

Submission 1

I would like to put a question to the Strategic Board regarding Innovation Park Medway, part funded by SELEP over many years.

1) Why was the decision taken to cease the evaluation strand of the funding? which would shed light by appraising the project to learn lessons from its poor governance and the lack of public accountability which has led to disastrous delays.

To date there have been no minutes released, despite requests of the project board which have been refused. Also there has been no information released on when, where, and who attended any meetings of this board.

2) When there is a change of strategy, is there any governance for this to be approved? We are aware that the search for suitable tenants has widened considerably from the original aims of the project which were: "Innovation Park Medway is a high-quality environment and location for high value technology industries, engineering, manufacturing and knowledge intensive industries. This cluster of high-tech companies share similar skills, infrastructure, ambition and drive and offer opportunities for collaboration, innovation and skills retention. The core ambition for the IPM Local Development Order is to create a high quality public realm with collaborative spaces supportive of innovation."

The current search for tenants seems to be focussing on much more low key office based employment which would not realise the original innovative aims of the park which are reflected in its title. What mandate does the project board have to change the fundamental aspirations of Innovation Park Medway in this way?

3) Can the original strand of evaluation be added back into this project to get it back on track or salvage the project?

I send this as a local member who has asked since its inception to be involved in the project but has been cut out from the beginning. At one period of six months or so I was appointed as a member to the project board but there were no meetings during this period and I was subsequently dropped from the position without explanation.

Response:

Question 1 – The Local Growth Fund (LGF) and Getting Building Fund (GBF) Service Level Agreements in place between each Upper Tier Local Authority partner (the Council), SELEP Ltd. and Essex County Council (as Accountable Body for SELEP) place the following obligations on the Council:

The Council is responsible for providing regular reports to the Accountable Body and the SELEP Secretariat in the timescales and format specified by the SELEP Secretariat, to enable quarterly reporting to the Accountability Board and Government.

The Service Level Agreement requires provision of information in relation to spend of the LGF/GBF funding allocation, total project spend to date (including match funding), project delivery against agreed

milestones, outputs and outcomes forecast and delivered to date, identification of project risks and mitigation measures to be put in place, confirmation of expected project completion date and identification of any required Changes to projects.

The Growing Places Fund legal agreement places similar reporting responsibilities on Medway Council in relation to the loan funding awarded to deliver enabling works on the Southern site at Innovation Park Medway.

Furthermore, the SELEP Assurance Framework states that capital grant projects (LGF and GBF) are required to complete one-year post-scheme completion evaluation and three/five-year post-scheme completion evaluation reporting, following SELEP Ltd.'s standard project evaluation templates for all projects.

The one-year post-scheme evaluation focuses on the delivery of the outputs stated within the original Business Case. This report provides a review of the lessons learnt through the development and delivery of the project, as well as considering any project outcomes achieved to date. The three/five-year post-scheme evaluation report focuses to a greater extent on the delivery of the outcomes of the project.

Delivery of the enabling works supported by the LGF and GBF funding at the northern site of Innovation Park Medway is ongoing, with an expected completion date of February/March 2023. Consequently, submission of the one-year post scheme completion evaluation is not expected until March 2024.

There has been no change in the reporting and Monitoring and Evaluation requirements as specified in the Service Level Agreement and SELEP Assurance Framework and therefore these requirements continue to apply to the Innovation Park Medway project.

Question 2 – The Service Level Agreement in place between Medway Council, SELEP Ltd and Essex County Council (as Accountable Body for SELEP) sets out the following definition of Change:

Change: means the occurrence of any one of the following:

- a) cancellation of a project which has received a provisional funding allocation in the agreed Growth Deal*
- b) inclusion of a new project within the Local Growth Fund (LGF) programme, which has been identified within SELEP Ltd's pipeline*
- c) acceleration of a project previously programmed to start in later years*
- d) delays to project start or end dates of more than six months*
- e) all changes to project LGF allocations above the 10% threshold*
- f) any re-profiling of LGF between financial years*
- g) any changes to total project costs above 30% or a £500,000 threshold which are identified prior to the construction contract award*
- h) any substantial changes to the expected project benefits, outputs and outcomes as agreed in the business case which may detrimentally impact on the value for money assessment. In such circumstances, it is expected that the business case should be re-evaluated by the ITE*

- i) any further changes as may be defined by the Government.*

The SELEP Assurance Framework states that these changes must be approved by the Accountability Board before they are implemented.

If a change in strategy is proposed for the Innovation Park Medway project, information will be sought from Medway Council to establish whether this represents a Change as defined above. However, Medway Council have indicated that the strategy set out in the adopted Innovation Park Medway Masterplan Statement document has not changed.

The Masterplan sets out the importance for the Innovation Park Medway design solution to offer affordable, flexible work spaces that allow businesses to grow and scale up over time. It also suggests that one of the key success factors is the mix of commercial office and Research and Development E(g) uses (previously B1) alongside B2 industrial activities.

- E(g) Uses which can be carried out in a residential area without detriment to its amenity:
 - E(g)(i) Offices to carry out any operational or administrative functions,
 - E(g)(ii) Research and development of products or processes
 - E(g)(iii) Industrial processes
- B2 – General Industrial, specifically for uses that do not fall within the B1 use class i.e. for uses that would not generally be allowable within a residential area.

Medway Council have provided the following information with regard to progress on the Southern site:

Innovation Park Medway has the opportunity to propose a mix of E(g) and B2 space to capture as much of the innovation value chain as possible. This includes a mixture of start-up, incubation, grow-on, office and workshop spaces complemented by conferencing and other business support facilities.

The Southern site proposal is for two office buildings; the first for business support facilities, and the second will be 'grow-on' space for businesses expanding beyond the venture stage. These businesses will capitalise on the sites proximity to Innovation Centre Medway, which successfully provides space for start-ups, with a waiting list of would-be occupiers, and a number of growing businesses unable to move on due to the lack of suitable office space in Medway. The intention is for them to eventually move onto their own plot on the Northern Site.

The B2 provision that was originally intended for the Southern Site plots will now be provided on the Northern Site, ensuring that the E(g)/B2 split set out in the Masterplan is still achieved.

SELEP and the Accountability Board are not part of the Innovation Park Medway Delivery Board and cannot therefore respond to questions about the mandate of the Board. However, the agreed Terms of Reference of the Delivery Board are attached.

Question 3 – From a SELEP perspective, the reporting and Monitoring and Evaluation requirements attached to the LGF and GBF funding remain in place as outlined in the response to Question 1.

Medway Council have provided additional information in respect of the evaluation criteria applied to businesses seeking to locate on the Innovation Park Medway site, as follows:

Potential occupants are selected on a quality and cost basis, using quality criteria set by Medway Council to ensure that, as far as possible, the right businesses are accepted for the site.

Any business looking to lease or buy a plot on the Innovation Park Medway site will need to meet the selection criteria to ensure the quality aspirations for Innovation Park Medway are met; the criteria is not based on price alone. The process considers a number of requirements of the Local Development Order and Design Code, and specific assessments of the business in relation to innovation, growth potential, jobs and skills and social value.

Officers are currently in discussions with 5 businesses looking to take up plots on the Northern site. These businesses all meet the quality criteria, and the requirements of the Local Development Order and Design Code, as well as the assessment for innovation, growth, jobs and skills as set out above.

Terms are also being agreed with an anchor tenant for the first office building on the Southern site. This business will be able to provide business support for other businesses joining Innovation Park Medway.

Medway Council has also received over 20 enquiries from businesses who do not meet the Innovation Park Medway criteria, and therefore these businesses have been discounted. In addition, an offer of over £5m for circa 9 acres has also been turned down due to not being the right fit for Innovation Park Medway.

Medway Council is setting a high standard for the site, so occupants that do not meet the vision will not be considered, regardless of their offer.