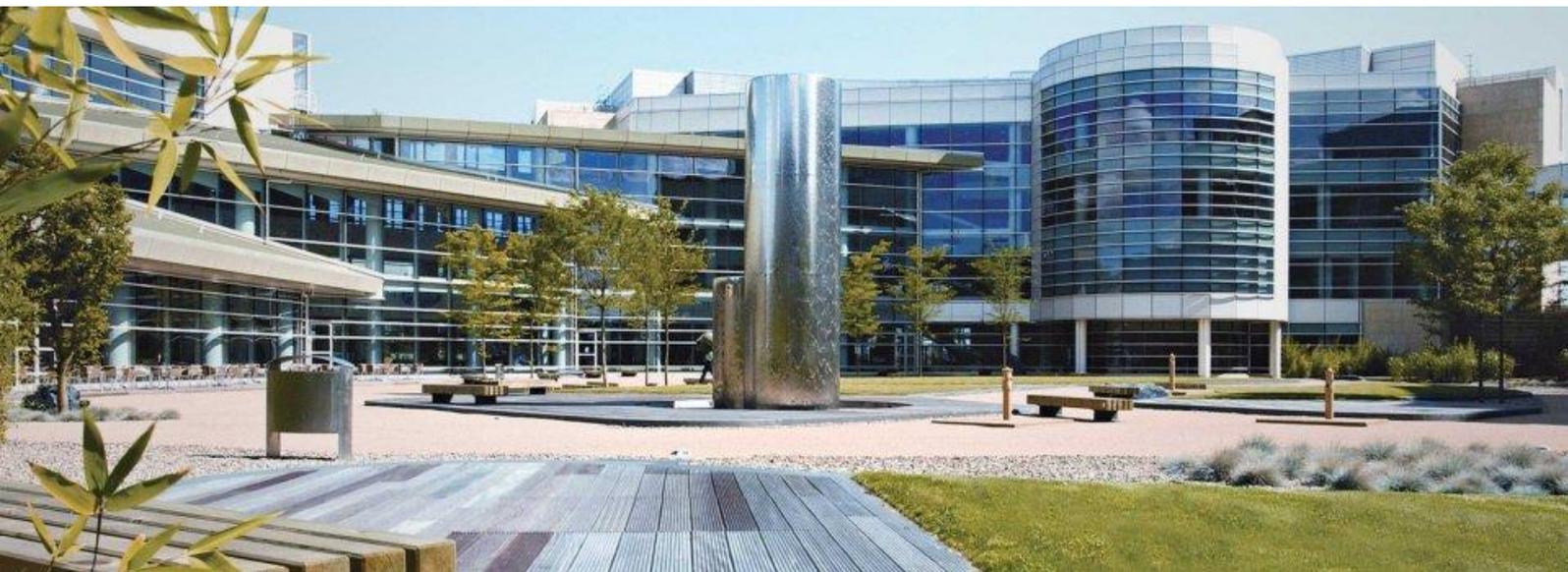


Discovery Park Incubator

Full Business Case for Getting Building Fund

October 2020
Revised following Gate 1 Review

COMMERCIAL IN CONFIDENCE



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Please note that this document is commercial in confidence.

The template

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

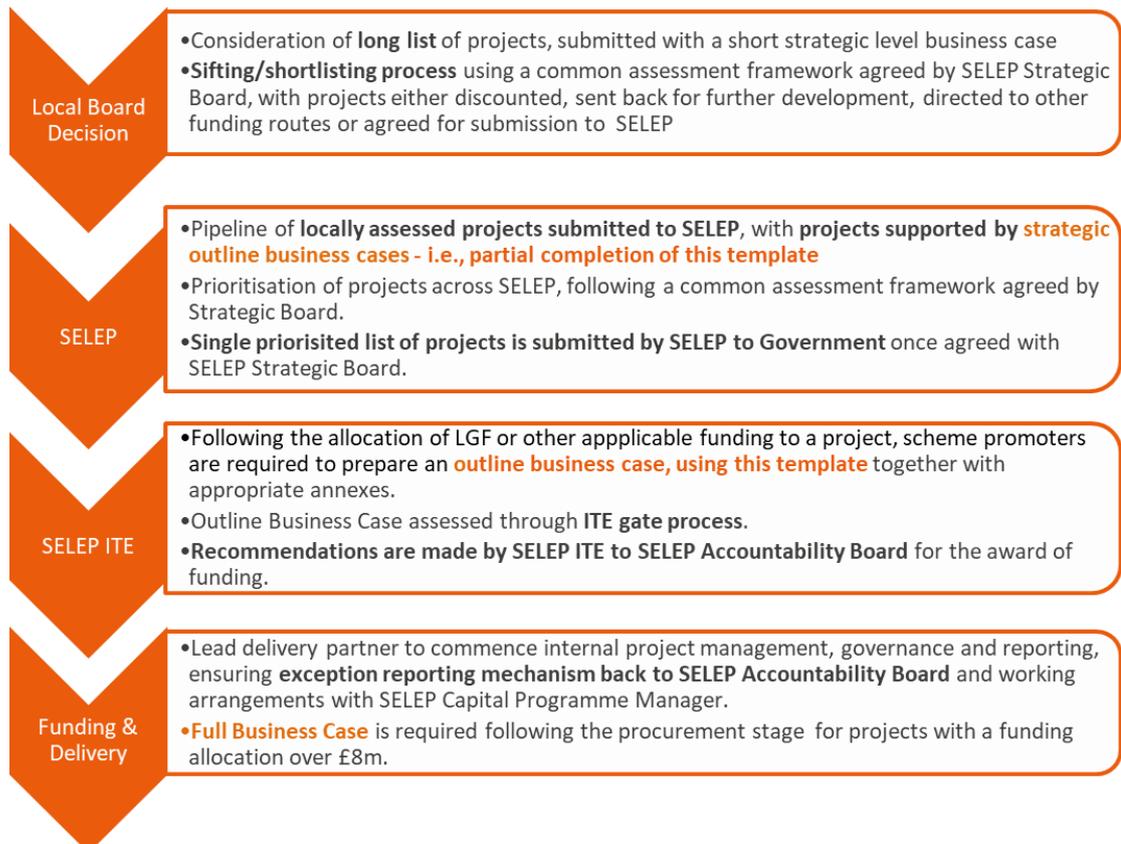
It is also designed to be applicable across all funding streams made available by Government through SELEP. It should be filled in by the scheme promoter – defined as the final beneficiary of funding. In most cases, this is the local authority; but in some cases the local authority acts as Accountable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

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

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

The standard process

This document forms the initial SELEP part of a normal project development process. The four steps in the process are defined below in simplified terms as they relate specifically to the Note – this does not illustrate background work undertaken locally, such as evidence base development, baselining and local management of the project pool and reflects the working reality of submitting funding bids to Government. In the form that follows:



Version control	
Document ID	Discovery Park Incubator – Getting Building Fund Business Case
Version	4 – Gate 1
Author	Discovery Park Ltd
Document status	Submitted
Authorised by	Mayer Schreiber
Date authorised	9 October 2020

1. Project Overview

1.1 Project name:

[Specify the name of the scheme, ensuring it corresponds with the name of the scheme at programme entry (when added to the LGF prioritised list of projects or other shortlisting process).]

Discovery Park Incubator

1.2 Project type:

[Site development, skills, innovation etc.]

Innovation

1.3 Federated Board Area:

[East Sussex, Kent & Medway, Essex, and Thames Gateway South Essex]

Kent and Medway

1.4 Lead County Council / Unitary Authority:

[East Sussex, Kent, Medway, Essex, Thurrock, Southend-on-Sea]

Kent County Council

1.5 Development location:

[Specify location, including postal address and postcode.]

Building 500, Discovery Park, Sandwich, Kent CT13 9FF

1.6 Project Summary:

[Provide a summary of the project; max. 0.5 pages.]

The **Discovery Park Incubator project** will deliver flexible, collaborative work space in which life science start-ups and SMEs can establish their operations and grow as part of an innovative community. This will respond to growing evidence of demand for incubation and flexible workspace facilities, address the widespread lack of life science lab space across the UK, and consolidate Discovery Park's role as a leading centre for life science innovation.

The project involves the refurbishment of two floors within the East Block of **Building 500** at Discovery Park, to provide around 30,000 sq ft of net lettable incubator space. The new facility will involve self-contained laboratory units, informal breakout and café space and shared lab support facilities.

As well as additional physical space and high-quality facilities, the Incubator will also offer a package of innovation support to tenants, encouraging collaboration between firms at

Discovery Park and with higher education, and linking new and emerging businesses with the access to investment, skills and partners that they need to thrive.

1.7 Delivery partners:

[List all delivery partners and specify the lead applicant and nature of involvement, as per the table below.]

The only delivery partner is Discovery Park Ltd, which owns the site and will own and manage the Incubator on completion. Discovery Park Ltd will contract with project management and design specialists (3PM and Fairhursts Design Group respectively), and will procure refurbishment and fit-out works through a design and build contract.

1.8 Promoting Body:

[Specify who is promoting the scheme.]

Discovery Park Ltd.

1.9 Senior Responsible Owner (SRO):

[Specify the nominated SRO and provide their contact details. The SRO ensures that a programme or project meets its objectives and delivers projected benefits. This is not the same as a Section 151 Officer.]

Mayer Schreiber, Chief Executive Officer, Discovery Park Ltd.

Mayer.schreiber@discovery-park.co.uk

1.10 Total project value and funding sources:

[Specify the total project value, how this is split by funding sources, and any constraints, dependencies or risks on the funding sources, as per the table below.]

Table 1-1: Project value and funding sources

Funding source	Amount, £	Constraints, dependencies and mitigations
Discovery Park Ltd	3,000,000	None, subject to approval of GBF
Getting Building Fund	2,500,000	Subject to approval
Total	5,500,000	

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

[Specify the amount and type of funding sought from SELEP to deliver the project. Please also confirm that the funding will not constitute State Aid.]

Funding request

This project seeks £2.5 million from the Getting Building Fund.

State Aid

We have taken legal advice on the State Aid position from DWF. Based on the project outlined in this Business Case, our legal advice confirms that aid can be awarded under Art. 26 of the General Block Exemption Regulation (Investment Aid for Research Infrastructure), at the amount of aid requested (£2.5 million and the aid intensity requested (45%). The legal advice is attached with this Business Case.

1.12 Exemptions:

[Specify if this scheme business case is subject to any exemptions (and provide details of these exemptions) as per the SELEP Assurance Framework 2017, Section 5.7.4 and 5.7.5]

No exemptions apply.

1.13 Key dates:

[Specify dates for the commencement of expenditure, the construction start date and the scheme completion/opening date.]

Table 1-2: Key dates

Key milestone/ deliverable	Start	Finish
Design team appointed (Fairhursts Design Group)	Achieved	
Feasibility study for Building 500 prepared	Achieved	
RIBA Stage 3 design	September 2020	November 2020
Mini-tender for site-wide works	November 2020	December 2020
Installation of site-wide works	January 2021	March 2021
Tender stage for fit-out contractor	November 2020	December 2020
Contractor appointed	December 2020	December 2020
Enabling works and demolition	January 2021	February 2021
Construction	February 2021	July 2021
Incubator complete	August 2021	August 2021
First occupation	September 2021	September 2021

1.14 Project development stage:

[Specify the project development stages to be funded, such as inception, option selection, feasibility, outline business case, detailed design, procurement, full business case, implementation, the current project development stage, and a brief description of the outputs from previous development stages. Add additional rows as necessary. Please note, not all sections of the table may require completion.]

Table 1-3: Project development stages completed to date

Task	Description	Outputs	Timescale
Discovery Park Masterplan	Overall spatial strategy for Discovery Park	Strategic masterplan	Completed
Building 500 Feasibility Study	Feasibility study for lab space in Building 500	Feasibility study report	Completed

Task	Description	Outputs	Timescale
Outline costs	Outline cost plan for Incubator facility	Outline costs	Completed

Table 1-4: Project development stages to be completed

Task	Description	Timescale
RIBA Stage 3 design	Incubator design	November 2020
Contractor appointed	Contractor appointed for design and build	December 2020
Mini-tender for site-wide works	Development of work package for engineering works	December 2020
Getting Building Funding secured		November 2020

1.15 Proposed completion of outputs:

[Include references to previous phases/ tranches of the project (link to the SELEP website) and to future projects to be funded by SELEP. Please see SELEP Programme for more information.]

Works will complete in July 2021, with the Incubator open to its first occupiers in September 2021.

There are no links to previous or future SELEP funded programmes.

2. Strategic Case

The Strategic Case should present a robust case for intervention, and demonstrate how the scheme contributes to delivering the SELEP Strategic Economic Plan (SEP) and SELEP's wider policy and strategic objectives. It includes a rationale of why the intervention is required, as well as a clear definition of outcomes and the potential scope for what is to be achieved.

The outlook and objectives of the Strategic Case need should, as far as possible, align with the Monitoring and Evaluation and Benefits Realisation Plan in the Management Case.

2.1 Scope / Scheme Description:

[Outline the strategic context for intervention, by providing a succinct summary of the scheme, issues it is addressing and intended benefits; max. 2 pages.]

Project summary

The **Discovery Park Incubator project** will deliver flexible, collaborative workspace in which life science start-ups and SMEs can establish their operations and grow as part of an innovative community. This will respond to growing evidence of demand for incubation and flexible workspace facilities, address the widespread lack of life science lab space across the UK, and consolidate Discovery Park's role as a leading centre for life science innovation.

Specifically, the project involves the refurbishment of two floors within the East Block of **Building 500** at Discovery Park, to provide around 30,000 sq ft of net lettable incubator space. The new facility will involve:

- Laboratory/ office units of up to 4,300 sq ft, each of which will have its own secure and self-contained wet lab and adjacent dry lab/ write-up space
- Smaller lettable offices and single 'flexiwork' desks
- Shared informal breakout and café space
- Shared laboratory support facilities

As well as additional physical space and high-quality facilities, the Incubator will offer a package of innovation support to tenants, encouraging collaboration between firms at Discovery Park and with higher education, and linking new and emerging businesses with the access to investment, skills and partners that they need to thrive.

Introducing Discovery Park

Located just outside Sandwich in East Kent, [Discovery Park](#) is an important part of the UK's life science offer.

Discovery Park currently accommodates around 160 businesses, supporting about 3,500 direct employees and contractors. Pfizer has an important presence on site (with around 900 direct staff and contractors). Other businesses include several established by former

Pfizer employees, such as TRN (pharmaceutical R&D consultancy), Venomtech (venom research and drug discovery), and A4P (specialist delivery and data services); as well as international life science firms, such as Mylan, [REDACTED], LGC and YPrime. Other SMEs include Psyros, VisusNano, Firza and Wren Healthcare, several of which have received Government innovation funding. In addition, the Park accommodates a number of non-life science businesses, including several professional services firms providing support services to the scientific 'core'.

Originally established as a research centre for Pfizer in the 1950s, the site expanded over several decades to become one of the firm's leading R&D and manufacturing facilities. Following a change of strategy by Pfizer in 2011, Discovery Park has developed into a multi-business science campus, offering high-quality laboratory, office and manufacturing facilities across a 220 acre site.

Since then, Discovery Park's success in attracting and retaining a diverse range of scientific (and non-scientific) businesses and jobs is impressive. After nine years as a multi-business campus, it now supports a larger employment base than it did when it was a single occupier site, and it is by far the largest concentration of life science activity in Kent.

Opportunity and need: the issues that the project is addressing

[REDACTED]

The opportunity to develop the innovation ecosystem

The project also aims to support business growth and collaboration, as well as providing a quantitative increase in lab space. Research carried out for Discovery Park in 2019 found that tenants valued the opportunity to collaborate with other businesses, and there is an established network on site³. However, while the Park has been successful in building up occupancy and in providing work space for smaller businesses, **there is a recognised need to create a 'focal point' for innovative life science businesses**, where access to excellent facilities is accompanied by innovation support (mentoring and coaching, access to finance and commercialisation advice, etc). This should help to reinforce Discovery Park's life science focus and develop a fresh cohort of businesses that will build links with each other and with the knowledge base and will expand within Discovery Park or elsewhere in the county.

The opportunity to develop regional strengths

Building on this, the Incubator project also presents an opportunity to add value to regional science and innovation strengths and support the growth of the UK's life science sector. Of particular relevance to this is the proposal to the [Strength in Places Fund](#) for an **Accelerated Medicines Design and Development (AMDD)** programme, the only SiPF bid in the South East LEP area approved in Wave 2. This was supported by UK Research and Innovation for seedcorn funding and the development of a full bid in August 2020, and will involve the development of a life science cluster focused on Discovery Park. The

³ Discovery Park (2019), *Access to Skills and Talent at Discovery Park*

Incubator project will bring forward a key asset that will contribute to the Strength in Places Fund proposition, supporting the growth of start-up and innovative businesses active in the areas of focus for the AMDD programme.

This is supported by a number of other initiatives. These include the designation of Discovery Park as a **Life Sciences Opportunity Zone** (with the aim of supporting the development of a regional cluster) and the development of a **'Manufacturing Village'** concept as part of our plans for the growth of Discovery Park. We are also exploring the opportunities linked with **Freeport** designation at the Port of Dover and activities focused on gene therapy.

Bringing the opportunities together: The proposed masterplan for Discovery Park

To realise these opportunities, Discovery Park has prepared a masterplan to guide its investments in the estate, focused on developing its science assets. Within the masterplan, which is illustrated in Section 2.2, Building 500 is identified as an 'Incubation and Grow-on' centre focused on wet lab and associated space, complementing investment in office/ dry lab and manufacturing capacity elsewhere on the Park. Part of Building 500 is already let to life science businesses and Canterbury Christ Church University, and plans are advanced to develop an additional specialist scientific facility within the building. The Incubator project will be a core component of the plans for Building 500, providing the innovation capacity highlighted above and de-risking future commercial investment.

Intended benefits

In summary, the Discovery Park Incubator project will:

- **Deliver additional, high quality space for life science innovation**, bringing forward around 30,000 sq ft of incubator space and adding value to the investment already made by Discovery Park, especially in Building 500.
- **Directly support business opportunity and employment**, supporting at least 62 additional jobs once the facility reaches 'steady state' (as part of a total of up to 250 jobs across Discovery Park as a whole), and generating GVA of £29 million over 20 years.
- **Help to drive forward collaboration** between start-up/ growing businesses, established occupiers on the Park (including Pfizer) and key regional partners such as the University of Kent and Canterbury Christ Church University.
- **Secure the growth of the life science cluster in East Kent**, enabling firms to grow and expand locally, contributing to the cluster development plans at the centre of the Strength in Places Fund proposition, and reinforcing Discovery Park's role as a centre for life science innovation.
- **Complement previous and current public investment in the growth of the East Kent regional cluster**, made for example through Enterprise Zone designation, Regional Growth Fund investment in equity finance and the recent Local Growth Fund support for Kent and Medway Medical School at Canterbury.

2.2 Logic Map

[Establish a Logic Map using information from Appendix E. This will provide a logical flow between inputs, outputs, outcomes and impacts for the scheme]

Table 2-1: Discovery Park Incubator: Logic map

Inputs	Outputs	Outcomes	Impacts
<p><u>Capital</u></p> <ul style="list-style-type: none"> Getting Building Fund: £2.5 million Discovery Park Ltd: £3 million <p><u>Revenue</u></p> <ul style="list-style-type: none"> Discovery Park Ltd: Contribution to operational expenditure 	<ul style="list-style-type: none"> 51,171 sq ft gross floorspace brought into use 30,763 sq ft (c. 2,860 sq m) net lettable innovation space delivering high quality wet lab and dry lab/ write up space Flexible co-working and collaboration space Business support provision to support tenant businesses 	<ul style="list-style-type: none"> Additional businesses located at Discovery Park Existing businesses retained at Discovery Park (through access to facilities or relationships with other firms) Increased business-to-business and business-to-knowledge base collaboration Increased business survival and increased growth through access to innovation support and facilities Additional commercial investment in Building 500 Additional employment in firms located at the Incubator Additional businesses locating elsewhere at Discovery Park 	<ul style="list-style-type: none"> Consolidation of Discovery Park's role as a nationally-significant concentration of life science activity Further growth of and investment in the life science cluster in East Kent (including through Strength in Places Fund and through commercial investment by key firms in the sector) Sustained higher value employment and GVA Increased recognition of the opportunities presented by the growth of the sector (relevant both locally and in terms of Discovery Park as a nationally-important location for investment)

2.3 Location description:

[Describe the location (e.g. characteristics, access constraints etc.) and include at least one map; max. 1 page excluding map.]

Discovery Park location

The Life Sciences Incubator will be located at Building 500, Discovery Park, Sandwich, Kent CT13 9FF.

Discovery Park is located to the north of Sandwich. There is excellent road access via the A256 and A299, directly connecting to the M2. Sandwich and Ramsgate stations both provide direct trains to London, including via High Speed One. Access to rail services will be improved with the development of the new Thanet Parkway station, subject to a separate Getting Building Fund allocation.

Figure 2-1: Discovery Park: Location map



Source: OpenStreetmap

Site description

As outlined in Section 2.1. Discovery Park was built as a single-occupier R&D and manufacturing campus for Pfizer, covering around 220 acres of land. Generally, the Park was built to a high specification, although substantial investment has been involved in repurposing the buildings to multi-occupancy use.

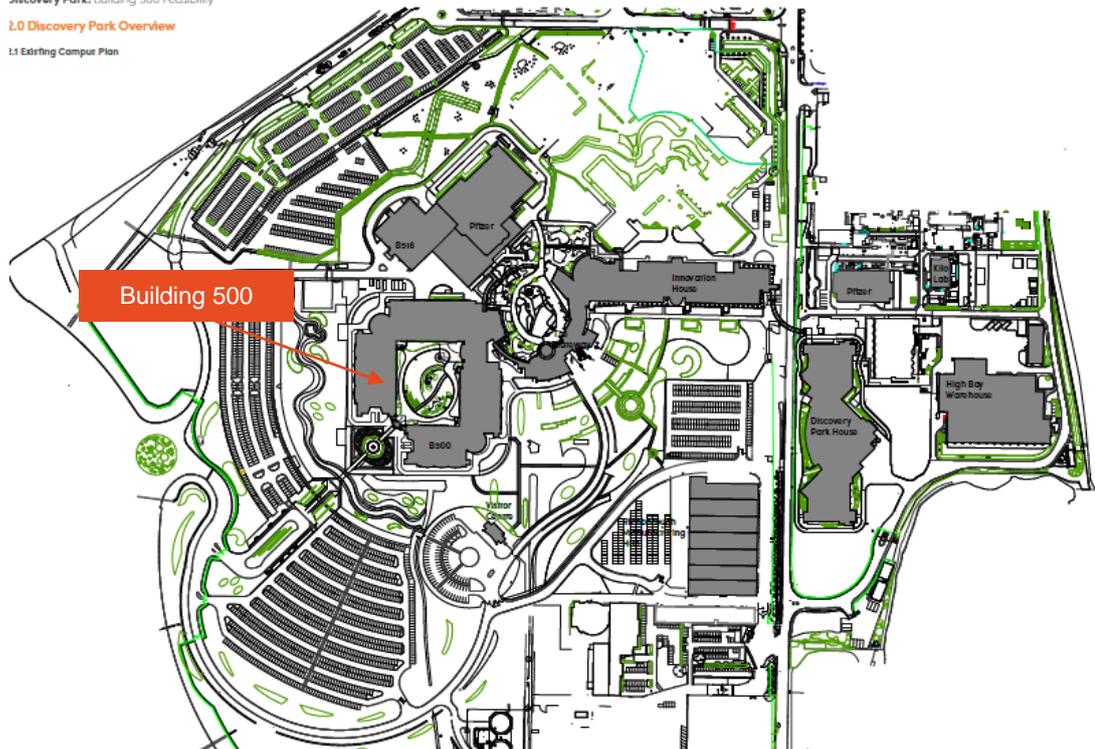
The Life Sciences Incubator project involves the refurbishment of Building 500, rather than any new construction. Around 20,000 sq ft of Building 500 is already let to Canterbury Christ Church University and life science businesses including [REDACTED], Venomtech,

Naqua, VisusNano, QBiotech and Psyros Diagnostics: the development of the Incubator is part of a wider redevelopment plan that will also (subject to funding and in due course) see the recommissioning of former specialist facilities in the building. There are no access or other constraints on the site relevant to this Business Case.

Figure 2-3 shows the position of Building 500 in relation to the rest of Discovery Park. Figure 2-4 provides a visualisation of the key buildings on the site.

Figure 2-2: Discovery Park campus plan

Discovery Parks Building 500 Feasibility
2.0 Discovery Park Overview
1.1 Existing Campus Plan



Source: Fairhursts Design Group, Building 500 Feasibility Study

Figure 2-3: Building 500 in the context of Discovery Park



Key

B5: Building 500

- 1: Mylan
- 2: Pfizer
- 3: Pfizer
- 4: Genia Biomedx
- 5: High Bay Warehouse
- 6: Kilo Lab

- RMH: Richborough Mfg Hub
- TG: The Gateway
- DPH: Discovery Park House
- IH: Innovation House
- EC: Event Centre
- D: Proposed development land

Source: Discovery Park

2.4 Policy context:

[Specify how the intervention aligns with national/regional/local planning policies and the SELEP SEP; max. 3 pages]

The Life Sciences Incubator project aligns with national, regional and local policy.

National policy

The life sciences have long been recognised as a highly productive sector in which the UK has a strong competitive advantage. The sector generates around £70 billion in turnover per year and accounts for around a fifth of all industry R&D spend, larger than the share taken by any other sector⁴.

Recognising this, the [Industrial Strategy White Paper](#) (2017) identified the sector as a priority for higher-value growth. Since then, and two Life Sciences Sector Deals have since been agreed between industry leaders and Government. [Life Science Sector Deal 2](#), published in 2018, contained an extensive series of actions: relevant to this proposal, these included commitments to building a stronger innovation ecosystem and improving the environment for businesses to scale up. Within Government, the [Office for Life Sciences](#) provides a strong voice for the sector and its economic impact.

Regional cluster development policy

Within this supportive national context, substantial work has taken place over the past decade to develop a cluster of life science activity in Kent, focused on Discovery Park. This has involved collaboration between national and local government, business and academia, and includes:

- Financial support for business growth in the sector through the former Regional Growth Fund. This included the creation of a public sector-backed equity fund to support life science and technology businesses.
- The early designation of Discovery Park as an Enterprise Zone. More recently, the Park has been designated as a Life Science Opportunity Zone, attracting additional promotional and investment support resources from the Department for International Trade.
- The development of proposals for Advanced Medicine Design and Development (AMDD) programme, currently approved at the first stage for Strength in Places Fund support, and led by the Kent, Surrey and Sussex Academic Health Science Network in partnership with Pfizer, LGC, Discovery Park Ltd and the University of Kent
- A wider suite of complementary measures to support the growth of health and life sciences, including the delivery of Kent and Medway Medical School, and the role of the University of Kent and Canterbury Christ Church University in growing their research and teaching capabilities to respond to growing sector opportunities.

Support for Discovery Park as a key anchor of life sciences in Kent, and as a driver of growth, has been consistent over time. In addition to the concrete actions set out above, a

⁴ ONS, Business Expenditure on Research and Development (BERD) survey, 2017

series of regional policy documents highlight the growth of the sector and Discovery Park's role in relation to it. These include the South East LEP's [Economic Strategy Statement](#), which identifies the life sciences as a priority sector and notes Discovery Park's key role. The Economic Strategy Statement also sets out priorities for intervention associated with (*inter alia*) the need to increase the adoption of new technology, respond to the increasing need for workspace flexibility and support the process of knowledge transfer.

Across a wider regional geography, the [Innovation South Science and Innovation Audit](#) prepared for Government by regional partners focused on opportunities for innovation in digital enabling technologies as they apply to bioscience, again focusing on Discovery Park as a core regional asset.

At sub-regional level, there is a strong basis of support at county level. Kent County Council and Kent and Medway Economic Partnership have recognised Discovery Park as a key asset for many years: the County Council secured the Expansion East Kent Regional Growth Fund programme of support to business partly in response to Discovery Park's repurposing as a multi-occupancy site and has assisted a number of businesses on the Park. Life sciences is recognised as a priority sector by Locate in Kent, which also promotes Discovery Park as a key local asset.

The [East Kent Growth Framework](#) (2017) is also relevant to the plans for Discovery Park. The Framework contains a priority to “*deliver high-quality enterprise, innovation and incubator space*”, identifying Discovery Park as a strategic priority location for growth.

Covid-19 pandemic response

The life science sector has been at the heart of the response to Covid-19 – with the UK's leading role in the sector demonstrated by the progress of vaccine development at Oxford University, Imperial College and AstraZeneca. This has reinforced Government policy support for the sector which, as set out in Section 2.1, continues to generate high demand for specialist business space.

Research and innovation at Discovery Park during the Covid-19 pandemic

Businesses at Discovery Park are playing an important role in the response to Covid-19. Key activities include:

- The clinical expertise of the **Pfizer** team at Discovery Park is being used in the development of a novel potential anti-COVID-19 drug which has shown promising activity. The compound is derived from work carried out in response to the 2003 SARS outbreak, and work is underway to produce materials for preclinical testing, clinical formulation and supplies.
- **Firza**, which works with GP surgeries and NHS organisations to provide innovative technology and workforce solutions, has expanded its business dramatically as a result of the COVID-19 epidemic. This includes establishment of a new COVID-19 contact centre. Over 70 pharmacists and pharmacy technicians are now working virtually, providing services such as telephone consultations with high-risk patients to ensure medicines are being used properly.
- Two members of Discovery Park's Health Hub, **Wren Healthcare** and **A4P Bio Logistics**, are collaborating to ensure clinical trial continuity during the pandemic. With many patients unable to attend usual clinical trial sites, Wren Healthcare is providing home visits from nurses whilst A4P Bio Logistics manages shipments of the trial medicine to patients and sample collection. This collaboration is helping to keep patients in clinical trials, allowing the studies to continue despite the challenging circumstances. A4P Bio Logistics is also involved in international logistics for coronavirus test samples.

- Researchers at **Venomtech** are investigating whether venom peptides can inhibit the interaction between the COVID-19 virus spike protein and its cell surface receptors. Elsewhere in the region, academics at **Canterbury Christ Church University** have been collaborating globally on a computer model to aid understanding of the coronavirus and how it spreads. One group of researchers at the **University of Kent** has been studying the drug susceptibility of the virus, while others there are working on a potential vaccine.

Kent and Medway's [Economic Renewal and Resilience Plan](#), published in August, notes that as part of a 'recovery' strategy for the county, an increased focus on the opportunities for long term growth will be important. Under the heading of "*supporting the anchors of innovation and growth*", it notes Discovery Park as a core economic asset, noting that "*we will seek to support and add value to the proposals for the Strength in Places Fund*" and expand opportunities for innovation.

In the shorter term, a key focus of national and local policy is on counter-recessionary activity. This is explicit in the objectives of the Getting Building Fund, which aims to achieve early spend and activity, while delivering projects that will be of longer term benefit. The Life Sciences Incubator meets these objectives and is deliverable in the short term. The project has also been formally endorsed by Kent and Medway Economic Partnership, and is explicitly referenced in the Renewal and Resilience Plan.

Planning policy

The Local Planning Authority is Dover District Council. The Life Science Incubator project does not require planning permission, as it does not involve any new construction or change of use.

There is however a supportive planning policy context to the development of the Park. Dover District Council has adopted a Local Development Order, enabling a simplified planning process.

2.5 Need for intervention:

[Specify the current and future context and articulate the underlying issues driving the need for intervention referring to a specific market failure, need to reduce externalities, Government redistribution objectives etc.; max. 2 pages.]

The need for public intervention is as follows:

There is market failure in the supply of lab space to life science SMEs

As Section 2.1 set out, there is high demand for lab space, and there is evidence at Discovery Park that this demand has been sustained during the current crisis. However, there is a lack of supply of space that is ready for the market. This situation is common across the UK: in Cambridge (with the UK's largest concentration of life science businesses), demand for high quality space is at high levels and greatly outstrips available supply, although rents have increased slowly⁵.

⁵ Bidwells/ Cambridge Ahead (2017), [Review of wet lab space and incubator space for the life sciences in the Cambridge area](#)

The key issue is why the market does not respond to increase supply to meet levels of likely demand. The issue is not generally an absence of *capacity* – Discovery Park has extensive amounts of floorspace that could be brought forward if it were economically viable to do so, and the same is true in other parts of the UK⁶. Rather, the issues are linked with the nature of demand and the costs of development, and include:

- **The lack of financial strength of small firms in the life science sector:** The ‘start-up’ phase for small businesses in the sector can be lengthy, as most firms in the sector are funded by raising capital to finance the next phase of R&D activity: many firms will not generate significant profits for several years. This is incompatible with normal long-term property deals, and in general, small life science businesses are unable to offer the financial guarantees that would conventionally meet landlords’ requirements.
- **The need for flexibility as companies scale up:** In their early stages, firms’ requirements are likely to change substantially. Ideally, firms will want the flexibility to scale within or close to their existing location, but a lack of quality supply in the market overall (combined with the financial strength issue above) tends to constrain businesses in smaller units, limiting expansion and preventing churn in the market.
- **Bespoke requirements:** Different firms will often have unique wet lab requirements (in contrast to the generic nature of much conventional office stock). This can make it challenging to re-let space to new tenants without additional investment and the resources to manage space across a facility in an integrated and coordinated way.
- **The need for support infrastructure:** Typically, innovation/ incubation centres for the sector provide support to businesses to enable them to focus on R&D, while providing access to networks and advisory support that will help them grow. This incurs additional cost, and also requires a level of critical mass to establish a collaborative community and make a support offer viable.
- **Relatively high costs associated with specialist facilities:** Modern lab space is expensive to build and maintain. This is linked with equipment and fit-out costs and the ongoing costs of maintenance and capital reinvestment and the high energy costs generated by lab space (which reinforce the high original build and fit-out costs needed to ensure sustainability).

At the same time, net to gross ratios are typically much lower in laboratory incubators than they are in office developments or conventional innovation centres, due to the space requirements of shared areas and the need for collaboration space (cafes, meeting rooms, etc.), although the income that can be derived from these is negligible. In the case of the Discovery Park Life Sciences Incubator, net

⁶ The Cambridge Ahead report makes this point, noting available land at existing research campuses in the city. In South Wales, there is also an extensive supply of lab space that could *potentially* be brought into use to meet rising demand, although it is not economically viable to do so without subsidy (SQW, *Strategic Outline Case for a Medipark in Torfaen* unpub., 2020; SQW for Welsh Government (2020), *Commercial property market review and analysis of potential interventions*). Similar findings have been reported in [Oxfordshire](#) (SQW for OxLEP, 2017); [London](#) (URS for GLA, 2014) and in the [Knowledge Quarter Science and Innovation Audit](#) (SQW for KQ, 2018); and internationally, in the United States (CBRE for City of Philadelphia, 2019).

lettable floorspace is 60% of gross, which is in line with comparable facilities although much lower than might be expected in an office development⁷.

- **Pressure on rental values:** While capital and running costs are high, the nature of the start-up market in the sector means that there is an effective ceiling on rents. We have made this assumption in our rental estimates: higher rents are unaffordable to small businesses given the cost pressures that they face elsewhere.

This combination of factors means that incubation space for life science firms is generally unviable without some form of grant support. This is borne out in the operational profit and loss set out in Annex J.

Currently, the market failure appears to be resolved through firms remaining in premises that are too small for their needs (e.g. on university campuses) or through re-purposing offices or industrial stock. The consensus view is that this is sub-optimal, given the inherent inflexibility of this solution (as firms expand, it is difficult for them to change their space and equipment within constrained conditions) and the isolation to which it tends to lead⁸.

There is a strong strategic rationale for intervention at Discovery Park

While the general shortage of lab space for SMEs is widely acknowledged, there is a strong case for intervening at Discovery Park. This is because:

- **There is space available that can be relatively easily brought forward.** Building 500 was originally built to a high standard, and while substantial investment is required to convert premises designed several years ago for a single occupier into modern multi-occupancy labs, there has already been investment in the building (which is partly occupied) and there are no planning constraints. Intervention should therefore be more cost-effective at Discovery Park than elsewhere.
- **There is evidence of an existing demand pipeline,** as set out in Section 2.1. This has built up over the past decade and is linked with growing connections between firms on the Park (including anchors such as Pfizer) and with the regional university base. This is important in ensuring the eventual revenue sustainability of the Incubator.
- **There are likely to be spillover effects beyond the firms that will directly benefit.** Research for Discovery Park on access to skills and talent among firms based on site found that access to a diverse range of opportunities for employment and entrepreneurship was important in attracting and retaining the workforce. More opportunities for small businesses should increase the talent pool and support the growth of supply chains.
- **There are strong regional policy grounds for intervention.** East Kent has experienced significant economic restructuring in recent decades. The region's productivity (measured in GVA per hour worked) is around 83% of the UK average,

⁷ Cambridge Ahead (2017), based on Bidwells analysis of relevant facilities

⁸ See the studies of the life science accommodation market in South Wales referenced above. Within this study, we found life science spin-outs from Cardiff University widely distributed around older office and industrial stock in suburban north Cardiff due to the absence of available lab space, despite a general view that such space would be attractive were a solution to be available.

and Thanet, immediately to the north of Discovery Park, has one of the highest unemployment rates of any local authority district in the country.

In that context, the retention and growth of high-value employment in a national priority sector is strategically important. However, the sector locally remains *relatively* small compared with locations in the Golden Triangle: building on its strengths and supporting its growth will be important both locally and to the resilience and diversity of the sector nationally. This partly underpins the rationale for the emerging Strength in Places Fund proposition, which the Incubator project will complement and reinforce. While the assistance requested from the Getting Building Fund takes the form of a grant to a commercial business, the wider returns (in terms of the contribution to regional GVA and long-term economic strategy) are substantial, as the Economic Case demonstrates.

2.6 Sources of funding:

[Promoters should provide supporting evidence to show that all reasonable private sector funding options have been exhausted; and no other public funding streams are available for or fit the type of scheme that is being proposed

Public funding is regarded as a last resort. Promoters are encouraged to think carefully about and provide strong evidence that the intervention they are proposing has exhausted all other potential sources of funding and there is a genuine need for intervention from the public sector; max. 1.5 pages.]

Proposed sources of funding

The capital cost of the project is £5.5 million.

It is anticipated that this will be funded through a £2.5 million grant from the Getting Building Fund, with the balance (£3 million) funded by the owners of Discovery Park Ltd. This is a public intervention rate of 45%.

Alternative sources of funding

There are no alternative sources of funding to deliver the project at this time. Specifically:

- As Section 2.5 sets out, **delivery of the project is not commercially viable**. Given the capital cost of the project, the time taken to achieve revenue viability and the uncertainties associated with rental flexibilities and bespoke requirements, the investors in Discovery Park Ltd are not able to progress the project on commercial terms. Alternatives to the current proposed project (smaller scale provision, development elsewhere at Discovery Park, etc.) have been considered, but have been discounted: an analysis of these is set out in the Economic Case.
- **There are no other sources of capital grant currently available**. The major sources of capital funding for projects of this type in recent years have been the Local Growth Fund (LGF) and the European Regional Development Fund (ERDF).

Both have funded innovation facilities in the SELEP area⁹, and would be appropriate for this type of scheme¹⁰. However, both Funds are closed to applicants at present¹¹.

- Alternative forms of public intervention could include subsidised loan finance or rental guarantees. Growing Places Fund offers loan support, although there is no headroom in the programme at present (and we would need to consider whether this would be viable). We are not aware of any other available schemes.

2.7 Impact of non-intervention (do nothing):

[Describe the expected outcome of non-intervention. Promoters should clearly establish a future reference case and articulate the impacts on environment, economy and society, if applicable. The future reference case should acknowledge that market conditions are likely to change in the future, with or without any intervention. 'Do nothing' scenarios where nothing changes are unlikely; max. 1 page.]



2.8 Objectives of intervention:

[Outline the primary objectives of the intervention in the table below, and demonstrate how these objectives align with the problems presented in the Need for Intervention section.]

Summarising the opportunities and challenges that we identified at the start of the Strategic Case, we have identified three key objectives for the Incubator:

Table 2-2: Intervention objectives

Objective	Summary rationale
1. Addressing market failure in the supply of wet lab space for SMEs	<ul style="list-style-type: none"> • There is high demand for wet lab facilities, but very little supply, both at Discovery Park and nationally • This is due to commercial non-viability in conditions of high capital and running costs; low revenue due to low densities; tenant requirements for flexibility; and rents artificially low due to the ability of start-ups to afford 'market' rents. This general market failure is widely recognised. • If this is not addressed, small life science firms will continue to face limits on their growth capacity. • The Incubator project seeks to address this issue by enabling additional lab space to come forward to meet growing demand.
2. Building the life science ecosystem	<ul style="list-style-type: none"> • As well as delivering a quantitative increase in the supply of lab space, incubation spaces typically enable firms to collaborate within a flexible shared space, and typically involve a wider support offer. The evidence indicates that this is important in supporting firms' survival and growth prospects.

⁹ For example, Basildon Innovation Warehouse and the Parkside Innovation Centre in Colchester (LGF); and the Kent Medical Campus Innovation Centre at Maidstone (ERDF)

¹⁰ Although ERDF funding is in practice very difficult to access for private sector promoters.

¹¹ East Kent has also benefited from a substantial Regional Growth Fund programme (£35m) in recent years. This has however focused on loan and equity finance to individual business beneficiaries, rather than funding for infrastructure and collaboration.

Objective	Summary rationale
	<ul style="list-style-type: none"> At present, there is no 'focal point' of this type for small life science businesses requiring lab space at Discovery Park (and, by extension, no such provision in Kent). The Incubator project seeks to meet this gap, supporting the growth of smaller firms and bringing fresh ideas and collaboration into the ecosystem. It will also help to develop an entrepreneurial culture in Kent in life science, supporting demand for skills and talent, and will drive a collaborative, open approach.
3. Developing a regional cluster in East Kent	<ul style="list-style-type: none"> The life sciences sector is highly productive and the UK enjoys a comparative advantage. In East Kent, an area of relatively low productivity, few large businesses and (in parts) poor employment outcomes, the life science cluster around Discovery Park is a key asset with some nationally-significant strengths. This draws on the 'legacy' of Pfizer, which continues to invest in the Park, but there has been much success in recent years in broadening the offer, developing a high-quality multi-occupancy science park and building links with the knowledge base. It is important to the region's economic future that we build on this asset. Broadening the business base and expanding the range of opportunities for innovation will improve resilience and sustainability in the long term. The Incubator project aims to contribute to this, by growing innovative firms that are likely to remain in the area, and by building a supply chain and talent pipeline that will help to retain and attract larger investors. It will also help to develop the ecosystem, attracting new seedcorn and venture capital investment.

[Complete the following using a system of 0, ✓, ✓✓, ✓✓✓ which maps the objectives to their ability to address each problem. Add rows and columns as required and note not all sections of the table may require completion; max. 1 page.]

Table 2-3: Mapping objectives and issues

	Objective 1: Addressing market failure in the supply of lab space for life science SMEs	Objective 2: Building the life science ecosystem	Objective 3: Building a regional cluster in East Kent
Problems			
1. Demand for lab space exceeds supply (nationally and locally)	✓✓✓	✓✓	✓
2. There are viability challenges in bringing forward new supply	✓✓✓	✓✓	✓
3. Business growth is constrained by lack of access to appropriate space	✓✓✓	✓✓	✓

	Objective 1: Addressing market failure in the supply of lab space for life science SMEs	Objective 2: Building the life science ecosystem	Objective 3: Building a regional cluster in East Kent
4. Productivity in East Kent is persistently low	✓	✓✓	✓✓✓
Opportunities			
5. There is rising demand for space at DP	✓✓✓	✓✓✓	✓✓
6. There is a willingness on the part of the site owners to co-invest	✓✓✓	✓✓	✓✓
7. DP is a key regional asset supporting long-term growth	✓✓✓	✓✓✓	✓✓✓
8. There are opportunities to build on other Government initiatives (e.g. LSOZ, SiPF)	✓✓	✓✓✓	✓✓✓

2.9 Constraints:

[Specify high level constraints or other factors such as social/environmental/financial/developments/schemes/legal consents and agreements which may affect the suitability of the Preferred Option; max. 0.5 page.]

No significant constraints have been identified. Discovery Park Ltd is committed to co-finance the capital phase and to manage the ongoing operation of the Incubator, provided the requested level of grant is available, and there is a sufficient pipeline of potential tenants to satisfy Discovery Park Ltd that the facility will be viable in revenue terms.

There are no ownership issues as the building is owned freehold by Discovery Park Ltd.

There are no planning or infrastructure constraints and planning permission is not required.

2.10 Scheme dependencies:

[Provide details of any related or interdependent activities that if not resolved to a satisfactory conclusion would mean that the benefits of the scheme would not be fully realised; max. 0.5 page.]

The major dependency in delivering the capital phase of the project is securing the Getting Building Fund allocation. All other funds are in place and designs are well advanced.

For full benefits realisation, the key dependencies are:

- Occupier demand: This is expected to be high, based on enquiries received at Discovery Park and national evidence, although there are long lead times to secure life science tenants due to complex requirements and funding needs. But securing steady demand will be important to the scheme's financial viability and the extent to which it can achieve the ecosystem development and regional clustering objectives identified above. Demand risks are quantified and assessed in the Economic Case.
- Wider investor interest: Although not directly related to occupancy within the Incubator, the extent to which the Incubator can achieve the ecosystem and regional clustering objectives will depend on the extent to which Discovery Park attracts and retains a wider range of science investors, including within other parts of Building 500. The Incubator ought to be both a driver and beneficiary of wider investor interest, with links between firms in the Incubator and other businesses in the Park an important contributor to success.
- Delivery of other relevant programmes: The Incubator is not dependent on schemes such as the Accelerated Medicines Design and Development (AMDD) programme (hopefully) funded through SiPF. But it will strengthen the proposition, and in turn, AMDD will add value to the Incubator offer.

2.11 Expected benefits:

[This section identifies scheme benefits (which will be achieved through delivering the scheme) which may not be valued in the Economic Case. Specify the extent of the scheme benefits referring to relevant economic, social, environmental, transport or other benefits. This is where any 'GVA based' estimates of benefits should be reported together with any dependent development (e.g. commercial or residential floorspace). Please reference the relevant section of the Economic Case where additional information regarding the assessment approach can be found; max. 0.5 page.]

The key benefits of the scheme (in addition to the quantified benefits set out in the Economic Case) are:

- An increase in the number and survival rate of life science businesses in Kent and Medway, as firms are attracted to the Incubator and are enabled to expand
- Increased collaboration between start-up and growing firms, larger businesses and academic institutions at Discovery Park
- Increased investment at Discovery Park (and in East Kent more broadly) as a result of the increase in business activity at the Incubator.
- Increased investment in start-ups and growing businesses through the opportunity to create a network of investors (from seed to angel to VC funding).
- Longer term benefits through the growth of the life science cluster as a driver of growth in East Kent, contributing to the greater resilience of the sector and regional productivity growth. This will be supported by a strong drive to connect the Kent ecosystem into national networks, such as One Nucleus, BIA, UKSPA and UK BioIncubator Forum.

2.12 Key risks:

[Specify the key risks affecting delivery of the scheme and benefit realisation e.g. project dependencies, stakeholder issues, funding etc. Information on risk mitigation is included later in the template. This section should be kept brief and refer to the main risk register in the Management Case; max. 0.5 page.]

A risk register is set out in Annex C. Key risks are:

- Commercial risks, relating to procurement and contractor control. These are especially considered in the selection of the procurement strategy for the scheme, described in the Commercial Case
- Demand risks, relating to lower than anticipated take-up, void periods and tenant default
- Competition risks from other science parks and innovation facilities elsewhere in the UK
- External risks, relating to general downturn in the property market, risk aversion in the context of recession, and public health-related risks (as a result of Covid-19) impacting on the build timescale.

3. Economic Case

The economic case determines whether the scheme demonstrates value for money. It presents evidence of the expected impact of the scheme on the economy as well as its environmental, social and spatial impacts.

In addition to this application form, promoters will need to provide a supporting Appraisal Summary Table (AST). This should provide:

- a calculation of Benefit-Cost Ratio (BCR) according to the DCLG Appraisal Guidance, with clearly identified, justified and sensitivity-tested assumptions and costs*
- inclusion of optimism bias and contingency linked to a quantified risk assessment*
- inclusion of deadweight, leakages, displacement and multipliers*

Smaller schemes (less than £2 million) are not required to provide a supporting AST, and do not have to calculate a BCR.

3.1 Options assessment:

[Outline all options that have been considered, the option assessment process, and specify the rationale for discounting alternatives.

Promoters are expected to present a sufficiently broad range of options which avoid variations (scaled-up or scaled-down version) of the main options. The key to a well scoped and planned scheme is the identification of the right range of options, or choices, in the first instance. If the wrong options are appraised the scheme will be sub-optimal from the onset.

Long list of options considered:

*Description of all options which have been considered to address the problem(s) identified in the **Need for Intervention** section above, including options which were considered at an early stage, but not taken forward.*

Options assessment:

Describe how the long list of options has been assessed (assessment approach), rationale behind shortlisting/discarding each option.

Short list of options:

The 'Options Assessment' section is an opportunity to demonstrate how learning from other projects and experience has been used to optimise the proposal, and the Preferred Option is expected to emerge logically from this process; max. 2 pages.

Smaller schemes (less than £2 million) are required to complete an Options assessment which is proportionate to the size of the scheme; max. 1 page.]

Options assessment process

As set out in the Strategic Case, our objectives are:

- To address the (national and local) market failure in the supply of laboratory space to SMEs
- To build the life science ecosystem, and improve the prospects for growth for local science SMEs
- To develop a regional life science cluster in East Kent

In the light of these objectives, Discovery Park Ltd has developed plans to create additional lab and incubator space for several years. As part of this, other locations on the Park have been considered, and following this, Building 500 has been identified in the Discovery Park Masterplan as the preferred location. This will be supported by an Innovation Management resource.

However, taking a broader view, it would (at least theoretically) be possible to achieve some of the objectives set out above without additional investment at Discovery Park. To think this through for the purposes of the Economic Case, we drew up a 'long list' of potential options, within and outside of Discovery Park and involving a range of models. These were then considered against the extent to which they would achieve our *objectives*, and the extent to which they are likely to be *deliverable*, taking into account the timescales for Getting Building Fund expenditure.

This resulted in a shortlist of three options, which are considered in greater detail below.

Options long list

The table below summarises the long list of options considered against the objectives identified in the Strategic Case:

Table 3-1: Options long list: Summary

Option	Headline description	Shortlisted?
Options at Discovery Park		
Do minimum/ status quo	No investment in a new Incubator. Additional lab space brought forward incrementally in response to market demand and the viability of individual deals.	Yes. While this option would not achieve our first objective, and would do nothing additional to achieve the other two, it is 'deliverable' (where the demand is for larger lab space) and is the default option. We have included it on the shortlist as it represents the Reference Case.
Small-scale advance refurbishment	Scaled-down version of the preferred option, supporting fewer businesses at reduced capital cost.	No. This option would be sensible were the key barrier to bringing forward new space weak evidence of demand (i.e. a smaller facility might help to prove the market). However, there is widespread evidence of unmet demand and evidence of a need for flexibility in new provision to enable firms to scale. A smaller version is less likely to meet market need and would be higher cost relative to the benefits. No scheme currently exists, so not deliverable in the short term.

Option	Headline description	Shortlisted?
Refurbishment of Building 500	Refurbishment of Building 500 to provide 30,000 sq ft net lettable lab and office space	Yes. This is the preferred option, and is described below and elsewhere in this business case.
Refurbishment of Discovery Park House	Refurbishment of an alternative location at Discovery Park to deliver an Incubator facility	Yes. Plans and costs for an alternative scheme have been drawn up at Discovery Park House. This is a deliverable option and could potentially meet the project objectives, and is included here for comparison.
Lower cost refurbishment	Lower cost refurbishment (e.g. increased office space relative to labs, with the option to convert to lab space depending on demand)	No. This would be deliverable; however, it would incur significant cost at a later date as facilities are converted/ upgraded. In practice, this is essentially a variant of the 'do minimum/ status quo option.
'Dispersed' incubator model	Programme of advance refurbishment across the Discovery Park campus, with an innovation support offer	No. This is a variant of the small-scale advance refurbishment option, and would likely incur higher cost relative to benefits. There is also no obvious case for dispersing provision when there is sufficient space to consolidate it with access to better quality facilities.
'Revenue-only' model	No physical provision of lab space, but a programme of innovation support offered to business	No. This is deliverable, but would not meet our objective of increasing the supply of lab space.
Options elsewhere in East Kent		
Multi-site 'dispersed' model	Programme of advance refurbishment in several locations, with the aim of creating a network of workspaces to meet varied demand	No. This could theoretically work if there were several sites with complementary offers – but this is not the case locally.
Alternative location (e.g. University of Kent)	Location of a solution similar to the preferred option at another location – e.g. at University of Kent at Canterbury	No. This option could have some rationale, given the University's investment in Kent and Medway Medical School and the potential investment in the School of Biosciences. However, Canterbury is not an established life science business location. Concentrating new lab space here would not meet market demand and would run counter to our objectives of developing and consolidating the cluster.

Shortlist of options

This assessment reduced the longlist of options to a shortlist of three. These are:

Option 1: Do minimum/ status quo

This option would not involve any public sector intervention. Instead, it would rely on Discovery Park Ltd bringing forward lab space where it is commercially viable to do so, in response to individual enquiries.

This option would not involve additional lab space being brought forward at scale: as there is very little readily available lab space at Discovery Park, we assume that this option would only be possible where firms are able to pay the costs of refurbishment. Space would only

come forward for larger 'anchor' tenants due to the costs associated with commissioning centralised plant. This option would not address the market failure issues set out in the Strategic Case. However, it describes what would happen in the event of non-intervention, and we have used it to construct the Reference Case in Section 3.6.

Option 2: Creation of Life Sciences Incubator in Building 500

This is our preferred option. In summary, it involves the creation of a new Incubator facility, offering wet labs and dry lab/ write-up space, small lettable offices and flexible working and collaboration areas. It would mean the refurbishment of 51,200 sq ft of space in Building 500 to deliver c.30,000 sq ft net lettable space for small life science businesses, including individual incubator units.

Option 3: Creation of Incubator facility at Discovery Park House

Plans have previously been drawn up for the refurbishment of part of Discovery Park House to offer around 30,000 sq ft of lab and write-up space. This was designed to a different specification, involving an 'open-plan' layout across two floors. Proposed layouts for this option are set out in Annex K.

This option is rejected because:

- As explained in Section 3.5 below, the estimated costs for this option are substantially greater than in the preferred option. This is because plans for this facility were originally drawn up for a single occupier. Creating incubation space and multiple laboratories in Discovery Park House would result in higher capital costs and would not be commercially viable.
- Discovery Park House is mainly occupied with larger science occupiers. It would therefore not deliver the science ecosystem that could be achieved in Building 500.

3.2 Preferred option

[Describe the Preferred Option and identify how the scheme aligns with the objectives. Include evidence of stakeholder support for the Preferred Option either through consultation on the scheme itself or on the strategy the scheme forms part of; max. 1 page.]

The preferred option is described above and in the Strategic Case. It was identified as the preferred option because:

- It meets all of the objectives of the project, in that:
 - It directly delivers additional flexible lab space to meet the needs of SME life science businesses. It is likely to perform better than Option 3 in this regard because the configuration involving separate incubator units as well as shared space corresponds better with evidence of demand from recent enquiries and is will enable individual units to be more easily flexed to meet changing demand.
 - Through the design of the collaborative environment and inclusion of business support activity within the revenue costings for the facility, it will contribute to business growth and the development of the innovation

ecosystem at Discovery Park – in turn contributing to our longer term regional objectives

- It is preferable to Option 3 on cost grounds
- It will help to drive further occupancy within Building 500, complementing both the Incubator itself and those businesses (such as [REDACTED] and Canterbury Christ Church University) that are already occupying part of the building. Currently there are seven businesses in East Block of Building 500.

Stakeholder support

There is no requirement to undertake consultation on the Incubator project: there are no planning implications, and as Building 500 is entirely within the Discovery Park estate, there are no impacts on any businesses or residents outside the Park.

However, the Discovery Park masterplan has been subject to discussion with tenants on the Park. Feedback from existing and prospective tenants (including those that were unable to find the right space at Discovery Park) has informed the design of the proposals for Building 500. Discovery Park has also contracted with Maxim, a major regional communications agency, to support wider stakeholder engagement.

3.3 Assessment approach

[Describe the approach used to assess the impacts of the scheme, describing both the quantitative and qualitative methods used, and specify the Do Minimum and Do Something scenarios. The assessment approach should be a proportionate application of the DCLG guidance; max. 1.5 pages.]

The 'do minimum' scenario is described in Section 3.1 above.

To assess the potential impacts of the scheme, we first considered whether a land value uplift or GVA approach would be the most appropriate. MHCLG guidance states that land value uplift is the preferred methodology, where possible. However, in the case of this proposal, this is challenging, given that the project is a refurbishment scheme within a building that is already (partly) occupied by life science businesses: essentially, the project is an enhancement to the building's existing use. Building 500 is also an integral part of the Discovery Park campus, rather than a 'standalone' facility.

We have therefore taken a GVA-based approach to appraisal. This is consistent with the approach taken on several other innovation-focused projects that have been approved by SELEP, where the core benefits are business growth and employment related (for example, University of Essex Knowledge Gateway, Basildon Innovation Warehouse and Parkside Office Village Phase 3).

Having determined the appraisal approach, we:

- Considered which benefits, in line with our objectives, could be realistically quantified (in this case, these relate to business growth, employment and additional GVA)
- Identified and quantified a 'reference case' (i.e. what we would expect to happen in the absence of intervention)

- Carried out an economic appraisal based on those benefits that could be quantified
- Set out those benefits which can, at this stage, be described in narrative terms only.

In carrying out the appraisal, we have had regard to HM Treasury Green Book [Business Case Guidance for Projects](#) (2018) and the 4th Edition of the [Additionality Guide](#) (2014).

An appraisal workbook confirming all inputs and calculations is provided.

3.4 Economic appraisal assumptions

[Provide details of the key appraisal assumptions by filling in the table in Appendix A, expand if necessary. Key appraisal assumptions as set out in Appendix providing justification for the figures used and any local evidence, where appropriate (different from the standard assumptions or the ones with the greatest influence on the estimation of benefits). Explain the rationale behind displacement and deadweight assumptions.

Smaller schemes (less than £2 million) are not required to complete this section].

Key assumptions and parameters shaping the analysis of costs and benefits are as follows:

- An **appraisal period** of 20 years is used, starting in 2020/21. This is shorter than the 'standard' 30 year appraisal period. However, while it is likely that the Incubator facility will have an economic life beyond 20 years, we are conscious that the sector is dynamic and that significant changes might be anticipated in the use of technology and space requirements over the next few years: the shorter appraisal period reflects this.
- We assume that all **benefits** are net of the Reference Case, and start in 2021/22, as soon as the works are complete and the Incubator is open.
- All costs and benefits are stated in **2020 prices** and no inflation allowance is applied
- Costs are presented as **exclusive of VAT**
- **Discount rates** are applied, following HM Treasury's standard guidance, at 3.5% per annum on all costs and benefits
- The **impact area** for quantifying the intervention is assumed to be East Kent (i.e. Ashford, Canterbury, Dover, Folkestone & Hythe and Thanet). This reflects our strategic objective of building a 'regional cluster' in East Kent, and roughly approximates to Discovery Park's travel to work area.
- The extent to which outputs are additional and attributable is explored in detail, with deadweight, displacement, leakage and substitution all considered.

3.5 Costs

[Provide details of the costs of the scheme. All public-sector costs should be included:

- *Public sector grant or loan*

- *[Public sector loan repayments] (negative value)*
- *Other public sector costs*
- *[Other public sector revenues] (negative value)*

If the land is owned by the public sector, then the public sector will be incurring holding costs assumed to be 2% of the existing value of the land per year. Should the land be used for non-residential development these holding costs will be avoided. This needs to be reflected in the appraisal as a negative cost.

Please note that any private costs associated with the development should be included in the appraisal as a dis-benefit and therefore feature in the numerator of the BCR calculation rather than the enumerator.

Additional details regarding the consideration of costs as well as standard assumptions that can be used in the absence of local data can be found in the [DCLG appraisal data book](#).

Capital costs

Option 1 (do minimum)

In Option 1, there are no public sector costs. Instead, in the 'do minimum' option, additional lab space is brought forward commercially, when it is viable to do so.

Option 2 (Building 500 Life Science Incubator, preferred option)

In our preferred option, total capital costs are £5.5 million. Costs are incurred in 2020/21 and 2021/22, and have a net present value of £5.375 million.

The Getting Building Fund contribution to capital costs is requested at £2.5 million, equating to an intervention rate of 45%. Assuming the GBF funds are spend pro-rata, this is a net present value of £2.432 million.

Option 3 (Discovery Park House refurbishment, alternative option)

The alternative costed option, which involves the refurbishment of Floors 2 and 3 of Discovery Park House, has an estimated cost of £7.641 million (or NPV of £7.468 million, assuming spend were to be incurred to the same timetable as Option 2.

Due to the increased overall cost, we assume that the public grant requirement increases in this option, although is capped at the state aid limit of 50% of eligible project costs (i.e. £3.82 million, or NPV of £3.734 million).

Optimism bias

Guidance states that costs and benefits should be adjusted to account for optimism bias. At this stage, the allowance for optimism bias should probably be modest, given that feasibility work has been completed and a detailed procurement strategy is in place; since no construction work is involved, the project is also relatively low risk. However, there are still some uncertainties, so we have applied optimism bias of 10% to costs overall, although

we assume that public sector grant is capped at the amount requested in Option 2 and assumed in Option 3.

Table 3-2 summarises total capital costs for Option 2 and notional Option 3. A breakdown of costs by year is included in the Financial Case

Table 3-2: Costs for Options 2 and 3, £m

	Option 2 (Preferred Option)	Option 3 (Alternative Option)
Total capital costs	5.500	7.641
NPV of total capital costs	5.375	7.469
Total capital costs + optimism bias	6.050	8.405
NPV of total capital costs + optimism bias	5.912	8.216
Public sector costs	2.500	3.821
NPV of public sector costs	2.432	3.734

Revenue costs

No public funding is requested for revenue costs. We have therefore not included the operational cost of the Incubator in the economic appraisal, although to demonstrate revenue viability, we have set out the operational profit and loss in the Financial Case.

3.6 Benefits

[Provide details of the benefits of the scheme identifying the 'initial' and adjusted benefits that were used to calculate the 'initial' and 'adjusted' BCR. The DCLG Appraisal Guidance provides additional details regarding the initial and adjusted benefit calculations on page 17.]

'Initial' Benefits

All impacts quantified based on the Green Book Guidance and Green Book Supplementary and Departmental Guidance should feature in the 'initial' BCR calculation. These impacts currently include:

- *Air quality*
- *Crime*
- *Private Finance Initiatives*
- *Environmental*
- *Transport (see WebTAG guidance)*
- *Public Service Transformation*
- *Asset valuation*
- *Competition*

- *Energy use and greenhouse gas emissions*
- *Private benefits e.g. land value uplift*
- *Private sector costs if not captured in land value*
- *Public sector grant or loan if not captured in land value*
- *Public sector loan repayments if not captured in land value*

'Adjusted' Benefits

There are several external impacts to the users or entities already present in a development area or to the society that are additional to the impacts included in the Green Book Supplementary and Departmental Guidance.

Such external impacts include potential agglomeration impacts on third parties, health impacts of additional affordable housing and brownfield land clean-up, educational impacts of additional housing, transport externalities, public realm impacts, environmental impacts, and cultural and amenity impacts of development. Such externalities should still form part of the appraisal and included in the 'adjusted' BCR.

Promoter should present here additional estimates of impacts based on their own evidence. These estimates might be based on tentative assumptions where the evidence base is not well established. Additional guidance regarding the identification of externalities and ways of estimating the 'adjusted' impacts are available in Annex F of the DCLG Appraisal Guidance.]

Identifying the Reference Case

To quantify the impact of the Incubator project, we have used the total lettable floorspace created as the basis for calculating employment and GVA impacts.

However, it is possible that some additional lab space would come forward in the absence of intervention. As set out earlier, in the 'do minimum' option, Discovery Park would continue to work with existing and prospective tenants to help them secure the right accommodation, where it is commercially viable.



Initial quantified benefits

Employment

We estimate the employment benefits from occupancy levels within the new Incubator. The Incubator (in preferred Option 2) has total net lettable space of 30,763 sq ft. We assume that:

- 
This is a relatively conservative build-up rate: for example, in some of the innovation centres managed by Oxford Innovation, occupancy is typically projected

to ramp up to 90% by Year 4¹². However, while this trajectory might be exceeded, it is prudent to be more cautious than would be the case for more ‘generic’ office space.

- Cumulative take up of lab space in the Reference Case is subtracted from the total floorspace. This has the effect of gradually ‘decaying’ the net additional floorspace occupied from 2029/30, which is likely to be realistic as other supply is brought forward.
- Finally, we estimate the amount of employment that could be accommodated within the Incubator. As outlined earlier, we would expect job densities to be much lower for R&D space than for office accommodation: the mid-point estimate for R&D space in the HCA [Employment Densities Guide](#) is of 538 sq ft per job. However, actual densities achieved in lab space elsewhere in the Park are generally somewhat higher than this: the average of other firms in Building 500 (e.g. Psyros Diagnostics and QBiotech) is closer to the 250 sq ft per job mark.

For a ‘conservative but realistic’ estimate, we have taken a mid-point between the two of 394 sq ft/ job. This corresponds roughly with the HCA ‘incubator’ average density.

Taking these factors into account, we reach a maximum of 62 jobs gross, or **46 FTE jobs** net of the Reference Case, accommodated in the Incubator by 2029/30. In practice, we anticipate that job numbers will be higher than this: once jobs supported by the flexible working area are taken into account and the impact on take-up of space elsewhere in Building 500 is considered, the facility could potentially support around 250 jobs. But for the purposes of the Economic Case, we have taken the 46 net jobs figure as the basis.

Gross value added

To estimate the GVA generated by this additional employment, we assume GVA per filled job at the 2018 East Kent average rate of £46,976. This is a conservative estimate: as indicated earlier, GVA per filled job is substantially lower in East Kent than in the rest of the UK, and it is highly likely that employees in the life science sector will be much more productive.

Over the 20 year appraisal period, estimated gross GVA amounts to **£29.975 million**. This should however be discounted substantially: to reach an estimated net figure, we have applied the following factors:

Table 3-3: Additionality factors applied to GVA estimates

Factor	% applied	Explanation
Leakage	25%	Not all jobs ‘generated’ by the Incubator and its support services will be taken by people within the area of benefit: given the quality of the facility, it is highly likely that it may attract some in-commuters. From the point of view of the sustainability and growth of Discovery Park and the East Kent life sciences cluster, this is positive, since it means an inflow of talent. However, to account for benefits accruing beyond the area of benefit, we

¹² For example, SQW/ Oxford Innovation for Maidstone Borough Council (2018), Business Plan for Kent Medical Campus Innovation Centre

Factor	% applied	Explanation
		assume 25% leakage, a 'medium' estimate within the <i>Additionality Guide</i> ready reckoner ¹³ .
Displacement	25%	Some employment will be 'displaced' from other jobs (in other words, post-holders will have simply moved from other employment). However, employment is likely to be high-value, and may attract new residents to East Kent to take advantage of new opportunities. We assume limited displacement at 25% to account for this
Deadweight	30%	<p>We have already to some extent accounted for deadweight in the Reference Case, which subtracts the benefits that we might have expected in the absence of intervention. However, the real deadweight level is likely to be higher: not all business and employment growth will be attributable to the Incubator, , although the improved facilities and support ought to help them to expand.</p> <p>Deadweight estimates vary substantially. In the case of schemes providing lab and incubator space, the evidence is mixed: a study for BEIS on the impact of incubators and accelerators (2019) found relatively little impact on business growth rates; other survey analysis (Oxford Innovation, 2019) demonstrates that firms achieved faster growth as a result of being located within an incubator facility. Given that a shortage of lab space appears to be a constraint on firms' expansion plans, it is plausible that additionality may be greater than in incubator facilities offering more generic space. We have applied 30% deadweight to account for this</p>
Multiplier	1.5	We have applied a composite regional multiplier of 1.5 to all benefits. This is based on a 'medium' multiplier with average linkages, as set out in the <i>Additionality Guide</i> . It is slightly higher than the observed multipliers within evaluations of Enterprise Zone interventions for office and B2-related interventions (and we think this is plausible, given the relatively high value of the jobs that would be attracted to the Incubator). However, it is conservative compared with sectoral output multipliers within 'higher value' industries.

In the preferred option (Option 2), this results in **net local effects of £17.703 million (or a net present value of £12.519 million)**. In Option 3, the benefits are virtually the same (£17.461 million, or NPV of £12.356 million).

Adjusted benefits

In addition to these benefits generated by the operation of the Incubator itself, there will be some economic value generated from the refurbishment phase. Typically, 'construction' benefits are discounted in economic appraisal. However, Getting Building Fund is an explicitly counter-recessionary scheme, which aims to generate economic activity in the short term, as well as longer term economic benefit.

Applying the Homes England labour coefficient (adjusted to 2020 prices), the preferred option ought to generate 46 'job years' of employment, equating to a GVA impact of £2.171 million. However, this should be heavily discounted: much of the benefit will not be captured locally, given the national market for specialist installation services. Applying 75% leakage,

¹³ HCA, [Additionality Guide](#), 4th Edition, 2014

50% displacement and 50% deadweight (plus the 1.5 multiplier) generates net benefits of £203k in the preferred option (or £284k in Option 3).

Optimism bias

Guidance recommends that optimism bias is considered in respect of economic benefits. For the reasons set out above, we consider our approach to be conservative; however, we have applied 10% optimism bias to all benefits.

Bringing it together: Quantified benefits

Taking all of the above into account, Options 2 and 3 generate net benefits as follows:

Table 3-4: Summary of quantified benefits (£m)

	Option 2	Option 3
Net initial benefits	17.704	17.461
Net construction benefits	0.307	0.426
Total benefits	18.011	17.888
Total benefits, plus optimism bias	16.210	16.099
NPV of total benefits, plus optimism bias	11.537	11.495

Unquantified benefits

In addition to these quantified benefits, the Incubator will generate significant additional benefits. These include:

- The increased attractiveness of Discovery Park as an investment location, attracting further occupiers
- The development of a concentration of science businesses, providing a pool of talent and ideas with which established firms on the Park can collaborate, supporting firm retention and growth
- An increase in the number and survival rate of life science businesses in Kent and Medway, as firms are attracted to the Incubator and are enabled to expand
- Increased collaboration between start-up and growing firms, larger businesses and academic institutions at Discovery Park
- Increased investment at Discovery Park (and in East Kent more broadly) as a result of the increase in business activity at the Incubator.
- Increased investment in start-ups and growing businesses though the opportunity to create a network of investors (from seed to angel to VC funding).
- Longer term benefits through the growth of the life science cluster as a driver of growth in East Kent, contributing to the greater resilience of the sector and regional productivity growth.

- Exchequer benefits through increased business rates (estimated at c.£200k per year).

3.7 Local impact

[If the scheme has a significant level of local impacts these should be set out in this section.]

While Discovery Park is regionally significant, there will be some more local impacts. These are especially likely to be related to increased employment on site, which is likely to benefit people in Sandwich and the surrounding area.

3.8 Economic appraisal results:

[Please provide details of the key appraisal results (BCR and sensitivity tests) by completing the table below. Please note, not all sections of the table may require completion.]

Promoters should also include a statement which identifies other schemes which may have potentially contributed to the same benefits/impacts.

Smaller schemes (less than £2 million) are not required to complete a quantified economic appraisal but are required to include a Value for Money rationale.]

Table 3-5: Appraisal Summary Table (£m)

MHCLG appraisal sections	Option 2 (Preferred Option)	Option 3 (Alternative Option)
A. Present value benefits	11.267	11.120
B. Present value costs	2.432	3.734
C. Present value other quantified impacts	0.270	0.375
D. Net present public value [A-B+C]	9.105	7.761
E. Initial Benefit: Cost Ratio [A/B]	4.63	2.98
F. Adjusted Benefit: Cost Ratio [(A+C)/B]	4.74	3.08
G. Significant non-monetised impacts	Increased investment at Discovery Park Greater resilience of East Kent life science cluster Greater business collaboration leading to further investment and innovation	
H. Value for money category	High	High
I. Switching values and rationale for vfm category	Sensitivity analysis has been carried out for Option 2. See below	
J. Net financial cost, inc. optimism bias	6.050 (total) 2.500 (public)	8.405 (total) 3.821 (public)
K. Risks	Weaker than anticipated demand Procurement/ contractor risks	
L. Other issues		

Sensitivity analysis

To test the robustness of the BCR, we have carried out sensitivity analysis on preferred option 2 against three scenarios. In all of these, the BCR is greater than 2, demonstrating high value for money. The results are shown below:

Table 3-6: Results of sensitivity analysis

Scenario	Initial BCR	Adjusted BCR
1. Higher deadweight: 50% deadweight applied to benefits	3.31	3.42
2. Slower take-up, with maximum occupancy at 75%	3.13	3.24
3. Composite of Scenarios 1 and 2	2.23	2.35

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:

[Present the results of your assessment of procurement and contracting route options and the supplier market, and describe lessons learned from others or experience; max. 1 page.]

A Procurement Strategy has been prepared for the Incubator project in Building 500 (East Block) by 3PM, Discovery Park's appointed Project Management consultants.

The Procurement Strategy identifies five key factors affecting the choice of procurement route. These are:

- **Fast-tracked schedule:** The Incubator needs to be operational by mid-2021, so pace of delivery is a high priority.
- **Functional quality:** Quality needs to be high: for the Incubator to become operational, it will need to meet strict quality criteria to satisfy the regulatory authorities.
- **Cost and schedule certainty:** Discovery Park Ltd require a high degree of cost certainty for business planning and reporting to shareholders (and to ensure that the profile set out for the purposes of Getting Building Fund is adhered to).
- **Flexibility of design:** The range of early stage uses could be broad (as explained earlier, the Incubator will include wet lab and write-up space, but will also include flexible working and small office spaces). The Incubator needs to maintain flexibility to accommodate these and to respond to changing demand over time.
- **Engagement with the supply chain:** Because much equipment is integrated across Discovery Park, there is likely to be a significant amount of incumbent and local subcontractor design, with supply chain engagement during the later stages of the design process.

Analysis in the Procurement Strategy also considered the balance of risk between Discovery Park Ltd and the contractor team, recognising that while the Discovery Park team has substantial engineering experience, its experience in delivering an Incubator facility of the specific type proposed is more limited.

With these considerations in mind, the Procurement Strategy considered three viable procurement routes. These are:

Option 1: Traditional single-stage procurement

Through this route, the contractor would build a design, typically detailed to RIBA Stage+, provided by the employer's design team. This is put to competitive tender and typically, the lowest-cost tender is appointed.

The advantages of this approach are that the design is developed to a detailed level and there is a clear division of responsibility between design and construction. The client also maintains control of the design, and there is a high degree of certainty on the basis of cost and specified performance before the commitment to build.

The disadvantages include longer timescales, which could mean that favourable market conditions cannot be maximised, and may be problematic given the timetable pressures to deliver for Getting Building Fund. Design risk and the risks of project coordination also remain with Discovery Park, and there is the risk that successful bidders might under-price at tender stage and then seek to recover margin through changes at a later stage.

Option 2: Single-stage design and build

Through this route, the contractor has responsibility for both the design stage from Stage 3 and the build elements of the project. Single-stage tendering requires full tender information to work most effectively and assumes that requirements will not change substantially during the process.

The advantages of this approach are that it transfers risk to the contractor, passes the responsibility for production design to the contractor who is best able to define the way forward, and offers a potentially quicker route to market.

The disadvantages include a need for absolute clarity regarding the scope of the design, so that areas where control is required are well defined. Single-stage tendering is also often seen as more risky for the contractor, so risk allowances in their price might be larger than expected. 3PM's view is that this approach has been less favourable in the current market.

Option 3: Two-stage design and build

This option involves an opportunity to involve contractors at an earlier stage to capture their ideas on programming and design. In the first stage of procurement, staff, overheads and profit, preliminaries and some early work packages can be fixed. Once the design has been progressed in detail and major packages of work procured, the second stage fixed price can be agreed.

The advantages of this approach include an earlier appointment of the contractor, enabling an early assessment of commercial viability and contractor input into the earlier design stages. It also means that there is an earlier understanding of project risks, continued design development into the second stage and an open-book approach to subcontractor tendering.

However, there is a risk that contractors could seek to 'drag out' the second stage process to their advantage, when it is known that there is no competition. Project management mechanisms will need to be put in place to safeguard against this risk.

The Procurement Strategy also considered the option of Discovery Park appointing a Construction Manager to manage the site-wide engineering aspects of the work.

4.2 Preferred procurement and contracting strategy

[Define the procurement strategy and contracting strategy (e.g. traditional, (design and build, early contractor involvement) and justify, ensuring this aligns with the spend programme in the Financial Case and the project programme defined in the Management Case; max. 2 pages.]

A Procurement Strategy has been provided with this Business Case.

Preferred approach

Taking the options above into account (and considering their advantages and disadvantages), it is intended that the project will be split into two procurement workstreams, involving:

- A Construction Management approach to site-wide engineering works
- A single-stage design and build approach to the fit-out works

This approach has been taken because Discovery Park's in-house engineering team has an in-depth understanding of the site and currently maintains all mechanical and plant systems, providing confidence that it can control the design, programme, supply chain and management risks; while a D&B approach to the fit-out works provides a degree of schedule and cost certainty.

As set out in Section 4.2, there are some disadvantages associated with D&B procurement, notably the incentive for the contractor to maintain a low cost base at the expense of quality. To mitigate this risk, it is recommended that Discovery Park will retain the right to novate members of the design team to the contractor, and that a smaller, focused client team is put in place.

Procurement process

A simple Pre-Qualification Questionnaire (PQQ) will be issued to an agreed list of contractors for both routes to gauge their capacity and suitability for the project. This will include financial due diligence (this is of particular importance given the current economic turbulence) and speed of execution.

In parallel the in-house engineering team and the fit-out design team (Fairhursts Design Group) will develop the tender information and contract amendments which will be coordinated and drafted to allow a tender to be issued to the shortlisted contractors based on RIBA Stage 3 Developed Design level of information.

The tender returns will be reviewed in a shortened timeframe to allow early start on site whilst the remainder of the engineering design and procurement is completed with local and incumbent trusted contractors. Following shortlisting interviews and analysis of tender returns, a recommendation will then be made to appoint a preferred contractor based on a fixed price lump sum.

The RIBA Stage 4a Technical Design will be the responsibility of the engineering and fit-out contractors who will work alongside the design team to provide advice on schedule

duration, sequencing, subcontractor design and buildability as well as supervise an early works that may be required.

As the engineering works packages are finalised the contractor will tender them in the subcontractor market on an 'open book' basis, in order to arrive at a lump sum price at the conclusion of the stage. Finally, a recommendation will be made to appoint the contractors based on an agreed lump sum and schedule following which a formal JCT suite Building Contract for the works can be entered into.

It should be noted that this procurement strategy has been drawn up by Discovery Park Ltd's advisors to achieve the most effective commercial approach to project delivery. However, we understand that there may be further guidance on procurement requirements that may be associated with Getting Building Fund regulations (which we have not seen and which we believe have not yet been published by Government). We would be happy to discuss these further with SELEP to ensure that we are fully compliant.

4.3 Procurement experience

[Describe promoter (and advisor) experience of the proposed approach including any lessons learnt from previous procurement exercises of a similar scale and scope; max. 0.5 pages.]

Discovery Park, and our advisors, have extensive experience of procurement processes. This includes:

- **Discovery Park Engineering** is responsible for the operations and maintenance of around 1.5 million sq ft of scientific laboratory, office and manufacturing space across the Discovery Park estate. Work is delivered in-house through the Discovery Park Engineering team, but the team regularly contracts with specialist contractors. Key recent projects that the DPE team has delivered with external contractor support include the complete refurbishment of the 'Kilo Lab' (a mothballed GMP manufacturing facility) at a cost of ██████████, and the refurbishment of existing labs in Building 500.
- Our project management advisor, **3PM**, is a leading project and programme management consultancy specialising in complex projects, especially in the field of science and technology. 3PM has extensive relevant experience including:
 - Leading full design team services to RIBA Stage 4 for the new 80,000 sq ft Cell and Gene Therapy Catapult building on the GSK Bioscience Campus in Stevenage
 - Project management services for the Biodata Innovation Centre (a 30,000 sq ft incubator facility for new biodata companies) at the Wellcome Trust's Genome Campus in Hinxton, near Cambridge; and the Sanger Sequencing Building for the Wellcome Trust and Genomics England on the same campus
 - Project management services for the Enterprise Centre at the University of East Anglia in Norwich.

- Our design partners, **Fairhurst Design Group**, has worked with Discovery Park Ltd in developing the overall masterplan for the site, and is a long established international architecture, masterplanning and interior design practice. Outside Discovery Park, recent relevant projects include the Reckitt Benckiser Science and Innovation Centre in Hull, the Cell and Gene Therapy Centre at Stevenage, and the R100 Space Technology Centre at Harwell, Oxfordshire.

More generally, the directors of Discovery Park Ltd have extensive experience both in science and technology and complex property development, set out further in the Management Case.

4.4 Competition issues

[Describe any competition issues within the supply chain; max. 0.5 page.]

As set out above, Discovery Park has adopted a procurement strategy which seeks to ensure open competition at the design and build stage, while maintaining in-house management of those packages of work related to site-wide engineering.

The development of the Incubator relies on specialist skills and capabilities, and we anticipate the fit-out contractor having significant expertise in scientific lab schemes. However, Discovery Park (and our advisors in 3PM) have extensive experience of the market, which we believe to be competitive.

Competition issues will be mitigated by:

- Strong specialist knowledge of the market within DP, 3PM and Fairhursts Design Group
- A PQQ at the start of the design and build tendering process to gauge contractors' capacity and suitability, and to assess the market response

For engineering works contracted via Discovery Par Engineering, individual packages of work will be contracted with known suppliers via a mini tender pricing exercise.

4.5 Human resource issues

[Where possible, describe what you have done to identify and mitigate against any human resource issues; max. 0.5 pages.]

Human resource issues relevant to the delivery of the project following completion are set out in the Management Case.

With regard to the capital build phase, Discovery Park Ltd has an experienced Head of Engineering and Project Manager, who between them have over 50 years' experience of complex capital project management (see the Management Case for more details). We also have well-established working relationships with our project management advisors at 3PM and the other members of the directly-contracted professional team.

In terms of the project delivery workforce, pressures on the supply of skilled engineering personnel are widely cited, especially in the South East of England. However, we do not anticipate that this will have a major impact on delivery (and in fact, pressures on skilled staff may be reduced somewhat by the impact of the likely recession).

We note that Covid-19 presents a potential human resource constraint, if (for example) social distancing regulations limit the number of people working on site at any given time, or if further outbreaks lead to high levels of sickness absence. Potential contractors will be asked to outline their Covid-19 mitigation plans as part of the PQQ process.

4.6 Risks and mitigation

[Specify the allocation of commercial risks (e.g. delivery body, federated area, scheme promoters) and describe how risk is transferred between parties, ensuring this is consistent with the cost estimate and Risk Management Strategy in the Management Case; max. 1 page.]

The main risks identified in the project Risk Register that will have a bearing on the commercial viability of the project are summarised in the table below.

All risks are ultimately borne by Discovery Park Ltd. However, the table below also indicates the risk allocation:

Table 4-1: Commercial risk summary

Risk	Potential impact	Mitigation
Contractor fails to fulfil conditions of contract with regard to time and cost Allocation: Contractor	Late delivery, delay to licensing process and cost increases	Discovery Park, 3PM and Fairhursts Design Group are experienced in delivery complex science projects on time and within budget. Selection of appropriate contract Incentives within contract for delivery within spec, on time and budget
Limited availability of suitable contractors Allocation: DPL	Delay to tender process, unsuitable contractor appointed	Early market engagement and use of PQQ to ascertain interest from market
Sub-standard workmanship due to poor selection of supply chain and cost cutting by contractor Allocation: Contractor	Loss of functionality during operation	Selection of suitable contractor during first stage tender based on team, experience and track record Defects liability period Selection of trusted suppliers Off-site manufacturing in controlled environment Factory & site acceptance testing Warranties in place
Design not buildable due to complexity and lack of skills Allocation: Contractor	Delays on site and compromised functionality	Engagement with contractors early to review construction sequence, material selection and supply chain Request list of suppliers during PQQ / tender
Contractor insolvency Allocation: DPL	Delay to project as works are re-tendered. Increase in defects due to change of tradesmen	Conduct financial checks during PQQ / Tender Include parent company guarantees, performance bonds and retentions within contract terms
Cost inflation and delay due to variations during construction Allocation: Contractor	Late delivery, delay to licensing process and cost increases	Sufficient time within design schedule for client review and sign off Workshops during the tender to review detail and at the point of KO
Failure to agree contract terms	Limited number of tender returns. Drawn out tender negotiations	Include contract conditions in tender documents. Pass/Fail criterion

Risk	Potential impact	Mitigation
Allocation: DPL		Use of standard form of contract and fair contract amendments
Delay due to complexity of design Allocation: Contractor	Delay to project	Procure early works under CM route to protect schedule for specialist fit-out Contractor design input critical
Poor understanding of design intent Allocation: Contractor	Delays to project due to re-work and loss of functional quality	Robust set of ERs included in the tender Workshops Design management plan and clear ownership set out
Risks of delay due to Covid-19/ public health restrictions Allocation: Contractor	Delay to project	Potential bidders asked to set out Covid mitigation measures in PQQ

4.7 Social value

[Where possible, provide a description of how the procurement for the scheme increases social value in accordance with the Social Value Act 2012 (e.g. how in conducting the procurement process it will act with a view of improving the economic, social and environmental well-being of the local area and particularly local businesses); max. 0.5 page.]

The nature of the works that will be procured through this project are mainly linked with the installation of high-value equipment within a regulated environment. As such, measures such as local labour initiatives are likely to be difficult to realise.

However, there ought to be opportunities to realise social value through, for example:

- Engaging with local schools to highlight engineering and technology opportunities
- Engaging with local universities in relation to graduate engineering careers (for example, the EDGE Hub at Canterbury Christ Church University – which was funded by SELEP through the Local Growth Fund – provides a focal point for business-oriented engineering skills, and could be an important source of future talent for potential contractors on this project.

We will expect potential contractors to explain their proposals for social value as part of the bidding process, and we will highlight opportunities such as the EDGE Hub to them.

Beyond the procurement phase, we envisage greater opportunity for engagement with the wider community once the Incubator is operational. Discovery Park already has a strong track record in working with other organisations to build opportunities for skills development. Discovery Park already has a good track record in supporting this (for example, through hosting the [Community Lab](#) within Building 500 in partnership with Canterbury Christ Church University, Pfizer and STEM Learning to provide learning opportunities for teachers and students), and we would anticipate that the Incubator – and the firms accommodated within it – will play an important role in promoting public awareness of science and entrepreneurship.

5. Financial Case

The Financial Case determines whether the scheme will result in a fundable and affordable Deal. It presents the funding sources and capital requirement by year, together with a Quantitative Risk Assessment (QRA), project and funding risks and constraints. All costs in the Financial Case should be in nominal values¹⁴.

The profile of funding availability detailed in the Financial Case needs to align with the profile of delivery in the Commercial Case.

5.1 Total project value and funding sources:

[Specify the total project value and how this is split by funding sources by year, as per the table below (expand as appropriate). This should align with the total funding requirement described within the Project Overview section. Please include details of other sources of funding, and any conditions associated with the release of that funding.]

Capital

The total capital value of the project is £5.5 million, excluding VAT. This is to be funded by:

- £2.5 million from the Getting Building Fund (subject to approval)
- £3 million from Discovery Park Ltd.

Revenue costs

Getting Building Fund is sought for the capital element only. However, during its first three years of operation, we anticipate that the Incubator will make an annual loss, before starting to make an annual surplus from Year 4 (and a cumulative revenue surplus from Year 7). The costs of this will be borne by Discovery Park Ltd, and do not involve any public funds.

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

[Specify the amount and type of SELEP funding sought to deliver the project. This should align with the SELEP funding requirement described within the Project Overview section.]

The project requests Getting Building Fund grant of £2.5 million.

5.3 Costs by type:

[Detail the cost estimates for the project by year as per the table below (expand as appropriate) and specify how the inclusion of the Quantitative Risk Assessment (QRA) and other overheads aggregate to the total funding requirement. Where conversion has been made between nominal and real cost estimates (and vice versa) please provide details of any inflation assumptions applied. The Financial Case should not include Optimism Bias. Please confirm that optimism bias has not been applied in the Financial Case. Also, include details of the agreed budget set aside for Monitoring and Evaluation, and ensure this aligns

¹⁴ Nominal values are expressed in terms of current prices or figures, without making allowance for changes over time and the effects of inflation.

with the relevant section in the Management Case. Please note, not all sections of the table may require completion.]

Capital costs

The costs of the capital fit-out and refurbishment are shown in Table 5-1 below.

Table 5-1: Costs by type for the preferred option (£, 2020 prices, £m)

	2020/21	2021/22	Total
Refurbishment & equipment costs	1.653	3.667	
Design fees	0.180		0.180
Total	1.833	3.667	5.500
Inflation allowance (2.5%)	0	0.092	

Costs are based on an outline cost plan for the refurbishment of Building 500 North Block drawn up by the Project Team, drawing on the Team's experience of delivering and managing capital projects and ongoing maintenance contracts on site. The cost plan is set out in the supporting workbook.

Costs are in 2020 prices and exclude inflation. We have allowed for 2.5% for inflation in 2020/21 in addition to the total costs, the risk of which will be borne by Discovery Park Ltd. In practice, this risk is very low, given how close the project is to delivery.

There are no sunk costs included.

There are no overheads and uplifts included.

Optimism bias has not been included in the Financial Case.

Management costs, and any other costs in excess of those set out above, will be borne by Discovery Park Ltd.

Operational costs

As set out above, a 10 year profit and loss has been profiled, and is set out in Annex J.

Evaluation costs

We have not included evaluation costs in the table above, although we understand that SELEP will require the project to be monitored and evaluated, and our approach to this is set out in the Management Case. Evaluation will need to be paid for by Discovery Park Ltd, and we anticipate that evaluation of a project of this scale is likely to cost around £20k. However, we would want to discuss SELEP's specific requirements in this regard to ensure that this is costed appropriately.

5.4 Quantitative Risk Assessment

[Provide justification for the unit costs and a Quantitative Risk Assessment (QRA) provisions (detailed in the capital and non-capital tables above); max. 2 pages. Please provide supporting documents if appropriate.]

Capital unit costs

Capital unit costs are based on the Building 500 East Block Laboratory Fit Out Cost Model, prepared by 3PM for Discovery Park Ltd in August 2020.

Quantitative Risk Assessment

Although the Incubator project is close to delivery and will be completed by mid-2021, there are some cost risks: full designs for East Block of Building 500 have not yet been drawn up and the design and build contractor has yet to be appointed.

To reflect these risks, we have adjusted design fee costs by 5% and other equipment and fit-out costs by 10%, to provide a risk allowance of £541k, as set out below:

Table 5-2: Quantitative risk assessment (£, 2020 prices)

	2020/21	2021/22	Total
Refurbishment and equipment	162,000	370,000	532,000
Design fees	9,000		9,000
Total	171,000	370,000	541,000

As stated previously, Discovery Park Ltd will be responsible for managing any increase in costs or timescales.

Operational unit costs

The profit and loss at Annex J is based on assumptions made in relation to:

- Occupancy levels, rising to 85 % occupancy by 2028/29
- Net lettable floorspace of 30,763 sq ft
- Rent and services as outlined in Annex J

5.5 Funding profile (capital and non-capital):

[Where possible, explain the assumed capital and non-capital funding profile, summarise the total funding requirement by year, and funding source (add rows / columns as appropriate). Please note, not all sections of the table may require completion. Also, explain the external factors which influence/determine the funding profile, describe the extent of any flexibility associated with the funding profile, and describe non-capital liabilities generated by the scheme; max. 1 page.]

The funding profile is set out below:

Table 5-3: Funding profile (£, 2020 prices)

	2020/21	2021/22	Total
Getting Building Fund	500,000	2,000,000	2,500,000
Discovery Park Ltd	1,300,000	1,700,000	3,000,000
Total	1,800,000	3,700,000	5,500,000

There is some flexibility in this profile in terms of the GBF grant request – for example, funds could be flexed between 2020/21 and 2021/22 depending on the allocation of grant from Government. However, it is important that the completion of the project is not delayed beyond mid-2021, both to guarantee delivery of GBF benefits and to ensure that the Incubator can become revenue-earning no later than September 2021.

5.6 Funding commitment

[Provide signed assurance from the Section 151 officer to confirm the lead applicant will cover any cost overruns relating to expenditure and programme delivery, as per the template in Appendix B. Please also confirm whether the funding is assured or subject to future decision making.]

Funds from Discovery Park Ltd's shareholders are committed.

All costs will be incurred and spent before March 2022

A funding commitment statement is attached in Annex B.

This project has been discussed with the Section 151 officer at Kent County Council at the expression of interest stage. Confirmation of assurance from the s151 will follow prior to decision by the SELEP Accountability Board.

5.7 Risks and constraints

[Specify project and funding risks and constraints. Describe how these risks have, where appropriate, been quantified within the QRA/contingency provisions; max 0.5 pages.]

The main risks identified in the Risk Register that will have a bearing on the Financial Case are summarised in the table below:

Table 5-4: Financial risk summary

Risk	Impact	Mitigation
Lower take-up of space	Reduction in forecast income	Ensure rents and operating costs remain competitive
Tenant default	Loss of rental income, increased costs incurred	Undertake financial due diligence of tenants pre-let. Robust credit control procedures in place. Monitor tenant company performance
Void periods	Loss of rental income; holding costs incurred	Business case accounts for void periods. Proactive marketing of space. Working with tenant community to capitalise on expansion opportunities.

6. Management Case

The management case determines whether the scheme is achievable and capable of being delivered successfully in accordance with recognised best practice. It demonstrates that the spending proposal is being implemented in accordance with a recognised Programme and Project Management methodology, and provides evidence of governance structure, stakeholder management, risk management, project planning and benefits realisation and assurance. It also specifies the arrangements for monitoring and evaluation in terms of inputs, outputs, outcomes and impacts.

6.1 Governance:

[Nominate the project sponsor and Senior Responsible Officer, explain the project governance structure (ideally as a diagram with accompanying text) and describe responsibilities, project accountability, meeting schedules etc.; max. 1 page.]

Capital delivery

Project leadership

Within Discovery Park Ltd, the key personnel leading the project are:

- Mayer Schreiber, Chief Executive Officer (Project Sponsor and Senior Responsible Officer)
- Paul Bax, Head of Engineering
- Steve Mitchell, Project Manager

Project delivery

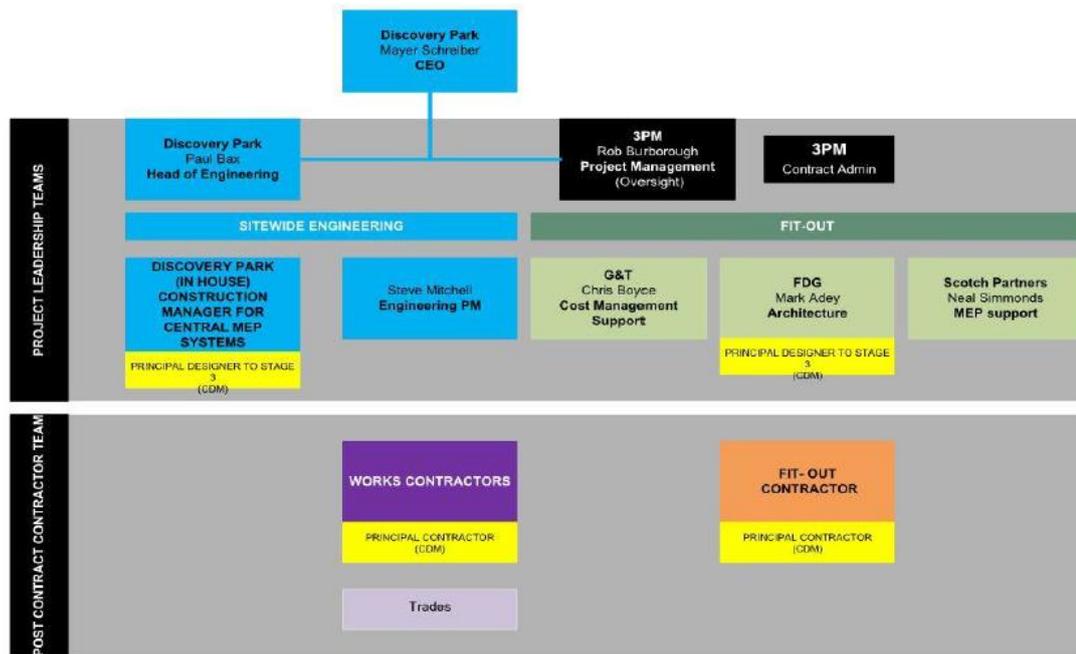
A professional **Project Team** has been directly contracted by Discovery Park Ltd. This includes 3PM, Discovery Park's project management advisors, Fairhursts Design Group, and specialist engineering and cost management consultants.

As set out in the Commercial Case, the internal fit-out contractor will be procured by Discovery Park under a design and build tender process, with engineering works separately procured by Discovery Park Engineering. Fig. 6-1 illustrates the project management arrangements.

All key personnel are trained project managers. As outlined in the Commercial Case, 3PM is a leading provider of project and programme management services to the property sector, with wide specialist expertise in the science and technology sector.

The professional Project Team will meet weekly during the course of the project. The Project Sponsor and Senior Responsible Officer will also have direct and ongoing oversight of the project, as with other major works on the Discovery Park estate.

Figure 6-1: Project management and contracting arrangements

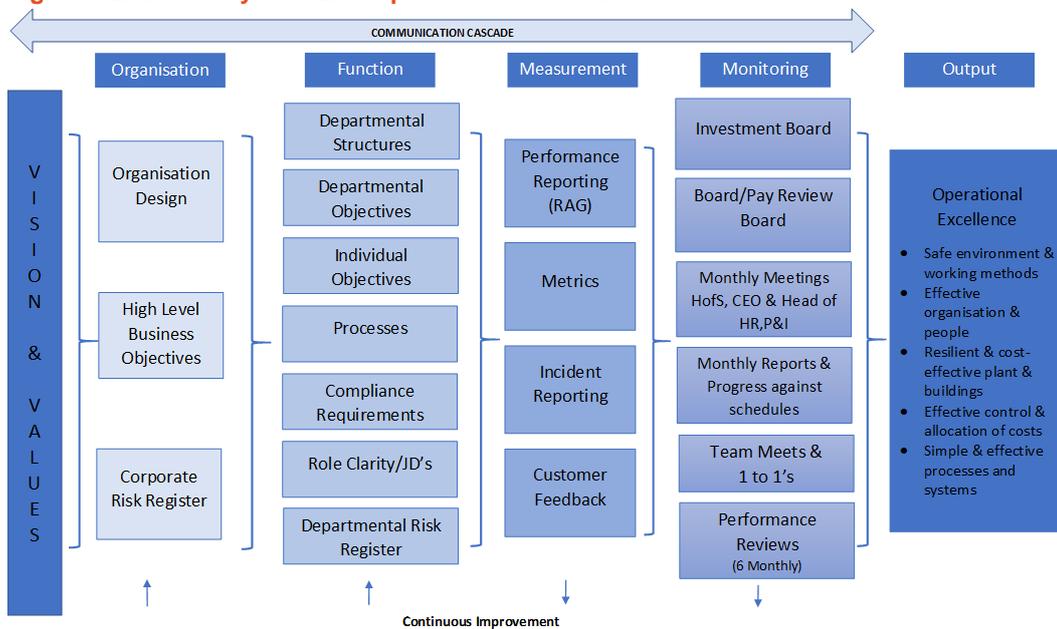


Source: 3PM

Governance arrangements

Discovery Park Ltd has adopted an **Operations Governance Framework**. This is summarised in the diagram below, and underpins all of Discovery Park’s activities:

Figure 6-2: Discovery Park Ltd: Operations Governance Framework



Source: Discovery Park Ltd

Of specific relevance to the management of this project, the Operations Governance Framework highlights the monthly meetings that take place between the CEO (the Project Sponsor for this project) and Discovery Park’s heads of service (including the SRO, the

Head of Engineering), at which progress in the delivery of the Incubator project will be discussed.

Regular reports on progress will also be made to Discovery Park Ltd's Investment Board.

Ongoing management

On completion, the Life Sciences Incubator will be managed directly by Discovery Park Ltd. Discovery Park has extensive experience of managing specialist work space for the science sector as its 'core business': as the demand analysis in the Strategic Case demonstrates, there is strong management of the pipeline of tenant enquiries and an effective ongoing relationship with existing tenants to ensure that their needs are met.

Once in the delivery phase, the operation of the Incubator will be overseen by Chris Broom, Discovery Park's Head of Business Development (reporting to Mayer Schreiber as Discovery Park's CEO). Discovery Park Ltd also intends to procure specialist business support services relevant to the needs of the Incubator's tenants: this is included within the Incubator profit and loss.

6.2 Approvals and escalation procedures

[Specify the reporting and approval process; max. 0.5 pages.]

Approvals and escalation procedures reflect the management and governance structures outlined above. Ultimate oversight of the project will be the responsibility of Discovery Park's Chief Executive Officer, reporting to the Investment Board.

6.3 Contract management

[Explain your approach to ensuring that outputs are delivered in line with contract scope, timescale and quality; max. 0.5 pages.]

The project management and governance processes set out in section 6.1 above will be used to ensure that project outputs are delivered to scope, timescale and quality.

6.4 Key stakeholders

[Describe key stakeholders, including any past or planned public engagement activities. The stakeholder management and engagement plan should be provided alongside the Business Case; max. 0.5 pages.]

Key stakeholders

Key stakeholders include:

- Start-up businesses, which will be attracted to locate in the Incubator, generated from within Discovery Park itself (e.g. from employees of larger firms or entrepreneurs already based at the Park), from local universities, or elsewhere
- Growing businesses at Discovery Park which will locate in the Incubator to aid their collaboration and expansion
- Growing businesses located elsewhere that choose to relocate to the Incubator to aid their collaboration and expansion

- Other small firms taking advantage of flexible working facilities
- Other firms already located in Building 500, which will see an improvement in the quality of the offer as a result of the Incubator
- The wider tenant base at Discovery Park, which will benefit from increased access to talent and potential collaborators and suppliers
- New firms that are attracted to Discovery Park as an indirect result of the Incubator
- External organisations (e.g. universities and business support providers) which will have a key role in supporting and providing services to Incubator occupiers.
- Strategic stakeholders (e.g. SELEP, Kent County Council) which have an interest in the development of innovation in East Kent and the economic development of the area
- Key technology and innovation stakeholders (e.g. the partners in the Strength in Places Fund bid), to which the Incubator will add value.

A stakeholder engagement plan is attached at Annex H.

Engagement

Engagement has taken place with tenants at Discovery Park (and with wider stakeholders) on the masterplan for the Park, which includes the concept of incubation facilities in Building 500. There has been strong interest in the concept, and as set out in the Strategic Case, there is evidence of prospective tenant demand that cannot currently be accommodated.

Regular update meetings are also held with the senior leadership teams at Dover District Council and Kent County Council.

Discovery Park also communicates latest news via its digital and social media channels as well as newsletters to key stakeholders and industry contacts.

6.5 Equality Impact:

[Provide a summary of the findings of the Equality Impact Assessment (EqIA) and attach as an Appendix to the Business Case submission. If an EqIA has not yet been undertaken, please state when this will be undertaken and how the findings of this assessment will be considered as part of the project's development and implementation. The EqIA should be part of the final submission of the Business Case, in advance of final approval from the accountability board; max. 0.5 pages.]

An Equality Impact Assessment has been prepared and is attached at Annex I. There are no negative impacts relevant to any Protected Characteristics.

More broadly, Discovery Park has made active efforts to increase engagement with schools and the wider community, with the aim of encouraging more local people to consider and access careers in science and to broaden public understanding. This has been supported through the Community Skills Lab based in Building 500, and will be

expanded further through the emerging proposals included in the forthcoming Strength in Places Fund application.

6.6 Risk management strategy:

[Define the Risk Management Strategy referring to the example provided in Appendix C (expand as appropriate), ensuring this aligns with the relevant sections in the Financial and Commercial Case. Please provide supporting commentary here; max. 0.5 pages.]

The risk register for the scheme is attached in Appendix C. This risk register will be regularly updated by the Project Manager, discussed with the Project Team and reported regularly through the management structure described above.

Following completion of the capital phase, operational/ management risks will be held by Discovery Park and will be managed as part of Discovery Park's overall estate management strategy.

6.7 Work programme:

[Provide a high-level work programme in the form of a Gantt Chart which is realistic and achievable, by completing the table in Appendix D (expand as appropriate). Please describe the critical path and provide details regarding resource availability and suitability here; max. 0.5 pages.]

The high-level work programme for the scheme is set out in the table and Gantt chart in Appendix D.

In summary the key milestones are:

Table 6-1: Key milestones

Key milestone/ deliverable	Start	Finish
Design team appointed (Fairhursts Design Group)	Achieved	
Feasibility study for Building 500 prepared	Achieved	
RIBA Stage 3 design	September 2020	November 2020
Mini-tender for site-wide works	November 2020	December 2020
Installation of site-wide works	January 2021	March 2021
Tender stage for fit-out contractor	November 2020	December 2020
Contractor appointed	December 2020	December 2020
Enabling works and demolition	January 2021	February 2021
Construction	February 2021	July 2021
Incubator complete	August 2021	August 2021
First occupation	September 2021	September 2021

Resource issues

We do not anticipate any significant resource issues. We have contracted with leading project management and design consultants, who have capacity to deliver this project. The

PQQ process for the design and build contract will specifically seek responses in relation to capacity and resourcing.

Project management plan

Project management and contracting arrangements are set out in Fig. 6-1, and are described in relation to project delivery in Section 6.1. Project management and contracting arrangements are also set out in greater detail in the Procurement Strategy, which has been provided.

6.8 Previous project experience:

[Describe previous project experience and the track record of the project delivery team (as specified above) in delivering projects of similar scale and scope, including whether they were completed to time and budget and if they were successful in achieving objectives and in securing the expected benefits; max. 0.5 pages.]

Discovery Park Ltd has significant experience of managing large capital projects.

Paul Bax (Head of Engineering and SRO) and Steve Mitchell (Discovery Park Project Manager) have together over 50 years' experience working on site and will be supported by an in-house engineering resource and specialist contractors as required.

Discovery Park Engineering has successfully completed a number of projects across the estate. These include:

- Discovery Park House – Upgrade of BEMS system in fully operational building with no unplanned downtime (£600k)
- Kilo Lab – Complete refurbishment of mothballed building GMP manufacturing facility [REDACTED]
- Chiller Capacity Increase – Installation of additional 1.2MW chiller for site supply (£600k)
- Building 500 Lab refurbishment – Creating 6 BSL level 2 labs from 2 larger labs (£50k)
- Discovery Park House – Chiller capacity increase through replacement heat exchange on the primary loop (£30k)

[REDACTED]

Discovery Park Engineering is also responsible for the operation and maintenance of around 1.5m sq. ft of BSL Level2, BSL level 3, GMP manufacturing and office space across the estate.

The relevant experience of our project management consultants (3PM) is set out in the Commercial Case.

6.9 Monitoring and evaluation:

[Complete the Logic Map over the page. This provides a read across between the objectives, inputs, outputs, outcome and impacts of the scheme and is based on the Logic Map established in the Strategic Case. A guide to what is required for each of these is included in Appendix E. Note that the number of outcomes and impacts is proportionate to the size of funding requested.]

Complete the Monitoring and Evaluation Report template and Baseline Report template in Appendix F.]

The logic map is completed below along with the M&E Plan template and Baseline Report template.

In addition, we recognise that there is likely to be a requirement for evaluation, the costs of which will be borne by Discovery Park Ltd. We will be happy to respond to SELEP's grant conditions to ensure that evaluation of this project is carried out appropriately and efficiently.

Benefits realisation

The table below sets out each output, outcome and impact of the project (as per the Monitoring and Evaluation Plan attached) and states who is responsible for the delivery of each, and how and when they will be brought forward:

Table 6-2: Benefits realisation

Output/ outcome	Delivery responsibility	Delivery process	Delivery timescale
OP1: Additional innovation space	Contractor Managed by: Project Manager Overseen by: Discovery Park Ltd	Completion of capital works and delivery of facilities	August 2021
OP2: Flexible co-working and collaboration space	Contractor Managed by: Project Manager Overseen by: Discovery Park Ltd	Completion of capital works and delivery of facilities	August 2021
OP3: Business support provided	Discovery Park Ltd	Provision of support to firms on site	From Sep 2021
OC1: Additional businesses locating at DP	Discovery Park Ltd	Firms attracted to Incubator following completion	From Sep 2021
OC2: Existing businesses retained at DP	Discovery Park Ltd	Firms retained at DP as a result of supply chain/ interaction with Incubator businesses	From Sep 2021
OC3: Increased business-to-business collaboration	Independent business activity Discovery Park Ltd	Increased knowledge exchange/ supply chain/ collaboration	From Sep 2021
OC4: Increased business survival and growth	Independent business activity Discovery Park Ltd	Growth prospects as a result of collaboration and access to facilities	From Sep 2021

Output/ outcome	Delivery responsibility	Delivery process	Delivery timescale
OC5: Additional employment	Independent business activity Discovery Park Ltd	New jobs created by Incubator firms/ graduates	From Sep 2021
IM: Commercial/ economic/ social impacts	Monitored by DP; measured through evaluation	Indirect jobs; skills; increased demand for space elsewhere	From Sep 2021

6.10 Logic map

Table 6-3: Performing and Production Digital Arts Facility: Logic map

Inputs	Outputs	Outcomes	Impacts
<p><u>Capital</u></p> <ul style="list-style-type: none"> Getting Building Fund: £2.5 million Discovery Park Ltd: £3 million <p><u>Revenue</u></p> <ul style="list-style-type: none"> Discovery Park Ltd: Net cumulative cash contribution to operational expenditure 	<ul style="list-style-type: none"> 30,763 sq ft (c. 2,860 sq m) net lettable innovation space delivering high quality wet lab and dry lab/write up space Flexible co-working and collaboration space Business support provision to support tenant businesses 	<ul style="list-style-type: none"> Additional businesses located at Discovery Park Existing businesses retained at Discovery Park (through access to facilities or relationships with other firms) Increased business-to-business and business-to-knowledge base collaboration Increased business survival and increased growth through access to innovation support and facilities Additional commercial investment in Building 500 Additional employment in firms located at the Incubator Additional businesses locating elsewhere at Discovery Park 	<ul style="list-style-type: none"> Consolidation of Discovery Park's role as a nationally-significant concentration of life science activity Further growth of and investment in the life science cluster in East Kent (including through Strength in Places Fund and through commercial investment by key firms in the sector) Sustained higher value employment and GVA Increased recognition of the opportunities presented by the growth of the sector (relevant both locally and in terms of Discovery Park as a nationally-important location for investment)

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>	
<i>Designation</i>	

Annex A: Economic appraisal assumptions

[The DCLG appraisal guide data book includes all of the appraisal and modelling values referred to in the appraisal guidance. Below is a summary table of assumptions that might be required. All applicants should clearly state all assumptions in a similar table.]

Appraisal Assumptions	Details
QRA and Risk allowance	5% for design fees; 10% for construction and fit-out costs
Real Growth	All prices quoted at 2020 values
Discounting	3.5%
Sensitivity Tests	Included in analysis
Additionality	Benefits adjusted for deadweight, displacement, substitution and leakage
Administrative costs of regulation	N/A
Appraisal period	20 years from 2020/21
Distributional weights	N/A
Employment	Explained in Economic Case
External impacts of development	Explained in Economic Case
GDP	Explained in Economic Case
House price index	N/A.
Indirect taxation correction factor	N/A
Inflation	2.5%
Land value uplift	N/A
Learning rates	N/A
Optimism bias	10%
Planning applications	N/A – Full planning consent granted
Present value year	2020/21
Private sector cost of capital	N/A
Rebound effects	N/A
Regulatory transition costs	N/A

Annex B: Funding commitment

Draft S151 Officer Letter to support Business Case submission

Dear Colleague,

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

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

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

Yours Sincerely,

SRO (Director Level)

S151 Officer

Annex C: Risk management strategy

Risk	Risk Area	Likelihood	Impact	Likelihood x Impact	Controls / Mitigation
Contractor fails to fulfil conditions of contract with regards to time and cost	Late delivery, delay to licensing process and cost increases	2	4	8	Discovery Park, 3PM and Fairhursts Design Group are experienced in delivery complex science projects on time and within budget. <ul style="list-style-type: none"> • Selection of appropriate contract • Incentives within contract for delivery within spec, on time and budget
Limited availability of suitable contractors	Delay to tender process, unsuitable contractor appointed leading to compromised project	2	4	8	<ul style="list-style-type: none"> • Early market engagement and use of PQQ to ascertain interest from market
Sub-standard workmanship due to poor selection of supply chain and cost cutting by contractor	Loss of functionality during operation	2	3	6	<ul style="list-style-type: none"> • Selection of suitable contractor during first stage tender based on team, experience and track record • Defects liability period • Selection of trusted suppliers • Off-site manufacturing in controlled environment • Factory & site acceptance testing • Warranties in place
Design not buildable due to complexity and lack of skills	Delays on site and compromised functionality	2	3	6	<ul style="list-style-type: none"> • Engagement with contractors early to review construction sequence, material selection and supply chain • Request list of suppliers during PQQ / tender

Risk	Risk Area	Likelihood	Impact	Likelihood x Impact	Controls / Mitigation
Contractor insolvency	Delay to project as works are re-rendered. Increase in defects due to change of tradesman	2	4	8	<ul style="list-style-type: none"> • Conduct financial checks during PQQ / Tender • Include parent company guarantees, performance bonds and retentions within contract terms
Cost inflation and delay due to variations during construction	Late delivery, delay to licensing process and cost increases	2	4	8	<ul style="list-style-type: none"> • Sufficient time within design schedule for client review and sign off • Workshops during the tender to review detail and at the point of KO
Failure to agree contract terms	Limited number of tender returns. Drawn out tender negotiations	2	4	8	<ul style="list-style-type: none"> • Include contract conditions in tender documents. Pass/Fail criterion • Use of standard form of contract and fair contract amendments
Delay due to complexity of design due to complexity of works by others	Delay to project	2	5	10	<ul style="list-style-type: none"> • Procure early works under CM route to protect schedule for specialist fit-out • Contractor design input critical
Poor understanding of design intent	Delay to project due to rework and loss of functional quality	2	3	6	<ul style="list-style-type: none"> • Robust set of ERs included in the tender • Workshops • Design management plan and clear ownership set out
Downturn in property market	Impact of covid-19 on property market	3	4	12	Covid-19 has had a significant impact on the commercial property market, particularly the retail and office sectors. Demand for laboratory and specialist production space is currently strong with a pipeline of enquiries.

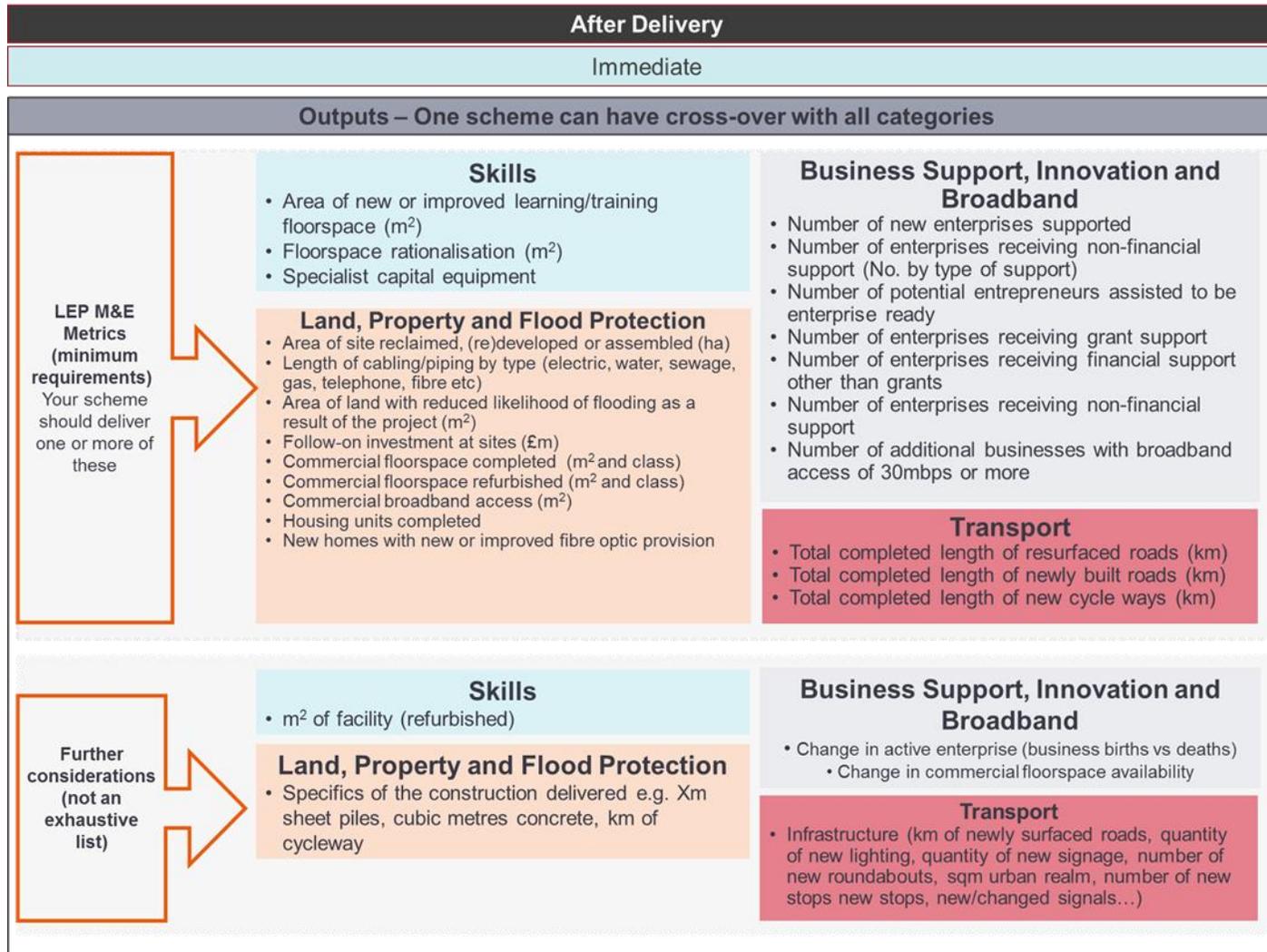
Risk	Risk Area	Likelihood	Impact	Likelihood x Impact	Controls / Mitigation
Lower take-up of space	Reduction in forecast income, increased costs	3	4	12	Lack of wet lab space in south east market presents market opportunity. Ensure rents and operating costs remain competitive
Market competition from other science parks and London	Competing locations in the UK develop additional lab space and lower rents	2	4	8	Ensure rents and operating costs are competitive. Current shortage of laboratory space across London & south east. High capital costs associated with building laboratory space will deter investors unless anchor tenants commit to pre-lets. Market demand is from early stage and small biotech companies
Tenant default	Loss of rental income, increased costs incurred	2	4	8	Undertake financial due diligence of tenants pre-let. Robust credit control procedures in place with Finance team. Monitor tenant company performance.
Void periods	Loss of rental income, holding costs incurred – rates, service charge, utilities etc.	2	4	8	Business case accounts for void periods. Proactive marketing of space. Working with tenant community to capitalise on expansion opportunities

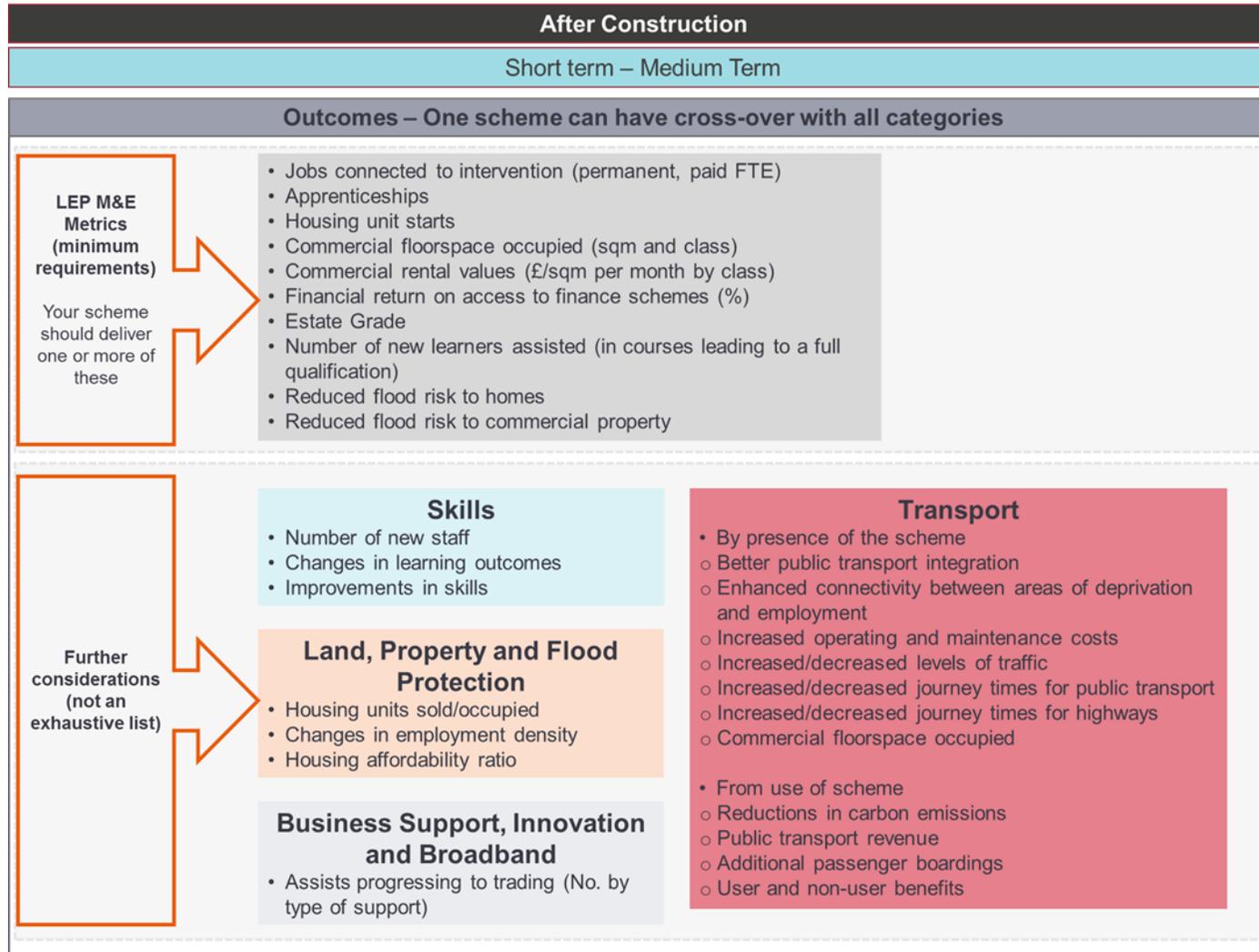
Annex D: Gantt chart

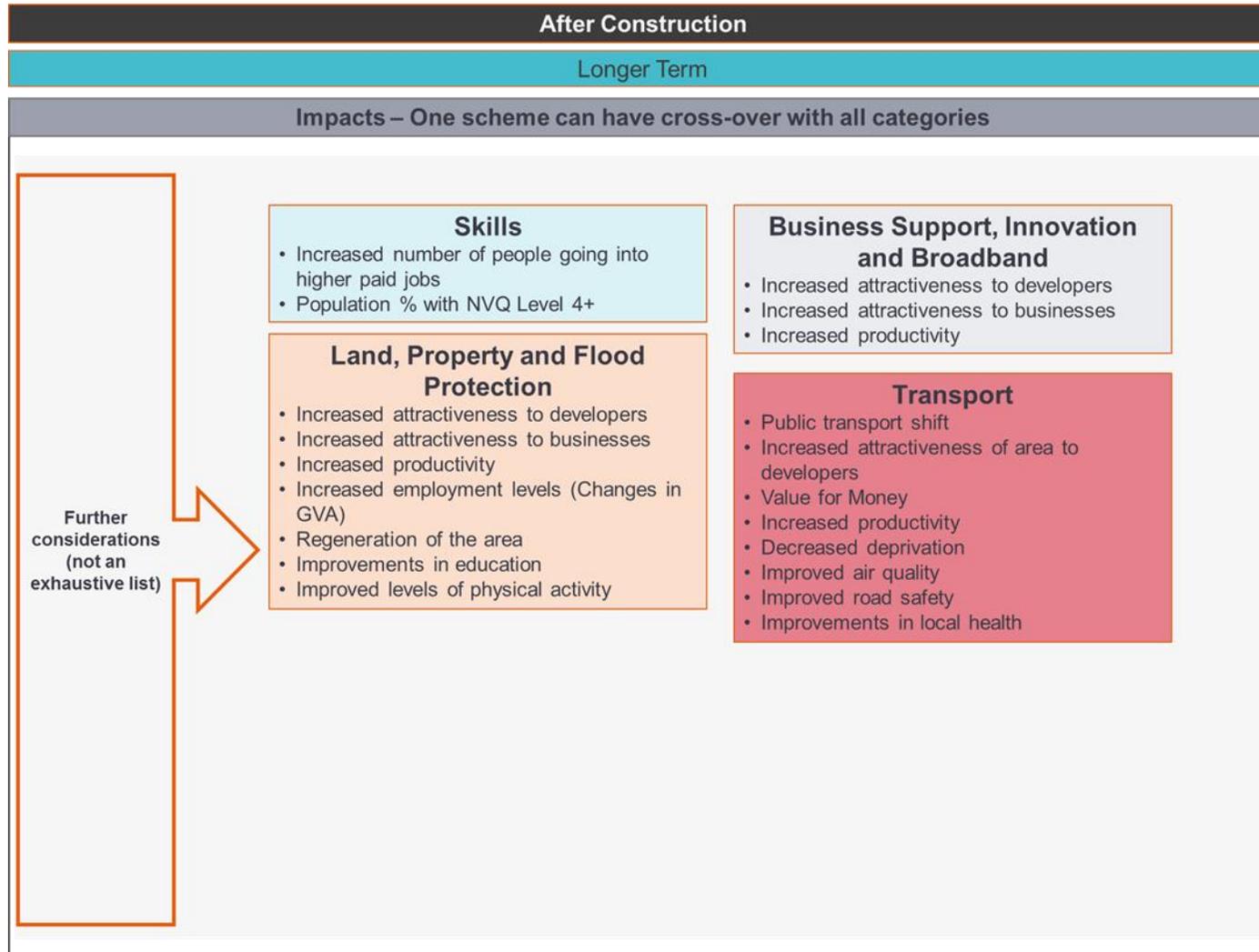
D.1 A summary Gantt chart is set out below:

Year	2020												2021																																								
Month	Sept			October			November			December			January			February			March			April			May			June			July			August																			
Month Number	1			2			3			4			5			6			7			8			9			10			11			12																			
Week	01-Sep	08-Sep	15-Sep	22-Sep	29-Sep	06-Oct	13-Oct	20-Oct	27-Oct	03-Nov	10-Nov	17-Nov	24-Nov	01-Dec	08-Dec	15-Dec	22-Dec	29-Dec	05-Jan	12-Jan	19-Jan	26-Jan	02-Feb	09-Feb	16-Feb	23-Feb	02-Mar	09-Mar	16-Mar	23-Mar	30-Mar	06-Apr	13-Apr	20-Apr	27-Apr	04-May	11-May	18-May	25-May	01-Jun	08-Jun	15-Jun	22-Jun	29-Jun	06-Jul	13-Jul	20-Jul	27-Jul	03-Aug	10-Aug	17-Aug	24-Aug	31-Aug
Building	Duration (wks)																																																				
Instruction to proceed / Funding confirmed	1																																																				
Appoint Professional team and T&C via negotiation	2																																																				
Design RIBA stage 1-4	12																																																				
Design for early works and enabling package for site wide works under CM	7																																																				
Order side wide plant replacement	7																																																				
Mini Tender for Sitewide works	4																																																				
Installation of Sitewide works under CM procurement route	10																																																				
Prepare stage doc for tender	7																																																				
Tender stage (fit out only)	5																																																				
Evaluate and appoint contractor	5																																																				
Enabling works, strip out and demolition	6																																																				
Order long lead plant fit out	8																																																				
Specialist Equipment Selection / pricing etc	6																																																				
Equipment order, lead time and delivery	15																																																				
Agree Full Contract Sum	1																																																				
Contractors specialist design with supply chain stage 4 & 5	16																																																				
Constuction	24																																																				
Commissioning (Pre, Static and dynamic)	6																																																				
Completion	1																																																				
Move and Migration	2																																																				
Operational day 1 - Engineering runs	1																																																				
FFE Selection support areas only	4																																																				
FFE Order, lead time and delivery	9																																																				
Notes	Single stage D&B procurement route assumed for fit out Sitewide MEP works undertaken under a CM route with local and incumbant contractors Contract to be JCT Form The professional team will be engaged via negotiation																																																				

Annex E: Monitoring and evaluation metrics for logic map







Annex F: Monitoring and Evaluation Plan and Baseline Report templates

Monitoring and Evaluation Plan

Purpose

- The Monitoring and Evaluation Plan details what the intended inputs, outputs, outcomes and impacts are of the scheme. These values will most likely come from the Business Case, but may also come from supplementary documentation associated with the scheme.
- The Monitoring and Evaluation Plan details of how inputs, outputs, outcomes and impacts will be measured in the One Year After Opening Report and the Five/Three Years After Opening Report and any associated costs.
- The Monitoring and Evaluation Plan also outlines the proposed approach to measuring the baseline information for each of the inputs, outputs, outcomes and impacts and any costs associated with this.
- When the baseline information has been collated, it is reported upon in the Baseline Report template.

A note on costs

The Monitoring and Evaluation of a scheme will rely on internal resource and potentially, some external resources. Both could come at a cost either in terms of time or money.

The Monitoring and Evaluation Plan is to be completed as part of the Business Case. At the same time, a Baseline Report would also be completed.

The costs that are anticipated for the collation of the Baseline Report are therefore current costs. However, the costs incurred for data collection for the One Year After Opening Report and Five/Three Years After Opening Report would occur in the future. Therefore, it is important to consider the effect of inflation on these costs.

An overview of the monitoring and evaluation process

The following provides information on the process for Monitoring and Evaluation and how the reports fit into this process.



Proportionate approach to completing the report

The LGF supports a wide range of schemes in terms of scope and capital costs.

The Monitoring and Evaluation process has been designed to be aligned to the scale of the scheme based on its total delivery value (including LGF allocations). As a minimum, the number of jobs and housing brought forward by the scheme should be considered. These are factors which the Ministry of Housing, Communities and Local Government (MHCLG) consider to be key outcomes of LGF schemes.

The following is an indicative guide to which inputs, outputs, outcomes and impacts should be included within the Monitoring and Evaluation process for different scales of intervention.

This is based on the scale of the total value of each scheme or the value of a package in totality. Where there are complementary phases of a scheme that are funded at different times, consider establishing the Monitoring and Evaluation for the overall scheme delivered.

Value of Scheme/Package	Inputs	Outputs	Outcomes	Impacts
Under £2m	As described within the report templates	As described within the report templates	Number of jobs and houses delivered	n/a
£2m- £8m	As described within the report templates	As described within the report templates	All those prescribed by the LEP and applicable to the scheme/package (see Appendix A supplied separately) Also include any additional outcomes that have a large or moderate benefit / disbenefit in the Business Case	Those relevant to the scheme/package from within the list in Appendix A (supplied separately) Also include any additional impacts that have a large or moderate benefit / disbenefit in the Business Case
More than £8m	As described within the report templates	As described within the report templates	All those prescribed by the LEP and applicable to the scheme/package plus applicable measures from the 'Further considerations' section (see Appendix A supplied separately) Also include any additional outcomes that have a large or moderate benefit / disbenefit in the Business Case	Those relevant to the scheme/package from within the list in Appendix A (supplied separately) Also include any additional impacts that have a large or moderate benefit / disbenefit in the Business Case

Discovery Park Incubator, East Block, Building 500

This Monitoring and Evaluation Plan provides the details of the inputs, outputs, outcomes and impacts of the Performing and Production Digital Arts Facility project how they will be measured, and the costs associated with this for the Baseline Report and One Year After Opening Report and Five/Three Years After Opening Report.

Project description

The **Discovery Park Incubator project** will deliver flexible, collaborative work space in which life science start-ups and SMEs can establish their operations and grow as part of an innovative community. This will respond to growing evidence of demand for incubation and flexible workspace facilities, address the widespread lack of life science lab space across the UK, and consolidate Discovery Park's role as a leading centre for life science innovation.

The project involves the refurbishment of two floors within the East Block of **Building 500** at Discovery Park, to provide around 30,000 sq ft of net lettable incubator space. The new facility will involve self-contained laboratory units, informal breakout and café space and shared lab support facilities.

As well as additional physical space and high-quality facilities, the Incubator will also offer a package of innovation support to tenants, encouraging collaboration between firms at Discovery Park and with higher education, and linking new and emerging businesses with the access to investment, skills and partners that they need to thrive.

Project objectives

The project objectives are to:

- Objective 1: To address market failure in the supply of wet lab space to SMEs
- Objective 2: To build the life science ecosystem
- Objective 3: To develop a regional cluster in East Kent

Project location

The project is located at Building 500, Discovery Park, Sandwich, Kent CT13 9FF

Inputs

This section requires the scheme promoter to provide information about Scheme Spend, Project Delivery, Project Risk and Project Changes. These are referenced against the values in the Business Case.

Update the table to include actual Financial Years for the period of delivery and approaches to monitor/track these values

Note – you may need to extend this table if the funding occurs in a period more than 3 years before your scheme opening date.

ID	Input Description	Source of Value	Monitoring Approach	Frequency of Tracking	Source	2020/21				2021/22				2022/23			
						Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
IN1	Getting Building Fund grant	Planned, based on total scheme capital costs	Defrayal of spend on fit-out and refurbishment	Monthly, update to LEP quarterly	Actual spend	Q3: Q4:£500,000 Total: £500,000				Q1: £1,000,000 Q2: £1,000,000 Q3: Q4: Total: £2,000,000							
IN2	Matched capital contributions spend	Planned, based on total scheme capital costs	Defrayal of spend on fit-out and refurbishment	Monthly, update to LEP quarterly	Actual spend	Q3: Q4: £1,300,000 Total: £1,300,000				Q1: £800,000 Q2: £900,000 Q3: Q4: Total: £1,700,000							

Project delivery and milestones

- Please complete the table of planned Key Milestones

Table F-1: Key milestones

Key milestone/ deliverable	Start	Finish
Design team appointed (Fairhursts Design Group)	Achieved	
Feasibility study for Building 500 prepared	Achieved	
RIBA Stage 3 design	September 2020	November 2020
Mini-tender for site-wide works	November 2020	December 2020
Installation of site-wide works	January 2021	March 2021
Tender stage for fit-out contractor	November 2020	December 2020
Contractor appointed	December 2020	December 2020
Enabling works and demolition	January 2021	February 2021
Construction	February 2021	July 2021
Incubator complete	August 2021	August 2021
First occupation	September 2021	September 2021

Risk mitigation

See Risk Register (this will be replicated/summarised in the M&E Plan, but not pasted here to avoid repetition within the business case pack).

Outputs

- Please provide information about:
 - The planned/anticipated value for each output with the delivery of the scheme and reference this value from the Business Case or supporting documents
 - How the output will be monitored and evaluated for the One Year After Opening Report – you may need to include maps/diagrams to support this
 - The frequency of data collection related to the output
 - The anticipated cost of undertaking the monitoring and evaluation of the output for the One Year After Opening Report
- The approach used to obtain baseline information for each output
 - Costs associated with this

ID	Output Description	
OP1	Additional innovation space	Details: Planned/Anticipated Output Value and Proposed Approach for Monitoring
		<p>Value: 30,753 sq ft net lettable</p> <p>Source of Value: Full Business Case, Project Overview/ Strategic Case/ Economic Case</p> <p>Future Monitoring Approach: Through confirmation of completion of capital build</p> <p>Frequency of tracking: On completion</p> <p>Costs Allocated to Monitoring: Incorporated in Discovery Park Ltd management costs</p>
		Details: Proposed Method of Collecting Baseline Information

		<p>Approach for Collection: N/A</p> <p>Costs Allocated: N/A</p>
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ID	Output Description	
OP2	Flexible co-working and collaboration space	Details: Planned/Anticipated Output Value and Proposed Approach for Monitoring
		<p>Value: Additional flexible office, desk and collaboration space within Incubator</p> <p>Source of Value: Full Business Case, Strategic Case, Economic Case</p> <p>Future Monitoring Approach: Through confirmation of completion of capital build</p> <p>Frequency of tracking: On completion, but with progress reported quarterly</p> <p>Costs Allocated to Monitoring: Incorporated in Discovery Park Ltd management costs</p>
		Details: Proposed Method of Collecting Baseline Information
		<p>Approach for Collection: N/A</p> <p>Costs Allocated: N/A</p>

ID	Output Description	
OP3		Details: Planned/Anticipated Output Value and Proposed Approach for Monitoring

	<p>Business support provision to support tenant businesses</p>	<p>Value: Provision of business support offer</p> <p>Source of Value: Full Business Case, Strategic Case</p> <p>Future Monitoring Approach: Ongoing quarterly monitoring</p> <p>Frequency of tracking: Quarterly</p> <p>Costs Allocated to Monitoring: Incorporated in Discovery Park Ltd management costs</p> <p>Details: Proposed Method of Collecting Baseline Information</p> <p>Approach for Collection: N/A</p> <p>Costs Allocated: N/A.</p>
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Outcomes

- Please provide information about:
 - The planned/anticipated value for each outcome with the delivery of the scheme and reference this value from the Business Case or supporting documents
 - How the outcome will be monitored and evaluated for the One Year After Opening Report and for some outcomes, the Five/Three Years After Opening Report as well – you may need to include maps/diagrams to support this
 - The frequency of data collection related to the outcome
 - The anticipated cost of undertaking the monitoring and evaluation of the outcome for reports after opening
- The approach used to obtain baseline information for each outcome
 - Costs associated with this

ID	Output Description	
OC1	Additional businesses located at Discovery Park	<p>Details: Planned/Anticipated Output Value and Proposed Approach for Monitoring</p> <p>Value: Additional businesses taking space at Discovery Park</p> <p>Source of Value: Full Business Case, Strategic Case, Economic Case</p> <p>Future Monitoring Approach: Number of businesses locating at Discovery Park following completion of Incubator</p> <p>Frequency of tracking: Quarterly</p> <p>Costs Allocated to Monitoring: Included within Discovery Park monitoring costs.</p> <hr/> <p>Details: Proposed Method of Collecting Baseline Information</p> <p>Approach for Collection: Current number of tenants on Park</p> <p>Costs Allocated: Included within work hub running costs and evaluation budget</p>

ID	Output Description	
OC2	Existing businesses retained at Discovery Park	<p>Details: Planned/Anticipated Output Value and Proposed Approach for Monitoring</p> <p>Value: Existing businesses retained at Discovery Park through access to facilities or relationships with other firms</p> <p>Source of Value: Full Business Case, Strategic Case/ Economic Case</p> <p>Future Monitoring Approach: Through evaluation only</p> <p>Frequency of tracking: Through evaluation at 1/3 years</p>

		<p>Costs Allocated to Monitoring: To be determined within evaluation requirements</p> <p>Details: Proposed Method of Collecting Baseline Information</p> <p>Approach for Collection: N/A</p> <p>Costs Allocated: N/A</p>
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ID	Output Description	
OC3	Increased business to business/ business to knowledge base collaboration	<p>Details: Planned/Anticipated Output Value and Proposed Approach for Monitoring</p> <p>Value: Increased business collaboration</p> <p>Source of Value: Full Business Case, Strategic Case</p> <p>Future Monitoring Approach: Subjective analysis. Business/ stakeholder interviews as part of evaluation</p> <p>Frequency of tracking: At one/ three/ five year reporting stages</p> <p>Costs Allocated to Monitoring: To be included in evaluation budget, depending on LEP requirements</p> <p>Details: Proposed Method of Collecting Baseline Information</p> <p>Approach for Collection: N/A</p> <p>Costs Allocated: N/A</p>

ID	Output Description	
OC4	Increased business survival and increased growth through access to innovation support and facilities	Details: Planned/Anticipated Output Value and Proposed Approach for Monitoring
		<p>Value: Increased business survival through innovation support activities</p> <p>Source of Value: Full Business Case, Strategic Case, Economic Case</p> <p>Future Monitoring Approach: Monitoring of survival rates through evaluation</p> <p>Frequency of tracking: Once at One Year and at Three Year stage.</p> <p>Costs Allocated to Monitoring: To be included in evaluation budget, depending on LEP requirements.</p>
		Details: Proposed Method of Collecting Baseline Information
		<p>Approach for Collection: Published data (e.g. OLS)</p> <p>Costs Allocated: To be agreed, depending SELEP evaluation requirements</p>

ID	Output Description	
OC6	Additional employment in firms located at the Incubator	Details: Planned/Anticipated Output Value and Proposed Approach for Monitoring
		<p>Value: Additional firms locating at the incubator (46 net used in Economic Case, although numbers likely to be higher)</p> <p>Source of Value: Full Business Case, Strategic Case, Economic Case</p> <p>Future Monitoring Approach: Total tenancies in Incubator</p> <p>Frequency of tracking: Quarterly monitoring</p>

		<p>Costs Allocated to Monitoring: Included in Discovery Park monitoring costs</p>
		<p>Details: Proposed Method of Collecting Baseline Information</p>
		<p>Approach for Collection: N/A</p> <p>Costs Allocated: N/A</p>

Impacts

- Impacts are often not measurable but can be anecdotal or inferred. However, if they can be measured then an approach and budget should be allocated for this.
- They are a longer-term effect of the scheme being in place and often occur as a result of the outcomes
- They would not be monitored or tracked beyond the Five/Three Years After Opening Report

ID	Output Description	
IM1	Commercial, environmental and strategic impacts	<p>Details: Planned/Anticipated Output Value and Proposed Approach for Monitoring</p> <p>Value: There are a range of commercial, environmental and strategic impacts set out in the Full Business Case. These include:</p> <ul style="list-style-type: none"> • Consolidation of Discovery Park's role as a nationally-significant concentration of life science activity • Further growth of and investment in the life science cluster in East Kent (including through Strength in Places Fund and through commercial investment by key firms in the sector) • Sustained higher value employment and GVA • Increased recognition of the opportunities presented by the growth of the sector (relevant both locally and in terms of Discovery Park as a nationally-important location for investment) • Educational and skills development (e.g. linked with the Community Lab) <p>Source of Value: Full Business Case, Strategic Case</p> <p>Future Monitoring Approach: Via evaluation.</p> <p>Frequency of tracking: To be determined within evaluation plan</p>

		<p>Costs Allocated to Monitoring: To be determined depending on SELEP evaluation requirements</p> <p>Details: Proposed Method of Collecting Baseline Information</p> <p>Approach for Collection: See above</p> <p>Costs Allocated: See above</p>
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Baseline Report

Purpose

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

An Overview of the monitoring and evaluation process

The following provides information on the process for Monitoring and Evaluation and how the reports fit into this process.



Proportionate approach to completing the report

The LGF supports a wide range of schemes in terms of scope and capital costs.

The Monitoring and Evaluation process has been designed to be aligned to the scale of the scheme based on its total delivery value (including LGF allocations). As a minimum, the number of jobs and housing brought forward by the scheme should be considered. These are factors which the Ministry of Housing, Communities and Local Government (MHCLG) consider to be key outcomes of LGF schemes.

The following is an indicative guide to which inputs, outputs, outcomes and impacts should be included within the Monitoring and Evaluation process for different scales of intervention.

This is based on the scale of the total value of each scheme or the value of a package in totality. Where there are complementary phases of a scheme that are funded at different times, consider establishing the Monitoring and Evaluation for the overall scheme delivered.

Value of Scheme/Package	Inputs	Outputs	Outcomes	Impacts
Under £2m	As described within the report templates	As described within the report templates	Number of jobs and houses delivered	n/a
£2m- £8m	As described within the report templates	As described within the report templates	All those prescribed by the LEP and applicable to the scheme/package (see Appendix A supplied separately) Also include any additional outcomes that have a large or moderate benefit / disbenefit in the Business Case	Those relevant to the scheme/package from within the list in Appendix A (supplied separately) Also include any additional impacts that have a large or moderate benefit / disbenefit in the Business Case
More than £8m	As described within the report templates	As described within the report templates	All those prescribed by the LEP and applicable to the scheme/package plus applicable measures from the 'Further considerations' section (see Appendix A supplied separately) Also include any additional outcomes that have a large or moderate benefit / disbenefit in the Business Case	Those relevant to the scheme/package from within the list in Appendix A (supplied separately) Also include any additional impacts that have a large or moderate benefit / disbenefit in the Business Case

Discovery Park Incubator, East Block, Building 500

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

Project description

The **Discovery Park Incubator project** will deliver flexible, collaborative work space in which life science start-ups and SMEs can establish their operations and grow as part of an innovative community. This will respond to growing evidence of demand for incubation and flexible workspace facilities, address the widespread lack of life science lab space across the UK, and consolidate Discovery Park's role as a leading centre for life science innovation.

The project involves the refurbishment of two floors within the East Block of **Building 500** at Discovery Park, to provide around 30,000 sq ft of net lettable incubator space. The new facility will involve self-contained laboratory units, informal breakout and café space and shared lab support facilities.

As well as additional physical space and high-quality facilities, the Incubator will also offer a package of innovation support to tenants, encouraging collaboration between firms at Discovery Park and with higher education, and linking new and emerging businesses with the access to investment, skills and partners that they need to thrive.

Project objectives

The project objectives are to:

- Objective 1: To address market failure in the supply of wet lab space to SMEs
- Objective 2: To build the life science ecosystem
- Objective 3: To develop a regional cluster in East Kent

Project location

The project is located at Building 500, Discovery Park, Sandwich, Kent CT13 9FF

Inputs

This section requires the scheme promoter to provide information about Scheme Spend, Project Delivery, Project Risk and Project Changes. These are referenced against the information provided in the Monitoring and Evaluation Plan.

- Update the table to include actual Financial Years in the period before opening.
- Monetary values should exclude inflation (nominal values) to easily compare forecast and actual values.
- *Note – you may need to extend this table if the funding occurs in a period more than 3 years before your scheme opening date.*
- Only the values for spend and leveraged funding will go into the BRP.

ID	Input Description	Source of Value	Monitoring Approach	Frequency of Tracking	Source	2020/21				2021/22				2022/23			
						Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
IN1	Getting Building Fund grant	Planned, based on total scheme capital costs	Defrayal of spend on fit-out and refurbishment	Monthly, update to LEP quarterly	Actual spend	Q3: Q4:£500,000 Total: £500,000				Q1: £1,000,000 Q2: £1,000,000 Q3: Q4: Total: £2,000,000							
IN2	Matched capital contributions spend	Planned, based on total scheme capital costs	Defrayal of spend on fit-out and refurbishment	Monthly, update to LEP quarterly	Actual spend	Q3: Q4: £1,300,000 Total: £1,300,000				Q1: £800,000 Q2: £900,000 Q3: Q4: Total: £1,700,000							

Project delivery and milestones

- Please complete the table of planned Key Milestones

Table F-2: Key milestones

Key milestone/ deliverable	Start	Finish
Design team appointed (Fairhursts Design Group)	Achieved	
Feasibility study for Building 500 prepared	Achieved	
RIBA Stage 3 design	September 2020	November 2020
Mini-tender for site-wide works	November 2020	December 2020
Installation of site-wide works	January 2021	March 2021
Tender stage for fit-out contractor	November 2020	December 2020
Contractor appointed	December 2020	December 2020
Enabling works and demolition	January 2021	February 2021
Construction	February 2021	July 2021
Incubator complete	August 2021	August 2021
First occupation	September 2021	September 2021

Risk mitigation

See Risk Register (this will be replicated/summarised in the M&E Plan, but not pasted here to avoid repetition within the business case pack).

Outputs

- Please provide information about:
 - what the baseline value is for each output and its source;
 - how the baseline value was measured;
 - what the planned/anticipated value is for the output and reference this source; and
 - how the value will be measured after the scheme opens.

ID	Output Description		Value	Monitoring approach	Frequency of Tracking	Source	Date
OP1	Additional innovation space	Baseline	Zero	n/a	n/a	n/a	n/a
		Planned/ Anticipated	30,763 sq ft	Through delivery of capital build	Once on completion	Full Business Case – Strategic Case	September 2021
Details: Method of Collecting Baseline Information							
There is no baseline information to collect as space will be net additional							

ID	Output Description		Value	Monitoring approach	Frequency of Tracking	Source	Date
OP2	Flexible co-working and collaboration space	Baseline	Zero	n/a	n/a	n/a	n/a

		Planned/ Anticipated	tbc	Through delivery of capital build	Once on completion and at One Year Report stage	Full Business Case – Strategic Case	September 2021
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Details: Method of Collecting Baseline Information

There is no baseline information to collect as all employment floorspace will be net additional. However, we could report on the existing volume of space of this type at Discovery Park

ID	Output Description		Value	Monitoring approach	Frequency of Tracking	Source	Date
OP3	Business support provision to support tenant businesses	Baseline	tbc	n/a	n/a	n/a	n/a
		Planned/ Anticipated	tbc	Ongoing	Quarterly	Full Business Case – Strategic Case	From Sep 2021

Details: Method of Collecting Baseline Information

To be determined – likely based on analysis of existing business support landscape

Outcomes and impacts

- Provide information about:
 - what the baseline value is for each outcome and its source;
 - how the baseline outcome value was measured;
 - what the planned/anticipated value is for the outcome and reference for this source; and
 - how the value will be measured after the scheme opens.

The project seeks to deliver the following outcomes:

- Additional businesses located at Discovery Park
- Existing businesses retained at Discovery Park
- Increased business-to-business and business-to-knowledge base collaboration
- Increased business survival and increased growth through access to innovation support and facilities
- Additional employment at firms located in the Incubator

The project also seeks to achieve the following impacts:

- Consolidation of Discovery Park's role as a nationally-significant concentration of life science activity
- Further growth of and investment in the life science cluster in East Kent (including through Strength in Places Fund and through commercial investment by key firms in the sector)
- Sustained higher value employment and GVA
- Increased recognition of the opportunities presented by the growth of the sector (relevant both locally and in terms of Discovery Park as a nationally-important location for investment)

Business and employment numbers will be measurable, as set out in the tables in the Monitoring and Evaluation Plan. Wider impacts will need to be assessed through evaluation: this will incur a cost, which will need to be borne by the project promoter, and we will discuss this with SELEP to ensure that we can deliver to SELEP's requirements.

Annex G: Categories of exempt information

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

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

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

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

Annex H: Stakeholder Engagement Plan

H.1 Key stakeholders include:

- Tenants and prospective tenants, who will be engaged with through marketing and ongoing business support and tenant management activity, through Discovery Park's in-house team and through the package of business and innovation support made available. Key stakeholder groups include:
 - **Start-up businesses**, which will be attracted to locate in the Incubator, generated from within Discovery Park itself (e.g. from employees of larger firms or entrepreneurs already based at the Park), from local universities, or elsewhere
 - **Growing businesses at Discovery Park** which will locate in the Incubator to aid their collaboration and expansion
 - **Growing businesses located elsewhere** that choose to relocate to the Incubator to aid their collaboration and expansion
 - **Other small firms** taking advantage of flexible working facilities
 - **Other firms already located in Building 500**, which will see an improvement in the quality of the offer as a result of the Incubator
 - **The wider tenant base at Discovery Park**, which will benefit from increased access to talent and potential collaborators and suppliers
 - **New firms** that are attracted to Discovery Park as an indirect result of the Incubator
- Other organisations, to be engaged with through ongoing dialogue. This might include regular briefings and presentations to make partners aware of the opportunities at Discovery Park and to make sure that there is wide awareness of project successes and case studies. Key stakeholders include:
 - **External organisations** (e.g. universities and business support providers) which will have a key role in supporting and providing services to Incubator occupiers.
 - **Strategic stakeholders** (e.g. SELEP, Kent County Council, Locate in Kent) which have an interest in the development of innovation in East Kent and the economic development of the area
 - **Key technology and innovation stakeholders** (e.g. the partners in the Strength in Places Fund bid), to which the Incubator will add value.

H.2 To support our strategic engagement activities, we have contracted with Maxim, a major regional communications specialist.

Annex I: Equalities impact assessment

- I.1 The table below presents a summary assessment of the impact of the proposed Discovery Park Incubator against each Protected Characteristic:

Table 7-1: Summary equalities impact assessment

Characteristic	Impact/ mitigation
Disability	Potentially minor positive impact, as fit-out of Incubator facility likely to be to improved standards than existing design. Efforts to be made to ensure net positive outcome in design.
Race	No potential impacts
Sex	No potential impacts
Age	No potential impacts. However, wider outreach associated with the Incubator and Discovery Park's wider plans will seek to build relationships with schools and universities
Religion/ belief	No potential impacts
Pregnancy/ maternity	No potential impacts
Marital or civil partnership status	No potential impacts
Sexual orientation	No potential impacts
Gender reassignment	No potential impacts

Annex J: Operational profit and loss

This section has been redacted.