

# HARLOW

HARLOW  
SCIENCE PARK



## Getting Building Fund Business Case Submission

**Nexus – Harlow Science Park.  
Harlow Enterprise Zone**

**Harlow District Council**

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## 1. PROJECT OVERVIEW

1.1. **Project name:**  
*Nexus – Harlow Science Park*

1.2. **Project type:**  
*Site Development*

1.3. **Federated Board Area**  
*East Sussex, Kent & Medway, Essex, and Thames Gateway South Essex*

1.4. **Lead County Council / Unitary Authority:**  
*Essex*

1.5. **Development location:**

Harlow Science Park  
Newhall Way,  
Harlow  
Essex  
CM17 9LX

1.6. **Project Summary:**

The Harlow Science Park (HSP) is the flagship development of the Harlow Enterprise Zone (HEZ), providing space for science and technology companies and bringing many high value jobs to Harlow. It is specifically designed to provide high quality space that will complement the science parks in the Cambridge area and capitalise upon the growth of the science and technology sectors in the London Stansted Cambridge Corridor (LSCC).

Nexus, a 2800 sqm multi-tenant office building was selected as the first development within HSP along with the Anglia Ruskin University's Arise building.

The space within Nexus was designed to give flexibility to layout and provide significant opportunities to tenants to establish final fit-out provision in line with specific requirements.

This strategy was based on the projected occupancy of the building to be made up of two or three key tenants utilizing large floor plates within the building.

It was further projected that the capital cost of final fit-out for these floor plates would be paid by the tenants in exchange for free/optimized rental periods and as such no financing for these costs were established.

These projections have been significantly affected by the Covid-19 pandemic, with the requirement of large floor plates now making way for space reduction with interest in average sizes of requirement now between 250-300sqm.

These size spaces are also let with full fit-out in place, and whilst this alleviates the need to negotiate free/optimized rental periods, the need for the upfront capital expenditure has now become imperative to begin occupation within the building.

The project seeks to establish the required fit-out across the first and second floors ready for tenant occupation and also to establish a co-working space within the ground floor as a further response to the pandemic.

This co working space will meet the requirements of organisations that require flexible remote working solutions as they disaggregate from central offices within city centres as well as provide important incubation space for new companies as they develop the critical mass required to establish their own dedicated facility.

The project establishes 296 jobs and contributes to the wider success of the HEZ which will also generate significant funds through the Business Rates uplift which will facilitate the positive interventions linked to that income within the formal Enterprise Zone agreement

#### 1.7. Delivery partners:

Partner	Nature of involvement (financial, operational etc.)
<i>Harlow District Council</i>	Land Owner and Financing
<i>Vinci UK</i>	<i>Development Partner – Operational Role Only</i>
<i>COEL</i>	<i>Office Fit-Out Sub-Contractor</i>

#### 1.8. Promoting Body:

*Harlow District Council (HDC)*

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

*Jane Greer – Head of Community & Wellbeing – Harlow District Council*

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

Funding source	Amount (£)	Constraints, dependencies or risks and mitigation
<i>HDC Loans</i>	£10.165m	The loans have been drawn down against the practical completion of the Nexus Building prior to fit-out. All funds have been paid with exception of a small retained sum which are subject to defect correction, but these have been allocated pending completion.
<i>Getting Building Fund</i>	£1.597m	<i>Currently seeking funding to finalise programme</i>
<b>Total project value</b>	<b>£11.762m</b>	

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

£1.597m via the Getting Building Fund.

**1.12. Exemptions:**

N/A

**1.13. Key dates:**

Nexus reached Practical completion in line with the contracted delivery in May 2020. Floor plan designs, considering relevant M&E and structural limitations were complete in August, along with finalised cost assessments and delivery appraisal.

Should funding by GBF be confirmed, PO assignment under the OJEU compliant contract with Vinci UK will be executed with site commencement of works estimated to be January 2021 and completion of all works following in August 2021.

**1.14. Project development stage:**

Project development stages completed to date			
Task	Description	Outputs achieved	Timescale
Procurement	OJEU compliant process.	Vinci UK established as development partner through OJEU process.	Complete
Initial Design Stages	Feasibility, Viability and planning submission design.	All relevant drawings prepared for submission to planning.	Complete
Planning Approvals	Full application submitted to planning authority	Full approval received for scheme	Complete
Second Stage costing tender	Final works costing developed under the OJEU contract	Final total scheme costs agreed which protects expenditure to HDC at a capped level	Complete
Construction	Full scheme construction to completion subject to final fit-out requirements.	Building met Practical Completion as contracted	Complete
Fit-Out Design	Floor plans, surveys and requirements for all fit-out areas and	All designs complete and costing	Complete

	types.	established through development contract.	
Project development stages to be completed			
<b>Task</b>	<b>Description</b>	<b>Timescale</b>	
Fit-Out contract	Finalise Fit-Out contract and instruct contractor once funding is established.	November 2020	
Fit-Out Works	Fit-Out works including flooring, portioning and kitchenettes, along with co-working space establishment and meeting room provision.	January – August 2021.	
Marketing	Marketing of both floor plates and Co-working space	On-going until completion – Expected July 2022	

#### 1.15. Proposed completion of outputs:

The completion of the fit-out is projected to be August 2021, but the works will be phased to ensure that smaller floor plates are made available for potential tenants as a priority.

This phased approach will allow HDC to finalise tenancies once the ability to negotiate based on fully fit-out floor space are available and as such the realisation of jobs will phase in reflection of this.

It should also be noted that there is inevitably a delay between lease agreement and occupation.

Given these factors, it is anticipated that full occupancy will occur around July 2022. The projection of job creation will scale through the entire period to account for this with all 296 jobs being realised at that point.

All schemes and outputs within HSP sit within the SELEP Enterprise Zone and as such provide contribution of development to meeting the aspirations of the area and the significant financial benefits that will be provided to the SELEP through that mechanism.

## 2. STRATEGIC CASE

### 2.1. Scope / Scheme Description:

The HSP is the flagship development of the HEZ, providing space for science and technology companies and bringing many high value jobs to Harlow. It is specifically designed to provide high quality space that will complement the science parks in the Cambridge area and capitalise upon the growth of the science and technology sectors in the London Stansted Cambridge Corridor.

Harlow can offer perhaps the most competitive location in the south east of England, so close to London. HEZ provides: -

- 51 hectares of development opportunity
- Refurbished buildings ready for occupancy from 2016
- Easy access to London, Cambridge and Stansted Airport
- Simplified planning regime, often not requiring a planning application
- Business Rate discounts
- Superfast broadband supplies

HEZ is one of 45 locations across the country, designated by the UK Government, to provide incentives for investment. The Zone provides three specific opportunities: -

- London Road South (Kao Park); 20,000 square metres of 'Grade A' office space as well as the largest Data Centre development with full planning consent and currently under construction in the south east of England
- London Road North (HSP); 15 hectare greenfield site available for design and build opportunities with a focus on the Med Tech, Life Science and ICT sectors; construction commences in 2017.
- Templefields; existing industrial estate offering SME manufacturing space and longer term re-development opportunities.

The HEZ will carry on this tradition for innovation and enterprise through the creation of a campus environment for dynamic businesses creating new technologies and new products, thereby stimulating innovation and generating economic growth.

There are four core objectives: -

- The development of two sites to provide high quality, modern business space meeting the needs of businesses in the ICT, Advanced Manufacturing and Life Science sectors.
- The location of 100 businesses and the creation of a minimum of 2500 jobs with the potential to create more than 5,000 jobs over a 25 year period.
- Increase the GVA of the West Essex sub-region through inward investment and enabling the growth of existing companies through re-location, expansion and supply chain opportunities.
- The creation of employment opportunities for local residents.

Nexus, a 2800 sqm multi-tenant office building was selected as the first development within HSP along with the Anglia Ruskin University's Arise building.

The space within Nexus was designed to give flexibility to layout and provide significant opportunities to tenants to establish final fit-out provision in line with specific requirements - the building external designs can be found in Appendix 2.

This strategy was based on the projected occupancy of the building to be made up of two or three key tenants utilizing large floor plates within the building.

It was further projected that the capital cost of final fit-out for these floor plates would be paid by the tenants in exchange for free/optimized rental periods and as such no financing for these costs were established for these works.

These projections have been significantly affected by the Covid-19 pandemic, with the requirement of large floor plates now making way for space reduction with interest in average sizes of requirement now between 250-300sqm.

These size spaces are also let with full fit-out in place, and whilst this alleviates the need to negotiate free/optimised rental periods, the need for the upfront capital expenditure has now become imperative to begin occupation within the building.

Where larger floor plate requirements have been discussed with potential tenants, the capital provision for fit-out has now become increasing less available for expulsion at the beginning of such tenancies, and companies now seek to include these costs within the lifecycle of a lease and look for reductions in rental costs at renewal. Ordinarily, there would be a rent-free or adjusted rent period to share fit-out costs between tenant and landlord at the appropriate level depending on technical requirement, but in the absence of this the rental costs would start at the market level for a fully fit-out office space.

These factors have led to the need for the project to establish a fit-out phase in order to make the building ready for occupation and to finalise current interest predicated there in, and stimulate further interest with the appropriate product offering.

Further to this, with consideration given to the impact of Covid-19 on working practises, it is anticipated that the need for co-working space will greatly increase as the de-aggregation of larger single user office environments within traditional settings begin to make way for flexible ways of working.

Whilst this initially is a reaction to Covid-19, the ability for workers to access facilities within the locality of their homes also benefits the green recovery objectives, by allowing for less travel and the uptake of modal shift options.

To that end, Harlow District Council (HDC) have set a strategy to establish and operate a co-working space making up the ground floor of the Nexus building in order to provide solutions and directly respond to these prevailing circumstances.

The proposed floorplans for the fit-out of Nexus are detailed in Appendix 3.

Furthermore, this acceleration would facilitate the delivery of the overarching EZ deliverables as well as Business Rate uplift which will facilitate further positive interventions as defined within Enterprise Zone agreement.



## 2.2. Logic Map

Inputs	Outputs	Outcomes	Impacts
<p>Total project value is £11,762,000</p> <p>Funding sources include;</p> <p>Harlow District Council £10,165,000</p> <p>Commercial income (10 year profile) - £12,552,000</p> <p>SELEP funding request:</p> <p>A total of £1,597,000 is requested from the Getting Britain Building Fund.</p>	<p>Completed and fully fit-out 2800 sqm B1 (a) flagship multi-tenant office building for targeted industries.</p> <p>Covid-19 responsive co-working space.</p> <p>'Platinum' accredited fibre connectivity to all buildings.</p>	<ul style="list-style-type: none"> <li>• 296 FTE jobs created through Modus development</li> <li>• £17,105,500 of new GVA generated over a 10 year period</li> </ul>	<ul style="list-style-type: none"> <li>• Significant positive contribution to the establishment of HSP as an operational science and innovation park.</li> <li>• Acceleration of private sector and further public sector investment in future zone developments and associated job creation</li> <li>• High quality employment generation for Harlow/catchment residents</li> </ul>

### 2.3. Location description:

HSP and the wider EZ is situated 5 minutes from Junction 7 of the M11, providing easy access to London, Stansted Airport, Cambridge and the wider national motorway network.

#### **Transport:**

As well as the excellent road access to the EZ, Harlow also benefits from good train connections through its two mainline stations – Harlow Town and Harlow Mill, providing direct access to London Liverpool Street, Stansted Airport and Cambridge. Central London can be reached in 35 minutes and Stansted in 20 minutes. Utilising the London Underground connection at Tottenham Hale, Oxford Circus can be reached in 45 minutes.

Harlow Council is currently working with Essex County Council to develop a new motorway junction on the M11 to the north east of the town (Junction 7a), which would provide even faster access to the motorway from the Enterprise Zone. Work commenced on this new junction in 2020.

#### **Benefits:**

As well as the locational advantages of Harlow, businesses establishing themselves in the HEZ will have the following specific benefits: -

- Business rate relief of up to £55,000 per year for a five year period
- An existing planning framework which means in most case a planning application is not required for building alterations or for new buildings
- Fast tracking of the provision of superfast broadband

#### **Setting:**

Harlow sits within an attractive area of the Essex and Hertfordshire countryside on the River Stort. The town provides a mix of housing and the EZ itself is immediately adjacent to the award winning Newhall development, providing high quality family housing. The attractive villages of Hertfordshire and north Essex are within Harlow's catchment area.

The town has a strong business base and is already a sub-regional employment centre. Historically the town has been home to businesses such as GlaxoSmithKline, Pitney Bowes and Nortel and today provides around 25,000 jobs for the local economy. The presence of these employers ensures that the area has a strong skills base particularly in life sciences and manufacturing.

Harlow sits at the heart of the LSCC. This provides a significant catchment of 3.3million people within an approximate one hour journey of Harlow. This population is set to grow by 20% by 2032. The area has a strong economy and skills base with 41% of an expanding working age population qualified to degree level. The business base is also growing with a 2.2% increase between 2008 and 2010, despite a global recession.

The area benefits from a strong educational offer, which is expanding year on year. As well as the location of Anglia Ruskin University on the HSP, Harlow College has an established Advanced Manufacturing Centre and created the Stansted Airport College providing a range of airport related vocational education. Both Harlow Collage and Anglia Ruskin University have signed Memorandums of Understanding with Public Health England to support their

future employment needs. Their programmes, along with that of the BMAT STEM Academy, complement the target activities of the EZ, providing science and technology programmes for 14 – 19 year olds.

Below is a map showing the location of the EZ in a national context:



### 2.4. Policy context:

The EZ was established to support the health and allied industries and advanced manufacturing sectors within West Essex. HSP was established under an approved Local Development Order (LDO).

When drawing up the LDO, particular attention was given to the balance between offering flexibility to businesses to deliver employment and GVA growth, and ensuring that frontages along the external boundaries of the site create the right impression of quality and are appropriate in respect of the residential areas or main highways nearby. Permitted

development has been granted for refurbishment of existing buildings consistent with design and sustainability criteria.

The designation of the EZ provides certainty to a range of business activities that will support future investment and contribute to regeneration of Harlow and West Essex. The land is currently designated as employment land, but elements of it – particularly the greenfield at London Road and the TNE frontage onto Cambridge Road – may come under pressure for other types of development. EZ status would support protection of the land for employment uses and prevent other types of development for example housing and retail.

Uses that would be appropriate include the following:

- B1 (A,B and C) and
- B2, C2 (training centres only)

The LDO met all necessary national planning policy and the masterplan for HSP delivered as part of the establishing process provides a campus style design which unifies the buildings and ensures that commercial, manufacturing and research buildings sit harmoniously together. Sizes range from 10,000 sq ft through to 100,000 sq ft and from 2 to 4-storey development.

Nexus received planning approval under the LDO makes up part of the approved masterplan.

The approved masterplan is shown below:





Nexus and the wider EZ meet a number of the Governmental Objective 1 of the funding criteria for the GBF by being focused on job creation for the town and wider geographical areas.

Governmental Objective 2 of the funding criteria is also met within the Nexus project through the provision of co-working space as a direct response to the changing working practises realised by Covid-19.

These practises will facilitate a reduction in commuting and travel as well as the uptake of modal shift options.

The following LEP priority areas are also met:

- LEP Priority interest area 2: Physical infrastructure to improve the local economy – The EZ, and HSP contribute to the delivery of infrastructural development to assist with the delivery of an expanded and improved local economy for Harlow with Nexus will provide multi-tenant office solutions for participants within an integrated supply chain across the development area. This vertical integration within the various innovation sectors is key to delivering a variety of jobs and career opportunities.
- LEP Priority interest area 4: Innovation ecosystem – The EZ and HSP have been developed to directly meet the needs of the life sciences sector, innovative technologies and digital industries. The LDO for HSP seeks to establish a relevant mix of building uses to include office, laboratory and research premises as well as production facilities. It is this variety of provision that will deliver a true Innovation ecosystem in any location and along with Nexus, the Modus scheme has commenced construction which represents the next step in realising this ambition.
- LEP Priority interest area 5: Digital connectivity – The digital infrastructure for Nexus and the wider HSP have been designed to represent market leading connectivity. Nexus has achieved Platinum score for Wired Accreditation of digital infrastructure. N

Nexus's Wired accreditation can be found in Appendix 4

## 2.5. Need for intervention:

Harlow has a once in a generation opportunity for regeneration and transformation. The town is as a key location in the London Cambridge Corridor for both economic and housing growth. The town must provide the quality of place that supports the town's economic aspirations through planned major investments. These include the government backed move of Public Health England (PHE) to Harlow, the growing city scale population of the Harlow & Gilston Garden Town (HGGT), the development of the HEZ/HSP, and the building of a new Princess Alexandra Hospital (PAH). All of these rely on attracting both businesses and employees, and both the Harlow Growth Board and our partners leading these major investments, greatly emphasise how planned and future developments must match this growth ambition.

Covid-19 has triggered adverse economic impacts to Harlow with disproportionately high levels of furlough and unemployment making the stimulation of employment space and tenant uptake an imperative. The public sector must provide resolute leadership and show confidence to invest for the future. Nexus and the wider HSP will demonstrate high quality development, and raise the bar for private sector interventions, improving quality of place and life in the town centre.

At the time of the EZ being established, Harlow was the 95th most deprived district in England, with four Super Output Areas in the top 20% most deprived nationally.

This deprivation is in part caused through the low earning levels present within Harlow and is further exacerbated by the national trend that the proportion of the population of working age who work (either by choice or necessity) has raised substantially. Consequently, many more jobs are required to 'support' a given population.

Harlow's population (87,100 in 2019) has grown strongly over the past 10 years - by 0.8 per cent per year, higher than the UK average of 0.7 per cent per year. Growth is projected to continue at above the national rate for the next 20 years (Harlow: 0.6% per year 2016-2036; UK: 0.5% per year). Official growth projections do not adequately reflect planned future housing developments and therefore the full extent of population growth. The catchment area is set to expand significantly through HGGT and housing growth in nearby towns. HGGT will deliver 16,000 homes to 2033 and 7,000 post 2033 totalling growth of the existing Harlow urban area of 23,000 homes, a two-thirds increase on the current number of homes and raising the population to circa 130,000 residents.

Further infill development and redevelopment within the town and town-centre will see this number rise significantly.

These additional households will put significant pressure on the provision of employment in the local area, and whilst commuting to The City and wider geographical employment areas will consume some of this demand, post Covid-19 working solutions and green recovery aspirations will mean a greater emphasis is placed on locally driven solutions.

These solutions will require a variety of job and career types, flexible and traditional working environments and a robust infrastructure to support new and developing businesses.

In order to meet these prevailing issues and to support the Governments Sustainable Development Goals, the EZ and HSP represent clear interventions to support the expansion of the Harlow employment areas and deliver a wide variety of job and career types to appeal to a wide cross section of the local working population.

These aspirations are dependent on realising the opportunities of an integrated supply chain across the targeted sectors which will provide employment across different education, skill and vocation types.

It is this range of employment that will answer the employment need of the immediate and future generations of the town's residents.

The development of Nexus was an important first step in strategic realisation, and whilst market requirements for office space have shifted, its importance within HSP and the wider EZ to delivering an integrated supply chain are not diminished. Nor is the ability of the buildings occupation to allowing for the leverage of the pipeline areas of development to be targeted for further integrative industry participants.

Should funding from the GBF be successful, the fit-out phase of the Nexus project will not only deliver physical outcomes and specific job creation opportunities, but will also stimulate and accelerate the establishment of the other employment opportunities targeted by the interventions of HSP and the EZ.

## 2.6. Sources of funding:



The funding for development across the EZ has to date included significant infrastructural investment for road and access arrangements as well as utility and digital connectivity provision which have been delivered through public sector funding.

Since the establishment of the EZ, extensive market engagement has occurred to seek private sector investment, and whilst the location within the innovation corridor has proved of significant interest to a number of market participants, the lack of services in direct locality and established employment space as complete and operational assets has detrimentally affected this interest for HSP.

This situation is compounded by the low residual land value across Harlow, which makes a direct sale against investment a low yield proposition and this can be found in both the commercial and retail sectors, with a number of large office buildings in the town becoming low-quality rental accommodation under permitted development.

KAO Park however have had success in lower level interventions for asset upgrades and this has seen uptake of space within this section of the EZ, albeit no further significant investment is planned by the land owner until further development of the wider area is complete.

The decision of the Harlow District Council to proceed with the Modus and Nexus development and Anglia Ruskin University's investment of £4.35m on the construction of the Arise building, begins the process of establishing HSP as an entity has been a significant step forward in the realisation of EZ aspirations, and good interest has been found for both the Nexus and Arise buildings, and whilst Covid-19 has changed the nature of this interest, it is expected that uptake of space will be forthcoming once fit-out is complete.

The development costs of Nexus to date have been paid for by loan capacity of HDC against revenue and business rate benefits, which has brought the building to a pre fit-out, practical completion level.

Given the change in market requirement driven by Covid-19 and prevailing working practices, the fit-out of Nexus as an additional phase of the buildings project delivery is a recent expansion of scope.

Given this, no funding has yet been identified for the works, but GBFs requirements around project deliverability make it an ideal candidate, with benefit realisation being directly linked thereto.

The ongoing strategy for the wider delivery at HSP remains to stimulate private sector investment and involvement, but these are anticipated to be delivered through freehold and/or long lease hold opportunities with organisations looking for proprietary premise delivery, and it is anticipated that this will be delivered through prior sale/lease agreement prior to asset delivery by HDC.

Some excellent prospective developments through these mechanisms are currently being negotiated with potential park participants, but the delivery of services to the site remains a clear barrier, with desire to see funded plans for these to be confirmed before commitment is made.

The fit-out and occupation of Nexus as well as the adjacent Modus scheme remain a key stepping stone to the realisation of an attractive proposition to tenants, private sector investment and the establishment of a functioning science park.



HSP offers an excellent proposition for growing and established organisations within the targeted sectors, as fit-for-purpose facilities become key to the development and success of these entities.

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

The establishment of the EZ was predicated on the attraction and targeting of the life sciences, advance manufacturing and other innovation industries, and this strategy flows through the flagship HSP development.

Whilst market conditions have been affected by Covid-19, and the financial drivers and capacity of the industry participants have caused a shift in demands and types of investment options, the strategy for the targeted sectors remains applicable.

This is further supported by the Government's increased focus on innovation sector development and the location of HSP within the Innovation Corridor provide clear rationale to the continued benefits of HSP.

The changes in working practises driven by Covid-19 may reduce the need or demand for large isolated office only premises within the sector and this will become understood in the coming year, but the ability of HSP to react to these changes and to concentrate options around flexible spaces and premises mean that investment at this time are shielded from these changes to a large degree.

Nexus occupies a unique position to react to the changes in working practises and the need for smaller office spaces and co-working environments in the light of Covid-19, but failure to secure funding for the fit-out works will stymie the ability to realise these opportunities.

The intervention of it as well as other areas of HSP will provide a catalyst to establishing a successful park, and in turn will help realise the opportunities for private sector investment and involvement.

Failure to secure this project funding would result in currently insurmountable difficulties in finalising occupancy within Nexus and the effect of this would cause significant delays in the realisation of the wider benefits of employment and economic opportunities available at HSP. This would result in a failure to fulfil the outcomes and aspirations of the EZ, the uplift in employment and economic drivers to support the growing local population and the Business Rates uplift to provide further supportive interventions.

Further failure to employment strategies for the town and catchment areas would also be a negative outcome to failing to secure funding with the onus becoming centred on private sector intervention which has already been highlight above.

This failure would directly affect Harlow's ability to support the Government's Sustainable Development Goals and the opportunity to provide a wide variety of employment opportunities to the current and increasing population of Harlow will be lost.

## 2.8. Objectives of intervention:

Project Objectives (add as required)

Objective 1:

Deliver flexible multi-tenant office facilities for targeted sector participants in a 'ready for occupation' status through secondary fit-out.

Objective 2:

Establish a modern co-working space for new norms linked to emerging changes in working practises.

Objective 3:

Provide suitable employment space to realise the ambition of varied and quality employment opportunities for the local population.

Objective 4:

Support the future developments of HSP through the provision of space required to begin delivery of integrated supply chain within the EZ.

Objective 5:

Provide critical mass to stimulate private sector investment and involvement on other development zones of HSP under the LDO.

Problems or opportunities the project is seeking to address (add as required)

Problem / Opportunity 1:

Employment and quality job creation as to meet the needs of the increasing population, along with an increase in average earning capabilities across the town.

Problem / Opportunity 2:

Meet the outcomes of the EZ.

Problem / Opportunity 3:

Realise the opportunities presented by the location of HSP and the EZ within the Innovations corridor.

Problem / Opportunity 4:

Provide direct response to Covid-19 related changes to market condition and working practises.

Problem / Opportunity 5:

Provide the targeted sector the location led opportunity to utilise an increasingly skilled workforce driven by skills programmes delivered by Harlow College, Anglia Ruskin University and supported by HDC.

	Problems / opportunities identified in Need for Intervention section				
	Problem / Opportunity 1	Problem / Opportunity 2	Problem / Opportunity 3	Problem / Opportunity 4	Problem / Opportunity 5
Objective 1	✓✓	✓✓	✓✓✓	✓✓✓	✓✓
Objective 2	✓	✓✓	✓	✓✓✓	✓✓
Objective 3	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓
Objective 4	✓✓	✓✓	✓✓	✓	✓
Objective 5	✓✓	✓✓	✓✓	✓	✓

## 2.9. Constraints:

At this juncture of delivery, constraints around planning, procurement and infrastructure have been overcome with the building works now meeting practical completion awaiting secondary fit-out.

Whilst legal, social, environment and other constraints have been addressed through the LDO; financing remains the key constraint to the delivery of Nexus, with the level of market adaptation and general working practice shift occurring only very recently.

Given the need to now complete all fit-out arrangements and co-working space development as an extended part of the Nexus delivery, no funding has been considered prior to these circumstances becoming known, and no funding is currently approved or awarded to this

## 2.10. Scheme dependencies:

The key dependencies surrounding planning permissions and legal/procurement methods were complete ahead of construction and practical completion of the Nexus building.

Fit-out works are not subject to planning restrictions and as such these can move forward without further application to the relevant authority.

The main dependency to success of the scheme now exists within the purpose of this application, being the delivery of funding to facilitate the outlined fit-out works and co-working space establishment which will allow for the benefits realisation of job creation and wider HSP and EZ deliverables.

Another key area of dependency for the success of the EZ, HSP and the delivery of the associated growth potential of the UK Innovation Corridor is the improvements to the main road network linking London, Harlow and Cambridge.

Work has started on an additional motorway junction access for the town at M11 7a, and Harlow benefits from close proximity to London via major road and rail links, including the A10, M25, A414, M11, and West Anglia Route. London Liverpool Street, Tottenham Hale and Stratford can all be reached within 30 minutes. London Stansted Airport is 12 miles north east, Cambridge just 35 miles north.)

## 2.11. Expected benefits:

The expected benefits of the Nexus project are:

2,787m<sup>2</sup> of new commercial floorspace

296 new jobs

£17,105,500 of new GVA generated over a 10 year period

Additional detail can be found in the Economic case. We are not anticipating any wider benefits that sit outside the economic case.

## 2.12. Key risks:

In line with industry best practise and as detailed in the Management Case, a fully detailed delivery risk register was managed as part of site delivery to practical completion. This register has now been closed and a further risk register has been produced ahead of a fit-out phase of the project delivery and this can be found in Appendix 5

Over and above these more usual risks are two key areas.

1: Funding – realising the funding for the fit-out is the first key risk for the project, and this submission for funding represents the only current option to securing the necessary financing. Should the submission to the Getting Building Fund be unsuccessful, the residual position is to seek alternative sources of funding which are at this point unknown, or to revert to the current position which is to await market driven opportunities to pass capital costs to commercial tenants as and when the market reverts to a position where this is a viable option for potential Nexus occupants.

Given that it is market changes which brought about the inability to pass capital expenditure to potential tenants, there is no projected timeframe to the reversion of this condition.

Therefore, risk sits with the delivery of the key benefits of the scheme surrounding job creation, and this has been detailed in previous sections through its relationship the establishment of HSP as a functioning and attractive proposition to employers and employees alike.

2: Second Wave – Covid-19 – Should a second wave of Covid-19 occur there is a risk of second 'lockdown' which would give rise to a return to socially distanced working practises. Should this occur, a reprogrammed construction period would be detailed, with utilisation of 3 access points to the building being used by different trades in an isolated format.

By utilising the main stairwell and access for the first floor, second stair well and access for the second floor and third ground-floor access to the northern elevation of the building, works can be phased over an elongated timeframe to allow for the appropriate working practises, with site meetings taking place in a socially distanced manner.

These measures would have an impact to the timeframes and these would vary depending on the installation of any such lockdown, but assuming an early intervention of this type, the programme of works would still meet the dates defined within the delivery parameters of the Getting Building Fund.

### 3. ECONOMIC CASE

Nexus is a new high grade office building as part of the Harlow Science and Innovation Park that will provide tenanted space on the two upper floors bring valuable employment to the town within the life science and wider supportive sectors. The ground floor will be a co-working environment to provide incubation for new businesses and flexible space for established businesses reacting to the changes presented by the Covid-19 pandemic. The building has recently passed practical completion and funding is now required for secondary fit-out for tenants and to produce the co-working environment. Practical completion of the scheme is projected for March 2021 with occupancy anticipated from Early 2022.

#### 3.1. Options assessment:

##### Long list of options considered:

In determining the selection of the scheme at the Nexus Site, option consideration was given directly to the LDO and outcomes defined by the Enterprise Zone.

The use classes and their contribution to the ambitions of HSP were considered during the LDO process and the Nexus and Modus meet the parameters thereof as well as delivering the initial capacity to the delivering an integrated supply chain as previously discussed

The LDO process engaged widely with stakeholders across public and private sector organisations as well as resident groups.

Due to the Nexus being an advanced project we have considered two potential solutions to the opportunities and challenges in the Strategic Case were identified during the option generation process. Initial options are therefore limited.

Scheme Name	Description
<b>Option 1 - Do Nothing</b>	This scheme assumes that fit out of Nexus will not be delivered in the short term and that external funding would have to be sought from an alternative stream.
<b>Option 2 – Preferred option – delivery of complete fit out of Nexus</b>	Nexus occupies a unique position to react to the changes in working practises and the need for smaller office spaces and co-working environments in the light of Covid-19, but failure to secure funding for the fit-out works will stymie the ability to realise these opportunities.
<b>Option 3 – Preferred option – delivery of complete fit out of Nexus</b>	This option would deliver the fit out of Nexus. Completion will enable Nexus to be brought to market to meet known demand for Innovation space within Harlow Science and Innovation Park.

##### Options assessment:

Due to the advance nature of the build, and the need to accelerate the project, there are a limited number of options that could be considered. In addition to 'Do Nothing', the number of options is limited to 2. These being the partial fit out of the Nexus building or, the third option; completing the full fit out of Nexus enabling doors to open in 2022. In order to develop a short

list of potential options to appraise, we chose to apply a simple matrix utilising a simple 4-point red/amber/green (RAG) scoring system for each of the assessment areas. Using these criteria, the two options were considered below in Figure 2.

Option	Strategic fit	Benefits Optimisation	Potential achievability	Potential Affordability	Key Issues
<b>Option 1 - Do Nothing</b>	0	0	5.0	5.0	This option does not address the need to complete new build which would result in Harlow missing the economic benefits associated with the scheme
<b>Option 2 – Partial fit out to basic shell awaiting further funding option</b>	0	0	5.0	5.0	This option completes a phased build out, leaving the final fit out uncomplete and effectively mothballed until further funding can be sourced to complete the works.
<b>Option 3 – Preferred option – delivery of complete fit out of Nexus</b>	5.0	5.0	5.0	5.0	This option delivers new the fit out of Nexus. Completion will enable Nexus to be brought to market to meet known demand for Innovation space within Harlow Science and Innovation Park.

### Short list of options:

Options 2 and 3 were shortlisted, however with the project at an advanced stage and with levels of demand for the space known, the Council recognised the need to complete the project and ensure that known private sector demand could be accommodated within Nexus. Option 3 was therefore selected as the Preferred Option.

### 3.2. Preferred option:

Following the Options evaluation, local partners quickly discounted Options 1. Option 1 as reference case was quickly dismissed as ‘doing nothing’ is not going to deliver high quality space which meets known local demand for space.



Option 2 has been considered. However the partial completion of the fit out phase and then leaving Nexus mothballed until further funding can be sourced. This option has been discounted as it does not deliver a useable building which can meet the needs of local market enquiries; equally we believe this would send out a negative message about the EZ. Local partners have therefore identified Option 3 as the preferred scheme, not least due to the advanced nature of delivery. Option 3 has been designed to meet existing local demand and help further establish HSP as a leading centre for High Tech jobs within the LSCC.

Option 3 enables local partners to develop a management approach that will deliver improved economic performance. Option 3 has been identified as the preferred as it is deliverable and affordable. Option 3 also enables the Council to deliver its revised floor plate strategy with a Covid-19 shift towards smaller units. HDC has a strategy to establish and operate a co-working space making up the ground floor of the Nexus building in order to provide solutions and directly respond to these prevailing circumstances.

Delivery of the scheme will enable 2787m<sup>2</sup> of new commercial floorspace to be brought to the market. Using HCA employment density forecasts this will create 296 new jobs, which will predominantly be high value jobs. This will lead to the generation of £17,105,500 of new GVA generated over a 10 year period within Harlow.

Projections for space have been significantly affected by the Covid-19 pandemic, with the requirement of large floor plates now making way for space reduction with interest in average sizes of requirement now between 250-300sqm. These size spaces are also let with full fit-out in place, and whilst this alleviates the need to negotiate free/optimised rental periods, the need for the upfront capital expenditure has now become imperative to begin occupation within the building.

Where larger floor plate requirements have been discussed with potential tenants, the capital provision for fit-out has now become increasing less available for expulsion at the beginning of such tenancies, and companies now seek to include these costs within the lifecycle of a lease and look for reductions in rental costs at renewal.

These factors have led to the need for the project to establish a fit-out phase in order to make the building ready for occupation and to finalise current interest predicated there in, and stimulate further interest with the appropriate product offering.

Further to this, with consideration given to the impact of Covid-19 on working practises, it is anticipated that the need for co-working space will greatly increase as the de-aggregation of larger single user office environments within traditional settings begin to make way for flexible ways of working.

Option 3 has close alignment with the objectives set out by the Council for its EZ and for the stage of development of the facilities within the Zone. Specifically 4 objectives have been identified.

- The development of two sites to provide high quality, modern business space meeting the needs of businesses in the ICT, Advanced Manufacturing and Life Science sectors.

- The location of 100 businesses and the creation of a minimum of 2500 jobs with the potential to create more than 5,000 jobs over a 25 year period.
- Increase the GVA of the West Essex sub-region through inward investment and enabling the growth of existing companies through re-location, expansion and supply chain opportunities.
- The creation of employment opportunities for local residents

Option 3 meets each of these objectives. The project as proposed will meet demand for high quality space which will be targeted at the ICT, Advanced Manufacturing and Life Science sectors. It will help accommodate new businesses and generate 296 new jobs, particularly aimed at local residents in a 10-year period, making a strong initial contribution to the target of a minimum of 25,000 jobs and location of over 100 businesses. The increase in GVA has been modelled and represents a significant contribution to the West Essex sub-region.

### 3.3. Overall Cost Benefit Analysis of Funding

In the remainder of this section of the economic case we assess a range of different scenarios in the following stages:

1. First, the specific benefits that each option would deliver will be considered;
2. Second, the likely benefits that might result from each option will be analysed to provide an estimate of the overall Cost-Benefit of public investment. Three different scenarios will be considered, compared to a 'do nothing' scenario;
3. Thirdly, the economic benefits to the region, and UK as a whole will be considered in more detail. Scenarios are created and then the literature and modelling work used to estimate an appropriate rate of return which the intervention will generate. Consideration is made of the Net Present Value (NPV) for the three different scenarios. A Green Book consistent methodology is followed in order to present the NPV and benefit cost ratios. The methodology for evaluating the qualitative benefits associated with each option has included:
  - 3.1 An initial literature review to assess the potential range of benefits that might accrue to the project;
  - 3.2 Base modelling of the impacts and benefits derived from similar past programmes;
  - 3.3 An initial modelling of the main headline benefits likely to be delivered through the programme;
  - 3.4 Consultation with the programme sponsors, estate team and relevant academics;
  - 3.5 More detailed modelling to model the secondary benefits likely to be delivered.
  - 3.6 Final consultation to assess key stakeholders' opinions of the modelling work;
  - 3.7 Weighting the relative importance of each benefit in relation to each investment objective; and;
  - 3.8 Scoring each of the short-listed options against the benefit criteria.



The methodology includes the following:

4. **Time period considered:** In the analysis it is assumed that the investment would lead to returns for 60 years following the initial spend. The Green Book States “Costs and benefits should be calculated over the lifetime of the intervention or asset. For many interventions, a time horizon of 10 years is suitable. Where significant assets are involved up to 60 years may be suitable e.g. buildings and infrastructure.
5. **Timing of spend:** For all scenarios a planned timing of spend was used, relying on the assumption of the project being supported in 2020 with completion of the project in March 2021 with Nexus operational in 2022.
6. **Impacts:** The range of potential economic impacts deliverable across the range of scenarios to be tested are the direct jobs created and safeguarded; the GVA increase for suppliers (over and above indirect jobs) and the growth in value added in start-ups and spin offs.
7. **Additionality:** Using mean estimates for deadweight, displacement, leakage, substitution, multipliers and net additionality based on evaluation work conducted by DBIS and Cambridge Economic Associates. We have looked at the individual components of deadweight, displacement, leakage and multiplier effects to revisit assumptions about additionality. These have then been taken over into the revised CBA calculations and Business Case;
8. **Deadweight:** The reference case accounts for deadweight loss of what would happen in the absence of intervention.
9. **Displacement:** We have considered the number/proportion of intervention outputs accounted for by reduced outputs elsewhere in the target area. We are aware from the enquiry pipeline that there is limited alternative space within the local area. The proposed Modus building will meet an existing market need. We have assumed displacement of the reference case to be 5 due to Harlow’s connectivity and location to other innovation locations

### 3.4. Economic appraisal assumptions:

The methodology includes the following:

10. **Time period considered:** In the analysis it is assumed that the investment would lead to returns for 60 years following the initial spend. The Green Book States “Costs and benefits should be calculated over the lifetime of the intervention or asset. For many interventions, a time horizon of 10 years is suitable. Where significant assets are involved up to 60 years may be suitable e.g. buildings and infrastructure.
11. **Timing of spend:** For all scenarios a planned timing of spend was used, relying on the assumption of the project being supported in 2020 with completion of the project in August 2021 with Nexus operational in 2022.
12. **Impacts:** The range of potential economic impacts deliverable across the range of scenarios to be tested are the direct jobs created and safeguarded; the GVA increase for

suppliers (over and above indirect jobs) and the growth in value added in start-ups and spin offs.

13. **Additionality:** Using mean estimates for deadweight, displacement, leakage, substitution, multipliers and net additionality based on evaluation work conducted by DBIS and Cambridge Economic Associates. We have looked at the individual components of deadweight, displacement, leakage and multiplier effects to revisit assumptions about additionality. These have then been taken over into the revised CBA calculations and Business Case;

14. **Contingency:** was originally identified as the project was scoped. However following the Development being signed, Harlow District Council has transferred the contingency risk to the developer partner. We have therefore not included a contingency in the appraisal.

15. **Deadweight:** The reference case accounts for deadweight loss of what would happen in the absence of intervention. A figure of 10.3% has been applied to the model to account for deadweight, we have used the DBIS/Cambridge Economic Associates model for sub-regional projects to account for the likely impact on Nexus.

16. **Displacement:** We have considered the number/proportion of intervention outputs accounted for by reduced outputs elsewhere in the target area. We are aware from the enquiry pipeline that there is limited alternative space within the local area. The proposed Modus building will meet an existing market need. We have assumed displacement of the reference case to be 5 due to Harlow's connectivity and location to other innovation locations.

17. **Leakage:** Leakage measures the number or proportion of outputs (occurring under the reference case and the intervention options) that benefit those outside of the intervention's target area. This could have positive and negative effects on other areas;

18. Reference Case: As far as the reference case is concerned, we do not believe the current performance will lead to any leakage.

19. Preferred Case (Option 3 – Preferred option – delivery of complete fit out of Nexus with the delivery of Option 3 there is a relatively small chance of leakage due to the fact that any potential competition currently available within the market and as a result it will mean the level of leakage will be relatively small. Due to this, a factor of 5% has been applied within the economic impact modelling.

## 20. Optimism bias

In preparing the Appraisal we have reflected the potential for Optimism Bias by using the five-step approach that is based on the findings from Mott Macdonald's study. We have identified the project as being a "Standard build" with capital expenditure bias bound between 24 at an upper limit and 2 at the lower.

We have applied the methodology and have applied mitigation of contributory factors at 0.7 and 0.7 for the partial mitigation factor, due to the control that Harlow Council has over mitigation. This results in an Optimism Bias assumption of 11% applied to costs.

21. **Substitution:**

In line with standard approaches to substitution BEIS, benchmarks suggest this is a negligible issue for this type of development;

22. **Reference Case:** As far as the reference case is concerned, we consider the multiplier effect to be negligible;

23. **Multiplier Effect: Preferred Case (Option 3 – Preferred option – delivery of complete fit out of Nexus)** We believe that the Multiplier Effect needs to be set higher than that of a standard workspace, the mean for the latter is 1.20, with the upper range being 2.17. We have applied a multiplier effect of 1.80. This factor has now been applied to project and modelling.

24. **Discounting rates**

Discounting future costs and benefits to present value have been applied to the project and appraisal. The *Green Book* discount rate is generated using the following equation:

$$r = \rho + \mu g$$

Where  $r$  is the discount rate.

$\rho$  is pure time preference (discount future consumption over present consumption on the basis of no change in expected per capita consumption).

$\mu$  is elasticity of marginal utility of consumption

$g$  is annual growth in per capita consumption

We have applied the ***Green Book: Appraisal and Evaluation in Central Government*** produced by HM Treasury recommendation of a discount of rate of 3.5% (HM Treasury, 2011, 26) to the project.

These factors have now been applied to the various options under consideration and the CBAs been updated accordingly.

25. **Benefits Criteria:**

The benefits criteria were developed using a range of criteria set out in the Economic Appraisal. Most of the core benefits were calculated using accepted national benchmarks, triangulated wherever possible with secondary data, to provide additional robustness.

**23. Direct Jobs created and safeguarded:**

As far as Direct Job Creation is concerned, various methodologies have been adopted to assess the job creation potential of different interventions. For example;

**24. Return on Capital Employed:** The HCA has summarised the different methodologies and tried to develop some standard benchmarks of their own for selected land and property interventions. Their work shows the range of gross cost per net job figures expressed in terms of total gross public sector expenditure against total net additional job outputs. Net additional jobs are based upon a sub-regional level of analysis.

The review identified the cost per net additional job created or safeguarded range of £28,700 to £51,000 for regeneration and property development projects with a mid-point in this range of £39,850. The benchmark range is based on historic evidence. The figures here reflect the actual outcomes associated with projects and will therefore take account of possible cost overruns and any shortfall in the delivery of expected outputs.

For the purposes of evaluating the impact of the various options under consideration in this case, we have used the HCA benchmarks. We have used the high-point of £51,000 for the office jobs as this forecast recognises the high value jobs that we are anticipating will operate out of Nexus. We have used the lower range of £28,700 for roles associated with the Café. These values best reflect the current employment market within Harlow (2019) based on research conducted on salary levels available from Job Centre Plus and wider Essex data.

- 25. Indirect Jobs created and safeguarded:** The HCA has published coefficients for the number of workers required over one year to deliver £1m of construction investment. As this focuses on output as opposed to spend, the resulting labour requirements of using spend will be an approximation. The HCA suggest every £1m of construction investment will deliver 10 new jobs. We anticipate 72 construction jobs being created through the delivery of the project.

### 3.5. Costs:

### 3.6.

<b>TOTAL - COSTS AND REVENUES</b>											
<b>Actual costs</b>											
Purchaser's costs	726,141	0	0	0	0	0	0	0	0	0	0
Construction	8,840,000	0	0	0	0	0	0	0	0	0	0
External site works	93,859	0	0	0	0	0	0	0	0	0	0
Demolition	0	0	0	0	0	0	0	0	0	0	0
Contingencies	540,000	0	0	0	0	0	0	0	0	0	0
106 contributions	0	0	0	0	0	0	0	0	0	0	0
CIL	0	0	0	0	0	0	0	0	0	0	0
Fees	1,297,000	0	0	0	0	0	0	0	0	0	0
Disposal fees	190,000	0	0	0	0	0	0	0	0	0	0
Finance	0	0	0	0	0	0	0	0	0	0	0
Developers profit	0	0	0	0	0	0	0	0	0	0	0
Public realm / infrastructure	75,000	0	0	0	0	0	0	0	0	0	0
Residual land value	0	0	0	0	0	0	0	0	0	0	0
	11,762,000										

far as the attached BCR calculations and benefits are concerned, the total GVA to be generated by the Preferred Option will deliver the following initial benefits;

The employment benefits of the Preferred Option is set out below in Figure 3. At summary level Option 3 delivers a total of 296 jobs into Nexus (with an initial 72 construction jobs). This

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Totals
<b>Economic outcomes - commercial operations</b>											
Average GVA per job	39850	39850	39850	39850	39850	39850	39850	39850	39850	39850	
Total new jobs generated	29	70	70	70	70	70	70	70	70	70	
Direct GVA generated	1,155,650	2,789,500	2,789,500	2,789,500	2,789,500	2,789,500	2,789,500	2,789,500	2,789,500	2,789,500	
Indirect and induced GVA generated (supply chain, spend of employees locally)											
<b>Total GVA generated</b>	1,753,400	1,753,400	1,753,400	1,753,400	1,753,400	1,753,400	1,753,400	1,753,400	1,753,400	1,753,400	17,340,000
<b>Economic outcomes - new residents</b>											
No. new residents in locality	0	0	0	0	0	0	0	0	0	0	0
GVA generated per resident due to spend in local economy	0	0	0	0	0	0	0	0	0	0	0
<b>Total GVA generated</b>											
<b>Economic outcomes - amenity value</b>											
Total GVA - national - additivity at 50%	577,825	1,394,750	1,394,750	1,394,750	1,394,750	1,394,750	1,394,750	1,394,750	1,394,750	1,394,750	
Total GVA - local - additivity at 75%	866,738	2,092,125	2,092,125	2,092,125	2,092,125	2,092,125	2,092,125	2,092,125	2,092,125	2,092,125	

outcome would provide a significant boost to the EZ.

## GVA impacts

Delivery of Option 3 will generate £17,105,500 in additional GVA over a 10 year period as set

Economic outcomes - commercial operations	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Average GVA per job	39850	39850	39850	39850	39850	39850	39850	39850	39850	39850	
Total new jobs generated	29	70	70	70	70	70	70	70	70	70	
Direct GVA generated	1,155,650	2,789,500	2,789,500	2,789,500	2,789,500	2,789,500	2,789,500	2,789,500	2,789,500	2,789,500	
Indirect and induced GVA generated (supply chain, spend of employees locally)											
<b>Total GVA generated</b>	<b>1,753,400</b>	<b>1,753,400</b>	<b>1,753,400</b>	<b>1,753,400</b>	<b>1,753,400</b>	<b>1,753,400</b>	<b>1,753,400</b>	<b>1,753,400</b>	<b>1,753,400</b>	<b>1,753,400</b>	<b>17,534,000</b>
Economic outcomes - new residents	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
No. new residents in locality	0	0	0	0	0	0	0	0	0	0	0
GVA generated per resident due to spend in local economy	0	0	0	0	0	0	0	0	0	0	0
<b>Total GVA generated</b>											
Economic outcomes - amenity value	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
	1,155,650										
<b>Total GVA - national - additionality at 50%</b>	<b>577,825</b>	<b>1,394,750</b>	<b>1,394,750</b>	<b>1,394,750</b>	<b>1,394,750</b>	<b>1,394,750</b>	<b>1,394,750</b>	<b>1,394,750</b>	<b>1,394,750</b>	<b>1,394,750</b>	<b>13,947,500</b>
<b>Total GVA - local - additionality at 75%</b>	<b>866,738</b>	<b>2,092,125</b>	<b>2,092,125</b>	<b>2,092,125</b>	<b>2,092,125</b>	<b>2,092,125</b>	<b>2,092,125</b>	<b>2,092,125</b>	<b>2,092,125</b>	<b>2,092,125</b>	<b>20,921,250</b>

Figure 5: Preferred Option GVA impact

Our forecasts indicate that the preferred option would deliver Net Present benefits of £17,105,500 and a **Public Value for Money BCR of 1.94** over a ten-year period.

Reference Case: status quo, do nothing or do minimum

If the project were not proceed, we would not be able to deliver the optimal building within the HEZ and Science Park. Investment through the Getting Britain Building fund will provide an opportunity to create high quality space to support innovative economic growth. Investment through the Preferred Option will ensure that Nexus will fill a recognised gap in the market by providing grow on space for rapidly growing SMEs. Nexus will attract known demand and help form a new platform to raise the profile of the HEZ and the role the Science Park can play in attracting new investment into Harlow.

Delivering the Preferred Option will enable local partners to position Nexus as high quality space which will be able to secure known investment and assist the process of establishing Modus as an attractive, welcoming and economically viable innovation space.

## Economic appraisal results:

	DCLG Appraisal Sections	Option 3 relative to status quo (Do Something)	Option 2 relative to status quo (Do Minimum)
<b>A</b>	Present Value Benefits	£21,078,463	£8,099,440
<b>B</b>	Present Value Costs (£m)	£9,584,390	£4,485,385

	<b>DCLG Appraisal Sections</b>	<b>Option 3 relative to status quo (Do Something)</b>	<b>Option 2 relative to status quo (Do Minimum)</b>
<b>C</b>	Present Value of other quantified impacts (£m)	0	0
<b>D</b>	Net Present Public Value (£m) [A-B] or [A-B+C]	£11,494,073	£1,614,055
<b>E</b>	'Initial' Benefit-Cost Ratio [A/B]	2.20	1.1
<b>F</b>	'Adjusted' Benefit Cost Ration [(A+C)/B]	2.20	1.1
<b>G</b>	Significant Non-monetised Impacts	<i>None captured at this stage of delivery</i>	
<b>H</b>	Value for Money (VfM) Category	<i>Acceptable Value for Money</i>	
<b>I</b>	DCLG Financial Cost (£m)	£1,597,000	£1,597,000
<b>J</b>	Other Issues	N/A	N/A

#### 4. COMMERCIAL CASE

*The commercial case determines whether the scheme is commercially viable and will result in a viable procurement and well-structured deal. It sets out the planning and management of the procurement process, contractual arrangements, and the allocation of risk in each of the design, build, funding, and operational phases.*

##### 4.1. Procurement options:

Given the advance nature of HSP, procurement routes to delivery across the park have already been complete and delivery partners are in place.

Preferred procurement and contracting strategy:

The procurement strategy for HSP utilises a Development Agreement led partnership for HSP, which was finalised through an OJEU process for the on-going delivery of the site masterplan and LDO.

The partnership provides flexibility for varied options of delivery dependant on the solution required for each plot.

This flexibility allows for delivery of design, build and fit-out options for both HDC retained assets, built-to-spec leased assets and delivery of freehold solutions for sector-focused purchasers where asset ownership is deemed the most advantageous solution to both HSP and the client.

The contracted partners are:

- HDC working through the HEZ.
- VINCI UK: - VINCI is a global player in concessions and construction, working to design, build and operate infrastructure and facilities that help improve daily life and mobility for all. Focusing on all-round performance, above and beyond economic results, there is a commitment to operating in an environmentally and socially responsible manner.
- Wrenbridge UK - Wrenbridge is a leading UK property company with offices in Cambridge and London. Founded in 1993, they have been successfully developing and investing in properties across the UK for over 20 years. Geographically, their emphasis is on London, East Anglia, Home Counties and the South East.

The approach of the partnership is to utilise the contracted mechanisms in place to ensure quality and value drivers are met to ensure longevity to delivered assets and provide a 'sense of place' that delivers the ambitions of the EZ, HSP and Harlow, for the park participants and town residents for the immediate and long term future.

All projects are led through a design process and delivery costs are then established via a Quantity Surveyor led costing and quotation system with the emphasis placed on local providers to relevant contracted and sub-contracted work.

The benefit of this process is to utilise the established supply chains of the delivery partners along with the introduction of local supply where possible, to afford HSP focused quality and cost solutions.



Supply for on-going management contracts for the park including FM and landscaping are then conducted by HDC directly, utilising the procurement policy of the authority, which, like the OJEU process mentioned above, meets all legislative requirements of Public Sector funds along with social, environmental and economic drivers as set-out therein.

The HDC Procurement Strategy can be found in Appendix 6

#### 4.2. Procurement experience:

HDC, as the scheme promoter, has extensive experience in different procurement routes.

Full OJEU processes of both open and closed natures being deployed along with the access to a wide variety of public sector frameworks being employed where the best fit exists.

As a district authority, a rolling programme of non-construction procurement is undertaken for commissioned services including IT services, waste collection, building maintenance, landscaping and legal services to name a few.

Direct construction and development experience includes:

- **The Water Gardens Redevelopment** – Harlow Council spearheaded the redevelopment of the southern end of the town centre by utilising land assets to create over 300,000sq ft of new retail, leisure and civic floorspace and the resiting and renewal of the Grade II Listed Water Gardens.
- **Harlow Gateway Scheme** – The Council, working with a range of government partners and stakeholders brought forward large-scale regeneration and renewal across a number of sites to deliver over 600 new homes, state of the art football stadium, athletics/pitches and indoors sports hall, leisure centre and swimming pool. Scheme Value: £50m
- **Neighbourhood Renewal:**
- **Prentice Place** - Refurbishment of the neighbourhood shopping centre and 15 council homes. Scheme Value: £3m
- **Carters Mead and Vince Dunn Mews** – Delivery of over 40 new homes. Scheme Value: Approx. £6m
- **Clifton Hatch** - Redeveloped neighbourhood hatch, new retail facilities and 28 homes. Scheme Value: Approx. £4m
- **Lister House** – Land swap to deliver new and expanded Medical Centre and new homes. Scheme Value: £7.5m
- **Atelier Housing Development, Major Housing Renewal Scheme** – The Council has brought forward the renewal of an aging, 1960's council-housing estate with system build defects to deliver a total of 343 new homes, approximately 200 being affordable, in partnership with Countryside and Home Group. As well as new homes, the development includes new community facilities, green spaces and improved cycle and pedestrian routes. Scheme Value: £71m
- **Path Finder Project** - The Council embarked on a new council-building programme, the first in 30 years to transform disused and underutilised garage sites into high quality and sustainable homes available for affordable rent. The programme saw 18 new council homes built across three separate sites. Scheme Value: £3m

#### 4.3. Competition issues:



Whilst relevant due-diligence linked to competition was complete, no competition issues were highlights as part of the Nexus scheme.

#### 4.4. Human resources issues:

Full consideration was given to relevant HR issues including TUPE as part of a defined OJEU process, but no HR issues were established for the Nexus Scheme.

#### 4.5. Risks and mitigation:

Whilst areas of delivery and prevailing risk are managed through processes detailed within the business case, the key area of commercial impact for HSP projects surround cost and delivery timelines.

The principle mechanism for the control of cost sits around the 'maximum contribution' level agreed at costing stages and defined within the HSP Development Agreement.

A fully costed scheme is agreed between the partners following the QS and quotation process to determine value and quality and this cost becomes the highest point of contribution required to complete the scheme.

Whilst any decrease in cost due to scheme amendment or delivery savings are enjoyed by the Harlow District Council, not further cost can be directed at the authority, with any rise in cost being the liability of VINCI, the development partner.

Timeframes of delivery are managed through both the final cost agreement with the development partner, and then replicated by that party within their own supply chain agreements, through the employment of Liquidated and Ascertained Damages (LADS) linked thereto.

These LADS vary based on factors such as lost revenues and extenuated costs linked to delays, but are also tied to confirmed tenancies.

The costs of the building to practical completion was set prior to commencement of works and the build was complete against those, and the process as set-out above will be utilised for the fit-out scheme once detailed design processes are complete and formal costs agreed.

In line with the above, risk allocation for the project is as follows

Project Period	Risk Allocation
Planning Process, Design, Cost development and pre-commencement	HDC
Stakeholder Engagement - On-going	HDC
Construction & Fit-out Periods – Cost and Operational – Including Snagging Period prior to PC	VINCI UK
Defects Period post PC	VINCI UK, HDC & Specific construction under warranty
On-going Asset Management and Building Operation – where demise is controlled outside of lease agreement	HDC
Benefits Realisation	HDC

#### 4.6. Maximising social value:

Procurement is an important tool in a Local Authority's toolkit through which to deliver its wider social, economic, and environmental aims; and not just about buying goods, works and services at lowest price.

These and other corporate priorities are the bedrock of the council's procurement strategy which support the principles laid out in the **Public Services (Social Value) Act 2012**, and are applied to all procurements.

In the example of HSP, the Economic, Social and Environmental considerations are addressed by, but not limited to the following considerations within all procurement processes:

- The design and delivery of all buildings and associated space to meet BREEAM levels of Very-good as a minimum but Excellent as a target – which considered all applicable sustainable construction approaches.
- Modal shift and sustainable transport uptake being promoted through supportive infrastructure.
- Utility and infrastructural services to ensure robust and sustainable design considering current and future needs of the locality of the park.
- Delivery of economic benefit to the immediate and wider catchment area as part of the wider interventions of HDC and partner organisations.
- Relevant and on-going consultation with stakeholders at community, supporting authority and commercial groups – both through programme & planning processes and additional specific consultation where appropriate.
- The delivery of the objectives of the EZ –with employment creation a key focus

## 5. FINANCIAL CASE

This section presents the financial case for the Scheme. It concentrates on the affordability of the proposal and its funding arrangements. The current estimate of project cost and an expenditure profile is presented following a QS led process in conjunction with the fit-out contractor. This estimate was finalised in August 2020 and is an up-to-date reflection of the costs. The financial case described in this section is for the preferred option, although reference is made to the next best option for comparative purposes. This section contains the following elements:

- Details of the project budget, showing where funding will be drawn from and the phasing of the preferred and secondary options.
- A breakdown and profile of costs and any risk allowance that may be needed; and
- Outline of the approach taken to assess the Scheme's affordability;
- Analysis of the budget / funding cover for the project.

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

Total project value is £11,762,000

Funding sources include;

Funders													
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	0		
Harlow DC grant / revenue	7,784,000	0	0	0	0	0	0	0	0	0	7,784,000	Total	IDC
Getting Britain Building	1,600,000	0	0	0	0	0	0	0	0	0	1,600,000	Total	GBF
S.106	0	0	0	0	0	0	0	0	0	0	0	total s	106

Commercial income (10 year profile) - £12,552,000

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

A total of £1,597,000 is requested from the Getting Britain Building Fund.

This is based upon the costs and cashflow for the fit-out phase shown below:

Nexus Project Cost and estimated Cashflow - Plot G			Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7
	Cost	Sub Total	Dec-20	Jan-21	Feb-21	March --21	Apr-21	May-21	Jun-21
<b>CONSTRUCTION COSTS</b>									
Ground Floor	£435,296.10								
1st Floor	£263,292.22								
2nd Floor	£263,292.22								
Prelims and Fees	£186,442.49								
<b>CONSTRUCTION COSTS TOTAL</b>		<b>£1,148,323.03</b>			£229,664.00	£229,664.00	£229,664.00	£229,664.00	£229,664.00
<b>FURNITURE</b>									
Furniture (Assumed Allowance)	£275,000.00								
<b>FURNITURE TOTAL</b>		<b>£275,000.00</b>		£27,500.00					£247,500.00
<b>PROFESSIONAL FEES</b>									
Employers Agent & Quantity Surveyor (Bidwells)	£55,000.00								
Structural consultant (MLM Retained by Client)	£5,000.00								
M&E consultant (Hilson Moran Retained by Client)	£5,000.00								
Design Feasabilty (Coel Architect)	£1,500.00								
M&E consultant Feasbilty (Hilson Moran Retained by Client)	£1,000.00								
Project Manager (Wrenbridge)	£60,000.00								
<b>PROFESSIONAL FEES TOTAL</b>		<b>£127,500.00</b>	£18,215.00	£18,215.00	£18,215.00	£18,215.00	£18,215.00	£18,215.00	£18,215.00
<b>TOTAL (EXCLUDING CONTINGENCY)</b>		<b>£1,550,823.03</b>							
<b>PROJECT CONTINGENCY @ 3%</b>		<b>£46,524.69</b>	£6,646.00	£6,646.00	£6,646.00	£6,646.00	£6,646.00	£6,646.00	£6,646.00
	<b>TOTAL COSTS</b>	<b>£1,597,347.72</b>							

### 5.3. Costs by type:

Cost type	Expenditure Forecast				
	20/21 £000	21/22 £000	22/23 £000	23/24 £000	Etc.
Capital [For example by stage, key cost elements for construction, and other cost elements such as contingency, overheads and uplifts]	11,762	0	0	0	
Non-capital [For example revenue liabilities for scheme development and operation]	0	0	0	0	
QRA	0.387	0	0	0	
Monitoring and Evaluation	0.065	0	0	0	
<b>Total funding requirement</b>	<b>1,597</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Inflation (%)	0%	0%	0%	0%	

Based on current advice from our Quantity Surveyors we are expecting zero inflation in the construction market. This is due to a reduction in demand and the contractor market becoming more competitive. We are even starting to see some price reductions due to the sub-contractor market lowering rates, however we wouldn't suggest negative inflation as this isn't a proven trend yet. As such for this scheme a zero inflation rate is appropriate at this stage especially given the short lead in period.

This Figure is further supported by pricing mechanisms within the DA which shifts exposure to the development partner.

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

The Funding profile for the project is set out below. The scheme is entirely capital spend. Costs, as recognised in the need for early and comprehensive spend will come in 2020/21 with commercial income contributing in later years.

	2020/21 £	2021/22 £	2022/23 £	2023/24 £	2024/25 £	Total £
<b>Costs</b>						
Land Acquisition	0.0	0.0	0.0	0.0	0.0	0.0
Construction Costs	9,380,000	0.0	0.0	0.0	0.0	9,380,000
Demolition	0.0	0.0	0.0	0.0	0.0	0.0
Purchasers Costs	726,141	0.0	0.0	0.0	0.0	726,141
Contingency	0.0	0.0	0.0	0.0	0.0	0.0
External works	93,859	0.0	0.0	0.0	0.0	93,859

Transport Interventions	0.0	0.0	0.0	0.0	0.0	0.0
Professional Fees	1,297,000	0.0	0.0	0.0	0.0	1,297,000
Marketing & Disposal Fees	125,000	0.0	0.0	0.0	0.0	125,000
Financing Costs	0.0	0.0	0.0	0.0	0.0	0.0
Monitoring & Evaluation Costs	65,000	0.0	0.0	0.0	0.0	65,000
Public Realm & Infrastructure	75,000	0.0	0.0	0.0	0.0	75,000
<b>Total Costs</b>	<b>11,762,000</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>11,762,000</b>
<b>Revenue</b>						
Harlow District Council	7,784,000	0.0	0.0	0.0	0.0	7,784,000
Getting Britain Building Fund	1,597,000	0.0	0.0	0.0	0.0	1,597,000
Commercial income	0.0	551,000	610,000	610,000	610,000	2,381,000
<b>Total Revenue</b>	<b>9,381,000</b>	<b>551,000</b>	<b>610,000</b>	<b>610,000</b>	<b>610,000</b>	<b>11,762,000</b>
<b>Net Cash Flow</b>	<b>0.0</b>	<b>510,000</b>	<b>610,000</b>	<b>610,000</b>	<b>610,000</b>	
<b>Cumulative Cash Flow</b>	<b>0.0</b>	<b>510,000</b>	<b>1,120,000</b>	<b>1,730,000</b>	<b>2,340,000</b>	

#### 5.5. Funding commitment:

Cost overruns will be dealt with by HDC capital funding contingency funds. Officers will be working to avoid this eventuality taking place. If there is a cost overrun in the project, HDC guarantee that this will be managed internally, without compromising the project

#### 5.6. Risk and constraints:

In the event that this project experiences blockages during the delivery process, a range of potential contingency arrangements have been identified to guarantee the continued delivery of some of the services and outputs outlined in this case:

- **Covid-19:** we have amended our business model to accommodate the changes needed to address social distancing by increasing the scale of co-working space and measures that ensure distancing can be observed within the centre – this includes cost to install measures to ensure safe working practises in light of Covid-19.
- **Post-Construction sales demand:** In the event that the struggles post construction we will undertake a thorough review of the business model and approach in consultation with MHCLG. We are aware of market demand for space in Nexus. Investment is not likely to be postponed by the pandemic. With opening scheduled for early 2022 we hope that the pandemic will have

passed. However our mitigation will be to continue to develop the operation of the centre in line with Government guidance and observing all appropriate social distancing rules.

- **Price escalation:** This could be driven by increased costs of materials, potentially due to high demand or price increases following the Covid-19 pandemic. The main mitigation will be to utilise the contingency built into the project costs, value engineer the works
- **Cost overruns:** This is most likely to be on materials and internal fit out construction. The proposed mitigation will be to value engineer the schemes and if this is not possible seek to identify alternative funding or exclude elements of design.
- **Constructor ceases trading:** should this occur we will retender works.

### **3.3 State Aid**

There are no state aid issues which may constrain or limit public sector support for this bid.

HDC will be sole direct beneficiary of the funding. There is no State Aid to the applicant as the Councils are deemed to not be undertaking market activities. The Council has undertaken a State Aid self-assessment, which has indicated there is no distortion of the market through the activities of the project.

### **3.4 Assurance and Approvals Plan**

An overall Governance Framework is established at Corporate / Programme Management level within HDC. The Framework defines an assurance role to oversee the governance and working arrangements of the project.

The Framework ensures that:

- all decisions and activities comply with legal requirements;
- the use of all funds is accounted for and reported;
- appropriate records of decisions and proceedings are published; and
- the Governance Framework is being adhered to.
- appropriate Governance and Project Boards are in place to oversee monitoring and progress

HDC staff will provide project-level assurance to provide the Project Board. Independent guidance and advice will also be sought with regard to all matters related to the status of the Scheme. The Project Board will be particularly focussed on ensuring that the strategic outcomes from the project are achieved and are in accordance with the Governance Framework and the contractual arrangements agreed with MHCLG.

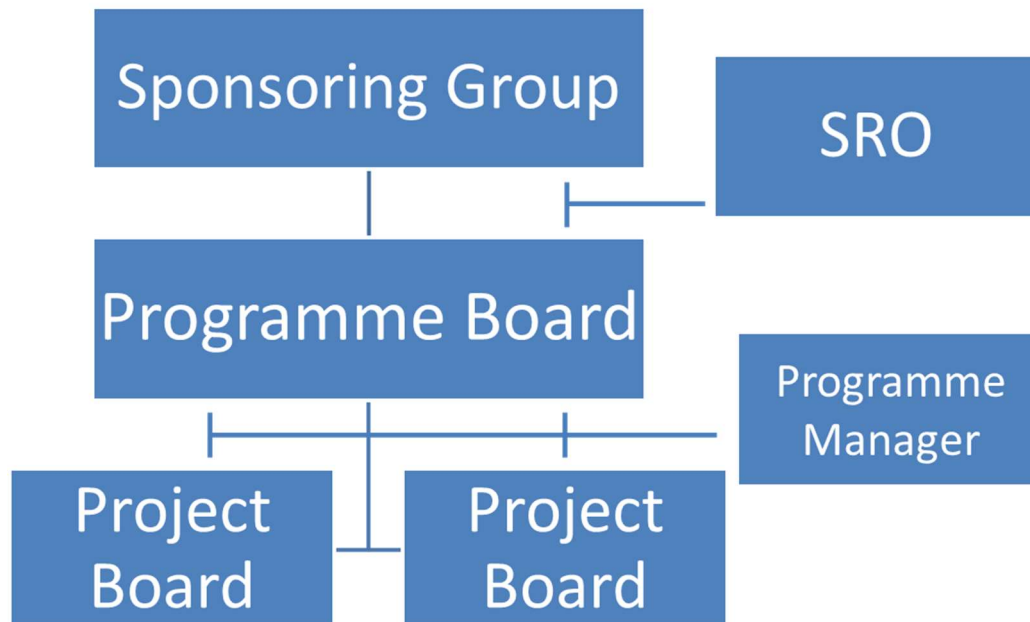
## 6. MANAGEMENT CASE

### 6.1. Governance:

The governance structure for the project sits below a wider programme governance model for the HSP.

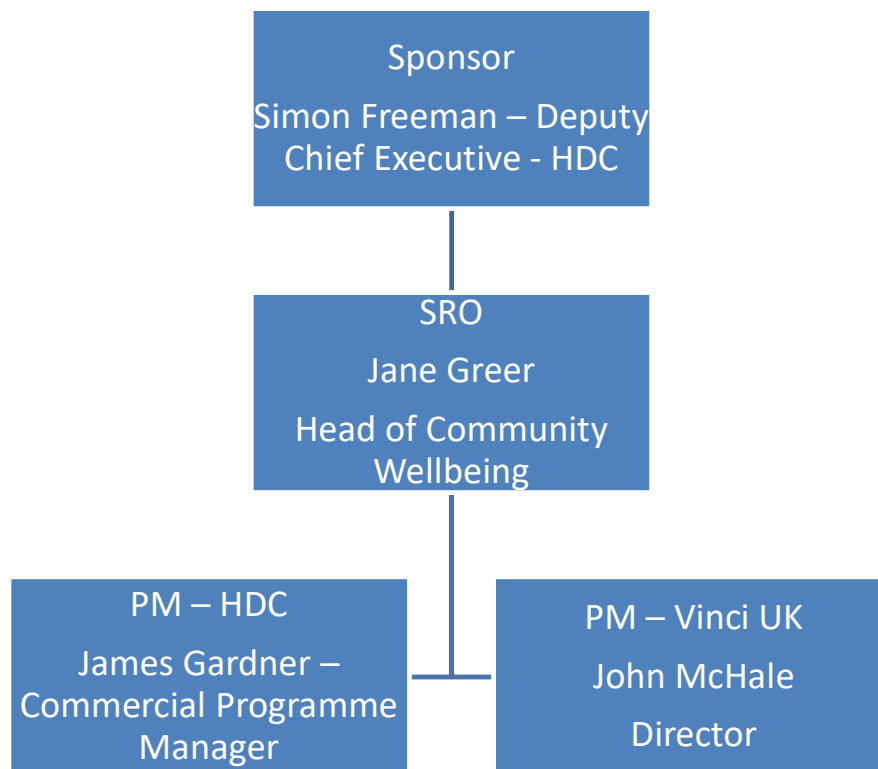
In line with the MSP approach, the key Governance Bodies within the programme are the Sponsoring Group, Programme Board and Project Boards.

The reporting lines of the programme and contained projects are shown below and a definition of the membership of the Governance bodies, along with a reporting & meetings schedule can be found in Appendix 7



The governance of the Nexus project follows a similar governance structure, with personnel defined as below which has a Project Board to which it reports and escalates decisions by exception.





## Key Delivery Roles within the Project include:

Sponsor - Simon Freeman – Deputy Chief Executive, Harlow District Council

The Sponsor makes key financial decisions and provides top-level endorsement of the rationale and objectives of the programme. The sponsor provides continuing senior level commitment and support for proposed deliverables and champions their implementation.

Senior Responsible Owner – Head of Community Wellbeing, Harlow District Council:

The SRO is ultimately accountable for the programme, ensuring that it meets its objectives and realises the expected benefits. The SRO must be empowered to direct the programme, take decisions and provide leadership to the programme team and take on accountability for delivery.

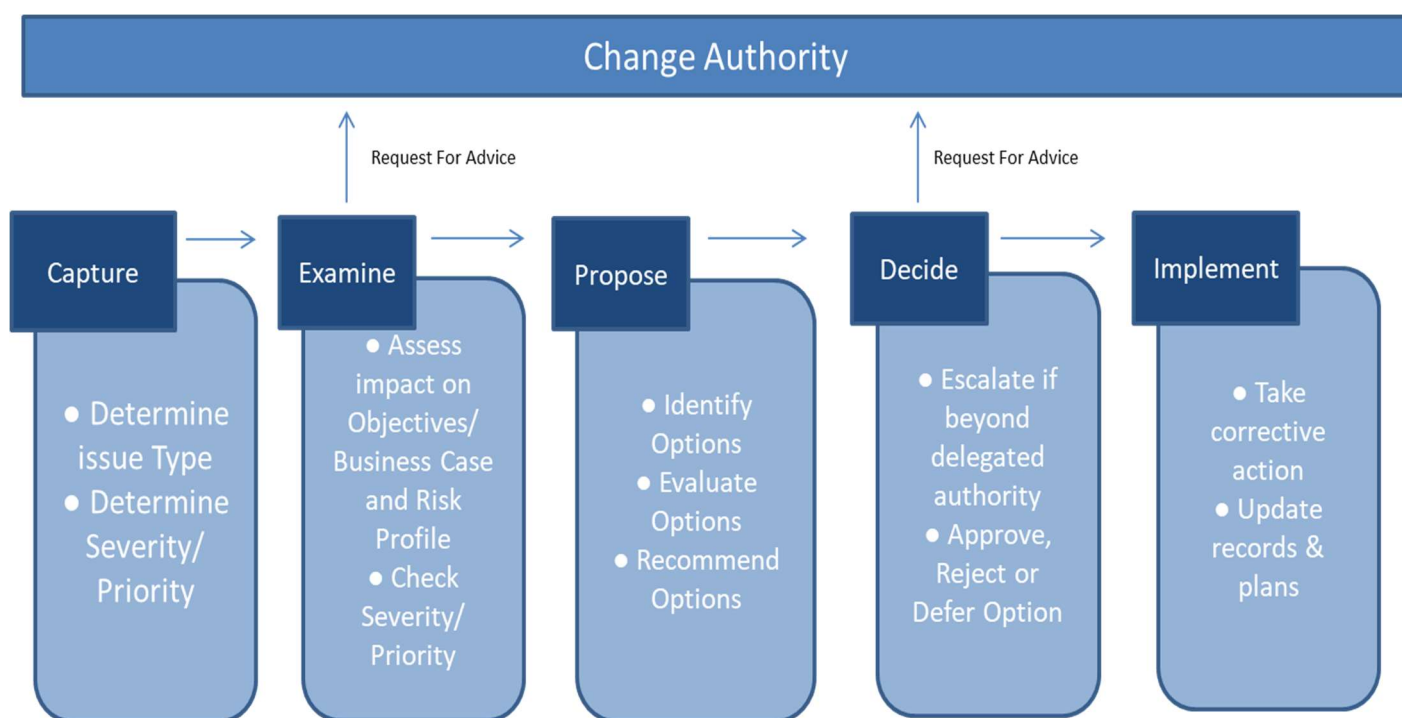
Project Managers – As detailed above:

The Project Managers are responsible for leading and managing the setting up of the project through to delivery with responsibilities as defined within the HSP Development Agreement. The Project Managers have primary responsibility for successful delivery from a day-to-day activities perspective.

## 6.2. Approvals and escalation procedures:

Approvals and escalation management are controlled at a programme and project level with the flow process below. Change authority will sit with the Programme Board, Sponsoring Group and Project Boards dependant on the level of request.

Given the advanced nature of the Modus Project, it is anticipated that the nature of any residual changes and issues will sit with the Project Board.



### 6.3. Contract management:

Utilising the MSP appended model, the HSP programme and all contained projects utilise contract lifecycle management as the basis of contractual management.



Key Performance Indicators (KPIs) are an essential part of obligation management and oversight.

Whilst the Development Agreement for HSP has set parameters for delivery performance and cost protections at a programme level, further KPIs are included within project delivery contracts.

These contracts utilise KPIs as the basis of liquidated and ascertained damages (LADS) to ensure such measures are available to address performance and delivery issues.

The KPIs selected emanate from industry standards such as those reported annually by Contracting Excellence but are tailored to meet project deliverables and SMART requirements.

The key areas for monitoring and oversight are:

- Construction schedule will be measured against deliverables and certificated completion
- Cost against budgeted cost of works and services
- Site Safety and complaints as a measure of management and
- Waste and recycling production linked to industry measures

All KPIs will utilise practical measures that allow for efficient data collection and the delivery of relevant MI reporting through Project Meetings and defined reports.

#### 6.4. Key stakeholders:

As part of targeted stakeholder engagement, two key groups are utilised as advisory panels to support the programme governance structure and provided continued engagement for the programme and individual projects.

These groups are the Harlow Growth Board and the Harlow & Gilston Garden Town development team.

#### **Harlow Growth Board:**

The Harlow Growth Board is a Town Wide steering group that fulfils decision making and policy setting roles with diverse representation across interested groups and organisations.

The membership includes Robert Halfon MP, as well as senior representation from MHCLG, Harlow Council, Essex County Council, Harlow & Gilston Garden Town, Public Health England, Princess Alexandra Hospital Trust and the South East Local Enterprise Partnership. There is further representation from large local employers Arrow Electronics and Raytheon, as well as a key local charitable organisation, Rainbow Services.

#### **Harlow & Gilston Garden Town Development Team:**

Harlow and Gilston were designated as a Garden Town by the MHCLG in January 2017.

The project will create exciting new communities in Harlow with many new homes being delivered. Alongside these fundamental objectives, the team are progressing infrastructural ambitions including sustainable transport and town centre improvements where specific crossovers exist.

The team is made up of representation of all partner authorities (Harlow District Council, East Herts District Council & Epping Forest District Council), Homes England & Places for People, as well as officers with responsibility across planning, programme management and delivery roles within the development.

A Further Key Stakeholder groups include the KAO park management team as both key employment land operators and bordering operators to the HSP scheme.

The groups will receive regular reporting and provide objective and informed input to decision making and delivery as defined within Appendix 10.

This approach mitigates risk of engagement failure as the project is delivered.

Prior to these on-going arrangements, extensive engagement was complete as part of the establishment of the EZ, with business and public sector participants alongside residents of Harlow and surrounding areas.

Additional stakeholder engagement was complete as part of the LDO process and additional engagement will take place ahead of new construction projects within HSP as the planning procedures are complete.

The HSP Strategic Engagement Plan can be found in Appendix 8

### 6.5. Equality Impact:

An Equality Impact assessment was complete as part of a programme review in March 2020.

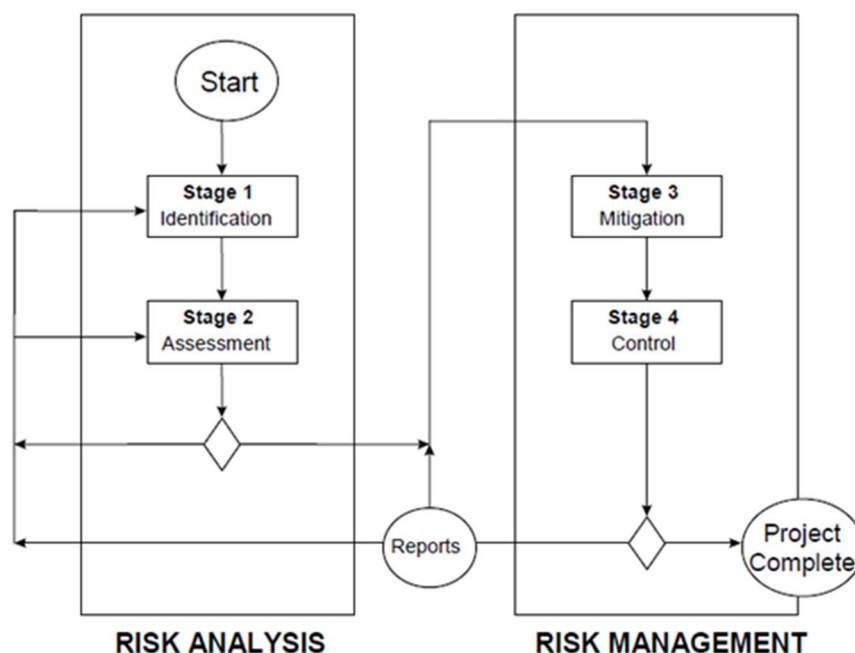
Whilst EqIAs were complete for the procurement of a Development Partner, and the Development Agreement has specific protocols surrounding Equality, the assessment highlighted the need for future estate management strategies, potential tenant assessments and a park charter to ensure that the operating park meets the needs of Equality groups, over and above the needs met by the built form & facilities and during the project stages.

These items are currently under review, with a professional consultant currently being procured to support with this endeavour.

The HSP EqIA is found in Appendix 9

### 6.6. Risk management strategy:

*Risk management is conducted at both a programme and project level following the analysis and management approach.*



*Risk registers are produced for all projects and will consider the risks assessed at programme level as well as items that are project specific and are continually reviewed and strengthened with alongside contractors and consultants to ensure comprehensive identification*

A Risk Register for the project and is show in Appendix 5

The key risks that sit outside of usual site delivery as detailed within the appendix are:

1: Funding – realising the funding for the fit-out is the first key risk for the project, and this submission for funding represents the only current option to securing the necessary financing.

Should the submission to the Getting Building Fund be unsuccessful, the residual position is to seek alternative sources of funding which are at this point unknown, or to revert to the current position which is to await market driven opportunities to pass capital costs to commercial tenants as and when the market reverts to a position where this is a viable option for potential Nexus occupants.

Given that it is market changes which brought about the inability to pass capital expenditure to potential tenants, there is no projected timeframe to the reversion of this condition.

2: Second Wave – Covid-19 – Should a second wave of Covid-19 occur there is a risk of second ‘lockdown’ which would give rise to a return to socially distanced working practises.

Should this occur, a reprogrammed construction period would be detailed, with utilisation of 3 access points to the building being used by different trades in an isolated format.

By utilising the main stairwell and access for the first floor, second stair well and access for the second floor and third ground-floor access to the northern elevation of the building, works can be phased over an elongated timeframe to allow for the appropriate working practises, with site meetings taking place in a socially distanced manner.

These measures would have an impact to the timeframes and these would vary depending on the installation of any such lockdown, but assuming an early intervention of this type, the programme of works would still meet the dates defined within the delivery parameters of the Getting Building Fund.

*The main risk management roles and responsibilities are:*

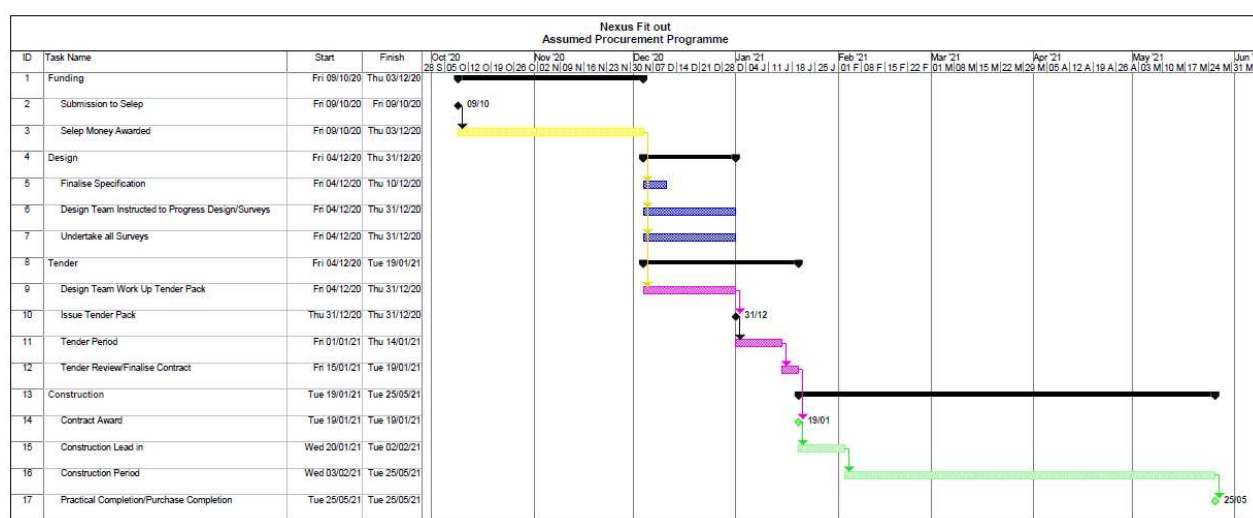
- *SRO – has overall responsibility for putting in place an effective risk management policy and process*
- *Project Sponsor & Project Board - has oversight responsibility for risk management processes*



- *Programme Managers – responsible for implementing risk management policy*
- *Risk owner - the person best placed to direct or take mitigating action against individual risks dependant on programme and/or project.*

### 6.7. Work programme:

A Gantt showing the delivery programme for the fit-out phase is shown below and can be found in Appendix 9:



The critical path follows a simple route once funding is established.

Designs can be finalised, Surveys complete, tender package delivered and a construction phase.

Given the point of preparation, the early stages of delivery are anticipated to be straight forward, however, whilst information from supply and contractors currently shows availability, a second wave of Covid-19 may shift the timelines of the construction phase, should socially distance working be mandated.

That said, the timeline for completion provides enough scope to allow for slippage, whilst still meeting the completion date expectation of the GBF.

### 6.8. Previous project experience:

HDC is proud that the overall objectives and benefits of all projects have either been met or are being provided with the continued commitment for the realisation of future benefits for recent or live project deliveries to ensure the positive outcomes targeted.

Harlow Council has a successful track record in leading and managing the delivery of a range of different regeneration and redevelopment projects including:

- **The Water Gardens Redevelopment** – Completed in 2004, Harlow Council spearheaded the redevelopment of the southern end of the town centre by utilising land assets to create over 300,000sq ft of new retail, leisure and civic floorspace and the resiting and renewal of the Grade

II Listed Water Gardens and associated sculpture, including pieces by Rodin and Henry Moore. Scheme Value: £70m ([www.wilsonbowden.co.uk/water-gardens](http://www.wilsonbowden.co.uk/water-gardens))

- **Harlow Gateway Scheme** – The Council, working with a range of government partners and stakeholders brought forward large-scale regeneration and renewal across a number of sites to deliver over 600 new homes, state of the art football stadium, athletics/pitches and indoors sports hall, leisure centre and swimming pool. Scheme Value: £50m
- **Neighbourhood Renewal:**
- **Prentice Place** - Refurbishment of the neighbourhood shopping centre and 15 council homes. Scheme Value: £3m
- **Carters Mead and Vince Dunn Mews** – Delivery of over 40 new homes. Scheme Value: Approx. £6m
- **Clifton Hatch** - Redeveloped neighbourhood hatch, new retail facilities and 28 homes. Scheme Value: Approx. £4m
- **Lister House** – Land swap to deliver new and expanded Medical Centre and new homes. Scheme Value: £7.5m
- **Atelier Housing Development, Major Housing Renewal Scheme** – The Council has brought forward the renewal of an aging, 1960's council-housing estate with system build defects to deliver a total of 343 new homes, approximately 200 being affordable, in partnership with Countryside and Home Group. As well as new homes, the development includes new community facilities, green spaces and improved cycle and pedestrian routes. Scheme Value: £71m
- **Path Finder Project** - The Council embarked on a new council-building programme, the first in 30 years to transform disused and underutilised garage sites into high quality and sustainable homes available for affordable rent. The programme saw 18 new council homes built across three separate sites. Scheme Value: £3m
- **[Harlow & Gilston Garden Town](#)** – Harlow Council is a partner in the HGGT Board and working with colleagues from East Herts District, Epping Forest District, Essex County and Hertfordshire County Council's to actively delivering the HGGT.

## 6.9. Monitoring and evaluation:

The objectives of the scheme are:

Objective 1: Deliver flexible multi-tenant office facilities for targeted sector participants in a 'ready for occupation' status through secondary fit-out.

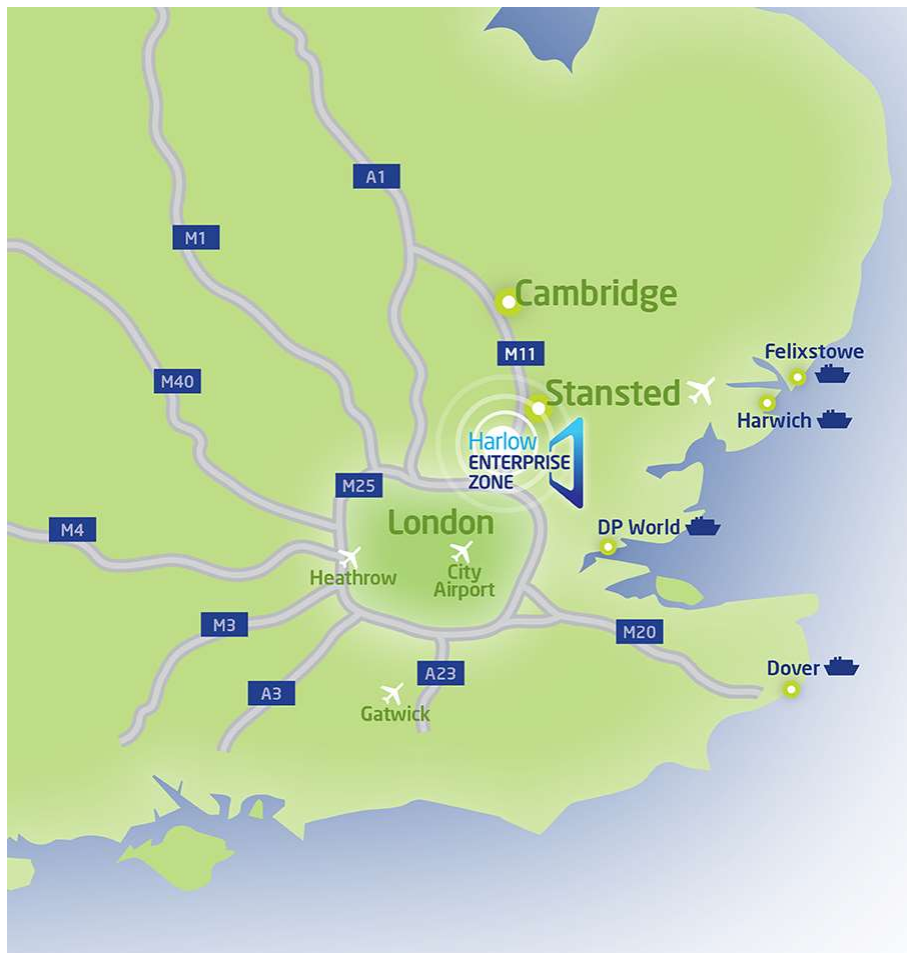
Objective 2: Establish a modern co-working space for new norms linked to emerging changes in working practises.

Objective 3: Provide suitable employment space to realise the ambition of varied and quality employment opportunities for the local population.

Objective 4: Support the future developments of HSP through the provision of space required to begin delivery of integrated supply chain within the EZ.

Objective 5: Provide critical mass to stimulate private sector investment and involvement on other development zones of HSP under the LDO.

The geography of the scheme is shown in the maps below in a national and local context.





## INPUTS.

ID	Input Description	Source of Value	Monitoring Approach	Frequency of Tracking	Source	[19/20]				[20/21]				[21/22]			
						Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
IN1	Council Funding	Complete	Financial reporting through programme/project board reporting and monthly financial review.	Monthly	Planned/ Forecasted Spend Profile	365K	1.4m	1.9m	2.1m	2.9m	1.5m		560K	1.01m			
IN2	Getting Building Fund	Planned / Forecast	Financial reporting through programme/project board reporting and Bi-weekly financial review.	Bi-weekly	Planned/ Forecasted Spend Profile							25K					

## INPUT 4: PROJECT DELIVERY AND MILESTON

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

## INPUT 5: RISK MITIGATION

Given the practical completion of the building shell, the general risks surrounding delivery and processes of the fit-out are set out within the risk register defined in Appendix 5.

Over and above these more usual risks are two key areas.

1: Funding – realising the funding for the fit-out is the first key risk for the project, and this submission for funding represents the only current option to securing the necessary financing.

Should the submission to the Getting Building Fund be unsuccessful, the residual position is to seek alternative sources of funding which are at this point unknown, or to revert to the current position which is to await market driven opportunities to pass capital costs to commercial tenants as and when the market reverts to a position where this is a viable option for potential Nexus occupants.

Given that it is market changes which brought about the inability to pass capital expenditure to potential tenants, there is no projected timeframe to the reversion of this condition.

2: Second Wave – Covid-19 – Should a second wave of Covid-19 occur there is a risk of second 'lockdown' which would give rise to a return to socially distanced working practises.

Should this occur, a reprogrammed construction period would be detailed, with utilisation of 3 access points to the building being used by different trades in an isolated format.



By utilising the main stairwell and access for the first floor, second stair well and access for the second floor and third ground-floor access to the northern elevation of the building, works can be phased over an elongated timeframe to allow for the appropriate working practises, with site meetings taking place in a socially distanced manner.

These measures would have an impact to the timeframes and these would vary depending on the installation of any such lockdown, but assuming an early intervention of this type, the programme of works would still meet the dates defined within the delivery parameters of the Getting Building Fund.

## OUTPUTS

ID	Output Description	
OP1	Completed and fully fit-out flagship multi-tenant office building for targeted industries.	<b>Details: Planned/Anticipated Output Value and Proposed Approach for Monitoring</b>
		Completion of the building will be set against the finalised designs for the both the building and the fit-out scheme.
		Monitoring will be against contract KPIs for time and quality drivers which will be conducted on a bi-weekly basis during construction phase.
		No additional cost is anticipated for this monitoring.
		<b>Details: Proposed Method of Collecting Baseline Information</b>
		Given the greenfield nature of the construction, the baseline for this output is a simple starting point being the absence of any defined building asset.

ID	Output Description	
OP2	Covid-19 responsive co-working space.	<b>Details: Planned/Anticipated Output Value and Proposed Approach for Monitoring</b>
		<p>Completion of the building will be set against the finalised designs for the both the building and the fit-out scheme.</p> <p>Monitoring will be against contract KPIs for time and quality drivers and commencement of operation which will be conducted on a bi-weekly basis during construction phase.</p> <p>No additional cost is anticipated for this monitoring.</p>
		<b>Details: Proposed Method of Collecting Baseline Information</b>
		<p>Given the greenfield nature of the construction, the baseline for this output is a simple starting point being the absence of any defined building asset or operation.</p>

ID	Output Description	
OP3	Platinum' accredited fibre connectivity to all buildings..	<b>Details: Planned/Anticipated Output Value and Proposed Approach for Monitoring</b>
		Installation of all necessary infrastructure and cabling to achieve WiredScore Platinum Accreditation for fibre broadband connectivity.
		Monitoring will be complete through connectivity review by WiredScore, with relevant amendments to scheme and installation made to meet the parameters of the award.
		The frequency of this monitoring will follow advice of WiredScore on a bi-monthly basis.
		<b>Details: Proposed Method of Collecting Baseline Information</b>
		Given the greenfield nature of the construction, the baseline for this output is a simple starting point being the absence of any defined building or relevant connectivity.

## OUTCOMES

ID	Outcome Description	
OC1	296 FTE jobs created through Modus development	<b>Details: Planned/Anticipated Output Value and Proposed Approach for Monitoring</b>
		<b>Value:</b> 296 office based jobs forecast for the Nexus building.
		Construction jobs for the main construction is 76.
		<b>Source of Value:</b> Full Business Case – Economic case section and Appendix 10.
		<b>Future Monitoring Approach:</b> All park occupants will be surveyed on an annualised basis as part of on-going park governance.
		<b>Frequency of tracking:</b> Once after opening and once a year thereafter.
		<b>Costs Allocated to Monitoring:</b> The monitoring of this will make up part of park governance processes at a cost of £1000.00 per year.
		<b>Details: Proposed Method of Collecting Baseline Information</b>
		<b>Approach for Collection:</b> The baseline for this outcome is zero.

ID	Outcome Description	
OC2	£17,105,500 GVA generated over a 10 year period	<b>Details: Planned/Anticipated Output Value and Proposed Approach for Monitoring</b>
		<b>Value:</b> A total GVA of £17,105,500 is forecast for the 10 year projection period for the Nexus project.
		<b>Source of Value:</b> Full Business Case – Economic Case and Appendix 10.
		<b>Future Monitoring Approach:</b> Audit/Review of GVA against projected figures.
		<b>Frequency of tracking:</b> Annual
		<b>Costs Allocated to Monitoring:</b> The cost of the collation, interpretation and reporting of this measure will be £12,000.00 annually, payable to an independent consultant – this work makes up part of budgeted works for the HSP programme.
		<b>Details: Proposed Method of Collecting Baseline Information</b>
		<b>Approach for Collection:</b> The baseline for this outcome is zero.



## IMPACTS

ID	Impact Description	
IM1	Significant positive contribution to the establishment of HSP as an operational science and innovation park.	<b>Details: Planned/Anticipated Output Value and Proposed Approach for Monitoring</b>
		<b>Value:</b> The positive contribution a complete and increasingly occupied building will have on HSP will include the establishment of the park in both its sense of place and the perception of residents, occupants, potential occupants and the wider business community.
		<b>Source of Value:</b> Full Business Case – various Points.
		<b>Future Monitoring Approach:</b> Directed surveys to all aforementioned groups including UKSPA members to produce relevant statistics on park perception and increasing/decreasing desirability and attractiveness to each, against relevant drivers.
		<b>Frequency of tracking:</b> Annually
		<b>Costs Allocated to Monitoring:</b> £1500 – cost of survey production, distribution and response collation - Costs would be allocated within the management charges for HSP.
		<b>Details: Proposed Method of Collecting Baseline Information</b>
		<b>Approach for Collection:</b> Baseline will be derived from the first annual survey.
		<b>Costs Allocated:</b> Costs would be allocated within the management charges for HSP.

ID	Impact Description	
IM1	Acceleration of private sector and further public sector investment in future zone developments and associated job creation	<b>Details: Planned/Anticipated Output Value and Proposed Approach for Monitoring</b>
		<b>Value:</b> At current point, no agreement has been made for future employment space development outside of initial feasibility for the 'community heart' space, which whilst the services will provide employment, does not represent the wider objectives of the HSP for job creation in targeted industries.
		Acceleration of either public sector involvement (research/health etc.) or private sector investment which bring forward subsequent zones for development and delivery of employment space is anticipated to accelerate as the park becomes a viable and attractive choice.
		<b>Source of Value:</b> Full Business Case – Various points
		<b>Future Monitoring Approach:</b> On-going development projection and agreement tracking as part of programme management for HSP.
		<b>Frequency of tracking:</b> Monthly – against pipeline of opportunities, formal agreements and associated design, planning and delivery processes.
		<b>Costs Allocated to Monitoring:</b> £5,000.00 annually. These costs are budgeted within the HSP programme.
		<b>Details: Proposed Method of Collecting Baseline Information</b>
		<b>Approach for Collection:</b> The baseline for this acceleration currently sits at zero as no current agreement for any further development has been reached.

ID	Impact Description	
IM1	High quality employment generation for Harlow/catchment residents	<b>Details: Planned/Anticipated Output Value and Proposed Approach for Monitoring</b>
		<b>Value:</b> A key objective of HSP and the HEZ is the creation of high quality jobs in Harlow.
		These jobs are projected to be delivered through the occupation of HSP by the relevant targeted sectors.
		<b>Source of Value:</b> Full Business Case – Various points.
		<b>Future Monitoring Approach:</b> All park occupants will be surveyed on an annualised basis as part of on-going park governance.
		<b>Frequency of tracking:</b> Annually
		<b>Costs Allocated to Monitoring:</b> The monitoring of this will make up part of park governance processes at a cost of £1500.00 per year, funded through management charges.
		<b>Details: Proposed Method of Collecting Baseline Information</b>
		<b>Approach for Collection:</b> The current baseline for this measure is zero, however the increase in jobs of specific type will be measure against trends in Nomis labour statistics.
		<b>Costs Allocated:</b> The cost of this data is Zero.

## **BASELINE REPORT**

Given the Greenfield nature of the HSP development, the baseline of measures are in the most part defined by a starting point of zero.

Further measures will be derived by year one reporting or surveys, with variation, trends and changes tracked against that baseline.

This outcome is a key objective for the project, HSP and the wider enterprise zone, and the relationship between the types of jobs generated at HSP and the types of jobs present within Harlow will be an important measure.

It will also be important to track the jobs by industry types, employment by occupation and earning levels based on weekly pay.

Data will be derived from Nomis, and the baseline taken for the current year reporting for jobs by industry, employment by education and shown below:

	<b>Harlow (Employee Jobs)</b>	<b>Harlow (%)</b>	<b>East (%)</b>	<b>Great Britain (%)</b>
Total Employee Jobs	41,000	-	-	-
Full-Time	27,000	65.9	64.7	67.6
Part-Time	14,000	34.1	35.3	32.4
<b>Employee Jobs By Industry</b>				
B : Mining And Quarrying	0	0.0	0.1	0.2
C : Manufacturing	3,000	7.3	7.6	8.1
D : Electricity, Gas, Steam And Air Conditioning Supply	10	0.0	0.3	0.5
E : Water Supply; Sewerage, Waste Management And Remediation Activities	300	0.7	1.0	0.7
F : Construction	1,750	4.3	5.5	4.7
G : Wholesale And Retail Trade; Repair Of Motor Vehicles And Motorcycles	8,000	19.5	16.7	15.2
H : Transportation And Storage	2,000	4.9	5.7	4.8
I : Accommodation And Food Service Activities	1,750	4.3	6.7	7.6
J : Information And Communication	800	2.0	3.6	4.2
K : Financial And Insurance Activities	400	1.0	2.4	3.5
L : Real Estate Activities	400	1.0	1.6	1.7
M : Professional, Scientific And Technical Activities	4,000	9.8	9.8	8.7
N : Administrative And Support Service Activities	6,000	14.6	10.6	9.1

	<b>Harlow (Employee Jobs)</b>	<b>Harlow (%)</b>	<b>East (%)</b>	<b>Great Britain (%)</b>
O : Public Administration And Defence; Compulsory Social Security	800	2.0	3.0	4.3
P : Education	3,500	8.5	9.2	8.9
Q : Human Health And Social Work Activities	7,000	17.1	12.0	13.2
R : Arts, Entertainment And Recreation	800	2.0	2.4	2.5
S : Other Service Activities	350	0.9	1.7	2.0

### Employment by occupation (Apr 2019-Mar 2020)

	<b>Harlow (Numbers)</b>	<b>Harlow (%)</b>	<b>East (%)</b>	<b>Great Britain (%)</b>
Soc 2010 Major Group 1-3	15,400	39.3	47.0	48.0
1 Managers, Directors And Senior Officials	5,200	13.2	12.8	11.6
2 Professional Occupations	5,400	13.7	20.7	21.5



## Employment by occupation (Apr 2019-Mar 2020)

	Harlow (Numbers)	Harlow (%)	East (%)	Great Britain (%)
3 Associate Professional & Technical	4,800	12.3	13.4	14.7
Soc 2010 Major Group 4-5	7,100	18.2	21.0	19.7
4 Administrative & Secretarial	4,900	12.5	10.5	9.7
5 Skilled Trades Occupations	#	#	10.5	9.9
Soc 2010 Major Group 6-7	6,800	17.3	15.3	16.1
6 Caring, Leisure And Other Service Occupations	6,400	16.2	8.7	9.0
7 Sales And Customer Service Occs	!	!	6.6	7.0
Soc 2010 Major Group 8-9	9,900	25.2	16.7	16.3
8 Process Plant & Machine Operatives	#	#	6.0	6.0
9 Elementary Occupations	5,700	14.5	10.6	10.2

## Earnings by place of residence (2019)

	Harlow (Pounds)	East (Pounds)	Great Britain (Pounds)
<b>Gross Weekly Pay</b>			
Full-Time Workers	520.5	610.4	587.0
Male Full-Time Workers	551.6	659.4	632.0
Female Full-Time Workers	481.9	537.8	528.9
<b>Hourly Pay - Excluding Overtime</b>			
Full-Time Workers	13.15	15.33	14.88
Male Full-Time Workers	13.56	16.06	15.44
Female Full-Time Workers	12.59	14.26	13.99

## Benefits Realisation Plan:

The table below shows the activities and timeframes for the delivery of both the works and on-going monitoring that will be adopted to ensure all benefits are realised.

## Nexus Project Benefit Realisation Plan

Task/Milestone	Completion Date/Timeframe	Owner/Responsible Group
Nexus Construction To Practical Completion	Complete	VINCI UK
PC Signed and Handover	Complete	HDC Regeneration Team, VINCI UK & Wrenbridge
Nexus -Building Estate Management	On-going	HDC Estate Management Team & HDC Finance Team
Nexus - Marketing and Sales - Multi-tenant Areas	Commenced - On-going	Wrenbridge, HDC Regeneration Team, Derrick Wade Waters, Strettons & Bidwells
Heads of Terms Development	As required	Wrenbridge & HDC Regeneration Team
Legals/Lease Development	As required	Birketts LLP, HDC Legal Team and Wrenbrige
Multi-Tenant & Co-working Space Design	December 20/21	HDC Regeneration Team & COEL
Multi-tenant & Co-Working Fit Out Tender	January 20/21	HDC Regeneration Team, Wrenbrige & COEL
Multi-Tenant & Co-Working Fit-Out Works	July 21/22	TBC
Co-Working Operation Branding & Operational Design	February 20/21	HDC Regeneration team and Business Development Team
Co-Working Tenancy agreement formulation	April 21/22	Birketts LLP & HDC Legal Team
Co-Working Space Marketing and Advertising	On-going	HDC Business Development Team
Co-Working Management	On-going	HDC Business Development Team
Job Creation and Quality Monitoring	Annually & As required	HDC Business Development Team
HSP Operation Establishment Surveys	Annually & As required	HDC Regeneration Team
Private Sector Investment Acceleration Reporting	On-going as part of Programme	HDC Regeneration Team
HSP Career Development and Work Experience programme	On-going	HDC Business Development Team & HSP Occupiers
HSP Community Outreach Programme	On-going	HDC Business Development Team & HSP Occupiers
HEZ Impact Review and Reporting	On-going	HDC Business Development Team
Reporting to SELEP & Stakeholders	On-going & As Required	HDC Regeneration Team and Business Development Team

## 7. DECLARATIONS

<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>	No
<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>	No
<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>	No

*\*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.*

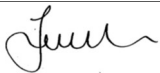
I am content for information supplied here to be stored electronically, shared with the South East Local Enterprise Partnerships Independent Technical Evaluator, Steer Davies Gleave, and other public sector bodies who may be involved in considering the business case.

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.

<i>Signature of applicant</i>	
<i>Print full name</i>	Jane Greer
<i>Designation</i>	Head of Community Wellbeing, Harlow Council