it.</li> </ul>	3	5	<ul style="list-style-type: none"> <li>Ensure the layout / specification of accommodation meets best practice elsewhere and is flexible</li> <li>Ensure the refurbishment incorporates good design and quality of materials.</li> </ul>
<ul style="list-style-type: none"> <li>Lack of support, sponsorship, networking opportunities, technical equipment operational skills, for occupiers</li> </ul>	3	4	<ul style="list-style-type: none"> <li>Develop a good evidence base as to what works in other successful innovation warehouses / workspace schemes.</li> <li>Develop an early and wide ranging dialogue with other advance manufacturing, tech and digital businesses in the area, to support the project and to become involved in both business and skills development</li> <li>The Business plan envisages a team to run the centre, importance of getting this in place early, with the right individuals to help and promote start-ups and growth.</li> </ul>
Innovation Warehouse reaches capacity early and cannot meet local demand	4	3	The concept layout has assumed a conservative spacing of the co working desks at one per 8 sq m it would be possible to increase the number of desks to one every 4 to 6 sq m.

			<p>There is additional space in the immediate environs of the Centre. Additional expansion accommodation should be considered – such as “shipping container” style expansion space on land within the ownership of the LA. This type of development has now been successfully implemented in a number of locations.</p> <p>The Innovation Warehouse is seen as part of a wider initiative by BBC to promote innovation, start-up companies and to provide grow on space – and could be linked to a network of other operations in the Borough or wider area.</p>
--	--	--	--

#### 4.7. Maximising social value:

##### **Social Values**

The Council is committed to the Public Services (Social Value) Act 2012 (PSSVA 2012); ensuring that social, economic and environmental issues are considered at all stages of our commissioning and procuring process, and as part of the whole life cost of a contract.

The Council aims to make the borough a greener, cleaner, healthier, more sustainable, better connected and attractive city offering fair and equal opportunity for all its citizens. The Council is committed to ensuring its procurement approach embraces the PSSVA (2012) to support these aims in delivering services that; are innovative; reduce waste; minimise the use of natural resources; promote health and reduce inequality; provide local economic opportunities.

“Social Values” referred to in the act include: hiring / creating jobs locally; paying a living wage; linking to local apprenticeship and employment schemes; training and up skilling staff; collaborating with Third Sector / Community groups; supporting SMEs.

The Council has established Basworx, a social enterprise which provides construction training and employment to local residents and is part of the Council’s agreements with developers and contractors. Furthermore the council has established social value clauses in 106 agreements and are developing a Good Employer Charter to promote a Living Wage and career pathways.

Key outputs from the delivery of the Innovation Warehouse are:

- Access to skills development and training
- Widening participation through STEM events – HE/FE and schools
- Engagement of private sector in business support

## 5. FINANCIAL CASE

#### 5.1. Total project value and funding sources:

	2020/21	2021/22	TOTAL
<b>Funding Source</b>	£'000	£'000	£'000
LGF	£430.9	£439.1	£870.0
Basildon Council		£1,205.7	£1,205.7
<b>Total Funding Requirement</b>	£430.9	£1,644.7	£2,075.7

We have profiled spend in across 2020/21 and 2021/22. This reflects the timing of the agreement on Final Business Cases with SELEP which is due August / September 2020 which assumes a start on the works in December 2020 and PC by December 2021.

The Council funding towards the project will be met through the capital programme and has been assumed as a borrowing requirement in the forward forecast, nased on PWLB rate of 2.5% with an annual MRP assumed within the revenue forecast. This is contained within BBC plan to manage the asset on an ongoing basis, and to have a management contract with a provider to deliver the Innovation Warehouse.

Additional funding will be sought if available. BBC will be monitoring the funding allocations post Brexit and any COVID recovery funding opportunities to support the BIW as part of the recovery plan for South East Essex and wider.

Oxford Innovation, as part of their updated 2020 research into the viability of the Innovation Warehouse Scheme reviewed the demand for such an environment, as well as developing the Business Model for its operation. Below, we detail the Profit and Loss for the first 5, 10, 15 and 20 years of operating the Innovation Warehouse. This reviewed and updated research can be found at **Appendix J: BIW Review of Demand and Financial Model 2020**.

The income assumptions for the Business Model are based on the BIW providing the following 'products' to early stage and growing SMEs:

Product	Price (monthly) Year 1	Detail
Dedicated desk	£250	Dedicated, long term workspace: <ul style="list-style-type: none"> <li>• Ability to rent multiple dedicated desks in 'banks' to allow colleagues to work together</li> <li>• Flexible rental with a 1-month notice period</li> <li>• Advice and support for growing businesses</li> <li>• High-speed broadband</li> <li>• Refreshments</li> <li>• Access to meeting rooms</li> <li>• Access to parking and reception services</li> <li>• Access to BIW network and events</li> <li>• Personal, secure locker space</li> <li>• 24/7 access, 365 days a year</li> </ul>
Drop in desk	£175	Flexible coworking:



		<ul style="list-style-type: none"> <li>• Advice and support for growing businesses</li> <li>• High-speed broadband</li> <li>• Refreshments</li> <li>• Access to meeting rooms</li> <li>• Access to parking and reception services</li> <li>• Access to BIW network and events</li> <li>• Personal, secure locker space</li> <li>• 24/7 access, 365 days a year</li> </ul>
Workbench	£250	<p>Dedicated, long term workspace:</p> <ul style="list-style-type: none"> <li>• Ability to rent dedicated workbench long term, especially designed for advanced manufacturing</li> <li>• Flexible rental with a 1-month notice period</li> <li>• Advice and support for growing businesses, including access to the Lab Tech and Facility Manager for support</li> <li>• High-speed broadband</li> <li>• Refreshments</li> <li>• Access to meeting rooms</li> <li>• Access to parking and reception services</li> <li>• Access to BIW network and events</li> <li>• Personal, secure locker space</li> <li>• 24/7 access, 365 days a year</li> </ul>
Membership	£99	<p>Ad hoc use of coworking and breakout areas (if available):</p> <ul style="list-style-type: none"> <li>• Invitations to events held at the centre</li> <li>• Unlimited tea and coffee</li> <li>• Free wi-fi</li> <li>• Access from 8:30am—5:00pm weekdays</li> </ul>
Virtual office	£70	<ul style="list-style-type: none"> <li>• A professional business address in a dynamic business community, adding credibility to innovators who may be working from home</li> <li>• Access to meeting &amp; coworking spaces</li> <li>• Access to BIW network and events</li> </ul>

**Commercial-in-Confidence**  
**Innovation Warehouse Basildon - Outsourced**  
**Financial Model - Profit & Loss Summary**

Currency - £

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20
Net Internal Area (sq.ft.)		17,341	17,341	17,341	17,341	17,341	17,341	17,341	17,341
<b>INCOME</b>									
Total Desk Fees, Membership and Virtual Income		145k	319k	364k	373k	383k	430k	482k	540k
Total Room Hire		43k	91k	93k	96k	98k	111k	125k	142k
<b>TOTAL INCOME</b>		<b>188k</b>	<b>409k</b>	<b>457k</b>	<b>469k</b>	<b>481k</b>	<b>540k</b>	<b>607k</b>	<b>682k</b>
Cumulative Total Income		188k	597k	1,055k	1,523k	2,004k	4,585k	7,483k	10,741k
<b>EXPENDITURE</b>									
Total Property Costs	0k	174k	178k	183k	187k	192k	217k	246k	278k
Total Cost of Other Income		17k	17k	17k	18k	18k	21k	23k	26k
Total Other Costs	66k	168k	177k	184k	188k	193k	218k	247k	279k
<b>TOTAL EXPENDITURE</b>	<b>66k</b>	<b>358k</b>	<b>373k</b>	<b>384k</b>	<b>394k</b>	<b>403k</b>	<b>456k</b>	<b>516k</b>	<b>584k</b>
<b>CENTRE OPERATING NET PROFIT / (LOSS)</b>	<b>(66)k</b>	<b>(171)k</b>	<b>36k</b>	<b>73k</b>	<b>75k</b>	<b>77k</b>	<b>84k</b>	<b>91k</b>	<b>98k</b>
Cumulative Operating Profit / (Loss)		(237)k	(200)k	(127)k	(51)k	26k	434k	874k	1,350k
Cash Movements	(66)k	(171)k	36k	73k	75k	77k	84k	91k	98k
Cumulative Cashflow	(66)k	(237)k	(200)k	(127)k	(51)k	26k	434k	874k	1,350k

**Key headlines:**

- There is a requirement for the Council or proposed CIC to fund the early years operational losses
- The BIW reaches operating breakeven in Month 14 (Year 2)
- The BIW reaches cumulative operation breakeven in Year 5
- The total surplus over the 5 year period (taking into account the early years' losses) is £26,031, over a 10 year period £433,933 and over a 20 year period £1,350,281.

The surpluses will be used to cover operator fees and owner costs (such as building maintenance and borrowing costs). Following payback of borrowing, surpluses be reinvested into the centre to sustain the Councils' Economic Development offer and services through a detailed business support programme delivered in the Innovation Centre. This support will benefit those using the centre as customers but will also provide outreach in terms of a programme of workshops, seminars, techfests and expos.

The above Profit and Loss clearly indicates that the Innovation Warehouse is a sustainable project once operational, returning 'surplus' but also delivering on a wide range of economic development and social objectives, as outlined in Section 2.7.

We have included the assumptions the Profit and Loss has been developed using, as well as a detailed 20 Year P&L in **Appendix H – Profit and Loss**

**Assumptions**

The non capital inflation assumptions are detailed within the 20 year P&L assumptions at Appendix H. The assumption is 2.5% at the start of the financial year.

The forecast revenue and ramp up assumptions are based on local pricing of 'similar' environments (notwithstanding there is no direct comparator in the region), demand analysis and uptake in other environments in the region. This analysis can be found in [APPENDIX J – BIW Review of Demand and Financial Model 2020](#)

**5.2. SELEP funding request, including type (LGF, GPF, etc.):**

We seek £870,000 in LGF funding.

	2020/21	2021/22	TOTAL
<b>Funding Source</b>	£'000	£'000	£'000
LGF	£430.9	£439.1	£870.0
Basildon Council		£1,205.7	£1,205.7
<b>Total Funding Requirement</b>	£430.9	£1,644.7	£2,075.7

**5.3. Costs by type:**

<b>Cost type</b>	<b>Expenditure Forecast</b>				
	<b>20/21</b>	<b>21/22</b>	<b>22/23</b>	<b>23/24</b>	<b>Future Yrs</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<i>Capital Key cost elements for construction, and other cost elements such as contingency, overheads and uplifts – based on Table 3.5 construction costs of £2.075m</i>	430.94	1,644.73			
<b>Total funding requirement (LGF)</b>	<b>430.94</b>	<b>1,644.73</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<i>Non capital - Monitoring and Evaluation (revenue – Basildon Borough Council)</i>			1.50		6.00
<b>Total project costs</b>	<b>430.94</b>	<b>1,644.73</b>	<b>1.50</b>	<b>0.00</b>	<b>6.00</b>
<i>Inflation (%) - included in above figures, where necessary</i>					

**5.4. Quantitative risk assessment (QRA):**

A Quantative Risk Assessment has been undertaken on the most recent costings, to individually consider the risks attached to the main work items / categories. This exercise is set out in the detailed table below.

It can be seen that the aggregate of the individual risk assessment calculations is well aligned to the overall cost contingency of £111.905 now included across the project as a whole, and it is therefore concluded that this figure is adequate to cover the range of individual risks currently thought to be present.



Cost item	Cost	Comments	Risk 1=Low 2=Medium 3=High	Contingency	Contingency £	Cost incl Contingency
Demolition/ site clearance	£48,603	Incl. demolition/ removal of existing carp pond and existing M&E; remove existing mezzanine	3	10%	4,860	53,463
Mezzanine structure	£149,646	Break out concrete floor and excavate for foundations to new mezzanine; Install new mezzanine with full steel supporting structure and foundations, incl stairs	3	20%	29,929	179,575
Overhaul existing roller shutter and install new timber external double door including forming opening	£12,959		1	5%	648	13,607
Install new electric power and lighting to workshops area	£264,118		2	10%	26,412	290,529
Ventilation and new warm air installations	£6,171	Adjust existing ventilation ducts to accommodate new works;	3	15%	926	7,097
Making good/ Improvement works	£102,827	Make good existing floors, walls; Extra over flooring for installation of ramps from areas with higher floors; Make good existing external / internal walls, including installation of new linings, insulation, vapour barriers, timber studs and plasterboard; new acoustic partition	2	7.5%	7,712	110,539
Roof works - Overhaul/repair allowance	£177,724	Install new roof windows; Install new roofing infill where north lights removed; Internal lining to existing roof, insulation etc.	3	20%	35,545	213,269
Install new windows (x 10) and doors	£58,674	Incl. removal of old windows and new openings / windows / doors; New glazed screen and door including forming opening; extra for glazing at high level	1	5%	2,934	61,607
External works	£85,820	Resurface existing concrete surfaced car park with bitmac; Improved access/footway in existing rear yard (lean-to removed by others); Install ramp from car park to building entrance; GRP canopy to form entrance feature	1	5%	4,291	90,111
Redecorate surfaces / carpets	£49,368	Incl. steelwork; Carpet tile finish to mezzanine, circulation and breakout	1	2%	987	50,355
Improvements and upgrades	£24,684	Improvements to existing archive space, comprising upgrade services, alterations and decorations	1	2%	494	25,178
Fibre connection	£0	BT fibre to the perimeter of the building	1	2%	0	0
IT and Telephony	£50,000	IT Equipment (including Hardware & flood wi-fi), and Telecomms equipment. Also including work benches and exhibition area.	1	0%	0	50,000
Allowance for Cabling	£100,000		1	0%	0	100,000
FFE	£150,000	Including all furnishings, fixtures and equipment to common areas, reception, meeting rooms and kitchens.	1	0%	0	150,000
<b>TOTALS</b>	<b>£1,280,592</b>				<b>£114,737</b>	<b>£1,395,329</b>
<b>OVERALL CONTINGENCY ALLOWED - 10%</b>	<b>£111,905</b>					
<b>OVERALL COSTS INCL CONTINGENCY</b>	<b>£1,392,497</b>					
<b>QRA - ON AN ITEMISED BASIS</b>	<b>£1,395,329</b>					
<b>CONCLUSIONS - RISK CONTINGENCY OF £111.9k IS SEEN AS ADEQUATE TO COVER CURRENT QUANTIFIED RISKS ON AN ITEM BY ITEM BASIS</b>						

### 5.5. Funding profile (capital and non-capital):

	2020/21	2021/22	2022/23	Future Yrs	TOTAL
Funding Source	£'000	£'000	£'000	£'000	£'000
LGF - capital	£430.9	£439.1			£870.0
Basildon Council - capital		£1,205.7			£1,205.7
<b>Total Capital Funding Requirement</b>	£430.9	£1,644.7	£0.0	£0.0	£2,075.7
Non capital - M&E (revenue – BBC / Operator)			£1.5	£6.0	£7.5
<b>Total Project Cost</b>	£430.9	£1,644.7	£1.5	£6.0	£2,083.2

### 5.6. Funding commitment:

£870,000 is subject to LGF funding (this bid)

£1,205,671 will be allocated within Basildon Council's capital budget for 2021/22

Project costs will be managed to avoid cost overruns but in the event of cost overruns these will be borne by Basildon Council.

BBC will fund the redevelopment of the Green Centre into an Innovation Warehouse through capital investment and PWLB borrowing as approved by Council and subsequently included within the Council's capital programme for the 2020/21 financial year. The SELEP funding will be used first to support the necessary on costs and initial contract cost for the refurbishment, which will initially be met by capital contributions from BBC if required. The term over which any borrowing will be taken has not been determined as this will be assessed by the Council's S151 officer with consideration of the Council's entire capital programme at the appropriate time, and this will be agreed as further cost certainty is achieved as well as the impact of Covid 19 is clearer. A full financial viability model has been developed to support this decision making by the Council.

### 5.7. Risk and constraints:

#### Planning permission

To bring forward the Green Centre as the Basildon Innovation Warehouse, planning permission will be required for change of use in the Green Belt. The current use class is D1 and it will need to be changed to be mixed use to include D1 and B1c.

This has been confirmed by colleagues in the Planning Department. As this would be an application by the Council on Council owned property, this will need to go to planning committee.

It is assumed in the current programme that a planning submission will be made in July 2020 and this will be determined in September 2020 by Committee.

### **Mitigation of flood risk, increased usage, pollution and noise, impacts on Sites of Specific Scientific Interest.**

In preparing a planning application, the necessary surveys and reports will be carried out to support the application and to demonstrate the impact on the Green Belt and the SSSI.

The site lies outside the SSSI and the proposal is to change the existing use of the building, limiting impact to refurbishment of the existing building.

Mitigation actions will include carrying out necessary surveys and amending design where appropriate to respond to these (such as flood risk, traffic modelling, pollution and noise surveys).

The budget includes design work and reports necessary to secure planning and to mitigate any risks. This will be reviewed as investigations take place and the design develops. A contingency has been included to support this impact of any changes.

The programme included details the process to planning and includes consultation with Essex County Council and the Environment Agency. It also includes general consultation on the proposals with the public and those that use the Green Centre.

In working with Essex County Council, BBC are looking at opportunities to use secured S106 mechanisms to improve the sustainable transport links to the whole of Wat Tyler country park. This include improving the pedestrian pavement and cycle paths from Pitsea station. It is hoped this would then reduce the impact of those using the Innovation Warehouse on Wat Tyler park.

### **Funding risks**

Covid 19 presents a potential risk to funding in the prioritisation of projects for investment by the Council. However, the Council see the BIW as a key part of the recovery plan and therefore a high priority.

## 6. MANAGEMENT CASE

### 6.1. Governance:

The refurbishment of the Green Centre will be managed along the project management process in place within the Council. The Council currently has a large pipeline of sites in delivery and the same project and programme management process will be used.

The project will be managed day to day throughout by a dedicated project manager. This post will sit in the Economic Development team. This post will have overall responsibility for the project, consultant team and contract management of the build through to occupation. They will also be responsible for the procurement of the management contract. An overall project delivery plan will be developed (building on the exiting project initiation documentation) as well as specific strategies to ensure delivery. A risk register, financial appraisal and cashflow and programme (with critical path) will be used as the key control documentation to deliver the project. This is in line with the current processes used by the Council).

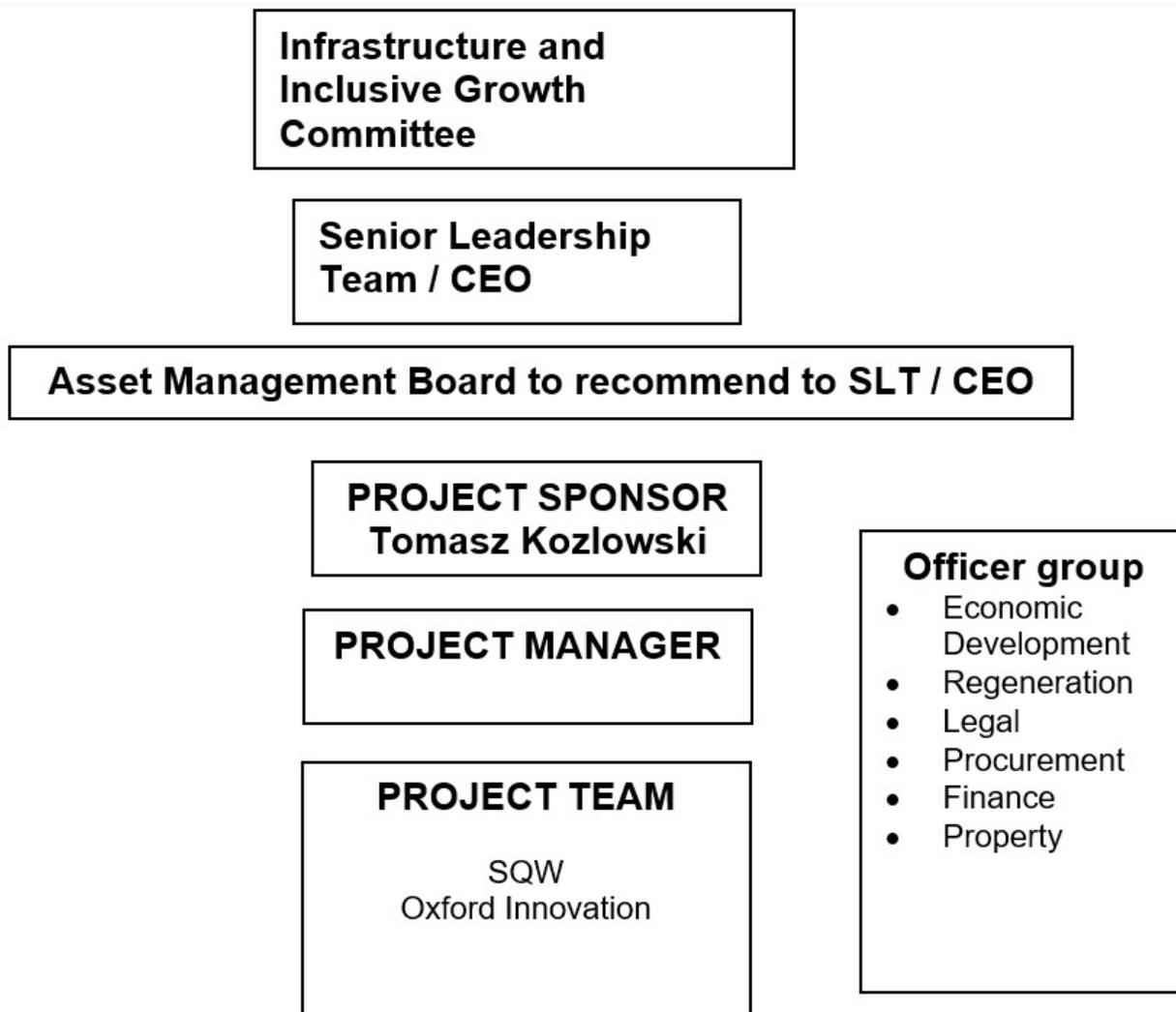
Reporting on a project and programme basis will be through the weekly meeting cycle and monthly reporting cycle. These processes are managed by the Head of Regeneration, who will liaise directly with the project manager for updates and papers.

Approval for the project will report through Tomasz Kozlowski (Director for Growth) through to the Asset Management Board, which is made up of the executive team of BBC (except the CEO). This meets weekly and highlight reports cover programme dates, costs and risks are presented monthly to this Board for each project. Identified issues which need to be resolved will seek approval from this Board such as variations and delays.

Given the governance structure of the Council, where decisions are required by members, this will be reported to the Infrastructure and Growth Committee.

There are two key approvals which will require Committee approval: planning permission (from the Planning Committee) and the letting of the construction contract (Infrastructure and Growth).

All decisions necessary to hit these critical decision will have previously been agreed by the Asset Management Board.



The process will be governed by specific strategies developed for the project; a planning strategy, a communications and consultation strategy and a procurement strategy. All will be developed in line with BBC's corporate policies.

The Council's policies and procedures on procurement, project delivery and risk management will be adhered to, aligning this project with the Council's programme of activities.

The budget will be managed the project manager and the finance specialist in the Regeneration Team. This will be reported to AMB in highlight reports and through the regeneration programme overall to capture it as part of the overall programme.

The proposed management model for the Basildon Innovation Warehouse is through an outsourced management contract to a third party.

A 5 year contract will be procured, with an option to extend for a further 5 years.

There will be a steering group to support the delivery of the Basildon Innovation Warehouse. It is anticipated a CIC will be set up over time if appropriate following the procurement of the operator.

The facility will stay in the ownership of the Council who will, through a robust process, procure an external body to manage the centre. The Council's Growth Service will initially manage the contract, with the intention develop a CIC who will take over the management of the contract. The CIC will consist of representatives from the Council, businesses, FE/HE institutions, schools, community groups and the management company. **Company Structure**

The long term aim is to manage the BIW project through a Community Interest Company (CIC) (with members comprising the key public and private partners / stakeholders).

Community Interest Companies (CICs) were first established in the UK in 2005. Since then they have grown considerably, both in number and in the diversity of the activities they undertake. The CIC legal structure supports a wide range of activities, they range from very small local projects to multi-million pound health services, covering all industry sectors and are located in every area of the UK.

CICs are limited companies which operate to provide a benefit to the community they serve. They are not strictly 'not for profit', and CICs can, and do, deliver returns to investors. However, the purpose of CIC is primarily one of community benefit rather than private profit. Whilst returns to investors are permitted, these must be balanced and reasonable, to encourage investment in the social enterprise sector whilst ensuring true community benefit is always at the heart of any CIC. For some CICs this is delivered through the provision of a service to a specific community, for example a welfare service to vulnerable people, in others it will be an activity that generates profits which are used to support a specific purpose such as a running a cafe where all profits generated are used to benefit the community.

Each CIC is required to submit on a yearly basis a report detailing the activities undertaken and how these have benefitted the community.

The basic legal structure for CICs is the limited liability company. They can either be incorporated as a new company, or converted from an existing company. They can take one of three company forms:

- company limited by guarantee without a share capital,
- private company limited by shares, or
- public company limited by shares.

The CIC has proven attractive to a wide range of individuals and organisations wishing to participate in social enterprises. CICs are a useful vehicle for enterprises of all sizes from a small community care project to a large organisation providing international fair-trade type distribution systems for the benefit of overseas producers.

CICs are a useful legal form for holding local assets such as community halls and facilities, as well as for trading in a conventional sense through the provision of goods and services, either directly to the public and organisations or through contracts with service providers.

## **Management and operation of the Innovation Warehouse**

There will be a number of tasks and responsibilities that will need to fall under the “management contract” for the operator of the Innovation Warehouse. These would include:

- Lettings – negotiations and standard terms of occupation etc. Primarily the responsibility of the Centre Director, they will follow initial enquiries through a process of validation (ie is the enquirer a good ‘fit’ with the aims of the IW in terms of sector/ability and desire to engage in its activities), tour of the IW, understand more about the needs and demands of the enquirer, produce a proposal (if the enquirer fits with the ethos of the IW) until the enquirer converts into an IW customer.
- All landlord and tenant issues – flowing from the occupational arrangements adopted and the activities of occupants etc. This will be driven by the licence agreement between the IW and the customer.
- Building reception, administration and support services (possibly including the provision of catering facilities for events). This front of house/concierge service sets the tone for the IW: welcoming, supportive, engaged in the activities of the centre and is delivered by the Customer Experience Assistants.
- Building repairs, maintenance and planned upkeep (including insurance, cleaning etc). This key facilities management role of the operator is to ensure the safe, secure and supportive day to day operation of the IW for all of its customers, visitors and staff. This includes all statutory compliance, planned and preventative maintenance.
- Marketing and promotion – both for the facility generally and specifically aimed at “lettings”. We would expect the operator to detail their approach to marketing and promotion as part of the procurement, including development of a marketing and communications plan for pre and post opening activity. Additionally, we would expect the operator to be able to demonstrate and deliver expertise in managing:
  - Digital advertising agencies, with expertise in property and innovation centre marketing
  - Media and PR agencies who can assist in the development of on and offline content
  - Website specialists, to create an engaging online presence.
  - Local property agents, who understand the flexible workspace market
- A programme of IW events, business networking etc to include but not limited to:
  - Attending local and regional networking events run by partners to raise the profile of the Innovation Warehouse, such as Business in Basildon, SELEP and BEST Growth Hub.
  - Hosting partner events to raise footfall into the spaces, such as Make UK, Tech East, EEF, South Essex College.
  - Signposting to partners as appropriate such as Basildon Borough Council’s Economic Development Team, partner Universities, the supporting industry primes (Ford, New Holland Agriculture for example)
  - Organising joint events where target audiences overlap, for example an innovation and placement showcase with South Essex College where IW companies to promote their collaboration opportunities to students studying at the college
  - Inviting guest speakers from partner organisations to social events, coffee mornings and other events that the operator would be expected to organise
- Business advice and support services (mentoring, available funding, business planning, etc). The Centre Director would be the first point of call for IW customers who need support in growing their businesses. While not a ‘business coach’ the Centre Director would be expected to have experience of starting and growing their own business and therefore can support the early stage and growing entrepreneurs and innovators the centre will support.

- Technical support – in terms of the equipment / facilities to be provided as a fundamental part of the IW offer, the Lab Tech and Facility Manager will be on hand to provide training, induction, advice and potentially consultancy to support IW customers in innovating.
- Links to a range of external organisations and support (FE / HE, skills and training providers, other businesses). The Centre Director and wider team will develop a large pool of expertise and will be able to curate and facilitate introductions to specific contacts for any IW customer who has a challenge that the centre team cannot help resolve.

### **Staffing model**

As detailed above and in the financial modelling, we have assumed a staffing model to include 3.2 FTE, which will be new jobs created in the Borough. The staffing model allows for

- 1 x FTE Centre Director
- 1 x Lab Tech and Facility Manager
- 1.2 x FTE Customer Experience Assistants

Their role objectives are detailed below:

#### **Centre Director**

- Profile & reputation: Act as a figurehead for Basildon Innovation Warehouse locally, regionally and nationally.
- Account and relationship management: Cultivate the working partnership with Basildon Borough Council, the Management Board and other partners to identify and develop areas of collaboration and joint initiatives.
- Operational excellence: Deliver a world class service to the BIW community, in facilities, support and connections and commercialisation.
- Forge wide connections across the South East, enabling a two-way flow of support, collaborations, insights and possibilities, driving innovation and to support the delivery of the BIW vision.
- Provide a supportive environment (including access to industry experts, a range of events, business support and meeting rooms) in which new and growing businesses might be nurtured. This will mean:
  - establishing effective networks and marketing activities to build a supply of companies wanting to engage with the Innovation Warehouse;
  - developing a network of business consultancy and coaching associates and third-party support providers and professional services supporters to ensure the Innovation Warehouse provides high quality, credible business support to occupants;
  - providing appropriate physical provision on terms that will be attractive for early stage businesses while still achieving commercial viability.
- Overall management control and accountability for the financial and commercial performance of BIW.
- Explore and implement improved products and services over the lifetime of the Contract
- Effective management, training and support to all staff across the centres, identifying opportunities for development and growth as appropriate.
- Provision of exceptional customer service whilst ensuring operational efficiencies.

#### **Lab Tech and Facility Manager**

They will be experienced at managing facilities for a variety of uses, with an understanding of the different needs of the wide range of stakeholders. They will have overall responsibility for statutory

and non-statutory compliance, procuring and managing suppliers to ensure the best possible levels of quality and service delivery. The individual will be able to develop, implement, monitor and review all standard operating procedures for the centre, including training and induction for staff, suppliers and building occupiers as necessary.

- Assisting the Centre Director with the day to day operations of the BIW
- Maintaining and performing 1st line technical repairs to equipment and workspaces (e.g. 3-D printers and laser cutters)
- Offering and demonstrating digital products and tools to a variety of audiences
- Building relationships within the local community (personal and SME) through verbal, written and face to face networking
- Coaching, mentoring and supporting less technically experienced BIW community members
- Delivering induction sessions for new members and guide visitors through the BIW facilities
- Planning and execution of local and regional events

#### Customer Experience Assistants

As the first and last point of contact for BIW's customers and their guests, they will welcome all with an authentic enthusiasm and smile in a friendly, professional natural manner. They will be responsible for opening the centre in the morning and closing the centre at the end of the day.

Other responsibilities include:

- Booking meeting room arrangements, ensuring the rooms are in tip top condition prior to the meeting and that everything goes smoothly for the customer.
- Manage keys and passes (activation/ deactivation) for customers
- Handle all daily incoming and outgoing mail for customers
- Answer all incoming questions and requests via phone, email or at reception
- Booking and recording all requests for meeting rooms and events, arranging refreshments and other support needed
- Support the Centre Director with event planning and hosting
- Monitor the meeting room agenda and act as a host for our coffee morning and external events
- Ensuring all centre equipment is in good working order – including for example coffee machines, printers, photocopiers and AV, working with the Lab Tech and Facility Manager
- Maintaining and monitoring of useful consumables and stationery
- Record any chargeable ad hoc services customers or their guests need
- Support BIW customers with tasks varying from using the coffee machine to printing jobs, ordering office supplies or even booking a taxi for a journey home.
- Maintaining tidiness of the community areas in the centre including re-stocking the communal kitchens.
- Logging improvement logs on a bespoke system and following up as necessary.

#### Rationale for staffing model

In order to establish and maintain a quality, safe, supportive, engaging environment attractive to a wide range of customers, the BIW staffing model has been developed to cover off all elements of the service customers would expect, regardless of whether they are the first customer to join the community or the last. The Centre Director will build and develop the supportive eco-system around the BIW, promoting the facility to local, regional and national partners and having overall responsibility for the commercial success of the BIW. The Lab Tech and Facilities Manager will be responsible from day 1 for ensuring the BIW is a safe and compliant environment for customers and visitors and will provide 1:1 and 1:many support with the specialist equipment. The Customer Experience Assistants will provide a front of house/concierge service for customers and visitors to the BIW, while also supporting the Centre Director and Lab Tech and Facilities Manager with administrative tasks such as invoicing.

### **Support to be provided to BIW customers**

The BIW team will link the individual entrepreneur/start-up enterprise with local, regional and national public and private sector organisations providing a range of specialist services. It is important that the BIW doesn't purposely attempt to compete with local support providers, nor duplicate their offer. Instead, they should aim to collaborate and offer the Centre as a hub and platform for the delivery of the full range of services available from the surrounding "eco-system," not only to resident businesses but also to the wider business community.

The range of support the BIW should curate and make available to customers:

- Customised environment and resources attuned to the needs of digital and making businesses
- Product development and support
- Access and signposting to funding and finance
- Business support (marketing, financial planning, operations, scaling, HR and staffing)
- Access to local partnerships and collaborations.

The vision for the BIW is for it to be recognised as *the hub* for early stage and growth businesses in the region and will offer support and space via the Membership Offering. This allows entrepreneurs to flexibly access the range of services the BIW will provide and develops a diverse, dynamic community of likeminded individuals to collaborate and share. The BIW team will provide a wide range of networking, learning and sharing events and opportunities, proactively making connections between customers, partners and stakeholders.

### **Specialist equipment and support to be provided**

According to [Makerspaces.com](https://www.makerspaces.com), makerspaces are:

*A makerspace is a collaborative workspace inside a school, library or separate public/private facility for making, learning, exploring and sharing that uses high tech to no tech tools. These spaces are open to kids, adults, and entrepreneurs and have a variety of maker equipment including 3D printers, laser cutters, cnc machines, soldering irons and even sewing machines. A makerspace however doesn't need to include all of these machines or even any of them to be considered a makerspace ... These spaces are also helping to prepare those who need the critical 21st century skills in the fields of science, technology, engineering and math (STEM). They provide hands on learning, help with critical thinking skills and even boost self-confidence. Some of the skills that are learned in a makerspace pertain to electronics, 3d printing, 3D modeling, coding, robotics and even woodworking, Makerspaces are also fostering entrepreneurship and are being utilized as incubators and accelerators for business startups.*

Within the context of Basildon Innovation Warehouse, the focus is on providing a wide range of tools, facilities and support to allow a rich and broad customer base to come together, collaborate, innovate and apply critical thinking to challenges the world faces. The creation of an environment attuned to the needs of data and digitally driven businesses, alongside those who physically 'make things', plays to the skills and sectoral strengths of the area, as well as providing a much-needed place for entrepreneurial businesses to start and grow.

In order to provide BIW customers with the tools they require, we detail in **Appendix L: Makerspace Equipment** the indicative list of specialist tools, equipment and resources to be provided, their costs (as at March 2020) and the number of units required.

The list is separated into 5 categories:

Group 1	High Value Specialist Equipment
Group 2	Supports Specialist Equipment
Group 3	Core Equipment
Group 4	Consumables – the costs for these consumables has been accounted for in the 10-year Profit and Loss
Group 5	Furniture

The Lab Tech and Facility Manager will be available 8.30 – 5.00, Monday to Friday to induct, train and support BIW customers using the equipment, advising them on the tools, resources and processes to take their ideas through prototyping into tested products to be sold.

### 6.2. Approvals and escalation procedures:

As set out in section 6.1, approval for the project will report through Tomasz Kozlowski through to the Asset Management Board, which is made up of the executive team of BBC (except the CEO). This meets weekly and is the governance structure for approval, as well as monitoring projects. Highlight reports are presented monthly to this Board for each project.

Decisions may be taken by the Infrastructure and Inclusive Growth Committee where appropriate, as well as escalated to the CEO if required for decision. This is set out in the diagram in section 6.1.

As the site is owned by BBC and planning permission is required, the planning application will be determined at a planning committee.

### 6.3. Contract management:

During the construction phase, a dedicated project manager within the Economic Development team at BBC will be responsible for the project, reporting to the Asset Management Board and to the project sponsor. Each meeting (weekly) has an update report on each programme and reports on any issues, including delay, budgetary requests and variations to contract. Highlight reports are used to show the project is expected to deliver on time, on budget and to the expected quality. An Employers Agent will be appointed if this is felt necessary to help support this process and ensure the refurbished centre is delivered.

In terms of the Operator management, the key elements will be set out in the procurement process, but typically follows the following schedule:

- Contractual review points: these tend to be pre-set points during the term of the contract for both parties to review the success of the project and delivery against contractual terms and delivery against contractual objectives.
- Annual review and report, identifying activity across the year to include financial performance against business plan, expected KPIs (occupancy, jobs, events held).
- Annual budget setting process, reviewing previous year/s performance and forecast performance.

- Monthly/quarterly contract meetings between the Council and the operator as a touch point review of performance against business plan, identifying any threats or opportunities for over/under performance, changes in the market, requests for new/enhanced products or services.

#### 6.4. Key stakeholders:

A wide range of key stakeholders have been consulted with as part of the research into the feasibility of the Innovation Warehouse, as well as in trying to gain commitments of support (financial and in kind). A full list of those engaged with and the mechanisms used can be found in **Appendix I – Stakeholder Engagement**. In brief, these can be grouped in the following diagram:



#### 6.5. Equality Impact:

An Equalities Impact Assessment (EqIA) will be produced for submission to SELEP no later than 12<sup>th</sup> June, evaluating the proposal against the three main terms of the Public Sector Equality Duty. This must be illustrated on an evidential basis. Should there be any adverse impacts identified on groups with protected characteristics, the process requires mitigations to be put in place. These will be set out in an Equalities and Diversity Plan, identifying the measures that will be put in place. Particular principles to be applied will be:

- All project staff will be recruited in line with each partners equalities strategy;
- The project will be shared and peer reviewed and the plan will be regularly reviewed and updated if required;
- An equalities and diversity champion will be identified for the project.

Where specific issues are identified, targeted support will be given.

#### 6.6. Risk management strategy:

Please see the detailed Risk Analysis in Section 2.11.

**RISK MANAGEMENT - Financial**

The project will be owned by Tomasz Kozlowski, Assistant Director of Growth supported by the Head of Economic Development of Basildon Borough Council and will report into the Council's Corporate Director and Senior Leadership Team. There will be review and scrutiny from the County's Section 151 Officer.

**RISK MANAGEMENT - Construction**

As above, the project will be owned by the Head of Economic Development with oversight by Tomasz. The construction project will be Project Managed by Basildon Council's Economic Development Service, who in turn will manage the appointed contractor's Project Manager.

**RISK MANAGEMENT – Procurement of Operator**

By going out to market for an operator via an open tender process, we would expect to receive a range of proposals from suitably qualified and experienced operators. Our procurement process will assess their proposals against a number of assessment frameworks: VfM, evidence of successfully operating similar environments, financial viability and evidence of delivery of outputs aligned to the Innovation Warehouse.

**RISK MANAGEMENT – Operation:**

Basildon Borough Council would expect the operator to develop a thorough risk and mitigation plan for the operation of the Innovation Warehouse. Below we have identified 'typical' risks we would expect and their mitigation:

<b>Risk</b>	<b>Level and nature</b>	<b>Measures to reduce risk</b>
<b>Occupancy build up slow in first 2 years</b>	Major risk, with internal and external factors	<b>Clear marketing plan; early assessment of demand; keen pricing; well-designed services</b>
<b>Problems with operating the building</b>	Major risk, but internally controllable within the project	<b>Operator input into final design and fit-out; careful attention to snagging and acceptance of the building</b>
<b>Economic Model unsustainable</b>	Major risk, with internal and external factors	<b>Early analysis and refinement of the model. Regular reviews of risk. Regular reviews of potential for additional services to enhance the model.</b>
<b>Health and Safety</b>	Medium risk	<b>Early establishment of policies; special attention to specialist equipment that may be provided</b>
<b>Ensuring that the building is fully attuned to the needs of the tech/creative cluster.</b>	Medium risk	<b>Operator to work closely with the Design Team during construction.</b>

6.7. Work programme:



#### 6.8. Previous project experience:

The Council has a well-resourced team of regeneration and development professionals demonstrating delivery on time and to budget through both large projects such as the £38million Sporting Village, and smaller projects both new build and refurb such as the £2 million Health Centre and £2 million refurb of Wickford pool. The team is working with partners to unlock land to enable the delivery of high profile projects such Nethermayne Housing project, New Town Centre College and Basildon Market which will provide the catalyst for a regenerated Basildon town centre and through the delivery of the Basildon Town Centre Masterplan.

The success of the team is due to close collaborative working and engagement with partners and stakeholders including Essex County Council, Homes England, NHS, CCG, landowners, investors and developers working together to ensure development is of a high quality and is supported by the delivery of infrastructure and local facilities including public realm.

Through the delivery of both large scale and smaller projects, the team has developed strategies and processes for procurement and monitoring of spend and outcomes leading to successful delivery.

The Regeneration Team works closely with the Economic Development Team who will be leading on the implementation of the services and offer of the Innovation Warehouse. In the interim the delivery of services will be led by Basildon Council who will establish a business lead South Essex Innovation Partnership who will design the services and offer and procure a partner to manage the centre. A full business case has previously been developed and also updated in 2017 identifying potential delivery partners and managing partners and in addition to this an extensive engagement process has taken place to confirm the need amongst local businesses (see enclosed **Appendix J - BIW Review of Demand and Financial Model 2020** and **Appendix K - Letters of Support**).

The Council has been working with Oxford Innovation (the UK's leading operator of innovation centres), SQW (economic development consultants on assessing the demand for the Innovation Warehouse) and BBP (regeneration experts – now SQW Land and Property) in designing the centre and its services based on their experience and other successful similar facilities.

#### 6.9. Monitoring and evaluation:

The Basildon Innovation Warehouse scheme will be subject to a programme of Monitoring and Evaluation in order to ensure that its key objectives, inputs, outputs, outcome and impacts are delivered and maintained over time.

In order to achieve this, the programme will in particular consider –

- Procurement – to ensure it is compliant, provides value for money and benchmarking of costs
- Construction – to ensure the construction project is delivered to time, cost and expected specification
- Operation – to ensure the BIW delivers the desired outcomes and impacts in terms of jobs, businesses created and supported and the resultant economic impact through GVA, increased productivity and the opening up collaborations between business, academia and the community.

### **Monitoring & Evaluation – Procurement**

Key senior personnel will be assigned to the monitoring and evaluation of the delivery of the project. In terms of the procurement of the contractors and operators of the BIW, these will be monitored against BBC's procurement process, ensuring due diligence is undertaken throughout the process. Construction costs will be evaluated against its benchmarks for similar projects and a Value for Money assessment will be undertaken to ensure costs are proportionate and realistic.

A detailed procurement plan will be developed by BBC's procurement team, detailing key dates, activities and task owners. This will be used to drive all activities during the procurement phases.

### **Monitoring & Evaluation – Construction**

BBC's Construction Project Manager will monitor the construction phase, in accordance with the following best practice –

- The chosen contractor will be required to provide a detailed Schedule of Works, providing a thorough time plan for the refurbishment of the Green Centre, identifying key milestones and interdependencies, as well as maintaining a risk register and mitigation strategies.
- The Project Manager will require (at least) monthly Updated Project Plans, reflecting on progress against the agreed Schedule of Works and identification of any barriers to successful completion.
- The Council's Finance Director will monitor spend on construction against the agreed Schedule of Works, scrutinising any under or over spend. The Project Manager will provide monthly updates to the Finance Director.
- The construction project will be monitored for its environmental impact, ensuring any negative impacts are mitigated or minimised in line with BBC's Construction Environmental Policy.
- Health and Safety monitoring will be the responsibility of the contractors, but information on this important element of the construction phase will be included in the monthly Progress Reports.

### **Monitoring & Evaluation – Operation / Running of the Centre:**

The operator procured under a Management Contract to run the Centre will be required to collate, calculate and verify deliverables in accordance SELEP expectations. As a minimum any incoming tenant will need to:

- Complete an SME Registration form & De Minimis State Aid Declaration form;
- Complete attendance registers for support event/workshop and sign meeting review documents to prove support took place;
- Record Business Created / Business Assisted Support Output form as evidence of support improving their business;
- Record key details of their ongoing development, including jobs created and resultant GVA uplift. All engagement and support activities provided will be monitored and recorded by the Operator on a monthly basis, including: Key data on all end users (contact details, baseline data position on jobs and turnover, appropriate method of engagement, projected impact/s and signatures) in compliance SELEP ERDF requirements and in accordance with GDPR legislation;

- The amount of support provided (through rental rates, business support etc)
- Monitoring of engagement levels and uptake of support provided;
- Impact of the support provided, including evidence (business and financial improvement, jobs created/safeguarded, testimonial, case study)

All records are to be kept in accordance with State Aid and SELEP guidelines and the management of the programme is delivered as per the Funding Agreement.

As part of the performance monitoring under the SELEP funding, the operator of the BIW will also maintain records and contact with all companies who have graduated/left the programme and centre (including businesses on an out-reach basis) who received support in order to record any possible results which could only be recorded after a 1 year period.

Participants will be made aware of their obligations in relation to State Aid.

#### **6.10. Benefits realisation plan:**

A detailed and robust benefits realisation plan will also be put in place (as detailed in **Appendix E and appended as Benefits Realisation Plan v3 to our submission**) to monitor each of the anticipated benefits listed. For each benefit the plan would set out:

Management of the M&E plan will be separated from day-to-day project management and responsibility points / delivery arrangements will be put in place well before the project is operational. In addition, “External challenge” will be sought to the Benefits Realisation Plan through, for example, academic partners to ensure data collection arrangements are as a robust as possible and take account of e.g. new datasets.

A copy of the M&E Logic Map is set out below for information.

Objectives	Inputs	Outputs	Outcomes	Impacts
<p><b>Objective 1:</b> Regenerate an under-used public-sector asset to deliver 17,341 sq ft of commercial floor space.</p> <p><b>Objective 2:</b> Deliver a range of workspace for SMEs and start ups to promote joint working and innovation.</p> <p><b>Objective 3:</b> Deliver Innovation / academia support for advanced manufacturing and digital SMEs</p> <p><b>Objective 4:</b> Raise access to and demand for innovation for low value/productivity firms</p> <p><b>Objective 5:</b> Reduce the risk of companies and residents relocating elsewhere through an attractive environment to innovators and entrepreneurs.</p>	<p>Grant Spend - £870,000</p> <p>Matched Contributions Spend - £1,205,671</p> <p>Leveraged Funding - £0</p>	<p>17,341 sq ft of “maker space” workspace, comprising a mix of dedicated desks, hot-desks and work benches and associated support facilities / equipment</p>	<p>A total of 186 direct jobs within the Centre by Year 3 of operation</p> <p>This is estimated to create an annual GVA of some £10.8m from Year 3 onwards</p> <p>A further 64 jobs created as a result of companies “graduating” from the BIW to other accommodation, by Year 5 of the operation</p> <p>This is estimated to create an additional annual GVA of some £3.5m in Year 5,</p> <p>“Graduated” jobs are expected to increase on an annual basis thereafter, rising by some additional 305 jobs and an additional GVA of some £17.7m pa by Year 10</p>	<p>For schemes of £2m of LGF funding or less: - n/a</p>



<p><b>Objective 6:</b> Support STEM education, narrow future digital skills gap and create next generation job opportunities for residents</p> <p><b>Objective 7:</b> Enhance productivity and overall economic development through a visible and vibrant hub</p> <p><b>Objective 8:</b> Maintain public access to the facility and new technology / STEM education for visitors / the community</p>				
--	--	--	--	--

## 7. DECLARATIONS

<p><i>Has any director/partner ever been disqualified from being a company director under the Company Directors Disqualification Act (1986) or ever been the proprietor, partner or director of a business that has been subject to an investigation (completed, current or pending) undertaken under the Companies, Financial Services or Banking Acts?</i></p>	<p>No</p>
<p><i>Has any director/partner ever been bankrupt or subject to an arrangement with creditors or ever been the proprietor, partner or director of a business subject to any formal insolvency procedure such as receivership, liquidation, or administration, or subject to an arrangement with its creditors</i></p>	<p>No</p>
<p><i>Has any director/partner ever been the proprietor, partner or director of a business that has been requested to repay a grant under any government scheme?</i></p>	<p>No</p>

*\*If the answer is "yes" to any of these questions please give details on a separate sheet of paper of the person(s) and business (es) and details of the circumstances. This does not necessarily affect your chances of being awarded SELEP funding.*

I am content for information supplied here to be stored electronically, shared with the South East Local Enterprise Partnerships Independent Technical Evaluator, Steer Davies Gleave, and other public sector bodies who may be involved in considering the business case.

I understand that a copy of the main Business Case document will be made available on the South East Local Enterprise Partnership website one month in advance of the funding decision by SELEP Accountability Board. The Business Case supporting appendices will not be uploaded onto the website. Redactions to the main Business Case document will only be acceptable where they fall within a category for exemption, as stated in **Appendix G**.

Where scheme promoters consider information to fall within the categories for exemption (stated in **Appendix G**) they should provide a separate version of the main Business Case document to SELEP 6 weeks in advance of the SELEP Accountability Board meeting at which the funding decision is being taken, which highlights the proposed Business Case redactions.

I understand that if I give information that is incorrect or incomplete, funding may be withheld or reclaimed and action taken against me. I declare that the information I have given on this form is correct and complete. Any expenditure defrayed in advance of project approval is at risk of not being reimbursed and all spend of Local Growth Fund must be compliant with the Grant Conditions.

I understand that any offer may be publicised by means of a press release giving brief details of the project and the grant amount.

<p><i>Signature of applicant</i></p>	
<p><i>Print full name</i></p>	<p>Kieran Carrigan</p>

<i>Designation</i>	Deputy CEO and Corporate Director Basildon Council
--------------------	---

## 8. APPENDIX A - FUNDING COMMITMENT

*Draft S151 Officer Letter to support Business Case submission*

*Dear Colleague*

*In submitting this project Business Case, I confirm on behalf of [Insert name of County or Unitary Authority] that:*

- The information presented in this Business Case is accurate and correct as at the time of writing.*
- The funding has been identified to deliver the project and project benefits, as specified within the Business Case. Where sufficient funding has not been identified to deliver the project, this risk has been identified within the Business Case and brought to the attention of the SELEP Secretariat through the SELEP quarterly reporting process.*
- The risk assessment included in the project Business Case identifies all substantial project risks known at the time of Business Case submission.*
- The delivery body has considered the public-sector equality duty and has had regard to the requirements under s.149 of the Equality Act 2010 throughout their decision-making process. This should include the development of an Equality Impact Assessment which will remain as a live document through the projects development and delivery stages.*
- The delivery body has access to the skills, expertise and resource to support the delivery of the project*
- Adequate revenue budget has been or will be allocated to support the post scheme completion monitoring and benefit realisation reporting*
- The project will be delivered under the conditions in the signed LGF Service Level Agreement with the SELEP Accountable Body.*

*I note that the Business Case will be made available on the SELEP website one month in advance of the funding decision being taken, subject to the removal of those parts of the Business Case which are commercially sensitive and confidential as agreed with the SELEP Accountable Body.*

*Yours Sincerely,*

*SRO (Director Level) .....*

*S151 Officer .....*

9. APPENDIX B – RISK MANAGEMENT STRATEGY

Description of Risk	Impact of Risk	Risk Owner	Risk Manager	Likelihood of occurrence (Very Low/ Low/Med/ High/ Very High) (1/2/3/4/5) *	Impact (Very Low/ Low/ Med/ High/ Very High) (1/2/3/4/5) **	Risk Rating	Risk Mitigation	Residual Likelihood/Impact Scores
Insufficient funds being available to carry out the full package of refurbishment work to create the envisaged IW (particularly LGF funding).	Delays to scheme, a reduction in the ultimate scope of the scheme or in the event that no / reduced LGF funding available, potentially abandonment of the project.	BBC / CIC.	BBC / CIC appointed project manager	2	5	10	The Council will work with other public and private sector sources to identify any possible funds to bridge the gap. It will however be important to ensure that any reduced scope / scale of the proposed scheme, does not deliver an uneconomic business / financial model going forward	1.5 : 4
Increase in the scope and / or costs of the refurbishment works as scheme develops	Need to — <ul style="list-style-type: none"> <li>Re-design the project to achieve savings</li> </ul>	BBC / CIC	BBC / CIC appointed project manager BBC officers				Undertake detailed building and infrastructure surveys (including surveys to the roof,	

	<ul style="list-style-type: none"> <li>find additional funding leading to potential delays, depending on scale and complexity of additional work.</li> </ul>			2	3	6	utility provision, etc) and carry out detailed scheme design to firm up the cost plan prior to tender If issues arise during the course of the works, consider re-engineering the design, changes to specification or overall provision, to achieve cost savings	1 : 2
Build cost inflation prior to letting refurbishment contract refurbishment contract, including effects of disruption from Covid-19 and Brexit on supply-chains and costs of labour	Need to find further funding, or re-design extent of project works / specification, or repeat refurbishment procurement exercise.	BBC	BBC appointed project manager BBC officers	4	4	16	BBC will monitor and review the project as it develops and prior to commencing refurbishment works. In the event that Covid-19 causes a major downturn in the construction sector, there may be a need to delay a start on site and review overall costs	3 : 3
Statutory and other approvals not	Significant delays to project, related	BBC	BBC appointed project manager			15	Early conversations with Basildon	1 : 2

<p>forthcoming OR all being in place as and when works are required to commence</p>	<p>increase in build and other costs depending on length of delay(s).</p>		<p>BBC officers</p>	<p>3</p>	<p>5</p>		<p>planning and building control departments during pre-scheme design has ascertained that full planning approval is required and process is known. Need to ensure that submission is fully evidenced and supported with required information</p>	
<p>Lower take up rates for desk, workshop, space and memberships resulting in reduced income in the early years This may be influenced by the impacts of Covid-19 – which is currently affecting the operation of small workspace schemes across the country</p>	<p>Increased operating costs, impact on lettings where rents increased; impact on viability of ongoing business plan / management costs etc</p>	<p>BBC / CIC</p>	<p>BBC / CIC appointed project manager</p>	<p>4</p>	<p>5</p>	<p>20</p>	<p>Active promotion and marketing of Investment Warehouse during the construction phase and ensure that connections are made into strong existing business networks. Promote flexible use of space to respond to areas of demand. Work closely to support entrepreneurs, start-ups and micro businesses to</p>	<p>3 : 3</p>

							overcome Covid-19 legacy	
<p>Lack of PULL factor.</p> <ul style="list-style-type: none"> <li>Innovation Warehouse fails to have a physical impact/quality of space to create the right environment to encourage individuals / businesses to want to use it.</li> </ul>	<p>Threat to income projections. Loss of partner support / buy-in.</p>	<p>BBC / CIC</p>	<p>BBC appointed project manager</p> <p>The CIC</p> <p>BBC officers &amp; other stakeholders</p>	<p>3</p>	<p>5</p>	<p>15</p>	<p>Make adjustments to -</p> <ul style="list-style-type: none"> <li>Ensure the layout / specification of accommodation meets best practice elsewhere and is flexible</li> <li>Ensure the refurbishment incorporates good design and quality of materials.</li> </ul>	<p>1 : 3</p>
<ul style="list-style-type: none"> <li>Lack of support, sponsorship, networking opportunities, technical equipment operational skills, for occupiers</li> </ul>	<p>Lower local benefits. Entrepreneurs / businesses fail to take-up space Negative reputation.</p>	<p>As above</p>	<p>As above</p>	<p>3</p>	<p>4</p>	<p>12</p>	<ul style="list-style-type: none"> <li>Develop a good evidence base as to what works in other successful innovation warehouses / workspace schemes.</li> <li>Develop an early and wide ranging dialogue with other</li> </ul>	<p>1 : 2</p>

							<p>advance manufacturing, tech and digital businesses in the area, to support the project and to become involved in both business and skills development</p> <ul style="list-style-type: none"> <li>• The Business plan envisages a team to run the centre, importance of getting this in place early, with the right individuals to help and promote start-ups and growth.</li> </ul>	
Innovation Warehouse reaches capacity early and	Waiting lists for occupation Companies / individuals locate elsewhere & jobs are lost to the area	BBC / CIC	BBC / controlling Board of the CIC			12	The concept layout has assumed a conservative spacing of the co working desks at one per 8 sq m it would be possible to increase the number	1 : 3

cannot meet local demand				4	3		<p>of desks to one every 4 to 6 sq m. There is additional space in the immediate environs of the Centre. Additional expansion accommodation should be considered – such as “shipping container” style expansion space on land within the ownership of the LA. This type of development has now been successfully implemented in a number of locations. The Innovation Warehouse is seen as part of a wider initiative by BBC to promote innovation, start-up companies and to provide grow on space – and could be linked to a network of other operations in the</p>	
--------------------------	--	--	--	---	---	--	---	--

								Borough or wider area.	
--	--	--	--	--	--	--	--	------------------------	--

\* Likelihood of occurrence scale: Very Low (1) more than 1 chance in 1000; Low (2) more than 1 chance in 100; Medium (3) more than 1 chance in 50; High (4) more than 1 chance in 25; Very High (5) more than 1 chance in 10.

\*\* Impact scale: Very Low (1) likely that impact could be resolved within 2 days; Low (2) potential for a few days' delay; Medium (3) potential for significant delay; High (4) potential for many weeks' delay; Very High (5) potential for many months' delay

*Please note, not all sections of the table may require completion.*

## 10. APPENDIX C – GANTT CHART

Please see attached as a separate xls spreadsheet: Appendix C Gantt Chart



APPENDIX D MONITORING AND EVALUATIONS METRICS FOR LOGIC MAP

After Delivery	
Immediate	
Outputs	
<b>Skills -</b>	<b>Business Support &amp; Innovation</b>
Specialist capital equipment	Number of new enterprises receiving non financial support
	Number of potential entrepreneurs assisted to be enterprise ready
<b>Land and Property</b>	
Length of Broadband Cabling delivered	
Commercial broadband access delivered	
Commercial floorspace refurbished	
After Construction	
Short Term to Medium Term	
Outcomes	
Jobs connected to the LGF funding (FTE)	<b>Business Support &amp; Innovation</b>
Commercial floorspace occupied	Number of companies assisted in progressing to trading
Commercial rental values achieved	
<b>Skills -</b>	
Improvement in skills (to be defined)	
After Construction	
Longer Term	
Impacts	
<b>Land and Property</b>	<b>Business Support &amp; Innovation</b>
Increased employment levels - changes to GVA	Increased attractiveness to businesses
	Increased productivity
<b>Skills -</b>	
Increased number of people going into higher paid jobs	

## APPENDIX E – MONITORING AND EVALUATION PLAN AND BASELINE REPORT TEMPLATES

### BASILDON INNOVATION WAREHOUSE

This Monitoring and Evaluation Plan provides the details of the inputs, outputs, outcomes and impacts of the Basildon Innovation Warehouse, how they will be measured, and the costs associated with this for the Baseline Report and One Year After Opening Report and Five/Three Years After Opening Report.

The objectives of the scheme are:

**Objective 1:** Regenerate an under-used public-sector asset to deliver 17,341 sq ft of commercial floor space.

**Objective 2:** Deliver a range of workspace for SMEs and start ups to promote joint working and innovation.

**Objective 3:** Deliver Innovation / academia support for advanced manufacturing and digital SMEs

**Objective 4:** Raise access to and demand for innovation for low value/productivity firms

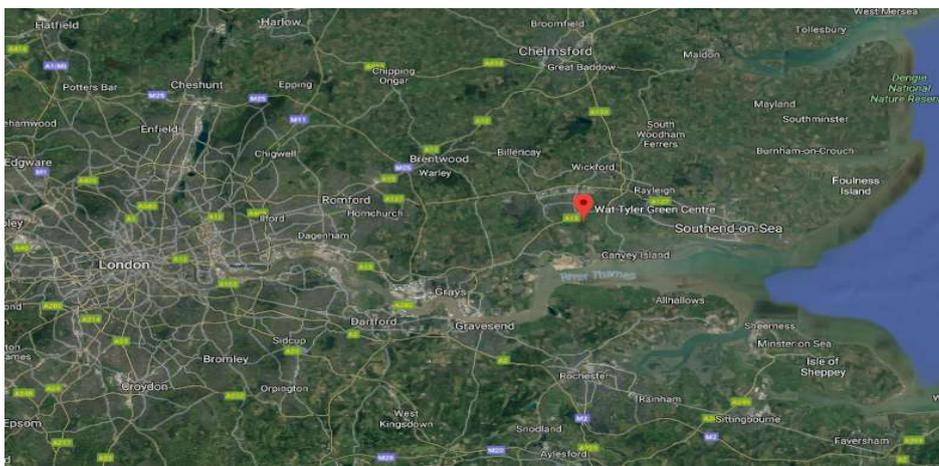
**Objective 5:** Reduce the risk of companies and residents relocating elsewhere through an attractive environment to innovators and entrepreneurs.

**Objective 6:** Support STEM education, narrow future digital skills gap and create next generation job opportunities for residents

**Objective 7:** Enhance productivity and overall economic development through a visible and vibrant hub

**Objective 8:** Maintain public access to the facility and new technology / STEM education for visitors / the community

The geography of the scheme is shown in the map below



## INPUTS

The Table below includes details on Scheme Spend, Project Delivery, Project Risk and Project Changes. These are based on the detail set out in the Business Case.

ID	Input Description	Source of Value	Monitoring Approach	Frequency of Tracking	Source	£'000 2020 / 2021				£'000 2021 / 2022				[FY1/FY2]			
						Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
IN1	Grant Spend – SELEP LGF	Forecast	Based on monthly contractor certificates and professional fee invoices – reported in monthly financial statement	Monthly	Planned/ Forecasted Spend Profile			112.6	318.3	439.06							
IN2	Matched Contributions Spend – Basildon Borough Council	Forecast	Based on monthly contractor certificates and professional fee invoices – reported in monthly	Monthly	Planned/ Forecasted Spend Profile					60.0	641.4	410.7	93.6				



			financial statement															
IN3	Leveraged Funding	N/A			Planned/ Forecasted Spend Profile													

## INPUT 4: PROJECT DELIVERY AND MILESTONES

- Please complete the table of planned Key Milestones

Milestone	Planned Date of Delivery
Start of project (start spending LGF or match funding)	December 2020
Public Consultation	N/A
Detailed Design	July to Oct 2020
Full Planning Permission Granted	Sept 2020
Site Mobilisation Works Commence	December 2020
Project Completion / Site Opening	December 2021

## INPUT 5: RISK MITIGATION

- The following are the main risks envisaged -

Insufficient funds being available to carry out the full package of refurbishment work to create the envisaged IW

Increase in the scope and / or costs of the refurbishment works as scheme develops

Build cost inflation prior to letting refurbishment contract refurbishment contract, including effects of disruption from Covid-19 and Brexit on supply-chains and costs of labour

Statutory and other approvals not forthcoming OR all being in place as and when works are required to commence

Lower take up rates for desk, workshop, space and memberships resulting in reduced income in the early years

Lack of PULL factor.

- Innovation Warehouse fails to have a physical impact/quality of space to create the right environment to encourage individuals / businesses to want to use it.
- Lack of support, sponsorship, networking opportunities, technical equipment operational skills, for occupiers

Innovation Warehouse reaches capacity early and cannot meet local demand



## OUTPUTS

- Key details included in the Table below:
  - The planned/anticipated value for the key output to be delivered by the scheme and referenced to the Business Case
  - How the output will be monitored and evaluated for the One Year After Opening Report
  - The anticipated cost of undertaking the monitoring and evaluation of the output for the One Year After Opening Report
  - The approach used to obtain baseline information for the key output and any costs associated with this

EXAMPLE		
ID	Output Description	
OP1	Provision of a range of additional floorspace for entrepreneurs / start-ups and micro businesses – comprising dedicated desks, hot-desks, work benches and associated support facilities / kit (as per <b>Appendix L</b> )	<p><b>Details: Planned/Anticipated Output Value and Proposed Approach for Monitoring</b></p> <p><b>Value:</b> 17,341 sq ft of refurbished accommodation</p> <p><b>Source of Value:</b> Full Business Case</p> <p><b>Future Monitoring Approach:</b> Confirm provision of mix of floorspace at Practical Completion and provision of facilities / “kit” detailed in Appendix K</p> <p><b>Frequency of tracking:</b> Once after opening for One Year After Report</p> <p><b>Costs Allocated to Monitoring:</b> Free- from records confirming Practical Completion and Operator confirming that it has taken over accommodation and kit that meets the planned specification</p>
		<p><b>Details: Proposed Method of Collecting Baseline Information</b></p> <p><b>Approach for Collection:</b> Confirming details from detailed design drawings included in tender documents for procurement of accommodation and “kit”</p> <p><b>Costs Allocated:</b> Free- from information already being provided by Professional Team</p>

## OUTCOMES

- Key details included in the Table below:
  - The planned/anticipated value for each outcome to be delivered by the scheme, together with the values set out in the Business Case
  - How the outcome will be monitored and evaluated for the One Year After Opening Report and for the Five/Three Years After Opening Report
  - The frequency of data collection related to the outcomes
  - The anticipated cost of undertaking the monitoring and evaluation of the outcome for reports after opening
  - The approach used to obtain baseline information for each outcome and the costs associated therewith



EXAMPLE		
ID	Outcomes Description	
OC1	Jobs connected to the intervention	<p><b>Details: Planned/Anticipated Output Value and Proposed Approach for Monitoring</b></p> <p><b>Value:</b> jobs – 1 FTE job from refurbishment / construction works, 80 total FTE jobs as a result of the scheme one year after opening and a total of 186 FTE jobs three years after opening, once the BIW is up to “operating capacity” Additional “graduated” jobs will be delivered in each year after the first year of trading, as a result of businesses growing and moving to other premises, which is expected to generate some 64 “graduated” jobs by the end of the 5<sup>th</sup> year after opening</p> <p><b>Source of Value:</b> Full Business Case,</p> <p><b>Future Monitoring Approach:</b> Construction jobs from contractor’s data. Direct FTEs within the BIW, from data which the BIW Operator will collect. Graduated jobs to be monitored by the Operator, keeping contact with businesses once they leave the BIW and move to alternative accommodation</p> <p><b>Frequency of tracking:</b> Once after opening and once after 1 year of trading, and then at the end of the 3<sup>rd</sup> and 5<sup>th</sup> year after opening reports</p> <p><b>Costs Allocated to Monitoring:</b> An allowance will be made to cover the Operator’s M&amp;E costs in the sum of £1,000 at the end of year 1, and £2,000 at the end of year 3 and 5 respectively</p>
		<p><b>Details: Proposed Method of Collecting Baseline Information</b></p> <p><b>Approach for Collection:</b> Given this is a new facility, there will be no Baseline information to collect</p> <p><b>Costs Allocated:</b> Nil</p>

ID	Output Description	
OC2	GVA associated with the Jobs incurred (see table above)	<p><b>Details: Planned/Anticipated Output Value and Proposed Approach for Monitoring</b></p> <p><b>Value:</b> Annual GVA in association with the jobs established within the BIW by the end of the 3<sup>rd</sup> year - £10.8m Annual GVA in association with the “graduated jobs” to have been generated by the end of the 5<sup>th</sup> year - £3.7m</p> <p><b>Source of Value:</b> Data provided in the Full Business Case</p>

		<p><b>Future Monitoring Approach:</b> In respect of direct jobs - the operator will assess the nature and type of businesses / jobs established within the BIW and assess these against the updated ONS figures at that time, for the local area, together with the sectoral breakdown to represent the business make-up within the centre sectoral GVA make-up. A similar assessment will be made in respect of the “graduated jobs” to be monitored at the end of the 5<sup>th</sup> year</p> <p><b>Frequency of tracking:</b> At the end of the first year, the third year and the fifth year</p> <p><b>Costs Allocated to Monitoring:</b> An allowance will be made to cover the Operator’s M&amp;E costs in undertaking these assessments as follows - at the end of the 1<sup>st</sup> year £500, and £1,000 at the end of the 3<sup>rd</sup> and 5<sup>th</sup> years respectively</p> <p><b>Details: Proposed Method of Collecting Baseline Information</b></p> <p><b>Approach for Collection:</b> The baseline GVA assessment has been undertaken as part of the Full Business Case analysis</p> <p><b>Costs Allocated:</b> Nil</p>
--	--	--

**BASELINE REPORT**

**PURPOSE**

- The Monitoring and Evaluation Plan details what the intended inputs, outputs, outcomes and impacts are of the scheme. It provides details of how they will be measured and any associated costs of the monitoring process.
- **The Baseline Report** provides information and metrics about the current situation in the impact area of the scheme before delivery commences. Information should be provided for each of the intended inputs, outputs, outcomes or impacts. This baseline data can be used in subsequent stages to identify the scale of change brought about by the scheme.
- The tables in the report provide the basis for a tracking spreadsheet (Benefits Realisation Profile (BRP)) which will be shared with the LEP. The tracking spreadsheet is used to track the baseline, planned/anticipated values and the actual values for every input, output, outcome or impact after the scheme opens.

## BASILDON INNOVATION WAREHOUSE

This Baseline Report provides the details of the inputs, outputs, outcomes and impacts of the Basildon Innovation Warehouse, from the period May 2020 to December 2020, before the scheme is constructed.

The objectives of the scheme are:

**Objective 1:** Regenerate an under-used public-sector asset to deliver 17,341 sq. ft of commercial floor space.

**Objective 2:** Deliver a range of workspace for SMEs and start-ups to promote joint working and innovation.

**Objective 3:** Deliver Innovation / academia support for advanced manufacturing and digital SMEs

**Objective 4:** Raise access to and demand for innovation for low value/productivity firms

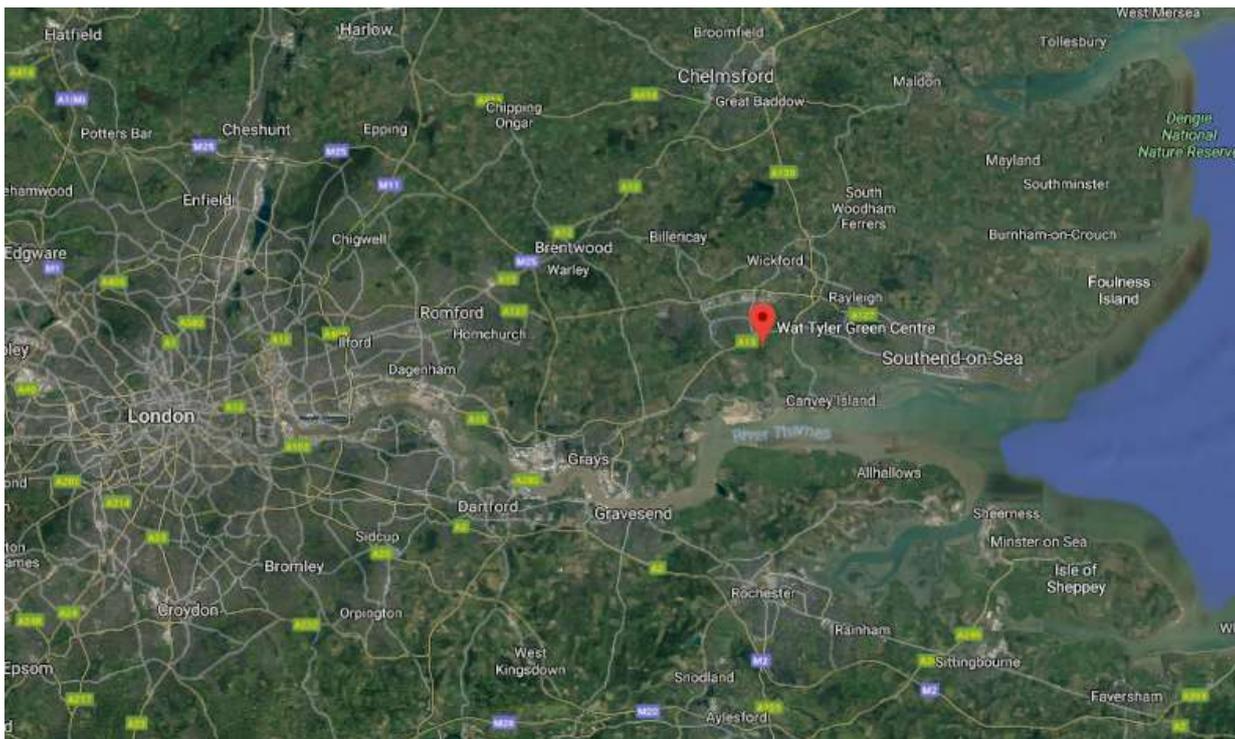
**Objective 5:** Reduce the risk of companies and residents relocating elsewhere through an attractive environment to innovators and entrepreneurs.

**Objective 6:** Support STEM education, narrow future digital skills gap and create next generation job opportunities for residents

**Objective 7:** Enhance productivity and overall economic development through a visible and vibrant hub

**Objective 8:** Maintain public access to the facility and new technology / STEM education for visitors / the community

The geography of the scheme is shown in the map below







## INPUT 4: PROJECT DELIVERY AND MILESTONS

- Table of planned Key Milestones

<b>Milestone</b>	<b>Planned Date of Delivery</b>
Start of project (start spending LGF or match funding)	December 2020
Public Consultation	N/A
Detailed Design	July to Oct 2020
Full Planning Permission Granted	Sept 2020
Site Mobilisation Works Commence	December 2020
Project Completion / Site Opening	December 2021

## INPUT 5: RISK MITIGATION

- The following are the main risks envisaged up to the Opening of the scheme -

Insufficient funds being available to carry out the full package of refurbishment work to create the envisaged IW

Increase in the scope and / or costs of the refurbishment works as scheme design and construction develops

Build cost inflation prior to letting refurbishment contract, including effects of disruption from Covid-19 and Brexit on supply-chains and costs of labour

Statutory and other approvals not forthcoming OR all being in place as and when works are required to commence

Lower levels of interest in the centre / take up rates, prior to opening, for desk, workshop, space and memberships resulting in reduced certainty of income in the first year of operation

Lack of PULL factor.

- Innovation Warehouse fails to have a physical impact/quality of space to create the right environment to encourage individuals / businesses to want to use it.
- Lack of support, sponsorship, networking opportunities, technical equipment operational skills, for occupiers

The following mitigation measures will be deployed during the period until December 2021 (date of opening) –



Continual review of design costings will be undertaken (particularly in the light of any evidence in construction costs during the current Covid-19 and “post Covid” period – and an ongoing review of monthly cost reports during construction) – any amendments to plans or specifications required, as a result of adverse movements in likely cost outcome, will be reviewed on an ongoing basis

Alternative ways of procuring the refurbishment contract will be reviewed, subject to evidence of lack of capacity / higher cost levels being experienced through the preferred procurement route (currently intended as a single Design and Build contract, using a two stage (PQQ/ITT) open tendering approach)

As a result of the above, the need for other / additional funding requirements will be kept under review both pre start on site, and during the construction phase

The progress of Planning and other approvals will be kept under review, prior to start on site, and any delays (particularly as a result of Covid-19) reviewed in terms of impacts on design and construction activities. Any actions / information required over this period, will be addressed, to avoid / mitigate the proposed start on site timescales, where possible

Market demand conditions will be monitored during the next 18 months, in order to understand whether projected demand and take-up levels are going to be impacted. Where specific actions to increase interest in the scheme, vary the offer, or adjust the financial plan (for the operation of the Centre) are required – these will be implemented by the management team, project managing this project

## DETAILS OF OUTPUTS

- Details are provided below with regard to:
  - the baseline value for each output and its source;
  - how the baseline value was measured;
  - the planned/anticipated value for the output and the reference for this source; and
  - how the value will be measured after the scheme opens.

ID	Output Description		Value	Monitoring approach	Frequency of Tracking	Source	Date
OP1	Provision of a range of additional floorspace for entrepreneurs / start-ups and micro businesses – comprising dedicated desks, hot-desks, work benches and associated support facilities / kit	<b>Baseline</b>	Nil	n/a	n/a	Feasibility studies – assessing the current supply of accommodation to meet the needs of start-ups and micro businesses	During the course of 2017 to 2019
		<b>Planned/ Anticipated</b>	17,341 sq. ft of refurbished accommodation	Confirm provision of mix of floorspace at Practical Completion and provision of facilities / "kit" detailed in final Business Case	Once after opening for One Year After Report	Records confirming Practical Completion and Operator confirming that accommodation and kit meets the planned specification	

**Details: Method of Collecting Baseline Information**

Confirming details from detailed design drawings to be included in tender documents for procurement of accommodation and "kit" – as provided by the Professional Team working for the Council



## SOUTH EAST OUTCOMES

LOCAL ENTERPRISE  
PARTNERSHIP

- Details are provided below with regard to:
  - the baseline value for each outcome and its source;
  - how the baseline outcome value was measured;
  - the planned/anticipated value for the outcome and the reference for this source; and
  - how the value will be measured after the scheme opens.

	Outcome Description		Value	Monitoring approach	Frequency of Tracking	Source	Date
OC1	Jobs connected to the intervention	<b>Baseline</b>	There is currently no Innovation Warehouse and therefore no Baseline jobs recorded	n/a	n/a	Feasibility studies – assessing the current supply of accommodation to meet the needs of start-ups and micro businesses – and the jobs ensuing	During the course of 2017 to 2019
		<b>Planned/ Anticipated</b>	1 FTE job from refurbishment / construction works 80 total FTE jobs as a result of the scheme one year after opening and a total of 186 FTE jobs three years after opening, once the BIW is up to "operating capacity"	Construction jobs from contractor's data. Direct FTEs within the BIW, from data which the BIW Operator will collect as part of its management functions	Once after opening and once after 1 year of trading, and then at the end of the 3 <sup>rd</sup> and 5 <sup>th</sup> year after opening reports	Full Business Case	2020

#### Details: Method of Collecting Baseline Information

Construction jobs based on current Homes England benchmarks – FTE compared with total construction costs per annum  
Direct FTEs within the BIW, based on Homes England benchmarks, setting out broad employment densities across a range of uses / accommodation types – reflecting current accommodation designs / types and anticipated businesses to be attracted to the floorspace

## IMPACTS

- These are the longer-term effects of the scheme being in place and will occur as a result of the outcomes
- Details are provided below with regard to:
  - the baseline value for impacts and the sources;
  - the planned/anticipated values for the impacts and the references for these sources; and
  - how the values will be measured after the scheme opens.

	<b>Impact Description</b>		<b>Value</b>	<b>Monitoring approach</b>	<b>Frequency of Tracking</b>	<b>Source</b>	<b>Date</b>
IM1	Wider based Jobs connected to the intervention	<b>Baseline</b>	There is currently no Innovation Warehouse and therefore no Baseline jobs recorded	n/a	n/a	Feasibility studies – assessing the current supply of accommodation to meet the needs of start-ups and micro businesses and the potential jobs ensuing	During the course of 2017 to 2019
		<b>Planned/ Anticipated</b>	Additional “graduated” jobs will be delivered in each year after the first year of trading, as a	Graduated jobs to be monitored by the Operator, keeping contact with businesses once they leave the BIW	Once after 1 year of trading, and then at the end of the 3 <sup>rd</sup> and 5 <sup>th</sup> year	Full Business Case	2020

			result of businesses growing and moving to other premises, which is expected to generate some 64 "graduated" jobs by the end of the 5 <sup>th</sup> year after opening	and move to alternative accommodation	after opening reports		
--	--	--	--	---------------------------------------	-----------------------	--	--

### Details: Method of Collecting Baseline Information

Graduated Jobs flowing from the BIW activities, based on Oxford Innovation experiences of managing a range of Centres throughout the country, and their experience of businesses growing / moving on and generating more employment in this wider context

Oxford Innovation benchmarks, have been adopted in this respect, reflecting the anticipated businesses to be attracted to the floorspace

	Impact Description		Value	Monitoring approach	Frequency of Tracking	Source	Date
IM2	GVA associated with the Jobs to be generated directly through the BIW (see Outcome table above) and the Graduated Jobs (see impact table above)	<b>Baseline</b>	There is currently no Innovation Warehouse and therefore no Baseline jobs (and therefore GVA's) recorded	n/a	n/a	Feasibility studies – assessing the current supply of accommodation to meet the needs of start-ups and micro businesses and the potential jobs / GVA ensuing	During the course of 2017 to 2019
		<b>Planned/ Anticipated</b>	Annual GVA in association with the jobs established	In respect of direct jobs - the operator will assess the nature and	At the end of the first year, the third	Full Business Case	2020

			<p>within the BIW by the end of the 3<sup>rd</sup> year - £10.8m</p> <p>Annual GVA in association with the "graduated jobs" to have been generated by the end of the 5<sup>th</sup> year - £3.7m</p>	<p>type of businesses / jobs established within the BIW and assess these against the updated ONS figures at that time, for the local area, together with the sectoral breakdown to represent the business make-up within the centre</p> <p>A similar assessment will be made in respect of the "graduated jobs" to be monitored at the end of the 5<sup>th</sup> year</p>	<p>year and the fifth year</p>		
--	--	--	--	---	--------------------------------	--	--

**Details: Method of Collecting Baseline Information**

In respect of the potential GVA impacts on the local economy, baseline information has been based on the assessment of the nature and type of businesses / jobs to be established within the BIW and assessed against the latest ONS figures as at 2020, for the local area, together with the sectoral breakdown to represent the business make-up within the centre

A similar assessment has been made in respect of the potential "graduated jobs" which it is forecast, will be generated by the end of the 5<sup>th</sup> year



**Please note that the approach to economic benefits modelling and the key appraisal assumptions are outlined in Section 3.3**

<b>Appraisal Assumptions</b>	<b>Details</b>
QRA and Risk allowance	All work elements assessed for risk independently
Real Growth	
Discounting	Costs and benefits discounted to 2020/21 at the Social Time Preference Rate of 3.5%
Sensitivity Tests	Switching value on benefits calculated at 85%
Additionality	Assessed at sub-regional level: Deadweight 47.2% Leakage 16.3% Multipliers: 1.25
Administrative costs of regulation	
Appraisal period	The five year appraisal period is 2021/22 to 2025/26
Distributional weights	Not used
Employment	78 FTE jobs directly accommodated in BIW (of which 3.2 are centre management) rising to 120.5 in years 2-5
External impacts of development	
GDP	GVA per job filled at Essex Thames Gateway £58,098 in 2020/21 prices (inflates from 2018 prices using the GDP deflator) Stream of GVA benefits over the period 2021/22, discounted to 2020/21 at 3.5% Present Value of GVA benefits (associated with the jobs directly accommodated in BIW) is £12.988m
House price index	
Indirect taxation correction factor	
Inflation	All prices converted to 2020/21 prices
Land value uplift	
Learning rates	
Optimism bias	
Planning applications	Full application for change of use required
Present value year	2020/21
Private sector cost of capital	
Rebound effects	
Regulatory transition costs	



## 12. APPENDIX G - CATEGORIES OF EXEMPT INFORMATION

*There is a clear public interest in publishing information and being open and transparent. But sometimes there is information which we can't publish because it would cause significant harm to the Council - for example by damaging a commercial deal or harming our position in a court case. Equally sometimes publishing information can harm someone who receives a service from us or one of our partners.*

*The law recognises this and allows us to place information in a confidential appendix if:*

*(a) it falls within any of paragraphs 1 to 7 below; and  
(b) in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.*

- 1. Information relating to any individual.*
- 2. Information which is likely to reveal the identity of an individual.*
- 3. Information relating to the financial or business affairs of any particular person (including the authority holding that information)*
- 4. Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority.*
- 5. Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.*
- 6. Information which reveals that the authority proposes— (a) to give under any enactment a notice under or by virtue of which requirements are imposed on a person; or (b) to make an order or direction under any enactment.*
- 7. Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.*



**Commercial-in-Confidence**

<b>Centre Name:</b>	<b>Innovation Warehouse Basildon - Outsourced</b>
<b>Assumptions:</b>	
<b>Opening Month:</b>	<b>April 2021</b>
<b>Length of Model</b>	<b>20 YEAR</b>
<b>Type of Agreement</b>	<b>Management Agreement</b>
<b>Building Type</b>	<b>Existing Building</b>

**INCOME**

Space Pricing is as follows:	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	
- The number of Dedicated Hot Desk starts at 2 and increases to a maximum of 20.							
- Rate per Dedicated Hot Desk. The rate in year 5 and onwards increases with inflation.	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	
	£250.00	£256.25	£262.66	£269.22	£275.95	£282.85	
- The number of Drop In Hot Desks starts at 2 and increases to a maximum of 20.							
- Rate per Drop In Hot Desks. The rate in year 5 and onwards increases with inflation.	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	
	£175.00	£179.38	£183.86	£188.46	£193.17	£198.00	
- The number of Workshops / Craft Benches starts at 2 and increases to a maximum of 48.							
- Rate per Workshops / Craft Benches. The rate in year 5 and onwards increases with inflation.	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	
	£250.00	£256.25	£262.66	£269.22	£275.95	£282.85	
- The number of Membership starts at 4 and increases to a maximum of 60.							
- Rate per Membership. The rate in year 5 and onwards increases with inflation.	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	
	£99.00	£101.48	£104.01	£106.61	£109.28	£112.01	
- The number of Virtual Office starts at 2 and increases to a maximum of 35.							
- Rate per Virtual Office. The rate in year 5 and onwards increases with inflation.	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	
	£70.00	£71.75	£73.54	£75.38	£77.27	£79.20	
<b>Training and Meeting Rooms (Day Rate)</b>	<b>Size</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>
Solar 1 - Day Rate	538 sqft	£264.50	£271.11	£277.89	£284.84	£291.96	£299.26
Carstairs Room (i-lab) - Day Rate	2,260 sqft	£659.95	£676.45	£693.36	£710.69	£728.46	£746.67
- Conference rooms total 2799 sqft.							
- Conferencing income £80k per annum (ramping up during year 1). Increasing with inflation in year 2 and onwards.							
- All other income streams are based on Oxford Innovation's benchmark and increase annually with inflation.							

**EXPENDITURE**

Pre opening and mobilisation (Year 0)	Year 0	
<b>Other Mobilisation Costs</b>		See Input 4 - Mobilisation Tab
Management Charges (staff costs)	£26,124.40	
Staff travel	£3,600.00	
Staff training & recruitment	£1,500.00	
Office Supplies	£750.00	
Computer consumables / software licences	£1,000.00	
Marketing & Events	£33,000.00	
<b>Total Pre-Opening and Mobilisation</b>	<b>£65,974.40</b>	

Staffing	Year 1 Salary	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6 and onwards
Centre Director	£45,000.00	1.00 fte					
Lab Tech & Facility Manager	£30,000.00	1.00 fte					
Customer Experience Assistants	£19,000.00	1.20 fte					
<b>Total Full Time Equivalents (fte's)</b>		<b>3.20 fte</b>					

Staff salaries increase at the rate of inflation.

**Costs (excluding Rates)**

Costs are based on either Oxford Innovation's benchmarking or the detail below.

Rates are based the Lettable space and common areas with the following assumptions on reliefs:

The licence fee / rent charged to the tenants is fully inclusive of business rates. Therefore the centre pays the business rates and receives all the relevant reliefs on all the space within the centre. The building is split into separate hereditaments by room.

The average rateable value assumed is to be £6.97 and this based on assumed an average office RV in the local area (the range is £50psm to £115 psm).

Rates multiplier used	0.50	0.51	0.53	0.54	0.55	0.57
Empty Property relief is assumed on empty rooms with a Rateable Value of less than:	£2,600	£2,600	£2,600	£2,600	£2,600	£2,600
Empty Property relief on empty rooms with a Rateable Value of more than £2600 is assumed to be (this relates to the 3 month rates relief on empty rooms):	0%	0%	0%	0%	0%	0%
Small Business Rates Relief on occupied rooms is assumed to be:	0%	0%	0%	0%	0%	0%
Enterprise Zone Relief on occupied rooms is assumed to be:	0%	0%	0%	0%	0%	0%

**Expenditure Assumptions**

Costs are based on Oxford Innovation's benchmarking, with the exception of the following:

**Cost of Other Income**

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Phone System Maintenance / Support / Lease	£1,500.00	£1,537.50	£1,575.94	£1,615.34	£1,655.72	£1,697.11
Internet Charges	£15,000.00	£15,375.00	£15,759.38	£16,153.36	£16,557.19	£16,971.12

**Other Costs**

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Marketing	£15,000.00	£10,000.00	£10,250.00	£10,506.25	£10,768.91	£11,038.13
Current Cost to Basildon Borough Council (Savings)	(£27,900.00)	(£28,597.50)	(£29,312.44)	(£30,045.25)	(£30,796.38)	(£31,566.29)
Maker Equipment Consumables	£600.00	£615.00	£630.38	£646.13	£662.29	£678.84

**Management Fees are:**

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Fee per sqft of Net Internal Area - Managed Space	£2.00	£2.05	£2.10	£2.15	£2.21	£2.26
Management Fee - % of Total Revenue	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%

Inflation at the start of year is assumed to be:

	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
--	-------	-------	-------	-------	-------	-------

This financial model is an indicative plan which is based on the information available. If any of these circumstances change or any assumptions are not correct a revised financial plan may need to be prepared.



**Commercial-in-Confidence**  
**Innovation Warehouse Basildon - Outsourced**  
**Financial Model - Profit & Loss**

Currency - £

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Total Internal Area(sq.ft.)		17,341	17,341	17,341	17,341	17,341	17,341	17,341	17,341	17,341	17,341
Net Internal Area (sq.ft.)		17,341	17,341	17,341	17,341	17,341	17,341	17,341	17,341	17,341	17,341
<b>INCOME</b>											
Dedicated Hot Desk		37,500	61,500	63,038	64,613	66,229	67,884	69,582	71,321	73,104	74,932
Drop In Hot Desks		26,250	43,050	44,126	45,229	46,360	47,519	48,707	49,925	51,173	52,452
Workshops / Craft Benches		39,000	113,775	151,290	155,072	158,949	162,923	166,996	171,171	175,450	179,836
Membership		30,888	71,844	74,889	76,761	78,680	80,647	82,663	84,730	86,848	89,019
Virtual Office		10,920	28,341	30,888	31,661	32,452	33,263	33,263	33,263	33,263	33,263
<b>Total Desk Fees, Membership and Virtual Income</b>		<b>144,558</b>	<b>318,511</b>	<b>364,231</b>	<b>373,336</b>	<b>382,670</b>	<b>392,237</b>	<b>401,211</b>	<b>410,410</b>	<b>419,838</b>	<b>429,503</b>
Room hire		43,264	90,776	93,240	95,571	97,960	100,409	102,920	105,493	108,130	110,833
<b>Total Room Hire</b>		<b>43,264</b>	<b>90,776</b>	<b>93,240</b>	<b>95,571</b>	<b>97,960</b>	<b>100,409</b>	<b>102,920</b>	<b>105,493</b>	<b>108,130</b>	<b>110,833</b>
<b>TOTAL INCOME</b>		<b>187,822</b>	<b>409,287</b>	<b>457,471</b>	<b>468,907</b>	<b>480,630</b>	<b>492,646</b>	<b>504,130</b>	<b>515,902</b>	<b>527,968</b>	<b>540,336</b>
<b>Cumulative Total Income</b>		<b>187,822</b>	<b>597,109</b>	<b>1,054,580</b>	<b>1,523,487</b>	<b>2,004,118</b>	<b>2,496,763</b>	<b>3,000,894</b>	<b>3,516,796</b>	<b>4,044,764</b>	<b>4,585,100</b>
<b>EXPENDITURE</b>											
Total Rates Payable	0	60,413	61,923	63,471	65,058	66,685	68,352	70,061	71,812	73,607	75,448
Insurance - Contents	0	1,472	1,509	1,546	1,585	1,625	1,665	1,707	1,749	1,793	1,838
Maintenance - Statutory / Regulatory / Planned	0	13,798	14,143	14,496	14,859	15,230	15,611	16,001	16,401	16,811	17,231
Maintenance - Reactive	0	9,198	9,428	9,664	9,906	10,153	10,407	10,667	10,934	11,207	11,488
Waste Disposal	0	1,500	1,538	1,576	1,615	1,656	1,697	1,740	1,783	1,828	1,873
Security	0	3,311	3,394	3,479	3,566	3,655	3,747	3,840	3,936	4,035	4,136
Electricity	0	30,723	31,491	32,278	33,085	33,912	34,760	35,629	36,520	37,433	38,369
Other Fuel	0	32,000	32,800	33,620	34,461	35,322	36,205	37,110	38,038	38,989	39,964
Water	0	6,000	6,150	6,304	6,461	6,623	6,788	6,958	7,132	7,310	7,493
Cleaning	0	15,637	16,028	16,429	16,840	17,261	17,692	18,135	18,588	19,053	19,529
<b>Total Property Costs</b>	<b>0</b>	<b>174,052</b>	<b>178,404</b>	<b>182,864</b>	<b>187,435</b>	<b>192,121</b>	<b>196,924</b>	<b>201,847</b>	<b>206,894</b>	<b>212,066</b>	<b>217,368</b>
Telephone & Fax		1,500	1,538	1,576	1,615	1,656	1,697	1,740	1,783	1,828	1,873
Internet Charges		15,000	15,375	15,759	16,153	16,557	16,971	17,395	17,830	18,276	18,733
<b>Total Cost of Other Income</b>		<b>16,500</b>	<b>16,913</b>	<b>17,335</b>	<b>17,769</b>	<b>18,213</b>	<b>18,668</b>	<b>19,135</b>	<b>19,613</b>	<b>20,104</b>	<b>20,606</b>
Management Charges (staff costs)	26,124	115,320	118,166	121,143	124,072	127,136	130,343	133,629	136,997	140,450	143,989
Staff travel	3,600	1,273	1,305	1,338	1,371	1,405	1,440	1,476	1,513	1,551	1,590
Staff training & recruitment	1,500	1,697	1,740	1,783	1,828	1,874	1,920	1,969	2,018	2,068	2,120
Small Equipment Purchases	0	1,104	1,131	1,160	1,189	1,218	1,249	1,280	1,312	1,345	1,379
Office Supplies	750	1,104	1,131	1,160	1,189	1,218	1,249	1,280	1,312	1,345	1,379
Computer consumables / software licences	1,000	8,948	9,172	9,401	9,636	9,877	10,124	10,377	10,637	10,903	11,175
Marketing & Events	33,000	15,000	10,000	10,250	10,506	10,769	11,038	11,314	11,597	11,887	12,184
Centre Consumables	0	6,000	6,150	6,304	6,461	6,623	6,788	6,958	7,132	7,310	7,493
Bank Charges	0	637	652	669	685	703	720	738	757	776	795
Current Cost to Basildon Borough Council (Savings)	0	(27,900)	(28,598)	(29,312)	(30,045)	(30,796)	(31,566)	(32,355)	(33,164)	(33,993)	(34,843)
Maker Equipment Consumables	0	600	615	630	646	662	679	696	713	731	749
Fee per sqft of Net Internal Area - Managed Space	0	34,682	35,549	36,437	37,348	38,282	39,239	40,220	41,226	42,256	43,313
Management Fee - % of Total Revenue	0	9,391	20,464	22,874	23,445	24,032	24,632	25,207	25,795	26,398	27,017
<b>Total Other Costs</b>	<b>65,974</b>	<b>167,856</b>	<b>177,478</b>	<b>183,836</b>	<b>188,332</b>	<b>193,003</b>	<b>197,856</b>	<b>202,789</b>	<b>207,845</b>	<b>213,027</b>	<b>218,339</b>
<b>TOTAL EXPENDITURE</b>	<b>65,974</b>	<b>358,409</b>	<b>372,795</b>	<b>384,035</b>	<b>393,537</b>	<b>403,337</b>	<b>413,449</b>	<b>423,771</b>	<b>434,352</b>	<b>445,197</b>	<b>456,313</b>
<b>CENTRE OPERATING NET PROFIT / (LOSS)</b>	<b>(65,974)</b>	<b>(170,586)</b>	<b>36,492</b>	<b>73,435</b>	<b>75,371</b>	<b>77,293</b>	<b>79,197</b>	<b>80,359</b>	<b>81,551</b>	<b>82,772</b>	<b>84,023</b>
<b>Cumulative Operating Profit / (Loss)</b>		<b>(170,586)</b>	<b>(134,094)</b>	<b>(60,659)</b>	<b>14,682</b>	<b>91,975</b>	<b>171,172</b>	<b>251,531</b>	<b>333,082</b>	<b>415,854</b>	<b>500,877</b>
<b>CASHFLOW</b>											
Cash Movements	(65,974)	(170,586)	36,492	73,435	75,371	77,293	79,197	80,359	81,551	82,772	84,023
<b>Cumulative Cashflow</b>	<b>(65,974)</b>	<b>(236,561)</b>	<b>(200,069)</b>	<b>(126,633)</b>	<b>(51,262)</b>	<b>26,031</b>	<b>105,228</b>	<b>185,587</b>	<b>267,138</b>	<b>349,909</b>	<b>433,933</b>

Commercial-in-Confidence

Innovation Warehouse Basildon - Outsourced

Financial Model - Profit & Loss

Currency - £

	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
Total Internal Area(sq.ft.)	17,341	17,341	17,341	17,341	17,341	17,341	17,341	17,341	17,341	17,341
Net Internal Area (sq.ft.)	17,341	17,341	17,341	17,341	17,341	17,341	17,341	17,341	17,341	17,341
<b>INCOME</b>										
Dedicated Hot Desk	76,805	78,725	80,693	82,711	84,778	86,898	89,070	91,297	93,580	95,919
Drop In Hot Desks	53,764	55,108	56,485	57,897	59,345	60,829	62,349	63,908	65,506	67,143
Workshops / Craft Benches	184,332	188,940	193,664	198,506	203,468	208,555	213,769	219,113	224,591	230,206
Membership	91,244	93,526	95,864	98,260	100,717	103,235	105,816	108,461	111,172	113,952
Virtual Office	33,263	33,263	33,263	33,263	33,263	33,263	33,263	33,263	33,263	33,263
<b>Total Desk Fees, Membership and Virtual Income</b>	<b>439,409</b>	<b>449,562</b>	<b>459,970</b>	<b>470,637</b>	<b>481,572</b>	<b>492,779</b>	<b>504,267</b>	<b>516,042</b>	<b>528,112</b>	<b>540,483</b>
Room hire	113,604	116,444	119,355	122,339	125,397	128,532	131,746	135,039	138,415	141,876
<b>Total Room Hire</b>	<b>113,604</b>	<b>116,444</b>	<b>119,355</b>	<b>122,339</b>	<b>125,397</b>	<b>128,532</b>	<b>131,746</b>	<b>135,039</b>	<b>138,415</b>	<b>141,876</b>
<b>TOTAL INCOME</b>	<b>553,013</b>	<b>566,006</b>	<b>579,325</b>	<b>592,976</b>	<b>606,969</b>	<b>621,312</b>	<b>636,013</b>	<b>651,082</b>	<b>666,527</b>	<b>682,359</b>
<b>Cumulative Total Income</b>	<b>5,138,112</b>	<b>5,704,119</b>	<b>6,283,444</b>	<b>6,876,420</b>	<b>7,483,389</b>	<b>8,104,701</b>	<b>8,740,714</b>	<b>9,391,796</b>	<b>10,058,323</b>	<b>10,740,682</b>
<b>EXPENDITURE</b>										
Total Rates Payable	77,334	79,267	81,249	83,280	85,362	87,496	89,684	91,926	94,224	96,579
Insurance - Contents	1,884	1,931	1,979	2,029	2,080	2,132	2,185	2,239	2,295	2,353
Maintenance - Statutory / Regulatory / Planned	17,662	18,104	18,556	19,020	19,496	19,983	20,483	20,995	21,520	22,058
Maintenance - Reactive	11,775	12,069	12,371	12,680	12,997	13,322	13,655	13,996	14,346	14,705
Waste Disposal	1,920	1,968	2,017	2,068	2,119	2,172	2,227	2,282	2,339	2,398
Security	4,239	4,345	4,454	4,565	4,679	4,796	4,916	5,039	5,165	5,294
Electricity	39,328	40,311	41,319	42,352	43,410	44,496	45,608	46,748	47,917	49,115
Other Fuel	40,963	41,987	43,036	44,112	45,215	46,346	47,504	48,692	49,909	51,157
Water	7,681	7,873	8,069	8,271	8,478	8,690	8,907	9,130	9,358	9,592
Cleaning	20,017	20,518	21,030	21,556	22,095	22,648	23,214	23,794	24,389	24,999
<b>Total Property Costs</b>	<b>222,802</b>	<b>228,372</b>	<b>234,081</b>	<b>239,933</b>	<b>245,931</b>	<b>252,080</b>	<b>258,382</b>	<b>264,841</b>	<b>271,462</b>	<b>278,249</b>
Telephone & Fax	1,920	1,968	2,017	2,068	2,119	2,172	2,227	2,282	2,339	2,398
Internet Charges	19,201	19,681	20,173	20,678	21,195	21,724	22,268	22,824	23,395	23,980
<b>Total Cost of Other Income</b>	<b>21,121</b>	<b>21,649</b>	<b>22,191</b>	<b>22,745</b>	<b>23,314</b>	<b>23,897</b>	<b>24,494</b>	<b>25,107</b>	<b>25,734</b>	<b>26,378</b>
Management Charges (staff costs)	147,617	151,335	155,146	159,053	163,057	167,161	171,368	175,680	180,099	184,630
Staff travel	1,630	1,670	1,712	1,755	1,799	1,844	1,890	1,937	1,986	2,035
Staff training & recruitment	2,173	2,227	2,283	2,340	2,398	2,458	2,520	2,583	2,647	2,714
Small Equipment Purchases	1,413	1,448	1,485	1,522	1,560	1,599	1,639	1,680	1,722	1,765
Office Supplies	1,413	1,448	1,485	1,522	1,560	1,599	1,639	1,680	1,722	1,765
Computer consumables / software licences	11,455	11,741	12,035	12,335	12,644	12,960	13,284	13,616	13,956	14,305
Marketing & Events	12,489	12,801	13,121	13,449	13,785	14,130	14,483	14,845	15,216	15,597
Centre Consumables	7,681	7,873	8,069	8,271	8,478	8,690	8,907	9,130	9,358	9,592
Bank Charges	815	835	856	877	899	922	945	969	993	1,018
Current Cost to Basildon Borough Council (Savings)	(35,714)	(36,607)	(37,522)	(38,460)	(39,422)	(40,408)	(41,418)	(42,453)	(43,514)	(44,602)
Maker Equipment Consumables	768	787	807	827	848	869	891	913	936	959
Fee per sqft of Net Internal Area - Managed Space	44,395	45,505	46,643	47,809	49,004	50,229	51,485	52,772	54,091	55,444
Management Fee - % of Total Revenue	27,651	28,300	28,966	29,649	30,348	31,066	31,801	32,554	33,326	34,118
<b>Total Other Costs</b>	<b>223,784</b>	<b>229,364</b>	<b>235,085</b>	<b>240,948</b>	<b>246,958</b>	<b>253,118</b>	<b>259,432</b>	<b>265,904</b>	<b>272,538</b>	<b>279,338</b>
<b>TOTAL EXPENDITURE</b>	<b>467,707</b>	<b>479,386</b>	<b>491,356</b>	<b>503,627</b>	<b>516,203</b>	<b>529,095</b>	<b>542,308</b>	<b>555,852</b>	<b>569,735</b>	<b>583,964</b>
<b>CENTRE OPERATING NET PROFIT / (LOSS)</b>	<b>85,306</b>	<b>86,621</b>	<b>87,968</b>	<b>89,350</b>	<b>90,766</b>	<b>92,217</b>	<b>93,705</b>	<b>95,230</b>	<b>96,792</b>	<b>98,395</b>
<b>Cumulative Operating Profit / (Loss)</b>	<b>519,236</b>	<b>605,859</b>	<b>693,827</b>	<b>783,177</b>	<b>873,943</b>	<b>966,160</b>	<b>1,059,865</b>	<b>1,155,094</b>	<b>1,251,887</b>	<b>1,350,281</b>
<b>CASHFLOW</b>										
<b>Cash Movements</b>	<b>85,306</b>	<b>86,621</b>	<b>87,968</b>	<b>89,350</b>	<b>90,766</b>	<b>92,217</b>	<b>93,705</b>	<b>95,230</b>	<b>96,792</b>	<b>98,395</b>
<b>Cumulative Cashflow</b>	<b>519,236</b>	<b>605,859</b>	<b>693,827</b>	<b>783,177</b>	<b>873,943</b>	<b>966,160</b>	<b>1,059,865</b>	<b>1,155,094</b>	<b>1,251,887</b>	<b>1,350,281</b>

## 14. APPENDIX I – STAKEHOLDER ENGAGEMENT

Organisation	Sector	Category	Role
Acketts Group Ltd	Security	Sponsor	Sponsorship, collaboration, expertise
Advante	Construction equipment	SME	Advocate, service refinement, collaboration, expertise
Atlas Code	Software development	Sponsor	Sponsorship, collaboration, expertise
AVL	Engineering	Sponsor	Sponsorship, collaboration, expertise
AVL Powertrain Ltd	Engineering	Sponsor	Sponsorship, collaboration, expertise
Barclays EagleLabs	Banking	Sponsor	Sponsorship
BEST Growth Hub	Business support	Business Support	Research, collaboration, apprenticeships
Case New Holland	Manufacturing	Sponsor	Sponsorship, collaboration, expertise
CEME	Business support	Knowledge Partner	Research, collaboration, apprenticeships
Coborn Engineering	Engineering	Sponsor	Sponsorship, collaboration, expertise
Cold Formed Products Ltd	Manufacturing	Sponsor	Sponsorship, collaboration, expertise
Controlled Power Technologies Ltd (recent acquired by Valeo)	Engineering	Sponsor	Sponsorship, collaboration, expertise
Coventry University (London)	HE/FE	Knowledge Partner	Research, collaboration, apprenticeships
D J C Precision Engineering Ltd	Engineering	Sponsor	Sponsorship, collaboration, expertise
ECC – Essex Innovation Programme	Business support	Sponsor - funding	Sponsorship
Essex County Council	Local govt	Sponsor - funding	Sponsorship
Fablab Essex	Business support	Partner	Partnership, collaboration, expertise
Ford Motor Company	Manufacturing	Sponsor	Sponsorship, collaboration, expertise
G E Energy Services	Manufacturing	Sponsor	Sponsorship, collaboration, expertise
G K M Aerospace	Energy	Sponsor	Sponsorship, collaboration, expertise
Gardner Aerospace	Engineering	Sponsor	Sponsorship, collaboration, expertise
Gridkey Ltd	Manufacturing	SME	Advocate, service refinement, collaboration, expertise
High Speed Sustainable Manufacturing Institute Ltd (HSSMI Ltd)	Manufacturing	Sponsor/Knowledge Partner	Research, collaboration, apprenticeships
Huawei	Communications	Sponsor/Knowledge Partner	Research, collaboration, apprenticeships
Hubeleon	Software development	SME	Sponsorship, collaboration, expertise
Impossible Creations	3d design and prototyping	Sponsor/Knowledge Partner	Research, collaboration, apprenticeships
Innovate UK	Business support	Sponsor - funding	Sponsorship
Intel	Manufacturing	Sponsor - equipment	Sponsorship
Invest Essex	Local govt	Sponsor - funding	Sponsorship
I TEC Learning Technologies Ltd	Technical skills provider	Knowledge partner / sponsor	Prospective SME tenant or hot desker
Kbiosystems Ltd	Manufacturing	Sponsor	Sponsorship, collaboration, expertise
Konica Minolta	Manufacturing	Sponsor - equipment	Equipment, collaboration
Laserite Ltd T/A Lotus Laser	Manufacturing	SME	Advocate, service refinement, collaboration, expertise
MIRA	Engineering	Sponsor	Sponsorship, collaboration, expertise
MK Honeywell	Engineering	Sponsor	Sponsorship, collaboration, expertise
Motoraid	Vehicle repair	SME	Advocate, service refinement, collaboration, expertise
Oakley Mobile Ltd	Software development (VR)	Sponsor	Sponsorship, collaboration, expertise
Pembroke Engineering UK Co Ltd	Engineering	Sponsor	Collaboration, expertise
Present ICT UK Ltd	Software development	SME	Advocate, service refinement, collaboration, expertise
Princes Youth Trust	Business support	Business Support	Sponsorship
PROCAT	HE/FE	Knowledge Partner	Research, collaboration, apprenticeships
Propelair	Manufacturing	Sponsor	Sponsorship, collaboration, expertise
QinetiQ	Defence, communications	Sponsor/Knowledge Partner	Sponsorship, collaboration, expertise
RLE International	Engineering	Sponsor	Sponsorship, collaboration, expertise
Rodwell-Powell	Engineering	Sponsor	Sponsorship, collaboration, expertise
RSE Building Services	Engineering	SME	Advocate, service refinement, collaboration, expertise
See Clear Ltd	Manufacturing	SME	Advocate, service refinement, collaboration, expertise
Selex ES	Electronics/ICT	Sponsor	Sponsorship, collaboration, expertise
Sheil Livewire UK	Business support	Knowledge Partner/funding	Research, collaboration, apprenticeships
South Essex College of Further & Higher Education	HE/FE	Knowledge Partner	Research, collaboration, apprenticeships
Syms Automotive Designs Ltd	Design	SME	Collaboration, expertise
T & O Engineering Ltd	Engineering	SME	Advocate, service refinement, collaboration, expertise
T N C Precision Engineering	Engineering	SME	Advocate, service refinement, collaboration, expertise
Ten-Tech Engineering Ltd	Engineering/software	SME	Advocate, service refinement, collaboration, expertise
TGV Group Ltd	Manufacturing	Sponsor	Collaboration, expertise
Transport Engineering Services Ltd	Engineering	Sponsor	Sponsorship, collaboration, expertise
UCL	HE/FE	Knowledge Partner	Research, collaboration, apprenticeships
University of East London	HE/FE	Knowledge Partner	Research, collaboration, apprenticeships
University of Essex	HE/FE	Knowledge Partner	Research, collaboration, apprenticeships
Vertical Systems	Software development	SME	Advocate, service refinement, collaboration, expertise
Warwick Manufacturing Group	HE/FE	Knowledge Partner	Research, collaboration, apprenticeships
Wazoku (tbc) – Cloud forum platform (tbc)	Software development	SME	Advocate, service refinement, collaboration, expertise
WCM Europe Ltd	Design and prototyping	Sponsor	Sponsorship, collaboration, expertise

## 15. APPENDIX J – BIW Review of Demand and Financial Model 2020 (Attached to submission)

## 16. APPENDIX K – LETTERS OF SUPPORT

## 17. APPENDIX L – MAKERSPACE EQUIPMENT

According to [Makerspaces.com](https://makerspaces.com), makerspaces are:

A makerspace is a collaborative workspace inside a school, library or separate public/private facility for making, learning, exploring and sharing that uses high tech to no tech tools. These spaces are open to kids, adults, and entrepreneurs and have a variety of maker equipment including 3D printers, laser cutters, cnc machines, soldering irons and even sewing machines. A makerspace however doesn't need to include all of these machines or even any of them to be considered a makerspace ... These spaces are also helping to prepare those who need the critical 21st century skills in the fields of science, technology, engineering and math (STEM). They provide hands on learning, help with critical thinking skills and even boost self-confidence. Some of the skills that are learned in a makerspace pertain to electronics, 3d printing, 3D modeling, coding, robotics and even woodworking, Makerspaces are also fostering entrepreneurship and are being utilized as incubators and accelerators for business startups.

Within the context of Basildon Innovation Warehouse, the focus is on providing a wide range of tools, facilities and support to allow a rich and broad customer base to come together, collaborate, innovate and apply critical thinking to challenges the world faces. The creation of an environment attuned to the needs of data and digitally driven businesses, alongside those who physically 'make things', plays to the skills and sectoral strengths of the area, as well as providing a much-needed place for entrepreneurial businesses to start and grow.

In order to provide BIW customers with the tools they require, we detail below the indicative list of specialist tools, equipment and resources to be provided, their costs (as at March 2020) and the number of units required.

The list is separated into 5 categories:

Group 1	High Value Specialist Equipment
Group 2	Supports Specialist Equipment
Group 3	Core Equipment
Group 4	Consumables – the costs for these consumables has been accounted for in the 10-year Profit and Loss
Group 5	Furniture

Equipment	Equipment Tier	Qty	Option	Unit Price (2020)	Total cost 2020
3D Printer	Group 1	1	MakerBot Replicator+	£2,200.00	£2,200.00
Resin Based 3D Printer	Group 1	1	SprintRay MoonRay S High Resolution DLP 3D Printer	£4,100.00	£4,100.00
Laser Cutter	Group 1	1	TEN-HIGH Laser Engraving Cutting Machine 300x400mm 40W CO2 Laser Engraver with USB port	£1,429.00	£1,429.00
Vacuum Former	Group 1	1	Formbox Vacuum Former UK Version	£599.00	£599.00



3D Carver/CNC Machines	Group 1	1	Inventables Carvey 3D Carver	£1,090.00	£1,090.00
High Performance Desktop PC	Group 1	6	Lenovo IdeaCentre 620S	£429.99	£2,579.94
CAD Drawing Software: Solidworks	Group 2	1	Solidworks	£3,050.40	£3,050.40
Adobe Creative Suite	Group 2	1	Adobe Creative Suite (annual subscription) - annual cost £596.33 - included in operator P&L	£0.00	£0.00
Computer Screen	Group 2	6	BenQ GW2270H 21.5 Inch Flicker Free LED Monitor - Black	£158.00	£948.00
Computer Keyboard & Mouse	Group 2	6	Logitech MK270 Wireless Keyboard and Mouse	£18.95	£113.70
Computer boards	Group 3	5	Raspberry Pi	£34.00	£170.00
3D Printing Pens	Group 3	2	Aerb Printing Intelligent 3D Pen	£27.50	£55.00
Soldering Iron	Group 3	4	Soldering Iron Kit (Dremel ersatip 2000 Cordless Butane Gas Soldering Iron Kit with 6 Interchangeable Pen Tips)	£39.99	£159.96
Electric Drill (& Battery Pack + Brill-bits pack)	Group 3	1	Cordless Drill, TACKLIFE 18v Electric Drill with Hammer, 2pcs 2.0A Li-Ion Batteries	£44.99	£44.99
Hand saw	Group 3	2	Stanley 1-20-090 500mm 20-inch Heavy-Duty Sharpcut Handsaw	£10.99	£21.98
Wrenches, Spanners & Screwdrivers	Group 3	1	VonHaus 104-Piece Screwdriver Tool Socket Set ¼ Inch & ½" Inch Drive & 6pcs Combination Spanner with Carry Case	£42.99	£42.99
Files	Group 3	1	Draper Redline 68904 File Set (16-Piece)	£19.09	£19.09
Hammers	Group 3	1	Black + Decker BDHT1-51242 Soft Grip Claw Hammer, 450 g	£91.91	£91.91
Spirit Level	Group 3	1	Multipurpose Measuring Tool, Spirit Level, Laser Level & Tape Measure	£9.99	£9.99
Belt Sander	Group 3	1	Belt Sander, Tacklife 600W	£56.99	£56.99



Jigsaw & Blades	Group 3	1	Jigsaw Tools, TACKLIFE 800W	£40.99	£40.99
Clamps set	Group 3	1	12pc F Clamp Bar Clamp 4x 6", 4x 12" & 4 x 24" Long Quick Slide Wood Clamp	£37.95	£37.95
Junior hacksaw & Blades	Group 3	1	AIRAJ 12 in Hacksaw Frame with 10 Woodworking Saw Blades, High Tension Heavy Duty Adjustable Torque Wood Saw, Two Sawing Angles (45°/90°) Saws	£14.99	£14.99
Glue Gun & Glue	Group 3	2	Hot Glue Gun, Tacklife GGO60AC Advanced 60W Hot Melt Glue Gun with Glue Sticks (30pcs, 11.2 * 150mm)	£36.95	£73.90
Scissors set	Group 3	1	Spear & Jackson Scissor Set-3 Pieces, Red/Silver, 20 x 26 x 1.5 cm	£7.99	£7.99
Perfboard	Group 4	10	Perfboard for use with Prototyping Electronic Circuits	£7.99	£79.90
General Purpose Supplies of resistors	Group 4	5	Kuman 17 Values 1% Resistor Kit	£9.88	£49.40
General Purpose Supplies of capacitors	Group 4	5	HALJIA 215Pcs 15 Values 0.1uF-330uF Mix Electrolytic Capacitor Assortment Kit	£9.99	£49.95
General Purpose Supplies LEDs	Group 4	5	ATPWONZ 300pcs 3mm 5mm 2pin Light Emitting Diodes Round Head LED Lamp Assorted Colour Diodes Resistor Kit	£5.45	£27.25
Jumper Wires	Group 4	5	Elegoo 130pcs Solderless Flexible Breadboard Jumper Wires 4 different lengths male to male for Arduino Breadboard	£7.99	£39.95
PCP Board (for prototype circuits)	Group 4	5	AUSTOR 40 Pieces Double Sided PCB Board Prototype Kit, 6 Sizes Circuit Board Universal Prototype Board	£11.99	£59.95
Cardboard boxes (for modelling)	Group 4	0	Use Donations of cardboard boxes and packaging	£0.00	£0.00



Vacuum Former Sheets	Group 4	5	Mayku Form Sheets 30 pack	£29.99	£149.95
Free Wood (Pallets & Small projects)	Group 4	0	Wood Recycling	£0.00	£0.00
3mm Acrylic	Group 4	5	Clear Acrylic Sheet 500mm x 300mm	£10.34	£51.70
Workbenches	Group 5	48	Hilka TB51077 Heavy Duty 2 Drawer Work Bench	£143.99	£6,911.52
Wall racking (for storage)	Group 5	2	SUPER SAVER - 3X GARAGE SHELVING UNITS WITH FREE ASSEMBLY Mallet	£89.00	£178.00
Tool wall storage	Group 5	2	45pc Metal Pegboard Set	£32.99	£65.98
Computer chairs (workbenches and coworking desks)	Group 5	88	Essentials Mesh Office Chair	£78.00	£6,864.00
Coworking desks	Group 5	40	Alumina Person Industrial Rectangular Bench Desk range		£6,000.00
				<b>Total</b>	<b>£37,486.31</b>
				<b>Minus consumables (inc in P&amp;L)</b>	<b>£508.05</b>
				<b>Total</b>	<b>£36,978.26</b>

## 18. APPENDIX M – OPTIMUM BIAS ASSESSMENT

A formal Optimism Bias assessment has been conducted for the project, following HM Treasury Green Book and MHCLG guidance.

The first step in the Optimism Bias assessment is to classify the project. For the purposes of this assessment, the project has been classified as “Standard Building”.

On this basis, the unmitigated upper bound Optimism Bias for Works Duration is 4% and for Capital Expenditure it is 24%.

Figure OB.1 shows the factors contributing to Optimism Bias. It draws on research evidence by Mott MacDonald presented in the Supplementary Green Book Guidance (2002) on the extent to which different factors contribute to Optimism Bias in relation to both works duration and capital expenditure.

The second step in the OB assessment is to assess the level of mitigation which has been achieved in relation to each of these factors. The level of mitigation would be expected to increase the more advanced the project is in relation to its development and appraisal. The comments show how these mitigation factors have been assessed.

Figure OB.2 shows how these mitigation factors are then applied to assess the level of unmitigated Optimism Bias in relation to capital expenditure. This is found to be 7.9% (down from an unmitigated OB of 24%).

Therefore, for the purposes of sensitivity testing, we have adopted a sensitivity test of 8% on the Present Value of net costs. The results of this test can be found in the main report.

Figure OB.3 shows how these mitigation factors are then applied to assess the level of unmitigated Optimism Bias in relation to works duration. This is found to be 0.9%. Given that the construction period will be relatively short, the potential delay due to Optimism Bias is considered de minimis for appraisal purposes and has not been incorporated into formal sensitivity testing.

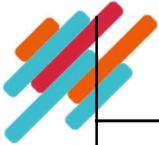
Unfortunately no evidence exists on Optimism Bias as it relates to project benefits. However, as Figure OB.1 makes clear, the principal areas that cannot be mitigated at present relate to Economic factors and Regulations associated with Covid-19.

As many commentators, including the Bank of England, have already commented, it is not possible to accurately forecast the current impact of Covid-19 at the present time. The switching value calculation has already demonstrated that benefits would need to fall by 85% before the BCR would fall below 1. A sensitivity test has been conducted to demonstrate the impact on the BCR of a 35% reduction in the level of benefits generated by the project within the SELEP appraisal timescale. This is considered reasonable given the current uncertainty around Covid-19 and the build period for the project.

Figure OB.1: Optimism Bias Contributory Factors & Mitigation Assessment – Standard Building



Project Type (note 1)		Standard Building		Proposed Mitigation Factor (%)	Justification For Mitigation factor
Upper Board Enterprise Partnership Optimism Bias (note 1)		Works Duration	Capital Expenditure		
Risk Area Contributions to Recorded Optimism Bias (%)		4%	24%		
Procurement	Complexity of Contract Structure	1%	-	95%	No novel contract structures will be used for construction contract
	Late contractor involvement in design	3%	2%	70%	Anticipated management company has been actively involved in project design, which should mitigate slippage or cost-over-runs due to design changes. The mitigation factor can be increased further once the project has been formally tendered.
	Poor Contractor Capabilities	4%	9%	50%	Adequate procurement periods have been allowed for in the project programme to procure a suitably capable contractor.
	Government Guidelines	-	-	-	N/A
	Dispute and Claims Occurred	4%	29%	95%	Could relate to disruption to existing tenants, but no impact anticipated on capital costs. Requires ongoing management.
	Information management	-	-	-	N/A
	Other (specify)	-	-	-	N/A
Project Specific	Design Complexity	3%	1%	90%	Refurbishment of existing building. No complexity in design
	Degree of Innovation	1%	4%	100%	No innovative design features which would impact on capex
	Environmental Impact	-	-	-	N/A
	Other (specify)	-	-	-	N/A
Client Specific	Inadequacy of the Business Case	31%	34%	70%	Anticipated management company actively involved in business planning to support business case. Business case subjected to third party due diligence as part of decision-making process.
	Large Number of Stakeholders	6%	-	-	N/A for capex
	Funding Availability	8%	-	100%	Rigorous process underway to support fund application to SELEP. Budget is available.
	Project Management Team	-	1%	50%	Adequate provision has been made for project management within the capex budget
	Poor Project Intelligence	6%	2%	90%	Anticipated management company has been directly involved in preparing the business plan used to support the business case.



SOUTH EAST LOCAL ENTERPRISE PARTNERSHIP					This should have little to no bearing on capex cost risk
	Other (specify)	-	<1%	50%	
Environment	Public Relations	8%	2%	90%	Refurbishment of under-utilised existing building and provision of badly needed small business space given lack of alternatives
	Site Characteristics	5%	2%	90%	Refurbishment of existing building already owned by Basildon Council – existing condition known and factored in to cost planning
	Permits / Consents / Approvals	9%	-	90%	N/A for capex. In any case, Basildon Council own the building, are promoting the project and are the LPA
	Other (specify)	-	-	-	N/A
External Influences	Political	-	-	-	N/A
	Economic	-	11%	0%	Market risk linked to Covid-19 means that this has been left unmitigated at this stage
	Legislation / Regulations	9%	3%	0%	Will depend on Covid-19 secure working restrictions as we exit lock-down. Not mitigated at this stage
	Technology	-	-	-	N/A
	Other (specify)	-	-	-	N/A

Notes:

1. Reference section 3.10 of 'Supplementary Green Book Guidance - Optimism Bias' prepared from advice provided by Mott MacDonald
2. Reference Table 1: Recommended Adjustment Ranges from 'Supplementary Green Book Guidance - Optimism Bias (2002)
3. Category not included in Optimism Bias assessment for standard civil engineering projects. Ref. Table 3 from 'Supplementary Green Book Guidance - Optimism Bias (2002).



**Figure OB.2: Optimism Bias Summary Table for Capital Expenditure**

Project Type					Standard Building	
(a)	Estimated Cost				100%	£1,935,647
(b)	Upper bound Optimism Bias				24%	
	Risk Area	Gross Contribution to optimism bias (%)	Mitigation factor (%)	Net Contribution (%)		
	Late contractor involvement in design	2%	70%	0.6%		
	Poor Contractor Capabilities	9%	50%	4.5%		
	Dispute and Claims Occurred	29%	95%	1.5%		
	Design Complexity	1%	90%	0.1%		
	Degree of Innovation	4%	100%	0.0%		
	Inadequacy of the Business Case	34%	70%	10.2%		
	Project Management Team	1%	50%	0.5%		
	Poor Project Intelligence	2%	90%	0.2%		
	Other (specify)	1%	50%	0.5%		
	Public Relations	2%	90%	0.2%		
	Site Characteristics	2%	90%	0.2%		
	Economic	11%	0%	11.0%		
	Legislation / Regulations	3%	0%	3.0%		
(c)	Total % by which upper bound OB can be mitigated			67.6%		
(d)=bxc	Less mitigated Optimism Bias contribution (%)				16.2%	
(e)=b-d	Unmitigated Optimism Bias (%)				7.8%	
(f)	Cost of risk management (% of base cost)				0% (base costs include contingency already)	
(g)=e+f	Total Optimism Bias %				7.8%	
(h)=a+e+f	Base Cost adjusted for total mitigated Optimism Bias (%)				107.8%	
(i)=hxa	Base Cost adjusted for total mitigated OB				£2,086,395	



Figure OB.3 Optimism Bias Summary Table for Works Duration						
Project Type					Standard Building	
(a)	Estimated Works Duration				100%	12 months
(b)	Upper bound Optimism Bias				4%	
	Risk Area	Gross Contribution to optimism bias (%)	Mitigation factor (%)	Net Contribution (%)		
	Complexity of Contract Structure	1%	95%	0.1%		
	Late contractor involvement in design	3%	70%	0.9%		
	Poor Contractor Capabilities	4%	50%	2.0%		
	Dispute and Claims Occurred	4%	95%	0.2%		
	Design Complexity	3%	90%	0.3%		
	Degree of Innovation	1%	100%	0.0%		
	Inadequacy of the Business Case	31%	70%	9.3%		
	Funding Availability	8%	100%	0.0%		
	Poor Project Intelligence	6%	90%	0.6%		
	Public Relations	8%	90%	0.8%		
	Site Characteristics	5%	90%	0.5%		
	Legislation / Regulations	9%	0%	9.0%		
(c)	Total % by which upper bound OB can be mitigated			76.4%		
(d)=bxc	Less managed Optimism Bias contribution (%)				3.1%	
(e)=b-d	Unmitigated Optimism Bias (%)				0.9%	
(f)	Cost of risk management (% of base cost)				0% (base costs include contingency already)	
(g)=e+f	Total Optimism Bias %				0.9%	
(h)=a+e+f	Estimated Works Duration adjusted for total mitigated OB %				100.9%	



(i)=hxa	Estimated Works Duration adjusted for total mitigated OB	12.11352	months
---------	---	----------	--------