

LLEP BOARD OF DIRECTORS

3.00pm, 14 February 2023

MIRA, Pavilion Room



AGENDA

TIME		ITEM	REPORT	DECISION /DISCUSSION INFORMATION	LEAD
15:00	1.	Welcome and Apologies			Andy Reed
	2.	Introduction and Welcome to Horiba MIRA	Verbal	Presentation	Declan Allen
	3.	Declarations of Interest			All
15:05	4.	Minutes and actions LLEP Board Meeting 1 November 2022	Paper A	Decision	Chair
STRATEGIC ITEMS					
15:10	5.	Head of LLEP Report to Board	Paper B	Information	Sue Tilley
15:20	6.	County Deal	Verbal	Information	Andy Reed
15:30	7.	Growing Places Fund	Paper C	Decision	Elizabeth Botmeh
15:40	8.	Scheme of Delegation	Paper D	Decision	Elizabeth Botmeh
FINANCIALS					
15:50	9	Operational Budget 2022/23 Monitoring	Paper E	Discussion	Colin Sharpe Elizabeth Botmeh
16:05	10.	Operational Budget 2023/24	Paper F	Decision	Colin Sharpe Elizabeth Botmeh
OPERATIONAL PERFORMANCE					
16:20	11.	Enterprise Zone – Charnwood Campus Project	Paper G	Decision	Cheryl Maguire
GOVERNANCE					
16:30	12.	Board member only – confidential		Verbal	Anil Majithia

Appendices
Business Survey – Supplementary Paper

Future meetings:

- 11 April 2023
- 13 June 2023
- 8 August 2023
- 10 October 2023
- 12 December 2023

Paper A



LLEP Board of Directors

3pm, Tuesday, 1 November 2022

Hybrid meeting: City Hall

Organiser: Sharif Chowdhury

Co-Chair: Andy Reed OBE (AR)

Directors present : Emma Anderson (EA), Sonia Baigent (SB), Chas Bishop (BP), Lorraine Boorman (LB), Nishan Canagarajah (NC), Verity Hancock (VH), Gosia Khrais (GK), Dr Nik Kotecha OBE (NK), Ajmer Kaur Mahal (AKM), Cllr Danny Myers (DM), Jo Tallack (JT), Glynis Wright (GW).

Directors' virtual attendance: Anne-Marie Hunt (AH), Anil Majithia (AM), Peter Bedford (PB).

In Attendance: Elizabeth Botmeh (EB), Jo Dexter (JD), Cheryl Maguire (CM), Colin Sharpe (CS), Stewart Smith (SS), Sue Tilley (ST).

Apologies: Alison Greenhill (AG), Neil McGhee (NM), Cllr Jonathan Morgan (JM), Terry Richardson (TR).

Minutes Taken By: Sharif Chowdhury

CC To: All

MINUTES

1.	<u>Welcome and Apologies</u>	
1.1	AR welcomed those present physically to the meeting, and members dialling in virtually.	
1.2	Apologies were received from TR and JM.	
2.	<u>Declarations of Interest</u>	
2.1	There were no Declarations of Interest.	

<u>Minute</u>		<u>Action</u>
<p>3.</p> <p>3.1</p> <p>3.2</p>	<p><u>Minutes and Actions LLEP Board of Directors Meeting held on 16 August 2022</u></p> <p>The minutes were recorded as a true and accurate record.</p> <p>ST updated on Action Point 5.12 where George Oliver has issued press releases regarding the Board membership including information on the three new LLEP Board members.</p>	
<p>4.</p> <p>4.1</p> <p>4.2</p> <p>4.3</p> <p>4.4</p> <p>4.5</p>	<p>Head of LLEP Report to Board</p> <p>ST referred to Paper B the LLEP 2022-23 Delivery Plan progress report which showed projects are progressing well and are either at green or amber status except for two items flagged in red which includes developing a peer-to-peer exchange through the Growth Hub, which is being delivered through the ERDF programme in collaboration with Leicester City Council, aimed at start-ups, and will now move to amber status.</p> <p>ST updated on the joint collaborative work that is being undertaken with Midlands Connect to fund a study to look at the decarbonisation of East Midlands airport under the sustainability pillar. The programme is currently at procurement stage with funding from Midlands Connect having been secured and will now move to amber status on the delivery plan.</p> <p>ST reported on the draft LLEP Delivery Plan for 2023/2024 where a skeleton framework has been developed showing the potential activities reflecting the current funding situation. ST noted a challenge for the Growth Hub with loss of ERDF funding and business advisors and the plan to become a triage service after June 2023, with focus on partnerships and local intelligence, subject to the LLEP receiving funding.</p> <p>ST reported that the LLEP are still awaiting news regarding BEIS funding and there continues to be a lack of clarity surrounding finances.</p> <p>JD informed the Board that BEIS had paused the deadline for the delivery plan 2023-2024, as the guidance had not been published but the vision was to go forward with this as growth is still being delivered for Leicester and Leicestershire.</p> <p>ST highlighted the successful consortium work the LLEP had undertaken with Lincolnshire and Derbyshire to secure funding from the Department</p>	

<u>Minute</u>	<u>Action</u>
<p>4.6</p> <p>4.7</p> <p>4.8</p> <p>4.9</p> <p>4.10</p>	<p>for Digital, Culture, Media and Sport (DCMS). The work had been led by Stewart Smith and will provide support and funding for ambitious businesses in the creative sector, who are looking to grow and with the capability to work more strategically. The scheme will provide around £1.3m funding.</p> <p>The Board were asked to note Paper B1 which provided further detail.</p> <p>VH commented that there are opportunities in the pipeline and sometimes you must go with them and put the partnerships together once you have secured the funding.</p> <p>NK asked whether the LLEP will be reviving the works of the Local Industrial Strategy (LIS).</p> <p>JD noted that the Local Industrial Strategy is used by many partners and JD expressed the benefits of the sector update information.</p> <p>ST informed the Board that the LLEP intend to bring together the three universities as a sub-group of the Innovation Board to see where future funding opportunities lie.</p>
<p>5.</p> <p>5.1</p> <p>5.2</p> <p>5.3</p> <p>5.4</p> <p>5.5</p>	<p>Chair's Update on County Deal</p> <p>AR shared that there has not been any substantial development regarding the County Deal since the last meeting, although there are ongoing meetings on a local level to support the business sector throughout the process.</p> <p>JD echoed similar sentiments and updated that BEIS are working to adapt to the changes in government leadership and possible adjustments to levelling up.</p> <p>JD reiterated BEIS are continuing in the background to work on devolution deals where appropriate until 2023.</p> <p>NK shared that a challenge remains that businesses feel a Level 3 deal with the six counties would be good for the region, although there is no tangible evidence for this.</p> <p>NK reported on an update from the latest CBI meeting where the group has asked for a report led by councils and government to evaluate the evidence and impacts of devolution deals in other areas. The report will</p>

<u>Minute</u>		<u>Action</u>
5.6	<p>also provide an education piece to demonstrate why the deal matters to businesses and guide ongoing discussions.</p> <p>NK shared the importance of the report to understand potential benefits, as there does not seem to be any tangibles other than the fact D2N2 could possibly receive £38m a year.</p>	
5.7	<p>JD advised that eight weeks would be too long a duration and a report provided more swiftly would be beneficial.</p>	
5.8	<p>DM noted that local authorities expected their funding to be cut, and that they were all waiting on the Chancellor's statement on 17th November, and that any money offered under a devolution deal would probably be used to cover up the cuts.</p>	
6.	Growing Place Fund - Options	
6.1	<p>EB shared background on the Growing Places Fund which currently has £10.2m to utilise. The LLEP has received some enquiries, which do not satisfy the current criteria.</p>	
6.2	<p>EB explained that Paper C provides and recommends the board consider different options including whether to extend the criteria, invest in areas such as incubation units, and ringfence £2.3m to cover LLEP running costs going forward.</p>	
6.3	<p>CS shared that from the accountable body perspective the paper and suggested options are satisfactory.</p>	
6.4	<p>The Board shared possible options to invest funding. Including whether there is flexibility to reserve funds for LLEP running costs. Board members voiced the importance of not spreading finances too thinly at the consequence of projects having less impacts on the region.</p>	
6.5	<p>CS informed the Board that the £13.6m was a grant to the City Council as the accountable body for the LLEP in 2013 for infrastructure projects, and that the grant conditions had been discharged at the time.</p>	
6.6	<p>The Board discussed the challenges of the original criteria, in managing the risk versus the interest rate charged. CS stated that low risk projects could seek funding from commercial banks and funders, in comparison to an offer from the LLEP which would need to comply with the UK public Subsidy Requirements, and which might not be any lower.</p>	

<u>Minute</u>		<u>Action</u>
6.7	AH updated the Board that there are numerous options available to the market and not just on the High Street, lenders report being extremely busy at present.	
6.8	AR summarised the discussion in that the future use of the funding should have impact, aligned to the four pillars of the Economic Growth Strategy, and reference the elements of the future elements of the LLEP work aligned to the county deal.	
6.9	The Board agreed to look at potential options in more depth and bring it back to a future board.	EB
7.	LLEP Finance Report	
7.1	CS provided an update on the financial report for 2022/2023, informing the Board that the full repayment of the Gresham loan has been received.	
7.2	CS shared that that the revised expenditure would be £2.412m, leaving a surplus of £361,700.	
7.3	CS updated the Board on the potential reserves anticipated at the end of 22/23 and reminded the Board the approximately £1.25m was ringfenced, leaving a surplus of circa £750k	
7.4	CS informed the Board of the existing audit arrangements. Internal audit is provided by Leicestershire County Council and a provisional 10 days is set aside annually to cover this.	
7.5	External Audit is undertaken by Grant Thornton working to nationally set local authority audit standards. GT has not (to date) undertaken a specific audit of the LLEP.	
7.6	CS invited suggestions for area for the internal audit to focus.	
7.7	JD shared that the regular BEIS mid-year audit reviews are currently in process with information expected to be provided to ST by the 25th of November. The main focus areas include Governance and Strategy and are expected to be 'light touch'.	
8.	Future Funding Scenarios	
8.1	The Board noted the three funding scenario situations and recognised the uncertainty when preparing the information.	

<u>Minute</u>		<u>Action</u>
8.2	<p>JD expressed thanks to the LLEP Board for the patience and forbearance during this period of uncertainty regarding funding.</p>	
8.3	<p>CS expressed the benefits from a governance perspective that the LLEP Board now have visibility on the reports provided, although a decision cannot be made at present due to the uncertainty over future funding. Once further clarity has been given by Government, further scenarios will be presented to the Board.</p>	
9.	<p>Programme dashboards – Business Rates Pool, Getting Building Fund, Enterprise Zone, Business Gateway Growth Hub</p>	
9.1	<p>ST referred to paper F on the Programme / Project Dashboards, and commented that the Business Gateway Growth Hub was very much driven by supporting existing delivery partners to achieve the output requirement the ERDF programme. The dashboard information presented were a sample of the local intelligence and social media engagement activities.</p>	
9.2	<p>SB shared ambitions from the Business Board which is looking to repurpose the vision and provide alignment with the four pillars which will bring further opportunities going forward.</p>	
9.3	<p>ST updated on the progress on the capital programmes which have been RAG rated and include targets versus achieved outputs.</p>	
9.4	<p>The Board noted the dashboards and welcomed seeing them and want to continue to see this form of reporting at going forward and thanked the team for putting them together.</p>	
10.	<p>Enterprise Zone – Charnwood Campus</p>	
10.1	<p>CM presented an Expression of Interest (EOI) from Charnwood Campus for a project to be considered for Enterprise Zone Retained Business Rates funding. The Board was reminded of the process for approving projects as outlined in the LLEP Local Assurance Framework. CM noted that after an EOI is endorsed by Board, project sponsors are required to submit a full Business Case which internally appraised by LLEP officers before external appraisal by independent assessors. All information is then presented to the Investment Panel for consideration and then to the LLEP Board for approval.</p>	
10.2	<p>CM advised that work on the Business Rates forecasting that would be required to support any investment would be carried out in parallel to the assessments. It was highlighted that Charnwood Campus had been put</p>	

<u>Minute</u>		<u>Action</u>
10.3	<p>forward to be an Investment Zone which may impact the business rates available to the LLEP if approved. Conversations with partners were ongoing to understand this further.</p> <p>The LLEP Board agreed the recommendation to:</p> <ul style="list-style-type: none"> i. Approve the progression of the Expression of Interest for Charnwood Campus to full Business Case; ii. Approve for LLEP officers to undertake an internal assessment on the submitted Business Case; iii. Approve delegation of progression to external assessment to the Head of the LLEP, in consultation with the Chair, subject to assurances regarding EZ Business Rates availability for re-investment. 	
11.	Risk Register	
11.1	The Board noted the risk assessment and mitigations.	
12.	Progress on the recruitment of a CEO & formal Board approval.	
12.1	CS referred to paper I and reported progress on the recruitment of a Director/CEO.	
12.2	<p>The Board agreed with the recommendations to:</p> <ul style="list-style-type: none"> I. Formally approve the recruitment of a Director/CEO for LLEP. II. Request the Accountable Body to undertake the recruitment process, in conjunction with the Co-Chairs. 	CS
12.3	CS provided background on the process which will begin with an advertisement being published, including a job description and person specification, by the Leicester City Council HR team. The Board will be shown the documents before they are issued.	
12.4	Board members discussed the skillset required for the new CEO, with further comments expected once the job description and person specification are circulated.	
12.5	CS shared that as the position is a senior level appointment there will be an appraisal through an assessment centre involving stakeholders with successful candidates progressing to a Board interview with an observer from the accountable body in attendance..	
12.6	The Board were informed that depending on the pay level for the role, the city council's own employment committee may be triggered and may require further governance procedures.	

Minute		Action
<p>13.</p> <p>13.1</p> <p>13.2</p>	<p>LLEP Membership Applications</p> <p>EB provided background on LLEP membership and the rights and responsibilities of members and highlighted that parish councils were underrepresented within the LLEP governance EB highlighted the suggested members in the Appendix paper, the Board noted the suggestions and approved the call for new members.</p> <p>The LLEP Board:</p> <ul style="list-style-type: none"> i. Noted and approved the requests for membership to Leicester and Leicestershire Enterprise Partnership Ltd; ii. Agreed to the formal template letter welcoming new members setting out their roles and responsibilities (Appendix 1). 	
<p>14.</p> <p>14.1</p> <p>14.2</p> <p>14.3</p> <p>14.4</p>	<p>Governance Review – Finance & Investment ToR, Audit & Risk ToR and Committee Membership.</p> <p>EB provided a background to the LLEP Board on the Finance and Investment Committee and the Audit and Risk Committee. The new boards would supersede the exiting Investment Panel and the previously agreed Finance and Audit Committee</p> <p>EB clarified that for the Finance and Investment Committee the proposal included a Chair and deputy Chair. The Chair will manage finance related issues whilst the deputy chair will focus on investment decisions. Therefore, further appointments will be required for the committee.</p> <p>The paper proposed to remove a separate Low Carbon Board given its crosscutting themes across all areas, but suggested that all decisions papers included reference to it, in the form of a paragraph. CB emphasised the importance of the Low Carbon Agenda to be a proactive part of the committees in particular hydrogen matters and energy supply.</p> <p>The LLEP Board:</p> <ul style="list-style-type: none"> i. Discussed and agreed the proposed revised structure ii. Noted the draft terms of reference for the: <ul style="list-style-type: none"> a. Finance and investment Committee; b. Audit and Risk Committee; iii. Received a verbal update on thoughts on the Innovation Board, Business Board and Skills Advisory Panels from the Chairs of those forums. 	

<u>Minute</u>		<u>Action</u>
15.	Youth Advisory Board	
15.1	SS provided an update on Paper L regarding plans on engaging the Youth Advisory Board with the LLEP Board.	
15.2	SS shared that there are young business people on the Advisory Board who are important for the future business community going forward.	
15.3	The Board: noted the work of the YAB and: ii. Supported and endorse the work of the YAB. iii. Agreed to meet with the YAB once a year for a Youth Voice summit. iv. Agreed to allow the YAB to attend a future LLEP Board meeting. v. Ratified Neil McGhee as the main YAB LLEP Board sponsor. vi. Are considering participation in Youth Voice training.	
16.	Sub-Group Updates	
16.1	NK provided an update on the Innovation Board where there are ongoing works with Reach Publications to deliver the Innovation Festival. Several organisations are being asked to support the events, including Charnwood Campus.	
16.2	NK informed the Board of a recent Board meeting which took place at Holovis International Ltd, where the Innovation Board members agreed to take responsibility to champion twelve different themes including, culture and language aligned to the LLEP Delivery Plan 2022/23	
16.3	VH updated on the Skills Advisory Panel (SAP) where there have been linkages between the SAP and Local Skills Improvement Plan (LSIP). VH reported that Dr Gareth Thomas completed an exercise to investigate the labour market requirements and are now waiting on further proposals from the government.	
16.4	VH informed the Board of skills and labour shortages and challenges in addressing these gaps. There is not enough staff to train individuals and require assistance from businesses and Government funding.	
17.	AOB	
17.1	NK thanked the two Co-Chairs for their efforts in delivering the meeting with substantial papers which includes a high level of detail and variety.	
17.2	SB expressed thanks to the LLEP team for the work that has gone into producing the papers for the meeting which is appreciated.	

DRAFT



Head of LLEP Report to Board

1. Purpose of Report

To provide LLEP Board Directors with an update on strategic activity and engagements outside of the agenda items under discussion.

2. Executive summary

- Since the last LLEP Board meeting on the 1st of November there have been a range of activities that have taken place that impact upon the work of the LLEP.
- The Autumn Statement announcement was delivered by the Chancellor on 17th November aiming to restore stability to the economy, protect high quality public services and build long term prosperity. Tackling inflation was the top priority. There was £26Billion of support for the cost of living including continued energy support
- Uncertainty in politics continues to make a challenging environment for business in addition to the increase in energy costs.
- Ongoing uncertainty around funding for LEPs and Growth Hubs remains a concern and the LEP Network are lobbying Government hard on behalf of all the LEPs.
- In June 2023 ERDF, which funds existing Growth Hub business support activities delivered by the BEIS Funded Growth Hub will come to an end and the replacement UKSPF has been awarded to District Councils and Leicester City Council.
- Devolution – Extraordinary Business Board meeting with key business leaders took place at City Hall on November 30th the outcome of the meeting was a summary paper outlining the current position in respect of devolution. Once this has been approved by County Council and City Council leaders this will be co-signed by the leaders of the business community.
- In November the LLEP submitted a mid-year performance review to BEIS. The hard work of the LLEP was recognised, with the delivery of various successful outcomes over the previous 6 months. No serious concerns were raised from a CLGU assurance perspective.
- LLEP submissions and presentations at Scrutiny meetings Leicestershire County Council and Leicester City Council our submissions were both positively received.

3. Objectives

The interim Head of LLEP role was created in February 2022 to help cover responsibilities and duties previously managed by the LLEP Chief Executive. Head of LLEP has since led the LLEP team, working with Leadership Management Team to deliver five objectives:

1. LLEP Team

- Motivate team and stem flow of exiting officers.
- Re-purpose team to take on new areas of responsibility, increasing the resilience and financial stability of the LLEP
- Recruit a new Growth Hub Manager

2. Economic Strategy and Delivery

- Work with LLEP team to deliver to the Leicester and Leicestershire Economic Growth Strategy 2021-30. Set out how local strengths, innovation, and skills would be harnessed to create a productive, inclusive, and sustainable economy.
- Work with the team to develop delivery plans for (a) April 2022 to March 2023, to publish in August 2022, and (b) April 2023 to March 2024, to publication in November 2022.

3. Communications

- Raise profile with effective communications and marketing to highlight the successes of LLEP programmes, delivery of LLEP Board and sub-board activities, and opportunities for business.
- The LLEP has now lost its only Growth Hub Communications Manager and urgently need to recruit to this area and are advocating someone with expertise in social media and web content writing ability.

4. Funding

- Identify new funding sources and strategies, implement and monitor with the LLEP team.

5. Engagement and Partnership Working

- Strengthen relationships with government agencies, other LEPs, Midlands Engine, business community, local authorities, universities and colleges, voluntary sector, local partners, and other key stakeholders.

Delivery against objectives (Winter 2022/23)

4.1 LLEP Team

- LMT continue to encourage the LLEP team to maintain a 'business as usual' approach despite the uncertainty of funding. This is becoming increasingly difficult, and we have seen staff absences due to stress. Staff are very concerned about the renewal of contracts and a number are looking for alternative employment. Staff turnover of 29% in the previous 12 month.
- The LLEP team have been very busy during the period and have been redeployed to take on new programmes of work such as Create Growth, Made Smarter, Innovation Board initiatives with the latest being the work with Microsoft which was initiated by Stewart Smith. The LLEP has been recognised as a trailblazer in this regard and if the pilot is successful the project will be rolled out across the LEP network nationwide. All of the projects are seeing keen interest and a good pipeline of businesses engaged.
- Salma Manzoor the new Partnerships and Growth Hub Manager commenced employment in early November and has been very busy reaching out to strengthen established partnerships with Districts, City and County but also working on forging new links to enhance the Growth Hub offer. We are already in discussions with Barclays (Eagle Labs) Santander, Lloyds and Nat West to develop a range of workshops and initiatives to develop business programmes for the Growth Hub

- The Growth Hub Comms officer left in January for new employment and we have a vacancy that urgently needs to be filled as the Growth Hub will become increasingly reliant upon social media campaigns and enhanced website presence
- Andy Rose, Economic Strategy Manager for the LLEP will be retiring in February. Andy has a long history of work in Economic Development and will be very missed by the team for his breadth of experience and capabilities. We thank Andy for his dedicated service and wish Andy a very fulfilling and long retirement.

4.2 Economic Strategy and Delivery

- The LLEP Team are working on a draft delivery plan for 2023-24. This was originally required by BEIS to be published in November 2022. BEIS advised that this was no longer needed for that date and advised to await further instruction. Please refer to Paper H of the Board paper for detail
- The team have been very busy throughout the period with officers taking on new areas of responsibility and working on new delivery programmes and projects. Made Smarter, Create Growth and the new Microsoft 'LEAP' pilot scheme have all now gone live and are gaining good traction with business and pipelines of enquiries.
- Ongoing uncertainty around funding for LEPs and Growth Hubs remains a concern and the LEP Network are lobbying Government hard on behalf of all the LEPs. The LEP Network submitted a letter to BEIS Secretary of State and the Chancellor. The LLEP followed up with letters to local MPs lobbying for their support for continued growth hub funding. Please see Appendix 1 letter from Kevin Holinrake Minister for Enterprise, Small Markets and Business which was sent to Jane Hunt MP letter thanking her for her letter outlining the work of the LLEP Growth Hub, saying that Government valued the work of Growth Hubs and confirming that consideration regarding funding and Growth Hubs was still ongoing.
- Growth Hub funding is an immediate priority, and the LEP Network has been in direct contact with relevant BEIS Ministers on this. A short briefing note was prepared to capture the essence of what growth hubs do setting out a 5-point plan on how Growth Hubs can support business through current challenges. Please see appendix 2. The LEP network also wrote to BEIS Secretary of State and the Chancellor sharing this 5-point plan.
- In June 2023, ERDF, which funds the existing business support activities of the BEIS Funded Growth Hub will come to an end and the replacement UKSPF has been awarded directly to District Councils and Leicester City Council. The current business advisors are funded via ERDF and are employed by East Midlands Chamber, Leicester City Council and Leicestershire County Council.
- UKSPF which is the replacement for ERDF is significantly lower in value and instead of funding coming to the LLEP UKSPF will go direct to the districts who have other existing priorities with little funding allocated to business support. This will provide little funding allocation for businesses support each of the districts have varying requirements and it is likely there will be a patchwork of support. UKSPF – The UKSPF funding has been allocated to individual districts. Leicestershire County Council have been asked to undertake the procurement for the business support element. It will be a complicated exercise as each of the districts are requesting different types of support from start-up programmes, scale up programmes, dedicated business advisors in situ at the district offices, sector support but no consistent offer. The Growth Hub maintains

contact with the districts, Leicester City and Leicestershire County Council and will see if there is an opportunity to bid for any element of service provision.

- In light of the above it will be important for there to be a LLEP Board discussion and decision as to the best service solution for the Growth Hub going forward. The leadership management team are currently considering various options for review as from June 2023 there will be no ERDF funded business support programmes or ERDF funded business advisors. The Growth Hub strategy encompasses looking for new funding opportunities as they emerge from Government, Create Growth and Made Smarter are good examples of this. We are also strengthening existing relationships to work more closely with the private sector. We are already in discussion with a number of organisations including Barclays (Eagle Labs), Santander, Lloyds Bank, Nat West and Microsoft to offer complimentary free business support. The Microsoft LEAP pilot is another good example of where this approach is working well.
- Microsoft - The LLEP Growth Hub is leading on an initiative with Microsoft to provide free digital support to SME's. The team worked with Microsoft's Chief Technology Officer to design the architecture for the scheme and a trailblazer pilot scheme commenced Leicester and Leicestershire week commencing 23rd January. There has been significant early interest and the scheme will be extended to East Midlands LEP Cluster. Following an introduction by the LLEP to the LEP Network and subject to the success of the pilot there are plans for a nationwide roll out.
- The LLEP Growth Hub is leading the 2023 Leicester Innovation Festival at the National Space Centre. It will bring together innovators from across the region with the major focus being on productivity. Twenty events are planned between 6th 17th February starting with the Innovation Launch at the Access Building at LUSEP on 6th February with 120 VIP guests leading up to the 2023 Innovation Awards.
- The fifth LeicestershireLive Innovation Awards take place during the festival on the 16th February at the National Space Centre. Indro Mukerjee, Chief Executive of Innovate UK is visiting Leicester Space Park for meetings with Prof. Nishan Canagarajah and University of Leicester during the festival. As part of this visit he will also meet LLEP Innovation Board Business members, led by Innovation Board Chair Dr Nik Kotecha and some of the shortlisted innovators from the awards. He will then and will be giving the keynote speech at the Innovation Awards, which is great news for our area and acknowledges the strength of innovation we have locally.

4.3 Communications

Communications update (November 2022 - January 2023)

- LLEP comms continues to be delivered by 1284 and activities have been as follows:
- Eight press releases issued over the three-month period resulted in 189 media mentions (174 online news, 12 print, 3 broadcast). There have now been 11,500+ Bitly clicks tracked to LLEP platforms since February 2022.
- Other comms work in the period included editing the devolution briefing for the Business Board, writing a LEP Network thought leader which will form part of a national media pitch, updating Director bios for LLEP website, promotion around the CEO recruitment vacancy, reviewing and updating mailing lists, letter drafted to MPs on the importance of early resolution over funding for Growth Hubs, preparation of year-end media outcome reports, and LLEP quotes provided to partners for their PR.
- **Leicestershire Innovation Festival** - Chaired Festival comms group with the three universities, Invest in Leicester, Reach PLC, IUK, and Blueberry. Attended festival working group. Devised sponsorship tiers which helped to bring in £40,000 of sponsorship. Further potential sponsors are in the post-festival pipeline. Worked with Reach to integrate Innovation Awards into Festival

planning. Supported IUK for CEO visit and keynote. Designed presentation deck, social media artwork templates, handouts, and pullups for events.

- **Innovative Leicestershire** A brand and narrative was developed for Innovative Leicestershire. Communication is one of 10 priorities in the Innovation Board Delivery Plan. A new brochure website was created at low cost to describe the LLEP's work and signpost to partner services. It went live in February to coincide with the launch of the Innovation Festival.
- Work on regional profile around innovation is starting to gain traction nationally. The LEP Network social media post following a speech by the Prime Minister identified the LLEP as an innovation leader. This narrative ought to develop as the brand gains momentum.
- **Create Growth launch** -The new programme website, led by the LLEP, went live on January 23 and has been positively received for its design. It was one of the first Create Growth websites to go live. There were 550 tracked link clicks to the site in the first week and 148 site visitors. The discrepancy may be due to cookies being declined by visitors. Mailing lists across the four counties were created ahead of launch and the initial PR at launch has been used on 14 platforms in its first week.
- **Made Smarter** We have been attending initial comms working group calls. A Lincolnshire PR agency has now been appointed to lead comms. LLEP issued a launch PR to Leicestershire media and has had 309 tracked link clicks to the Growth Hub website so far to capture EOIs.

4.4 Funding

The LLEP team continue to think and work creatively to identify new ways of working and identify new potential funding opportunities.

- The LLEP are working with UoL and City Council on a funding application for Innovate Launch pad. The bid had to be led by the LLEP/LA. The application was submitted on Monday 7th November at 11:00. The focus is to address Space/Advanced Manufacturing. Due to the challenging timescales, I have not been able to bring this to the board for formal agreement. There is no financial commitment or exposure at this stage. We are still awaiting an outcome. We understand that Innovate UK received a very large number of applications.
- Since 2015/16 the LLEP has managed the Business Rates Pool programme on behalf of the Local Authorities within Leicestershire. The pooling agreement signed by the local authorities allows for any surplus generated above the baseline to be managed by the LLEP for investment back into schemes and projects in the LLEP area. To date we have managed a £30m grant programme in addition to generating £1.7m of income for the LLEP. The councils have not yet agreed the principles for allocating the next round of funding. Hence the BRP as a source of annual local match funding for the BEIS core grant continues to be at risk until progress is made and the councils take a view on match funding. In 2022/23 this was £187,500.

4.5 Engagement and Partnership Working

A large part of the Head of the LLEP roles is in raising the profile of the LLEP. There have been numerous meetings throughout the period

LEP Network Ongoing LEP Chair /CEO meetings

LEP Network Integrations meetings

LEP Network Rural Group

Political – Meeting with Dr Luke Evans

BEIS local – Meeting with Jo Dexter fortnightly

Business Board Exceptional meeting – Co-ordinated the exceptional Business Board meeting in conjunction with Sonia Baigent to provide the lead business voice in respect of County Deal. The meeting

was very well attended with representation from Leicester City and County Councils, Universities, CBI, IOD EMC, LBV,FSB

Enterprise Zone meetings: Space Park/Waterside, Charnwood Campus, LUSEP and Horiba Mira

Events – Innovation Festiva pre-launch event took place at DMU Innovation Centre hosted by Barclays Eagle Labs. Presentation given to Professions Service business leaders outlining the Innovation Journey and how they could form a cluster of activity to spread the Innovation message to SME's in their practices. A very good meeting with thirty interested and engaged businesses. Follow up meetings with the Growth Hub manager scheduled.

Business; Numerous meetings have taken place throughout the period including with Santander, Lloyds, Barclays, African Heritage, Turkish Business community leaders. Meetings with Horiba Mira Chief Exec Declan Allen and COO Tim Nathan

Scrutiny meetings: LLEP Chair Andy Reed and I attended Scrutiny meeting at County and gave an overview and took questions on the submission we had made and received positive feedback.

Useful links

- [Leicestershire Innovation Festival 2023 - Business Gateway Growth Hub \(bizgateway.org.uk\)](https://bizgateway.org.uk)
- [LeicestershireLive Innovation Awards 2023 - Finalists](#)
- [Levelling Up Funding projects](#)



Department for
Business, Energy
& Industrial Strategy

Jane Hunt MP
House of Commons
London
SW1A 0AA

Paper B - Apx1

Kevin Hollinrake MP
Parliamentary Under Secretary of State

**Department for Business,
Energy & Industrial Strategy**
1 Victoria Street
London
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www.gov.uk

Our ref: MCB2022/32913

17 January 2023

Dear Jane,

Thank you for your letter dated 22 December to Secretary of State regarding future funding for Growth Hubs. I am responding as this matter falls under my ministerial portfolio.

Your letter is very clear about the effective work that the Leicester and Leicestershire Growth Hub has done and continues to do to support businesses in your area, especially in what is a challenging time for many businesses and individuals.

The Government values the work of the Growth Hubs. Their ability in bringing together key players within an area to provide clear and effective support to the business community, in delivery of their own services and programmes plus also playing a key role in sign posting to the public and private sector business support that is available.

With regards to future funding for Growth Hubs, consideration is ongoing, and no decision has yet been made as to funding beyond 2022/2023. Once any decision has been reached it will be communicated to interested organisations, including LEPs and local authorities, at the earliest opportunity.

I hope you find this information helpful.

Yours ever,

KEVIN HOLLINRAKE MP
Minister for Enterprise, Markets and Small Business

LEP Growth Hub Network Five Point Plan

The Networks role

The LEP Growth Hub network was established to engage and deliver consistent, practical support to businesses across England and provides a front door through which more than 2M businesses and individuals a year now engage and find the right support. this unique mechanism:

- Simplifies access to the best of public and private sector services both local and national for business
- Addresses individual business challenges, identifying, and unlocking their opportunities for growth
- Develops solutions to rapidly meet an everchanging business environment and shifts in policy focus
- Enables flexibility to reflect differences in place, service mix and priorities

The network of 38 LEP Growth Hubs, maintains a common core offer built around three principles:

- Improve the awareness and coordination of local and national business support
- Provide clear signposting and diagnosis to help businesses find the right support easily
- Improve the impact and value for money of business support

Current economic environment for business

The Growth Hub Network recognises that current operating conditions present a new and difficult trading environment for companies to navigate, particularly SMEs. Businesses are facing the effects of sharply increased operating costs, specifically utilities, electricity, and gas together with the effect of interest rate rises and more expensive imported materials, all reflecting a wider international picture of volatility in global energy prices, stubbornly high inflation expectations (forecast to peak at 11% in the UK Q4 2022) and persistent wage pressures. Market conditions and a pessimistic outlook have been compounded by political uncertainty delaying business investment decisions. The exit from the current recession is not expected until the first half of 2024, leaving a challenging period for businesses when support will be needed the most to help them not only navigate the pressures, but thrive, improving productivity, and identify and exploit opportunities to innovate and grow.

Mobilising resources to respond

Government is working hard to identify solutions to address the current challenges for business and to deliver stability and facilitate a return to economic Growth. To navigate the wide range of trading issues a rounded view of a business is needed with the right support local, or national provided at the right time. Narrowly targeted public resources i.e. Innovate UK, International Trade, or Help to Grow are not individually sufficient to gain maximum benefit. These services need joining up in a coordinated way, bringing together wider public and private sector support to fully unlock businesses potential. LEP Growth Hubs, as the trusted 'go to' place for business advice, are uniquely placed to deliver this role through LEP infrastructure and wider services.

How Growth Hubs can contribute

To address these challenges, we have set out a five-point plan for LEP Growth Hubs to help businesses thrive in the current conditions. This harnesses the networks' deep understanding of SME needs and the capability of Growth Hubs to connect the right mix of support services at the right time based on an overall picture of each business. Hubs can therefore translate policy intent into practical integrated outcomes that are aligned to national priorities, pivoting rapidly to support new Government priorities when needed. Our five-point plan will:

1. Help businesses survive and thrive

Address immediate challenges – By identifying options for practical solutions to issues encountered by businesses during the current difficult trading period (financial, operational) and by embedding the know-how,

methods and skills needed culturally to successfully navigate future economic, or commercial periods of stress, or uncertainty and maintain sustainable growth.

Find and unlock the potential for new business growth – By obtaining a rounded view of each business engaged and their ambitions and capabilities, we can help SMEs find new customers in existing and unexploited markets, identifying and supporting those businesses with the greatest potential for good growth. This will include deeper diagnostics, planning and managed access to specialist public and private business support services.

2. Support improved business competitiveness

Enabling a step change in productivity – By identifying where SMEs can best harness improvements and changes in practice, including through accelerating investment in new technology adoption and deeper support interventions that can be used to overcome productivity challenges. This includes access to Made Smarter (where available) and Help to Grow Digital knowledge platform and support.

Help companies become more innovative – By enabling SMEs to pro-actively develop the skills and knowledge to identify opportunities for product, process, service, and business model innovation unlocking access to those sources of market knowledge, finance, Intellectual property advice, product and service design and research facilities, needed to successfully exploit innovative business opportunities, including through partnership with Innovate UK and university services.

Prepare companies for their international journey – By working with the Department of International Trade to mainstream the international trade message to a wider audience and integrating trade expertise into existing programmes. This will include expanding engagement with and delivering targeted support for those businesses who could trade internationally, building the pipeline of potential exporting businesses and opportunities for starting, growing or scaling business.

3. Deliver better jobs

Creating leaders for the future – By Inspiring individuals to be more ambitious, building their individual skills and knowledge, equipping them to understand, adopt and embed the behaviours that deliver higher performance and support their businesses to evolve. This will include links into Help to Grow Management and wider local leadership and management learning opportunities.

Build adaptable workforces to meet future growth needs – By helping businesses to invest in individuals within their workforce at all levels, to improve and develop their talent, filling gaps, building their knowledge and skills of people, and raising the capabilities and ambitions of their staff, whilst supporting changes in behaviours. This will include flow of higher skills from universities including business schools and encouraging the take up of apprenticeships by SMEs.

Helping companies create better jobs and progression – By identifying the opportunities for individual businesses to generate good jobs and nurture talent, encouraging a move away from the national minimum wage and to becoming more inclusive workplaces that benefit the communities in which they are anchored, and their employees drawn.

4. Develop and level up communities

Act as a catalyst for change - Bring together businesses in key local sectors with the right institutions public and private at a place level, to identify and delivery support for increased sector focused productivity and Growth building on local strengths to increases the performance of places and contribute to supporting the levelling up of communities.

5. Protect the environment

Lead the drive to clean growth and net zero across the SME community – Working with partners we will help all individuals and businesses we engage with to better understand their environmental impacts and how to practically address them. Our activity we will influence this group to adopt more environmentally sustainable practices and triple bottom line benefits.

PAPER C

LLEP BOARD OF DIRECTORS

14th February 2023

Decision Report

GROWING PLACES FUND – FUTURE OPTIONS

1. PURPOSE OF REPORT

1.1 The purpose of this report is to consider the options for the future deployment of the Growing Places Fund (GPF).

2. RECOMMENDATION

2.1 LLEP Board are requested to consider the options for the future deployment of Growing Places funding and identify those opportunities to be subject to further detailed development and subsequent Board consideration and approval.

2.2 LLEP Board are particularly recommended to approve further development and consideration of Option 4 detailed in Section 6 of the report.

3. BACKGROUND INFORMATION










3.1 The LLEP was awarded, in 2012, £12.6m for loans to schemes that will accelerate the building of homes, office and commercial development space such as site access/site clearance, broadband and transport infrastructure, utilities, refurbishment of buildings.

3.2 Since 2012, and reflecting that GPF is recycled, a total of £17.5 million of loans have been invested in our area, which have supported the following projects:

- Donington Park - Formula E
- Optimus Point, Blaby (3 investments)
 - o Off site road infrastructure – adjoining road infrastructure
 - o Roundabout to access site
 - o Onsite infrastructure – access roads and utilities
- Leicester Waterside Project
- Velodrome Site, Saffron Lane, Leicester
- Abbey Quarter, Abbey Park Road, Leicester
- Ashton Green, Leicester
- The Gresham, Leicester City Centre

- Old Dalby Enterprise Village, Melton – (completion due first quarter 2023)
- Norton Motorcycles, Castle Donington (in administration)

3.3 The GPF programme has achieved and discharged its original objectives and to date has generated the outputs summarised in the Table, below;

Growing Place Fund Impacts		
Output		Actual to date
Floorspace refurbished (M2)		9291m ²
Floorspace Created (M2)		195599
Housing Units		371
Jobs Created		1786
Business moving onto sites developed		46
Site Preparation (hectares to be developed)		35.5
Newly Created/Improved Roads (km)		3.71km
Newly Created/Improved Cycle Ways (km)		2.77m
Income generated for the LLEP		£1,177,019.55

3.4 With the exception of Norton Motorcycles and pending completion of the Old Dalby Enterprise Village (currently the only 'live' loan), all the GPF loan funding has been repaid. It is worth noting that the GPF programme has to date generated over £1m in interest payments – receipts which have been either deployed against the LLEP's operating costs or placed in reserves.

3.5 The LLEP Board agreed at its meetings in August 2020; October 2020 and December 2020, to the repurposing of £1.674m of GPF funding as part of its Economic Recovery Plan. The funds were to be deployed across several investment areas to assist to ameliorate some of the economic and social impacts arising from the COVID pandemic. A number of these schemes have yet to complete; once they have a 'lessons learnt' report will be prepared for LLEP Board in due course.

4. CURRENT POSITION

- 4.1 The GPF programme currently has just over £10m in the 'bank' with the Accountable Body. Board will recall that the original Government grant conditions have been met. Board will recall that it was agreed late last year that £2m of the GPF balance would be 'ring-fenced' for underwriting LLEP operating costs. This is a precautionary and prudent measure in the event that LLEP reserves, government grants, and other income sources fall short in covering the LLEP's operating costs. It is assumed that if the £2m is not called upon, or is in part, that any balance will be available for repurposing. It is recognized that there is significant uncertainty regarding the LLEP's future functions, funding streams and its place within a future devolved administrative structure. Board will continue to closely monitor the situation and respond as and when clarity and developments emerge.
- 4.2 There is, therefore, currently £8m available to support loan investments on the terms previously applied and agreed by Board. The LLEP launched, in the summer of 2022, a rolling call for investment proposals under the current criteria. Despite a media release and a concerted effort by officers and partner organisations to publicize the availability of loan investment capital there has been little interest from the developer community or mainstream businesses - interest is defined as a submission of an Expression of Interest (EOI) following initial contact / discussion. We have had a few such contacts from interested businesses, but these have not translated into robust EOI submissions. This seems to reflect our discussions with corporate banking colleagues and other lenders that currently the demand for investment capital is way below pre-pandemic levels. Energy costs, supply chain challenges, rising material costs and inflationary pressures are placing many businesses in some distress – mere survival and maintaining market share are foremost considerations with investment decisions, at best deferred, or at worst, abandoned.
- 4.3 It is, however, worth noting that business interest in GPF investment was lethargic in the years prior to the pandemic, perhaps suggesting that the GPF offer was no longer an attractive investment route. Gresham was an exception, but then it was an exceptional and rather unique proposition.
- 4.4 We have, however, in January 2023, received three EOI's seeking a combined GPF investment of £2m – two £500k proposals from the FE sector and a £1m request from a city centre hospitality business. These EOIs will be considered by the Investment Advisory Panel (or its successor body) in due course, with a view to agreeing to request a full business case from the applicants should it be adjudged that they meet the loan criteria. Without wishing to pre-judge the outcome of that process, the view of officers is that the initial proposals are not currently strong contenders for investment support.

5. BACKGROUND TO OPTIONS

- 5.1 As noted above, it seems that the GPF programme has lost its appeal to businesses and that its earlier success was picking up on the latent investment demand in the developer sector. We could, of course, 'sit on' the £8m and wait for a return of the investment

appetite and the take up of the GPF offer as it currently stands. (This is Option 1, below). Or we could adopt a more proactive approach in deploying the GPF resource. In anticipation that Board will want to explore how the GPF could build upon its undoubted previous successes and continue to provide a positive impact for regeneration and economic growth, several options have been explored.

- 5.2 We (Elizabeth Botmeh and Andy Rose) have undertaken a series of meetings with neighbouring LEPs and other organisations providing financial and practical support to businesses and local economies. Interestingly, the Boards of our consultative LEP's (D2N2; SEMLEP; and Lincolnshire) had already addressed the re-focus of their residual GPF resource and approved and initiated the launch of a number of schemes. Most of the LEPs had a similar GPF balance to us (£8m to £10m) and one had even 'ring fenced' £2m as a future contingency against financial uncertainty. Their Boards have similar issues; the GPF, as was originally configured, may not be as relevant as it was and the boards have had to consider the balance of providing loans (thereby preserving the funds quantum for the future as well as generating interest receipts) or reverting to a grant scheme (gradually depleting the resource). Administrative, geographic / demographic, and political considerations (some not specifically relevant in our area) were further deciding factors.
- 5.3 We also consulted with the managers of the local 'Small Business grant scheme', and Derby University's 'Invest to Grow' programme - a combined loan / grant / owner equity offer. We spent over seven hours with our consultees which included significant granular detail as to how their approved schemes were managed and the lessons learnt, including some of the pitfalls to avoid and the good practices to 'bake-in'. A significant amount of 'desk-top' research has also informed the analysis. Our discussions also probed the business demand and take-up of the respective schemes on offer.
- 5.4 Several options are presented in this report. Options (other than 'do nothing') which have enjoyed a degree of success elsewhere and which can be tailored and replicated locally. The level of detail our consultations have identified will subsequently be played into a further report to this Board for a final sign off of the preferred scheme, or schemes. Our consultees have offered to help further develop LLEP Board's preferred option(s) drawing on their on-going operational experiences; continued support for which we are grateful.
- 5.5 Our objective should ideally be to create legacy schemes from the GPF funds which have an ongoing economic impact, and which are largely financially sustainable for the LLEP - and which could be expanded as exemplar programmes, should other investment opportunities from government, or elsewhere, become available (including returned balances from the £2m ring fenced GPF contingency). This report is framed within that strategic and financial context and objectives.
- 5.6 Finally, on background, it may be judicious to deploy the £8m across several business loan and grant schemes which may be sector focussed and / or targeting specific investment areas e.g., reducing business carbon or energy efficiency schemes. This also has the advantages of spreading risk, rather than focussing all the funding support on a single initiative and provides a broader offer to business. It may also be sensible not to commit all the £8m in one flurry of approvals of schemes, but perhaps retain some of

the resource to give the Board headroom to further invest in successful schemes and retain a 'contingency' sum to deploy should other challenges and opportunities emerge – which may include a 'traditional' GPF investment opportunity.

6. OPTIONS

- 6.1 **Option 1** – Do Nothing: This is featured for completeness. As noted above the £10m could be left in the bank until market interest in GPF investment recovers. (The banked funds have generated around £133k p.a. in interest receipts – rates are rising so the return will increase, but will hardly compensate for a significant funding asset lying dormant). There is, of course, no guarantee that a revival will materialise or that other 'flag-ship' investments like Gresham or Optimus Point will emerge. Our regional LEP colleagues have concluded that their respective GPF programmes had run their course under the original criteria and, therefore, repurposing was the preferred option to deploy the funding asset for local economic benefit. This is particularly relevant as LEPs currently have limited or no access to regeneration funding and it is probably likely that this will be the case in the future. For these reasons 'do nothing' is not a preferred option.
- 6.2 **Option 2** - Equity Investment. Partner with a developer to take an equity stake in a new development or refurbishment / change of purpose scheme in return for a share of rental or lease receipts. The LLEP would therefore have an ongoing interest in an asset and corresponding income generated by the asset. This co-investment model has its appeal; however, it would depend on identifying a suitable proposal with a willing partner prepared to share the initial investment and the eventual rewards and ongoing risks. Our LEP consultees have explored this model as a sound principle, but the lack of any suitable investment opportunities and willing partners renders it a 'nice idea' but an impractical investment route relying as it does on serendipity. While a share of an asset and ongoing receipts is attractive there are also potential financial liabilities should the scheme underperform or indeed fail. One LEP consultee commented that why would you bother to take on an investment partner when, with a good proposition, you can borrow from commercial lenders; or in respect of local authorities, prudential borrowing (or internal lending), and avoid more complex legal and operational arrangements. It is not recommended that this option is pursued. The Accountable Body would of course need to be closely involved in any such proposal, as a legal party to any agreement and from the perspective of the use of public funds.
- 6.3 **Option 3** – Business Grant Schemes. Grants are the obvious favourite financial support programme for business; why have a loan when you can have a cash input, usually with limited conditions and few, rarely enforceable sanctions, for non-compliance. They do, however, have a track record of success and remain a valuable and tried and tested business support intervention. The major downside is that a grant programme is finite – once the funds have been committed and distributed the scheme, unless further funding is secured, is resource limited. It maybe, given their success and impact, that a targeted grant programme is included within a GPF repurposing proposition. Targeting is the key factor – focussing on specific issues such as assisting businesses to reduce energy usage; making better use of information technology; investing in productivity enhancing equipment; are all important levers. It is suggested that such a programme is part of the

GPF re-purposing, but with a financial commitment which is mindful and proportionate to its unrecoverable nature.

- 6.4 **Option 4** – The ‘hybrid’ ‘Grant / Loan / Private Equity Scheme’ for brevity known as the hybrid option. Following our partner discussions, and particularly with the University of Derby, one scheme stands out as an exemplar, although others have adopted similar models or variants. Derby’s Invest to Grow Programme is a £16m fund providing loans and grants to support private sector businesses across the East Midlands to innovate, grow, adapt and create jobs. The programme aims to generate economic activity by investing in enterprise growth and to promote the creation of new jobs and the safeguarding of existing positions. The minimum award size is £15,000, for which the minimum project cost must be £50,000. The maximum award size is £250,000, subject to availability of funding at the time. Loans and grants (or a blend of both) are available. The majority of awards are a mix of loan and grant. To date £30m has been awarded with £17m loan funding and £13m in grants. The majority (80%) of the loan / grant awards are below £100,000. There is a high demand for the funding with 10 businesses a week submitting expressions of interest. Applicant funded due diligence and the requirement that at least 80% of the total project costs are funded by the business – these factors contribute to a default rate of only 1%. The loan element of the programme means that scheme is financially sustainable – a distinct advantage over grant only provisions. The Board is strongly recommended to consider developing a similar scheme for Leicester and Leicestershire.

Further details of the Invest to Grow programme can be accessed on the following link:

<https://www.derby.ac.uk/business-services/funding/access-to-funding/>

7. COMMENTS OF THE ACCOUNTABLE BODY

- 7.1 The Accountable Body would need to be closely involved in the development of more detailed proposals.

8. CONCLUSION

- 8.1 The report sets out a number of options regarding future use of the GPF building on experiences at other LEPs, for consideration in principle by the Board.

For further information please contact

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LLEP BOARD OF

DIRECTORS 14 February

2023

Decision Paper

SCHEME OF DELEGATION

1. PURPOSE OF REPORT

1.1 The purpose of this report is to set out the Board's scheme of delegation showing what authority the Board has delegated to others. This scheme of delegation empowers and enables timely and effective action by staff working within the LLEP.

2. EXECUTIVE SUMMARY

2.1 The report sets out the proposed LLEP scheme of delegation which is intended to be included as part of the LLEP accountability and local assurance framework and made available on the LLEP website.

3. RECOMMENDATION

- 3.1 The LLEP Board is recommended to:
- i. Note the contents of the report; and
 - ii. Approve the scheme of delegation.

4. BACKGROUND INFORMATION

- 4.1 The LLEP was incorporated as a company limited without guarantee in 2019, there are currently 19 directors, which are supported by a team of 27 staff.
- 4.2 The Board sets the strategic vision, which sets clear objectives to focus activity and drive ambition and ensures the LLEP runs efficiently and effectively with appropriate

controls in place covering performance, finance and risk. The Board is the ultimate decision-making authority.

- 4.3 The Board has the power to delegate any of its functions and this scheme of delegation sets out the main responsibilities and functions of the organisation and the level to which they have been delegated.
- 4.4 It is a requirement of the National Local Growth Assurance Framework that the LLEP has a comprehensive Scheme of Delegation which is reviewed and updated annually.
- 4.5 The scheme of delegation will form part of a suite of LLEP governance documents including:
 - a) Local Assurance Framework
 - b) Articles of Association
 - c) Terms of reference for sub boards
- 4.6 The purposes of these delegated responsibilities are to:
 - a) Enable decisions to be taken efficiently and effectively;
 - b) Enable the Board to provide clear leadership;
 - c) Ensure it works in partnership with other stakeholders;
 - d) Assist Board Members to carry out their role more effectively; and
 - e) Create a powerful and effective means of holding decision makers to public account.
- 4.7 The role of the Accountable Body, through the s151 officer (the Accountable Body's Director of Finance) is to ensure that the LLEP upholds good financial and legal standards. The guidance issued by CIPFA sets out the principles for S151 officers to follow.
 - a) Enshrining a corporate position for the section 151 officer in LEP assurance.
 - b) Creating a formal/structured mandate for the section 151 officer.
 - c) Embedding good governance into decision making.
 - d) Ensuring effective review of governance.
 - e) Appropriate skills and resourcing.
- 4.8 These principles define core activities and behaviours that should be supported by specific responsibilities agreed locally between the section 151 officers, the chair and chief executive officer of the LLEP.
- 4.9 As the ultimate decision-making authority, even where the LLEP Board puts in place a scheme of delegation, the LEP Board remains responsible and accountable for the delegated decisions.

Summary of appendices

1. Scheme of delegation – Authorisations

For further information please contact:

Elizabeth Botmeh

Head of Delivery & Governance

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Email: Elizabeth.Botmeh@llep.org.uk

APPENDIX -D

Scheme of delegation Type of Decision	Decision-maker	In consultation with the Accountable Body	Review / oversight Board
General Management			
Day to day and routine management, supervision and control of services including staff management	Chief Executive		Finance & Investment Committee
Authority to appoint / terminate the LLEP Chief Executive vacancy	LLEP Board	Yes	Appointments Committee
Performance management of Chief Executive	Chair	Yes, for significant issues	LLEP Board
Performance management of LLEP staff	Chief Executive		
Authority to fill an existing vacancy within the establishment	Chief Executive		
Adding or removing a post from the staffing establishment	Chief Executive, in consultation with the Chairs		
Approval of a job description	Chief Executive		
Payroll instructions (adding, removing or altering)	Chief Executive		
Authorisation of expenses (mileage etc.)	Chief Executive in conjunction with the Head of Delivery & Governance (who may delegate to line mangers)		
Authorisation of overtime	Chief Executive in conjunction with the Head of Delivery & Governance (who may delegate to line mangers)		
Authorisation of international travel	Chief Executive in conjunction with the Head of Delivery & Governance	Yes	
Authorisation of travel and expenses outside of employment polices	Chief Executive in conjunction with the Head of Delivery & Governance		
Financial Delegations			
Approval of financial budgets	LLEP Board	Yes	Finance and Investment Committee

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Approval of expenditure in line with the Delivery Plan and budget	Chief Executive in conjunction with the Head of Delivery & Governance		Finance and Investment Committee
Approval of annual accounts and financial statement	LLEP Board	Yes	Audit & Risk Committee
Authorise expenditure of a single item of up to and including £50,000 within budgeted parameters	Chief Executive		Finance and Investment Committee
Authorise expenditure over single item of £50,001 within budgeted parameters	Finance and Investment Committee	Yes	LLEP Board
Authorise variation of individual budgets up to 10% variance within existing overall budget, as approved by the Board	Chief Executive	Yes	Finance and Investment Committee
Set and maintain a reserves Policy	LLEP Board	Yes	Finance and Investment Committee
Treasury management and borrowing	S151 Officer or their nominated representative		
Programmes			
Design of capital and revenue funding programmes	LLEP Board	Yes	Finance and Investment Committee
Approval of an EOI to full business case	Chief Executive		Finance and Investment Committee
Approval to fund business cases	LLEP Board	Yes	Finance and Investment Committee
Programme changes up to 10% of finance and outputs using a variation request	Chief Executive with the Head of Delivery & Governance	Yes	Finance and Investment Committee
Programme changes above 10% of finance and outputs	LLEP Board	Yes	Finance and Investment Committee
Significant change requests from programmes/projects concerning financial implications	LLEP Board	Yes	Finance and Investment Committee
Significant change requests from programmes/projects with no financial implications but major changes to outputs or timeline	LLEP Board	Yes	Finance and Investment Committee
Change requests from programmes/projects with no changes in finance but minor changes to outputs	Chief Executive the Head of Delivery & Governance		Finance and Investment Committee
To commence clawback proceedings or suspending payment of a grant or loan	LLEP Board	Yes	Finance and Investment Committee
To actively join or seek proceedings against insolvent projects	S151 Officer or their nominated representative		
External Funding			

Authorisation to submit EOI for external funding to the LLEP	Chief Executive in conjunction with the Head of Delivery & Governance	Yes	Finance and Investment Committee
Authorisation to submit full proposal / bid for external funding for the LLEP up to £50,000	Chief Executive	Yes	Finance and Investment Committee
Authorisation to submit full proposal / bid for external funding for the LLEP over £50,001	Finance and Investment Committee	Yes	LLEP Board
Accepting offer of funding from external body	S151 Officer or their nominated representative		
Approval and submission of grant claims to any funder (unless LLEP Board sign-off specified by HMG)	S151 Officer or their nominated representative		Finance and Investment Committee
Communications			
To control and co-ordinate press and media relations on behalf of the LLEP, organise press releases, publicity and public relations including the approval and issue of all LLEP publicity and official publications	Chief Executive		
To agree the content of media releases and official statements on behalf of the LLEP	Chief Executive		
Issuing letters of support, not intended to create a legally binding obligation	Chief Executive in conjunction with the chair of the LLEP		
Governance			
Publication of Agendas, reports and minutes	Head of Delivery & Governance	Yes	Chair
Managing the Confidential Complaints policy	Head of Delivery & Governance		Audit & Risk Committee
Updating and Maintaining the Assurance Framework	LLEP Board		Audit & Risk Committee
Ensuring compliance of the whistleblowing policy	Head of Delivery & Governance		Audit & Risk Committee
Receiving, investigating and responding to complaints	Head of Delivery & Governance	Yes	Audit & Risk Committee
Ensuring compliance of the Code of Conduct policy	Head of Delivery & Governance		Audit & Risk Committee
Responsibility for compliance with Government policy	S151 Officer or their nominated representative		LLEP Board
Maintaining the Register of Interests	Head of Delivery & Governance		Audit & Risk Committee

Appointment of LLEP directors	LLEP Members		LLEP Board
Appointment of Company Members	LLEP Board		LLEP Board
Company House compliance	Head of Delivery & Governance		Audit & Risk Committee
Data protection and FOIA requests	Head of Delivery & Governance	Yes	Audit & Risk Committee
Risk Management Plan	Audit & Risk Committee	Yes	Board
Signing Legal documents on behalf of the LLEP Ltd.	Chair of the LLEP Board		Any other LLEP Board director
Signing Legal documents on behalf of the Accountable Body	S151 Officer, Monitoring Officer and their authorised officers.		
Strategy			
Approving the overall strategy and action plan of the LLEP	LLEP Board		LLEP Board
Set and review the Vision, Mission, Values and Strategy of the LLEP	LLEP Board		LLEP Board
Implementation of the Strategy	Chief Executive		LLEP Board
Approval of Annual Delivery Plan	LLEP Board		LLEP Board
Approval of Annual report	LLEP Board		LLEP Board



LLEP BOARD OF DIRECTORS

14 FEBRUARY 2023

Information Paper

OPERATIONAL BUDGET MONITORING 2022/23

1. PURPOSE OF REPORT

1.1 To inform the Board of the operational financial position of the LLEP to the end of December 2022 and to provide an update to the end of year forecast position.

2. EXECUTIVE SUMMARY

2.1 The current year-end forecast shows a significant increase in income compared to the approved budget (April 2022) due to interest received from the repayment of the Gresham loan, as previously reported; higher interest received on LLEP funds as the base rate has increased; and income received in advance from the Careers and Enterprise Company. The revised total income for the year is forecast to be just under £3.3m.

2.2 Expenditure is forecast to be £71k lower than budget, at just under £2.3m, resulting in a projected surplus of £1m.

2.3 The LLEP held reserves of £1.72m at the start of this year, so this is projected to rise to £2.72m by the end of this financial year. As discussed at the August Board, £1.25m of this surplus is potentially committed, leaving an unallocated sum of £1.47m at the end of the financial year 2022/23.

3. RECOMMENDATIONS

3.1 The Board is recommended to note and comment on the:

- i. forecast position for the year

4. BACKGROUND INFORMATION

- 4.1 The 2022/23 operational budget was formally approved by the Board in April 2022, showing a balanced budget. The Board noted the difficulties in preparing budgets and financial plans in an uncertain environment. Looking to the future, a number of these remain.
- 4.2 The forecast in this report does not take any specific account of potential outcomes from the ongoing discussions around devolution, or indeed any other changes to roles and responsibilities that may arise. Continuance of current operating and financing arrangements is assumed.
- 4.3 The budget and forecast position are shown in the table overleaf, followed by narrative to explain the key variances from budget.
- 4.4 The forecast position is a surplus of £1m at the year end, an improvement on the balanced budget originally set, and largely due to the balance of the Gresham GPF interest income not already included in the budget; interest expected to be earned on funds held with the Accountable Body, subject to a more detailed calculation; and income received in advance from the Careers and Enterprise Company, for which the associated spending will occur in 2023/24.
- 4.5 As set out in the 2021/22 outturn report, the opening reserve was £1.72m. To this can be added the expected surplus of £1m resulting in a closing reserve for the year of circa £2.72m. The Board will recall receiving a report in August on potential commitments totalling £1.25m, so the unallocated surplus at the end of the current financial year would be circa £1.47m.
- 4.6 The actual income and expenditure to the end of December are included for the Board's information. Staffing costs are broadly in line with what would be expected at this point in the year. Income and running costs however are more variable, as by their nature they do not occur evenly throughout the year. For example:
- The communications contract is due quarterly, in arrears.
 - The Head of Skills and Employment is seconded from the County Council, which is paid quarterly, in arrears.
 - Midlands Engine invoice has been received but not yet paid.
 - The Skills Advisory Panel funding is not due to defrayed until work has completed.
 - £6,000 for the programme management licence is not due until February.
 - The business survey did not start until November and payment is not due until February.
 - Accountable Body charges are processed at different times throughout the year.

Table - overall budget and forecast

	2022/23 Budget	Actuals to end of Dec 2022	Forecast	Adverse/ (Positive) Variance
(£)				
Income				
Grants (Core Funding and Capacity Building)	(430,000)	(440,000)	(440,000)	(10,000)
Local Authority Contributions (Business Rates Pool)	(250,000)	0	(187,500)	62,500
Fees, Interest & Other Income	(486,000)	(840,600)	(1,322,900)	(836,900)
National & Local Project Income	(1,162,000)	(1,043,900)	(1,306,500)	(144,500)
Total Income	(2,328,000)	(2,324,500)	(3,256,900)	(928,900)
Expenditure				
Staffing Costs	550,000	410,900	569,900	19,900
Running Costs	358,000	132,100	284,600	(73,400)
AB and Leicester City Council support services	159,000	142,500	147,900 (see note)	(11,100)
Project Delivery Costs	1,261,000	817,500	1,254,000	(7,000)
Total Expenditure	2,328,000	1,503,000	2,256,400	(71,600)
Net Deficit / (Surplus)	0	(821,500)	(1,000,500)	(1,000,500)

5. CORE OPERATING INCOME & EXPENDITURE

The core operating activities of the LLEP exclude project income and expenditure. The key forecast variances are as follows:

5.1 Grants and Core funding

Core/transition funding continues at a rate of £375,000 per LEP for financial year 2022/23, reflecting their revised role and functions and subject to business case approvals.

The match is planned to be provided by the business rates pool, in lieu of contributions directly from the city, county and district councils. The forecast assumes match-funding

from the business rates pool of £187,500 rather than the £250,000 assumed in the budget, to maintain alignment with the BEIS requirement of a 50% locally sourced match.

An additional £10,000 was received to support preparing the full application for the Create Growth programme, of which £8,000 was passed to DMU.

5.2 **Fees, Interest and Other Income**

Fees, Interest and Other Income includes the agreed 2.5% management fee to cover the cost of running the Business Rates Pool schemes. These figures also include interest expected to be earned on the funds held by the Accountable Body. The interest earned has far exceeded the original budget, mainly due to the significantly increased Bank of England base rate. This is however subject to a detailed calculation to be undertaken closer to the end of the financial year.

The Gresham GPF loan was repaid in April 2022. Of the £641,798 interest earned, £209,000 is already accounted for in the current financial year's approved budget to enable a balanced position, with the remaining £432,798 shown as additional income in the forecast. This is as previously reported.

5.3 **Staffing Costs**

The core funding budget was set on the 13 FTE staff directly engaged on delivering the core themes within the Delivery Plan. There is currently one vacancy and one planned retirement before the end of the financial year.

The small variance in staffing costs is due to vacancies not recruited to, and National Insurance for part time staff.

Staff directly engaged on project delivery are accounted for within the project delivery costs, below.

5.4 **Running Costs**

The forecast shows a n underspend of £72k from the running costs, in part due to the unpredictability of forecasting legal costs in relation to recovery of the GPF loan to Norton Motorcycles, and the capacity with the team to take on large scale procurements.

Funds had been set aside for Green Book appraisals and due diligence on the GPF, which has not been called upon as no EOIs have been received.

5.5 **Accountable Body Costs**

Costs for the Accountable Body have mainly been defrayed, however, there is still an outstanding accommodation cost to be processed. There will also be a charge for the extra support provided over the course of the year due to the vacant Chief Executive role.

6. PROJECT DELIVERY

6.1 Business Gateway Growth Hub

The LLEP Business Gateway is the Growth Hub for Leicester and Leicestershire. Growth Hubs are Government initiatives to simplify access to business support, to inspire enterprise and drive economic growth.

	2022/23 Budget	Actual to end of Dec 2022	Forecast	Adverse/ (Positive) Variance
	(£)			
National Grants (BEIS & ERDF)	(403,800)	(319,900)	(380,100)	23,700
Local Contributions (BRP)	(100,000)	(4,300)	(6,500)	93,500
Total Income	(503,800)	(324,200)	(386,600)	117,200
Staffing	321,100	230,500	293,300	(27,800)
Running Costs	247,700	69,400	194,200	(53,500)
Total Expenditure	568,800	299,900	487,500	(81,300)
Net Project Expenditure	65,000	(24,300)	100,900	35,900

Growth Hubs receive an annual allocation of funding from the Department for Business, Energy & Industrial Strategy (BEIS), supplemented by European Regional Development Fund (ERDF) Funding.

The Growth Hub currently supports 5 FTE members of staff, with one vacancy. One member of the team is currently on maternity leave.

The current Ambition to Grow programme will not complete in this financial year, therefore the bulk of the spend and income will move into next year.

Due to conditions of funding, the Growth Hub is forecasting an overspend, which cannot be claimed from this year's funding allocation.

6.2 Enterprise Zones (EZ)

There are two EZs in the LLEP area, MIRA Technology Park EZ and Loughborough and Leicester Science and Innovation EZ. Working closely with our partners, the LLEP facilitates investment to drive forward development and undertake activities to support the marketing and inward investment programmes of the EZs.

	2022/23 Budget	Actuals to end of Dec 2022	Forecast	Adverse/ (Positive) Variance
	(£)			
Contributions	(100,000)	0	(100,000)	0
Total Income	(100,000)	0	(100,000)	0
Staffing	54,800	41,500	56,100	1,300
Running Costs	45,200	31,400	43,900	(1,300)
Total Expenditure	100,000	72,900	100,000	0
Total EZ	0	72,900	0	0

The £100k income budget is from the business rates uplift for the LLEP to manage the programme. This is made up of £25k for each of the four Enterprise Zone sites and is made available to the LLEP from the Billing Authorities, as per the Enterprise Zone Business Rates Retention Agreements.

6.3 Careers Hub

The Careers Hub previously known as the Enterprise Advisor Network is part-funded by the Careers and Enterprise Company (CEC), an employer-led organisation set up by Government to inspire and prepare young people for the fast-changing world of work.

	2022/23 Budget	Actuals to end of Dec 2022	Forecast	Adverse/ (Positive) Variance
	(£)			
National Grants	(385,800)	(563,200)	(650,500)	(264,700)
Local Contributions	(25,000)	(27,000)	(39,900)	(14,900)
Total Income	(410,800)	(590,200)	(690,400)	(279,600)
Staffing	431,100	321,800	446,600	15,500
Running Costs	161,100	122,900	219,900	58,800
Total Expenditure	592,200	444,700	666,500	74,300
Total EAN	181,400	(145,500)	(23,900)	(205,300)

The Careers Hub currently supports 9 FTE members of staff. Funding from the CEC runs to an academic rather than financial year therefore income received in one year may need to be spent in the following year. Match funding is currently provided by LLEP core resources. The underspend is essentially due to income being received for the which the associated spending will occur in 2023/24.

During the year the Careers Hub successfully secured additional funding for discrete projects such as Unbox your Future, working with businesses to offer workplace experiences and We Discover Careers Conversations supporting parents and carers to help their children make decisions about their future career choices.

6.4 European Structural and Investment Funds (ESIF) Technical Assistance

European Structural and Investment Funds (ESIF) are the European Union’s main source of funding for supporting growth and jobs across EU member states. The programme has now closed, and the income shown is from historical claims.

	2022/23 Budget (£)	Actuals to end of Dec 2022	Forecast	Adverse/ (Positive) Variance
ERDF Grant	(20,000)	(19,800)	(19,800)	200
ESF Grant	(127,500)	(109,700)	(109,700)	17,800
Total Income	(147,500)	(129,500)	(129,500)	18,000

Note that no direct expenditure is shown, as staffing and other costs are subsumed within the LLEP operating budget.

7. RISK AND ISSUES

- 7.1 As this report is written late in the financial year, there are no significant risks and issues to which the Board’s attention should be drawn.

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LLEP BOARD OF DIRECTORS

14 FEBRUARY 2023

Decision Paper

LLEP OPERATIONAL BUDGET 2023/24

1. PURPOSE OF REPORT

1.1 The purpose of this report is to seek the Board's approval for a six-month interim operational budget for the fiscal year 2023/24, from 1st April 2023 to 30th September 2023.

2. EXECUTIVE SUMMARY

2.1. The report covers a basic six-month operational budget for 2023/24 in light of funding uncertainties and the planned review of LLEP priorities and delivery.

2.2. Based on a number of assumptions, the budget shows a deficit of £372k, which (if it were to materialise) can be accommodated from reserves.

3. RECOMMENDATIONS

3.1 The Board is recommended to approve:

- a) The six-month interim operational budget for 2023/24, noting the inherent risks and uncertainties.
- b) The extension of current staffing arrangements to 30 September, where appropriate.

4. OPERATING BUDGET OUTTURN 2022/23

4.1 The forecast outturn position for the 2022/23 operational budget is a surplus of circa £1m against a balanced budget. This is in part due to a higher than anticipated interest rates, and the Careers Hub securing additional funding (to be spent in 2023/24). The final outturn position will be presented to the LLEP Board on 13th June.

5. OPERATING BUDGET 2023/24

5.1 The 2023/24 first half year operational budget has been developed based on the best available information. As with any forecasts, the budget is subject to change and will be updated appropriately. A breakdown of the budget is attached as Appendix 1.

The headlines for the 2023/24 budget are as follows:

- Core funding and locally sourced match has been assumed as in 2022/23, based on the 2022/23 offer letter which stated *Where no devolution deal is in place, LEPs will be maintained until a devolution deal is agreed, subject to future funding decisions*. It is hoped that BEIS may make an announcement before the Board meets.
- In a response to a letter, sent by Jane Hunt MP raising the question of the Growth Hub future funding, the Minister for Enterprise, Markets and Small Business commented *consideration is ongoing, and no decision has yet been made as to funding beyond 2022/2023*. Therefore, Growth Hub core funding from BEIS has been removed.
- A cautious approach to interest income on LLEP funds held by the Accountable Body
- No planned large-scale procurement has been accounted for due to the time constraints of a six-month budget.
- No programme management fee income is expected, due to the closure of all national programmes.
- A pause on recruitment leading to team growth, whilst clarity on funding is awaited and LLEP priorities and delivery arrangements are reviewed by the Board.
- Reduced delivery costs associated with the Growth Hub (subject of course to the Board's direction on the delivery model)

5.2 Over half the LLEP team are employed on fixed term or temporary contracts, most of which notionally end on 31 March 2023 (although in practice, a number of such staff have additional rights through length of employment). There are also some temporary arrangements for permanent staff undertaking different roles. Given the uncertainties around national LEP funding and purpose, and the need for the Board to consider priorities and delivery, it is proposed to extend these contracts and arrangements to 30 September 2023 (unless exceptionally there is a clear reason to take a different individual course). The introduction of more permanent and sustainable arrangements can then be considered for October onwards.

6. OPERATIONAL BUDGET RISKS

6.1 There are risks associated with the Budget for 2023/24 including:

- The budget is built on an assumed Core BEIS funding with locally sourced match, however, should this not materialise the deficit would increase by a further £281k
- The budget assumes that the local authorities within the area, will contribute towards the 50% local match, £93,750, which is a requirement of the BEIS transition

funding. Previously this was secured through top slicing the BRP funds, it is unclear as to whether the local authorities remain minded to agree this.

- At present there are unknown costs associated with any LEP integration, which have not been accommodated for within the budget.
- CEC funding operates on an academic year basis whilst the LLEP is funded on a fiscal year. Funding is awarded on a yearly basis. However, it should be noted that based on the current funding model, a minimum contribution of £88k is required from the LLEP core funding.
- Costs are based on current operational arrangements and are forecasted for 6 months of the year.

7. RESERVES

7.1 The reserves in 2022/23 opened with a balance of £1.72m and are forecast to increase by circa £1m by the end of the 2022/23 year. Based on the current forecasted outturn position, bringing the forecasted opening balance in 2023/24 to be to £2.72m.

7.2 The Board will recall that the previous Finance Strategy and reports to the Board in August 2022 stated that £1.25m of reserves could be accounted for by potential staff redundancy costs, pension liabilities, tax liabilities consequent upon incorporation and income received in advance, so unallocated reserves at the end of the current fiscal year would be circa £1.14m.

7.3 The Board will also recall reserving £2.3m of the Growing Places Fund to support LLEP running costs (as part of a managed strategy), should this be required.

8. FINANCIAL IMPLICATIONS

8.1 This report is concerned with financial implications throughout.

Summary of appendices:

1. LLEP 6-month operating budget 2023/24

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Operational Budget 2023/24

1. OPERATING BUDGET 2023/24

The budget has been developed for an interim 6-month period based on the best available information. As with any forecasts these are subject to change and will be updated appropriately. A breakdown of the budget for the half year (h/y) is shown below, and detailed project information is provided.

	2022/23 Budget (£)	2023/24 h/y Proposed Budget (£)
Income		
Grants (core / transition funding)	(430,000)	(187,500)
Local Authority Contributions	(250,000)	(93,750)
National & Local Project Income	(1,162,000)	(967,200)
Fees, Interest & Other Income	(486,000)	(100,000)
Total Income	(2,328,000)	(1,348,450)
Expenditure		
Staffing	550,000	374,800
Running Costs	358,000	146,100
Leicester City Council – support services & Accountable Body	159,000	79,400
Project Delivery Costs	1,261,000	1,120,400
Total Expenditure	2,328,000	1,720,700
Net Surplus / (Deficit)	0	(372,250)
Actual Reserves at start of year	1,720,000	2,720,500
Estimated reserves at end of year	2,720,500	2,348,250

The main assumptions are as follows:

1.1 **INCOME - assumptions**

Transition funding will be received based on the partial assurance given in the 2022/23 offer letter, albeit at the same rate as 2022/23. This remains to be confirmed, or otherwise.

The budget assumes that the local authorities within the area, will contribute towards the 50% local match, which based on a 6-month budget is £93,750, which is a requirement of the BEIS transition funding. To date, this has been secured through top slicing the BRP funds, it is unclear as to whether the local authorities will continue to agree to this.

National and Local Project Income is expected to increase slightly, see paragraphs below. However, in a response to a letter, sent by Jane Hunt MP raising the question of the Growth Hub future funding, the Minister for Enterprise, Markets and Small Business commented *consideration is ongoing, and no decision has yet been made as to funding beyond 2022/2023*. Based on this, the budget has assumed no Growth Hub funding from BEIS.

Enterprise Zone income is forecasted for the half year, based on the agreement signed with each of the local authorities. Each of the local authorities have agreed to contribute £25,000 per site per financial year (£100,000 in total), towards the LLEP running costs.

In relation to the Careers Hub, there has been no confirmation of funding beyond August 2023.

The forecasted income includes £425k for the recently awarded DCMS Create Growth programme.

Fees, Interest & Other Income - due to the increases in the base rate, the interest received on the funds held by the Accountable Body is forecasted at a higher level than of late. This may be a cautious estimate.

1.2 **EXPENDITURE - assumptions**

The staffing costs cover a core team of 12 members for the first six months of the financial year, including on-costs and ancillary expenses. The forecasted costs have assumed a 3% inflation increase (although the pay award may be higher). This is a reduction in headcount from 13 in 2022/23.

The budget for running costs is based known commitments and removal of any large-scale procurement, due to time constraints in bringing procurement to the market.

PAPER F – APPENDIX 1

The budget for Accountable body fee is based on the 50% of the annual budgeted costs. It excludes any additional support in the absence of a director/CEO.

Whilst the budget for Programme Delivery costs has decreased by £140k, this is largely down to an assumed reduction in the Growth Hub expenditure to correspond to the unknown income anticipated at this stage. The future shape and scope of the offer will be a matter for the Board.

The prepared budget is forecasting full spend on the Careers Hub, Create Growth, and the Growth Hub ERDF programme, in part due to contractual commitments.

1.3 CORE COSTS

	2023/24 h/y (£)
National Grants	(187,500)
Contributions	(93,750)
Fees and other income	(100,000)
Total Income	(381,250)
Staffing	374,800
Running Costs	146,100
Leicester City Council – support services and Accountable Body	79,400
Total Expenditure	600,300
Net Core Expenditure / (Income)	219,050

1.4 PROJECT EXPENDITURE

Careers Hub

The purpose of the local Careers Hub is to create powerful, lasting connections between local businesses, schools, and colleges in the area. Enterprise Advisors are volunteers who work directly with the leadership of individual schools and colleges, helping these institutions to develop effective employer engagement plans. The network of Enterprise Advisors (EA) is supported by a team of Enterprise Coordinators who effectively bring the network of schools, colleges and EA's together recruiting, matching, and facilitating the effective relationship between the partners to simplify and stimulate more employer engagement with education.

The programme is part-funded by the Careers and Enterprise Company (CEC). At present we have no indication of funding beyond August 2023.

PAPER F – APPENDIX 1

The table provides an indicative project spend profile over the next six months.

2023/24 h/y (£)	
National Grants (CEC)	(217,200)
Local Contributions	0
Total Income	(217,200)
Staffing	255,200
Running Costs	107,600
Total Expenditure	362,800
Net Project Expenditure	145,600

Funding is awarded on an academic year basis and the spend profile shows all forecasted spend to August 2023. Some of the associated income was received in 2022/23. There are 9 FTE supported through the CEC funding offer, due to the nature of the funding not all salary costs can be claimed and are therefore subject to a match from core funds.

1.5 LLEP Business Gateway Growth Hub

The LLEP Business Gateway is the Growth Hub for Leicester and Leicestershire. Growth Hubs are Government initiatives which were set up to simplify access to business support, to inspire enterprise and drive economic growth. There are 38 Growth hubs covering the whole of the UK.

The Growth Hub is a single point of access across Leicester and Leicestershire, to which businesses and support providers can turn when they have a business need that they do not know how to meet. It is the single point of access for all national and local schemes working with a broad network of providers from the public and private sector, to encourage the take-up of business support and help maximise the growth potential of our businesses.

The Growth hub has been an important part of the infrastructure in gathering intelligence to feed direct to Government on issues affecting the local economy and business community.

With no current indication of whether core BEIS funding will be allocated, income and expenditure is restricted to ERDF and Business Rates Pooling programmes. The ERDF programme closes in June 2023.

The table below provides an indicative project spend profile over the next six months:

	2023/24 h/y (£)
National Grants (ERDF)	(175,000)
Local Contributions (BRP)	(100,000)
Total Income	(275,000)
Staffing	152,700
Running Costs	129,900
Total Expenditure	282,600
Net Project Expenditure	7,600

The Growth Hub currently supports 3 FTE, with a Communications and Marketing Officer vacancy and 1 member of the team on maternity leave. This is a reduction in staffing of 50% in comparison to 2022/23. Two of the team are still employed within the LLEP but have moved into other projects.

1.6 Enterprise Zones

Enterprise Zones are a 25-year designation for a specific site in which 100% of rates uplift above a baseline is kept by the local area to fund future economic growth. Zones are exempt from the normal Government rules that allow retention of business rates growth only until the next “reset” date. Given that rates growth retention is guaranteed for a period of 25 years, this provides a financing tool to support prudential borrowing to accelerate the development of the sites as well as supporting other economic priorities. Businesses within the zones can also benefit from up to five years of rates relief and simplified planning.

There are two EZs in the LLEP area, namely MIRA Technology Park Enterprise Zone and the Loughborough and Leicester Science and Innovation Enterprise Zone.

The table below provides an indicative project spend profile over the next six months:

	2023/24 h/y (£)
Business rates uplift (full year)	(50,000)
Total Income	(50,000)
Staffing	29,200
Running Costs	20,800
Total Expenditure	50,000
Net Project Income	0

PAPER F – APPENDIX 1

The identified revenue income is an annual £100,000 from the business rates uplift which is made available to the LLEP from the Billing Authorities to manage the programme with the sites and government.

1.7 Create Growth

The Create Growth Programme is fully funded by the Department for Digital Culture Media and Sport (DCMS). The programme is designed to empower creative businesses within the East Midlands to realise their full growth potential through developing skills and knowledge to access private sector investment.

The programme aims to provide a bespoke business support package targeted at specific sector cohorts of high-growth potential creative businesses, including a suite of workshops, one-to-one mentoring and peer learning activities, that will support them to scale and become investment ready.

The programme started in September 2022 and is fully funded until March 2025.

	2023/24 h/y (£)
Programme income	(425,000)
Total Income	(425,000)
Staffing	46,200
Running Costs	378,800
Total Expenditure	425,000
Net Project Income	0

The Create Growth currently supports 1 FTE, which is fully funded, and contributes towards 2 other staff members.

Funding is awarded on a yearly basis, and overall, it is worth £1.275m, as well as offering the local support there is an expectation that we would contribute to the national programme long-term monitoring and evaluation up to 31st March 2025.



Decision Paper

ENTERPRISE ZONE – CHARNWOOD CAMPUS INVESTMENT PROJECT

1. PURPOSE OF REPORT

1.1 The purpose of this report is to:

- i. Inform the Board on the outcome of the appraisal of the Charnwood Campus project to be considered for investment of Enterprise Zone Retained Business Rates.
- ii. Seek agreement of Board to invest in the project.
- iii. Outline the next steps in the process.

2. EXECUTIVE SUMMARY

2.1 Charnwood Campus Management Ltd (CCML) have submitted a project Business Case for consideration for investment by LLEP of £4.649m from Enterprise Zone Retained Business Rates. An external assessment against Green Book principles has been undertaken which has noted that the Business Case is a strong proposal.

2.2 Board is requested to consider approving the request for investment and to note the next steps of the process. These include the finalisation of Business Rates projections, identification of a local authority investor, and due diligence by all parties including subsidy advice.

3. RECOMMENDATION

3.1 The LLEP Board is recommended to:

- i. Note the project appraisal report from Dow Schofield Watts.
- ii. Approve investment of Enterprise Zone Retained Business Rates in the Charnwood Campus project subject to satisfactory completion of due diligence with delegated authority to Head of LLEP/LLEP Chief Executive regarding funding agreements.

4. BACKGROUND INFORMATION

- 4.1 EZ policy allows for local retention of 100% of the business rates uplift generated at an EZ site, accrued over a baseline, over a 25-year period. The principles for the retention and investment of the retained business rates are set out in the Business Rates Agreements (BRA) between each of the EZ billing authorities (Leicester City Council, Charnwood Borough Council and Hinckley & Bosworth Borough Council), the LLEP and Leicester City Council as its Accountable Body.
- 4.2 The business rates retention enables forward funding mechanisms such as prudential borrowing to be undertaken to allow investment into the EZ sites ahead of the rates being realised. This supports the advancement of site developments towards achieving the rapid jobs growth forecast in the implementation plans. To date nine EZ projects have been funded using this mechanism.
- 4.3 Each Enterprise Zone site is responsible for identifying priority projects which will deliver the outputs of the EZ and act as a catalyst for future site development. In line with the LAF and BRA, any project to be considered for funding through the retained business rates must be recommended to Board for progression by the relevant EZ Steering Group. LLEP Board will then consider inviting the project sponsor to submit a full business case, which will undergo assessment against Green Book Principles before funding approval as per the LLEP project Gateway system detailed in the Local Assurance Framework (LAF). In July 2022, the Charnwood Campus EZ Steering Group discussed the project and agreed to recommend its progression to full Business Case. Subsequently, Board considered this recommendation at its meeting on 1st November 2022.
- 4.4 During the meeting it was noted that a submission had been made by Leicestershire County Council to Government for Charnwood Campus to be designated an Investment Zone following an Open Call. If approved, this status may have had an impact on the local retention of Business Rates generated by the site however full implications were unclear. After discussion it was agreed to invite Charnwood Campus to submit a Business Case (Appendix 1) and for an internal appraisal to be undertaken. The project would progress to external appraisal once appropriate assurances were in place regarding any effect of any Investment Zone status on the availability of EZ Business Rates for re-investment.
- 4.5 At the Autumn Statement on 17th November 2022, Government announced it would not be progressing any of the submissions it had received from the open call for Investment Zone sites.

5. PROJECT APPRAISAL

- 5.1 Charnwood Campus submitted the full Business Case in November 2022 with a funding request of £4.649m. The project will recommission a currently unoccupied, highly specialised bio-chemistry research building for an identified end-user. It will enable over 9,000sqm of floorspace to be brought back into economic use and ensure

an inward investor locates to the area creating around 280 jobs within 3-5 years. The recommissioning of the facility will also support phase one of a planned Innovation Centre project which is a key part of both the EZ and Life Science Opportunity Zone proposals for the site. The Innovation Centre would address a substantial gap in the local area for grow-on space for the Life Science sector.

- 5.2 LLEP officers undertook an initial appraisal of the project at the end of November 2022. Feedback from this activity was provided to the project sponsors, including recommendations for strengthening the document. An external organisation, Dow Schofield Watts (DSW), were engaged in December 2022 to undertake the full Green Book appraisal of the project. It should be noted that DSW undertook the appraisals of the previously approved LLEP EZ projects.
- 5.3 The completed appraisal report was received from DSW in January 2023. The appraisers noted that it was a strong proposal and it had scored 20 out of a possible 25 from across the five cases. Several points requiring further clarification were highlighted, and these are noted in the table below with the LLEP response. The full report from DSW is at Appendix 2.

DSW Comment	Recommendation	LLEP Response
The success of the Project is dependent on being able to secure an appropriate tenant.	The demand for the space being created is well evidenced in the business case, which provides comfort as to CCML's ability to secure the prospective tenant or, if this fails, a suitable alternative. However, LLEP should receive regular updates as to the status of negotiations and consideration should be given as to whether an Agreement to Lease should be a requirement of grant drawdown.	CCML have confirmed that a Heads of Terms agreement has been signed by the prospective tenant. Progress is being made towards an Agreement to Lease (Appendix 3). Regular updates on the negotiations are received by the EZ Coordinator and EZ Steering Group.
The business case assumes that the re-commissioned space will have a rateable value of £797k and will attract business rates of £408k per annum.	The LLEP should review the assumptions of rateable value and annual business rates with colleagues at the Council to ensure that they are reasonable.	Work is underway by Charnwood Borough Council to undertake an up-to-date detailed analysis of the business rates forecasts. This will be agreed by all parties prior to entering into any contracts.

<p>The cost breakdown for the scheme is well developed and has been prepared by Couch Perry Wilkes. However, there remains a risk that costs will increase above the budget.</p>	<p>The LLEP should receive regular project updates, including revised cost plans, as the Project progresses.</p>	<p>Project monitoring is undertaken by LLEP officers throughout the duration of the project. This includes financial monitoring.</p>
<p>The business case appends advice from Browne Jacobsen on the subsidy position of the public funding.</p>	<p>The advice should be updated prior to the grant agreement being entered into. The advice should consider the overall position of Charnwood Campus, as it has received LLEP funding in the past.</p>	<p>Updated subsidy advice will be taken by both parties prior to contracting as part of the due diligence process.</p>

6. NEXT STEPS

6.1 Subject to Board agreement regarding investment in the project, the following steps will be undertaken. Further reports will be presented to Board by exception in consultation with the accountable body, Head of LLEP/Chief Executive and Chair:

- i) Rates projections will be revised to reflect latest investment proposals and up to date information.
- ii) Once the above process has been completed to the satisfaction of the Accountable Body, the local billing authority (Charnwood Borough Council) will be invited to advance funding to the LLEP for investment in the project. Should the opportunity be declined there will be an open call to invite a local authority partner(s) to invest.
- iii) If and when a local authority investor is identified, a financial due diligence process will be undertaken by the investing local authority(s) including the consideration of updated business rates forecasts and subsidy compliance.
- iv) As part of the due diligence process updated subsidy advice will be obtained by the involved parties.
- v) Once the due diligence and negotiations with investing local authority(s) have concluded, legal agreements setting out the terms of the payment to the project applicant and the terms of the funding from the investing authority(s) will be agreed and signed by the relevant parties.

- vi) Funding agreements will include a requirement for project sponsors to underwrite the investment to provide assurance to the investing local authority partner and to reduce risk.

Summary of appendices

Appendix 1 – Charnwood Campus Business Case

Appendix 2 – Dow Schofield Watts Green Book Appraisal Report

Appendix 3 – Email confirmation of investor status from Charnwood Campus Management Ltd

For further information please contact:

Cheryl Maguire

Enterprise Zone Programme Coordinator

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Basic Information

Project Code	PR000435
Project Name	Charnwood Campus - B28E/B21 - Small Molecule Research and Development Facility (Innovation Centre Phase 1)
Promoting Organisation	Charnwood Campus
Legal Entity Status	Limited Company
Registration Number	09116109
Primary Contact Name	Malgorzata Khrais
Contact Phone Number	07980784528
E-mail Address	gosia.khrais@charnwoodcampus.com
Location of Project(s)	Charnwood Campus Management Limited Summerpool Road off Bakewell Road Loughborough
Project Postcode (If known)	LE11 5RD
Local Authority Area	Charnwood

Registered Legal Address

Malgorzata Khrais

First Name of Legal Address Contact	Malgorzata
Surname of Legal Address Contact	Khrais
Registered Legal Address Name of Organisation	Charnwood Campus Management Ltd
Building Name	Oakley Hay Industrial Estate
Street	15 Saxon Way East
Town or City	Corby
County	Northamptonshire
Postcode	NN18 9EY

Project Overview

Provide a short summary of the project (max 50 words)	<p>Reactivation of currently unoccupied world-class bio-chemistry laboratory building to attract strategically important research organisation from outside of the LLEP area (HQ in Wales).</p> <p>Project will upgrade existing building-part of Phase I Innovation Centre project, to comply with modern regulatory requirements providing specialised laboratories building resilient life sciences cluster in our LSOZ.</p>
Provide a brief overview of the project	<p>The project will address an urgent need for highly specialised bio-chemistry clinical research facilities required to drive life-saving medicinal discoveries of tomorrow helping position the UK firmly on the global research and innovation arena helping achieve the UK's ambition to become Scientific Superpower.</p> <p>The lack of such facilities is a market failure, especially in Leicestershire and in fact, East Midlands, which inhibits the growth of the local life science sector thus not allowing the region to fully benefit but also play its part in the implementation of the ambitious Leveling UP agenda.</p> <p>The re-commissioning of existing high quality facilities (B28E; see Appendix 1 for schematics) at Charnwood Campus to a standard that will allow subsequent MHRA validation and compliance with laboratory standards required by potential occupier(s).</p> <p>This project is a part of a larger project that aims to create grow-on space for businesses already established (Innovation Centre Phase 1) and offers a cost-effective route for providing such facilities quickly and efficiently on a nationally strategic site - the site is a key infrastructure asset regionally that has proven its importance during Covid-19 Pandemic acting as Charnwood Lighthouse Lab (a fantastic example of how agile and flexible Charnwood Campus team and its assets are in a health emergency and how a collaboration between DHSC, CCML and Perkin Elmer delivered 34,000sqft of much needed NHS Test and Trace Lab space).</p> <p>This project will enable Charnwood Campus to secure a prospective tenant(s) who requires specialised medicinal bio-chemistry facilities to enable their planned threefold growth over the next 3-5 years. One of the potential tenants is a company registered in Wales who have secured significant venture backing, and are now seeking space for their planned growth and expansion.</p> <p>The project aims to:</p> <ol style="list-style-type: none"> 1. Make available 9,417.36sqm of highly specialised but unused medicinal bio-chemistry laboratory space that will support the development and growth of pharmaceutical, biotechnology, high-technology, medical technology businesses by offering research, development and small batch

- manufacturing space with the first tenant identified;
- 2. Generate £408,000pa in business rates for the Enterprise Zone;
- 3. Ensure that an existing thriving company does not locate outside the region, and in so doing bring high value jobs to the region;
- 4. Create 100 high value jobs within the first 12 months and a total of 285 within 3 - 5 years*;
- 5. Create a further 1,425 jobs **in the supply chain (based on a 1:5 industry standard ratio where one high value job creates five low value jobs in the supply chain and other);
- 6. Achieve threefold growth in the next 3-5 years.

*jobs quoted are those projected by the potential tenant, additional temporary jobs will be created to deliver the construction part of the project. Our calculations based on HCA Employment Density Report Edition 3 (Appendix 7) after 10% reduction for displacement suggests 222 jobs (Appendix 8 - Charwood Calculations - jobs, GVA, cost - benefit ratio).

** as per above, supply chain job creation will reach 1,110 rather than 1,425.

- 7. Create 50 parking spaces with electric car charging points;

- 1. Encourage further inward investment by securing a nationally important bio- chemistry research firm to our site, who will in turn help the Campus to secure future life science tenants;
- 2. Encourage cross-sector technology transfer, building on our recent success of launching NHS and Academia Collaboration Platform (NACP) with partners (EMAHSN, UOL, Medilink and others) and endorsed by Lord Kamal (Appendix 10 - NACP Prospectus draft)
- 3. Enhance the Loughborough Area of Innovation and build on local supply chain strengths and the ground work already done through our Life Sciences Talent and Skills Institute (LSTSI) (Appendix 11) endorsed by Rt. Hon George Freeman tapping and developing talent pool, graduate recruitment, manufacturing facilities, distribution and logistics to ensure sustainable competitive advantage of the region;
- 4. Facilitate access to established science businesses in close proximity with shared experiences through our Cluster Support Packages that include Expert Mentor Network (EMN) and Leadership programmes offered through workshops, events and conferences;
- 5. Facilitate access to business support to accelerate growth through the work offered by Charwood Campus Cluster Support Platform but also partners around us Growth Hub, and others.

The lack of appropriate laboratory facilities is currently a market failure because:

- 1. The prohibitive cost of creating high quality laboratories, GMP facilities and specialist equipment is a significant barrier for private developers [to develop these facilities from scratch, national average costs are £6,000-£8,000sqm (to sense check this £6,000 x 9,417.36sqm (size of our building) = £56,504,160 compare this to our building value of £58M. Our costs of reactivation are £435sqm, as we already have much of the required infrastructure - land, building and services. The project represents good value for money.];
- 2. The niche nature of the facilities requires specialist sector knowledge making it a high-risk costly investment for private developers;
- 3. The UK's lab demand is so high that it is said to require 10 times the lab space available to meet the demand. A number of developers picked up these construction projects but the lead times for delivery are in excess of 5 years. Over 5 year period the UK will have significantly reduced its availability to retain the status of a leader in research and innovation making this project even more critical.

The recommissioning of an existing Bio-Chemistry Research building will help address this market failure - there are currently no wet laboratory facilities in Leicestershire, not to mention specialised bio-chemistry laboratories and similar situation affects all regions (South East including London, Northern parts with Alderly Edge in Cheshire including) with some parks deciding to convert offices to labs. Pandemic has triggered exponential growth within the CRO (Clinical Research Organisation), CRMO (Clinical Research and Manufacturing Organisation), CDMO (Clinical Development and Manufacturing Organisation) space as well as furthered UK's genomics expertise and while this expansion continues, with more focus on precision medicine, more research to develop more precise therapeutics (so more medicines in smaller volumes) inevitable calls for more laboratory and manufacturing space.

National shortage of laboratory research and pharma manufacturing infrastructure carries a risk of pushing businesses to look for solutions further afield (EU, US and other innovation driven economies).

Simply, our prospective tenant(s) will potentially have to locate out of the UK, and we will lose this opportunity to attract a key strategic company which will in turn attract other complimentary businesses in this sector.

Without positive action, this opportunity to create specialist bio-chemistry research facilities and attract a company that has a high growth potential in the region will be lost. Thus, negatively impacting further occupation of the campus, region's building back better Covid recovery plan which in turn will hinder the development of the local life sciences cluster, negatively impacting the ability to deliver the Enterprise Zone outputs.

Funding Requested

Enterprise Zone

Key dates - Earliest possible start date for the project work post approval, funding contract and procurement

Project Start Date

20/10/2022

Project End Date	30/11/2023
Provide a brief commentary to demonstrate that the project will be commenced by the stated date.	<p>This project is to re-activate an existing building that was formerly a bio- chemistry facility for AstraZeneca. As such the overall building layout and macro-infrastructure is ideal for this activity. Mechanical & Electrical (M&E) consultants have already carried out the surveys and provided high-level cost estimates based on competitive tender costs of recommissioning other buildings on this site over the course of 4 years including the Lighthouse Lab (Appendix 2) and have advised that the time frames to deliver the project are 12 months.</p> <p>We will follow our existing risk strategy and robust procurement methodologies, used in previous projects and explained later in the business case. Negotiations are advanced with the prospective anchor tenant, legal agreements have been prepared and will be expedited should we be successful. This intervention will not be required should the negotiations fall through.</p> <p>The refinements in the developments on the site are supported and encouraged by the local council, the LLEP but also OLS and BEIS and our Life Sciences Cluster Support delivery partners (universities, colleges, AHSN and other).</p>

Project Milestones/Activities

00001 Engage legal team to support completion of the contract with local authorities

Description	Engage legal team to support completion of the contract with local authorities
Start Date (Tasks only)	31/08/2022
End Date (Tasks and Milestones)	31/10/2022
Will there be a press notice / communication for this milestone?	No

00004 Evaluate Tender results (engage professional consultants (project manager, M&E designers, QS, project admin, architects) to finalise the designs and issue detailed cost plan and manage project to completion

Description	Evaluate Tender results (engage professional consultants (project manager, M&E designers, QS, project admin, architects) to finalise the designs and issue detailed cost plan and manage project to completion
Start Date (Tasks only)	31/10/2022
End Date (Tasks and Milestones)	30/11/2022
Will there be a press notice / communication for this milestone?	No

00005 Recommissioning of the building starts - mobilisation period

Description	Recommissioning of the building starts - mobilisation period
Start Date (Tasks only)	28/11/2022
End Date (Tasks and Milestones)	12/12/2022
Will there be a press notice / communication for this milestone?	No

00003 Designs and planning applications for car park to be commissioned, approved and submitted

Description	Designs and planning applications for car park to be commissioned, approved and submitted
Start Date (Tasks only)	31/08/2022
End Date (Tasks and Milestones)	31/12/2022
Will there be a press notice / communication for this milestone?	No

00002 M&E Design and Tender for construction works

Description	M&E Design and Tender for construction works
Start Date (Tasks only)	29/08/2022
End Date (Tasks and Milestones)	28/02/2023
Will there be a press notice / communication for this milestone?	No

00006 Car park works to commence

Description	Car park works to commence
Start Date (Tasks only)	09/01/2023

End Date (Tasks and Milestones)	10/04/2023
Will there be a press notice / communication for this milestone?	Yes
Please provide details of the communication	Planting a tree to mark works completion, inviting local authorities and the LLEP for a photo shot opportunity.

00010 Grand Opening - Car Park

Description	Grand Opening - Car Park
End Date (Tasks and Milestones)	02/05/2023
Will there be a press notice / communication for this milestone?	Yes
Please provide details of the communication	Planting a tree to mark works completion, inviting local authorities and the LLEP for a photo shot opportunity.

00009 Grand Opening - Charnwood Campus Small Molecule Research Facility is ready for business

Description	Grand Opening - Charnwood Campus Small Molecule Research Facility is ready for business
End Date (Tasks and Milestones)	28/11/2023
Will there be a press notice / communication for this milestone?	Yes
Please provide details of the communication	Red Ribbon event - the LLEP, CBC, LCC to be invited, photo shot opportunity.

00011 Small Molecule Research and Development Facility (Innovation Centre Part 1) Project Completed

Description	Small Molecule Research and Development Facility (Innovation Centre Part 1) Project Completed
End Date (Tasks and Milestones)	30/11/2023
Will there be a press notice / communication for this milestone?	Yes
Please provide details of the communication	Coupled with Grand Opening - Red Ribbon event.

Strategic Case

Problems, Barriers to Growth and Rationale for Intervention

Explain the aim of the project. (Max 200 words)

Our vision for Charnwood Campus is to provide world class, highly specialised facilities to accelerate growth of the local life sciences cluster to ensure that the Loughborough Area of Innovation thrives. The re-commissioning of an existing building that was previously used for bio medical research activities will allow the rapid and cost-effective development of a facility that would otherwise be too expensive and what is more important take too long to develop as a new building.

This facility will support the long-term development of next generation therapeutics, as well as in the short-term prevent the location of an existing high growth potential organisation outside of Leicestershire or even outside of the UK and will help attract other businesses to fill grow-on space in the Innovation Centre Phase 1.

The attraction of this successful company to our site will be an important addition to the family of prestigious businesses already in occupation. This Small Molecule Research Facility will expand the Enterprise Zone by enhancing innovation to enable life-saving discoveries, create high value employment and grow businesses here in Leicestershire.

The core aims of the project are to:

- Create 9,417.36sqm of highly specialised bio-chemistry labs that will support the development and growth of pharmaceutical, biotechnology, high-technology, medical technology businesses;
- We will embrace this rare opportunity to match one of the very few firms that have very specific requirements with our highly specialised building, which can be re commissioned to fulfil its original purpose;
- Generate additional £408,000 pa in business rates for the Enterprise Zone, which are retained for our local economy;
- Ensure that an existing world-class company does not locate outside the region, and in so doing: Achieve threefold growth in the next 3-5 years, directly linked to their recently venture funded business plan, which requires access to this specific specialist bio-chemistry laboratories with fume cabinets to enable the growth in productivity;
- Facilitate space for this potential occupier to create 100 new high value jobs within the first 12 months and a total of 222 within 3 - 5 years;
- Create a further 1,110 jobs in the supply chain within 3-5 years (based on a 1:5 industry standard ratio, commonly applied by Charnwood Borough Council to understand the impact of high value job creation on the supply chain, housing demand and other);
- Encourage further inward investment by securing a nationally important technology firm to our site, which will in turn help the Campus to secure future life-science tenants;
- Encourage cross-sector technology transfer, building on our anchor tenants' existing input but also NHS and Academia Colab Platform (NACP) that partially funds some of those activities, with Loughborough University and Nottingham Trent University, to compliment our existing links with Loughborough and Leicester academia;
- Enhance the Loughborough Area of Innovation and build on local supply chain strengths (talent pool, graduate recruitment, manufacturing facilities, distribution and logistics) to ensure sustainable competitive advantage of the region;
- Facilitate access to established science businesses in close proximity to share experiences and best practice, and to accelerate our incubation agenda;
- Create 50 green parking spaces;
- Encourage further inward investment, by signalling to the sector that Charnwood Campus is a thriving hub of bio technology, medtech, diagnostics and genomics innovation.

Explain the underlying barriers to economic growth that the substantive project will address.

Leicestershire has a vibrant, diverse business community but only nascent in high value knowledge based sectors such as Life Sciences and Space Sciences, both priority growth sectors for the LLEP.

Specifically, the lack of bio-chemistry facilities and other wet labs is currently a market failure that inhibits the full growth potential of the local life science sector, the high development costs and the prohibitive lead times and specialist nature of such facilities is a barrier to businesses growth. This inhibits the ability to retain students and life science talent and attract investment, as well as restricting the research base's ability to engage local business to support research into ground breaking discoveries and innovations that would improve health and social care in the UK and abroad but also help accelerate economic growth, create jobs, drive productivity, and contribute to regional GVA.

'Cost model: Regional Science parks' in 2022 stated we would require 10 times more lab space just to meet current demand and cited 'former UK Research and Innovation chairman John Kingman who said that for the UK government to achieve its goal of growing scientific research and development (R&D) to 2.4% of GDP from its present 1.7%, it requires the UK to lift total economy R&D from £37bn a year now to £68bn in 2027, with the scientific workforce also needing to increase by 50%.'

[Cost model: Regional science parks | Features | Building](#)

In Oxford and Cambridge, the main clusters of biotech in the UK, demand for lab space is vastly outweighing the free space available.

Data from Bidwells, an estate agent specialised in labs, shows that in June 2022 there were companies looking for a combined 1.2m sq metres worth of lab space in Cambridge only — with none whatsoever available. Oxford was similar, with just over 800k sq metres required, and 18k sq metres available.

[Lack of lab space is stalling UK biotech, founders say | Sifted](#)

Citing the data published by Bidwells (Appendix 19a, b, c): there is a severe lack of life science laboratory space across the UK despite intense demand from biotechnology businesses of all sizes. It is a particularly pressing problem in the "golden triangle" of Oxford, Cambridge and London and is the result of a lack of developer engagement with scientists and a 'broken planning' system. The Oxford market has seen an acceleration in the critical mass of life science and technology companies since the pandemic, accounting for 73% of all take up over the past 18 months. Lab requirements have reached a record of nearly 0.9m sq ft, but supply remains limited with less than 20,000 sq ft available. No available laboratory floorspace in the face of 1.2m sq ft of requirements. A zero availability rate is a rare occurrence in any property market, but this is the challenge facing the 46 companies seeking laboratory floorspace in Cambridge today. The shortage of space constrained take up during the first six months of 2022, while requirements have accelerated, reaching nearly 1.2m sq ft.

One of the biggest single barriers to realise the UK's ambition to continue to play meaningful role on the pharma, bio, biotech arena is lack of adequate laboratory space and planning barriers: [Broken planning system is depriving biotech of quality lab space | Business | The Times](#)

Loughborough has some globally important companies and a top 5 Universities in residence but has been over-looked on the national stage, and Charwood Campus, in tandem with the LLEP, is very well placed to ensure that this high-tech town fulfils its potential. The City and County has a range of enterprise centres that cater for creative industries (Makers Yard, Phoenix Workspace, LCB Depot), high tech and low carbon (Dock, Loughborough Technology Centre, LUSEP), Food and Drink (Leicester Food Park) and general office/ workshop space (Friars Mill, DMU Innovation Centre, Vulcan House, Linwood Workshops, Beaumont Enterprise Centre, Business Box, Harborough Innovation Centre, Pera Business Park, Ark Business Centre, Oak Business Centre, Whitwick Business Centre, The Courtyard, Tanyard House, Ashby Town Hall Mews). However, none provide the dedicated specialist facilities for medicinal bio-chemistry research or other wet laboratories and this project addresses that lack of key infrastructure that would allow this sector to thrive and prosper.

Explain the impact of not addressing these barriers.

1. Our prospective tenant will likely expand their footprint elsewhere in the UK or outside where similar laboratories can be found, meaning we will lose £7.5M business rates (£408,000 x 18 years of EZ remaining = £7,344,000).
2. The impact on Charnwood Campus will be to delay the development of Innovation Centre Phase 1 (grow-on space) and Innovation Centre Phase 2 (incubation and SME space), by at least 2-3 years, and probably much longer. It is not that common to find a potential tenant with the specialist requirements that fits this existing building so well. It would be a shame to strip out the equipment to repurpose the building when we have a feasible proposition for repurposing the existing building with relatively modest costs for upgrade.
3. The potential tenant company's growth will be constrained or delayed by at least 2 years (2-5 even) and will be disruptive to staff retention. They may not meet the growth objectives prescribed in their business plan, which has recently been supported by venture capital investment.
4. Achievement of our ambitious Enterprise Zone outputs will be impacted adversely. The local life sciences sector has been identified as a priority growth sector in the Local Industrial Strategy prospectus, and failure to carry out this project will mean there remain no wet laboratory facilities in Leicestershire. This will further adversely affect the local economy in the medium to long term and will negatively affect the success of the COVID recovery plan and the ambition to encourage and grow knowledge economy in this region.
5. This carries serious risk of the facility never being brought back to life again (its usable life span has its limits). This affects adversely potential job creation, regions' GVA but also potentially creates huge carbon footprint if the building is to be demolished. To this environmental consideration one must add the fact that recommissioning existing discourages building new and again as per industry industry standards between 3 to 13 times less carbon footprint is generated in regenerative projects (recommissioning old rather than building new).

Charnwood Campus and the LLEP, with support from stakeholders (our local Council, Leicester County Council, local universities and others) have worked hard to secure Enterprise Zone, Life Sciences Opportunity Zone (LSOZ) status and become a part of the HPO for rehabilitation. A further six LSOZ's were announced in the updated Life Sciences Industrial Strategy, therefore it is imperative we do not lose our first mover advantage.

This project enhances attractiveness of the region and may help capitalise on inward investment opportunities that will arise through DIT, BEIS/OLS promotion as an EZ, LSOZ and HPO (possibly CSO (Customs Site Operator) as part of the Freeport roll-out project).

Explain what will happen if this funding request is not approved.

Without positive action, this opportunity will be lost. Thus, negatively impacting the further occupation of the campus, which in turn will hinder the development of the local life sciences cluster, negatively affecting Leicestershire ambition to grow knowledge economy, negatively impacting the ability to deliver the Enterprise Zone outputs. As well as this immediate impact, failure to act now will be detrimental to the local economy in the medium to long term and will negatively affect the success of the EZ as it will limit opportunities for medicinal and innovative drug discoveries.

Regional strengths will not be developed further or their development will miss on the opportunity. A good example here would be Clinical Trials that Leicester is so well known for (earlier this year Leicester Clinical Trials Units LCTU was endorsed as one of the best in the country (second to Cambridge only)). That collaboration between UOL, Leicester Precision Medicine Institute (changing name to Leicester Precision Health Institute), University Hospital of Leicester will lose out on the opportunity.

The opportunity to bring a key component of the drug discovery process on to the site will be lost, which would negatively impact on the creation of a vertically integrated supply chain in the UK. The challenges of the past 2-3 years have shown us all that the UK has to built resilience into its economy and its supply chain - from innovation/discovery, through tests and trials, through regulatory frameworks to commercial scale manufacture (vertical/resilient economy). Charnwood site offers opportunity for all of these activities to happen here but the first step is to attract drug development companies. One of existing tenants (Almac) is already manufacturing on our site and we envisage that all other businesses will do the same in the next 5-10 years.

In addition, the longer the building remains in disuse, the higher the likelihood of incurring additional cost to re-commission in the future. It would detrimentally impact on the achievement of the Enterprise Zone outputs and more broadly impact the potential of the local life sciences sector's growth which has been identified as a priority growth sector in the Local Industrial Strategy prospectus; and has been a high growth sector that creates high skilled jobs, which support and stimulate the wider local economy.

- Delays and lack of development of our knowledge economy and aspiration to drive life sciences cluster in Leicestershire
- Reduced momentum
- Loss of our talented graduates and workforce to other regions
- Reduced inward investment opportunities
- Lost opportunity and wealth from developing a dynamic life sciences cluster in the region
- Losing 'first mover' advantage for the Life Sciences Opportunity Zone
- Reduced ability to secure funding through Industrial Challenge Fund/Innovate UK
- Reduced ability to deliver successfully the LLEP Economic Recovery plan
- Reduced ability to play a successful part if the implementation of the Levelling Up agenda or Life Sciences Vision Agenda (among other - flexible sites that could repurpose its operations to support/meet demand of home market for therapeutics, diagnostics and other and flagged as key to build resilience in the system)
- reduced ability for Charnwood Campus to successfully deliver programmes endorsed by the government ministers (Talent and Skills Institute (LS TSI), NHS and Academia Collaboration Platform (NACP), and others
- Delays in delivering Phase 2 of the Innovation Centre project (start-up and SMEs space)
- Delay of delivery of EZ outputs

Will there be a material increase in the size of the project?

Yes

If yes, please provide a brief explanation.

There will be a material increase in the size of the project, from nil to 9,417.36sqm of total research space refurbished/unlocked and the employment of staff by the occupier from nil to 220 over 5 years. This is in addition to the jobs the company already created in Wales. This project is not relocation but expansion.

In addition, it will create an additional 50 car parking spaces, including electric vehicles charging points, encouraging staff to adopt greener vehicles for travelling to work.

The funding will enable the project to progress and will help the Charnwood Campus to leverage funding from other sources – mainly private investment.

Will there be a material increase in the scope of the project?

Yes

If yes, please provide a brief explanation.

The funding requested will be turn key. Whilst Charnwood Campus is asset rich, we are cash poor, and are simply not in a position to fund the works to bring this building back into commission. This grant will mean that the project can happen, meaning a building valued at £56M is no longer sitting empty, and an important company is attracted to the region.

Will there be a material increase in the total amount spent on the project?

Yes

If yes, please provide a brief explanation.

If the LLEP grant funding is secured, we will contribute matched funding as detailed in the financial section of this business case. Staff will prioritise the delivery of this project, committing up to 50% of the management teams' time to get this underway on time and in budget.

Will there be a material increase in the speed of completion of the project?

Yes

If yes, please provide a brief explanation.

Without this investment it will not be possible to undertake the project within the foreseeable future, as the odds of finding another suitable tenant are low. Delays in re-commissioning the building will be at least 3 years, and probably nearer 10 years. It is possible that we would have to strip out the fume cupboards and other equipment altogether which would be very wasteful. This delay is also likely to result in additional costs to re-commission the building in the future as there will be continued deterioration over time through lack of use. This project will take only 12 months which is extremely fast for a project of this nature, and will mean that the benefits will accrue from 2023

Will the project happen outside the LLEP area as a result of NOT receiving the funding?

Yes

If yes, please provide a brief explanation.

Without this investment the risk of this project not being undertaken and/or not being undertaken in Leicestershire is high and consequently a high growth research organisation will seek to identify a different site, possibly outside of the UK.

Objectives of Project

Describe the specific objective(s) of the project. (Max 200 words)

The specific objectives of the project are:

- Recommission an existing building to deliver a highly specialised laboratory and associated offices for bio- chemistry research and innovation.
- This will deliver 9,417.36sqm of high specification space enabling 3 fold growth for a high growth potential SME.
- Creation of 222 of high value jobs.
- Develop car parking with electric charging points as the site is running out of car parking space and still has 150,000sqft of floor space to be redeveloped.
- Secure first tenant for the building before they identify other infrastructure opportunities elsewhere.
- Make the Life Sciences Opportunity Zone and Enterprise Zone a success by attracting another research focused pharmaceutical organisation with ambitious expansion plans.
- Developing R&D, Innovation and Skills opportunities with regional universities and colleges.
- Make the Life Sciences Opportunity Zone and Enterprise Zone a success by assisting companies to establish and grow on site.
- Drive forward the ambition to create a successful Life Sciences Cluster in the region.
- Bring the site closer to the ambition to build a modern purposefully designed life sciences Innovation Centre by introducing another high growth potential business to the site.

The above project objectives fall within the **SMART** parameters as shown above and explained in the next sections of this business case:

S - Specific (eg. 220 jobs, 9,417.36sqm of floor space)

M - Measurable (eg. 50 car parking spaces, business rates generated)

A - Achievable (committed to after rounds of discussions with industry experts, scrutinised by experience of delivery of similar schemes)

R - Relevant (in line with LISs, and the government's ambition for the UK to become a leading scientific superpower as referenced elsewhere in the business case)

T - Time-bound (12 month program of works for design, tender and construction part, jobs/growth measured within the 3-5 year period).

Strategic Fit with Local Priorities

Will the intervention support policies in the Economic Growth Plan, Sector Growth Plans or other Local Plans?

The objectives of this project are aligned with the Local Growth Plans (Advanced Manufacturing & Engineering) while the Strategic Economic Plan (SEP) prioritises Enterprise Zones. The SEP states "lack of appropriate grow on spaces creates a bottleneck"; this Facility will address this issue and provide specialist grow on space for a high potential SME, ensuring they are not lost to the region.

[Economic Growth Strategy | LLEP](#)

[Sector profile: Life Sciences and Biotech \(llep.org.uk\)](#)

The Local Industrial Strategy recognises Life Sciences as a priority growth sector and states that it will build on the cluster of businesses in Loughborough. The project complements the Business Growth Hub's objectives by supporting a high potential company and improving their chances of long-term growth. The Life Sciences Opportunity Zone (LSOZ) has been prioritised in the Midlands Engine Science and Innovation Audit.

The Life Sciences Opportunity Zones (LSOZ) now have full government support to promote the site, through government officials working with the zones to attract investment from national and international business and Charnwood Campus has joined a scheme that allows us to use BEIS, OLS and DIT logos on our marketing materials. Charnwood Campus has been endorsed by government ministers twice in the past 12 months signaling that our vision is aligned to that of the government and our implementation plans are working (for new revised Implementation Plan see Appendix 12).

The objectives are aligned with the LLEP COVID 19 Economic Recovery Plan for Leicester and Leicestershire and the site is a significant asset for future growth.

The successful bid for DIT HPO, promotes the site and strengthens the Charnwood Campus position as an essential life sciences inward investment landing site, an integral part of the regional life sciences landscape and the only potential for growth (the only larger life sciences infrastructure asset in the region).

Enterprise and Innovation

What is the main strategic priority that your project addresses?

Engagement and Consensus

Outline support from key stakeholders for the proposed solution / your approach to seeking consensus.

The Enterprise Zone Steering Group, that consists of representatives from Medilink Midlands, the East Midlands Academic Health Science Network, the LLEP, Leicestershire County Council, Inward Investment and Charnwood Borough Council and other are all supportive of the wider development of the site and are committed to seeing the Charnwood Campus becoming a leading UK life sciences centre of excellence.

Initial discussions with billing authority and potential lender on the project (Charnwood Borough Council) took place and the initial analysis of the borrowing amounts available have been drafted (all subject to further scrutiny and approvals).

The existing site tenants (3M, ALMAC, Kindeva, Charnwood Molecular and Medilink) are supportive of the wider site development. The Campus has a number of platforms where its progress and ambitions are communicated to the resident companies.

This particular project was discussed with the tenants. The prevailing sentiment is positive - another company on the site will offer business opportunities, raise profile of the site in the region and nationally, will allow CCML to accelerate some of the 'nice to have' projects like gym or cafe expansion that support the mental wellbeing of persons working on the site. It has the potential to help make the work of the subgroups and programs on the site even more attractive:

- Sport& Social (charitable work, charity runs, Yoga classes, sporting challenges, social events on the Campus)
- HSE Safety First Group (good practice sharing group around H&S and Fire Safety)
- Talent and Skills Institute (See 'TSI Prospectus')

It is worth noting that staff 'poaching' and competition was recognised as a potential challenge all businesses welcome an opportunity for a healthy competition. All seem to be keen to create in Loughborough a meaningful cluster of life sciences business as in the long run it actually helps attract talent and brings additional business opportunities.

There is a real urgency around this opportunity and so it has been discussed with all the key stakeholders including the Enterprise Zone Steering Group.

Previous Funding Applications

Have you applied for any funding for this project previously?

No

Please explain how your project is Subsidy Control compliant and demonstrate that independent legal advice has been sought with regards to the issues of Subsidy Controls in relation to this application.

Browne Jacobson have been commissioned to provide full Subsidy Control advice.

Investigation of Options

Demonstrate that a range of options has been considered. Why is this solution the best option? What are the impacts of doing nothing?

The following range of options for the development of this project were considered:

1. **No action** – will result in very minimal growth of the Campus, failure to attract another high growth potential biomedical research organisation to the region, lost opportunity for job creation, lost opportunity for generation of business rates within time frames that will benefit the region most (EZ status has got a shelf life and we are nearing Y6 of the EZ status).
2. **Minimal action** – refurbish a small space/floor of another building on Charnwood Campus – the option was rejected because carving out small areas in large buildings is impractical. Our buildings do not lend themselves easily to sub-division into smaller units because of their nature as laboratories that have been built to service one occupier (mainly due to cross-contamination risks hence risking successful MHRA validation). We have frequently explored such opportunities to accommodate smaller tenants over many years, and we always arrive at the same conclusion that such an exercise would not be practical or viable (and hence our proposed Innovation Centre Phase 2 project will accommodate smaller start-up and SME type occupiers in shared facilities - purposefully designed and build facility).
3. **External Commercial Investment** – we have explored external commercial funding for this project, without success. The company founders have already invested heavily into the site and are fully invested for the present. We have also had to offer incentives to tenants to occupy, so have not yet achieved a return on this investment - we are simply too young to be attractive to external commercial investors. To finance the project through a commercial loan is therefore not possible until our revenue generation is more mature.
4. **Present Proposal for LLEP Funding to catalyse this project** - Develop a bespoke offer by refurbishing B28E as part of the creation of grow-on space project (Innovation Centre Phase 1) which allows the creation of sufficient space for the company's needs and accommodates their ambitious growth plans. This solution will further promote the LSOZ and HPO making it even more attractive for other companies to locate, grow and expand companies on a single site allowing for more natural, disruption-free, business development helping develop resilient life sciences provisions of the future.

The EZ funding will allow the acceleration of delivery of the project to ensure a high potential company from Wales that is looking for expansion decides to locate here. As a key component of the drug development pathway, it also has the potential to catalyse further developments on site. However, the footprint of this building does not offer an ideal solution and will cause a block for companies in the region wishing to scale causing them to re-locate elsewhere.

Demonstrate and evidence that the funding would represent value for money.

Charnwood Campus considered various options and decided that the proposed one is the most cost-effective way forward to achieve its ambitious vision:

To become a leading next-generation life sciences cluster in the UK, driving innovation, growth and improving healthcare for all. Built on 3 sustainability pillars underpinned by adherence to best industry practices and stringent regulatory cGMP/cGLP/cGDP requirements.

Please refer to the High-level Specification and Cost Breakdown prepared by market leader Couch Perry Wilkes (M&E designers and lab design specialists) – Appendix 2.

1. **Recycling and energy efficiency as the most cost effective and greener solution** - Charnwood Campus Clinical Research Facility project assumes utilising as much of the existing plant, equipment, fittings as possible in the effort to control the costs while adapting the best technologies to decarbonise the building and introduce sustainable solutions.

The total floor space to be re-commissioned is 9,417.36sqm. The building was originally built to the highest industry standards and is already furnished (old commercial furniture ends up in a landfill most of the time). Therefore it is imperative we highlight that this will not happen on this project as the intention is to fully utilise existing furniture.

The average cost of the re-commissioning is £432/sqm compared to our earlier project £455/sqm or the industry average cost of fitting out simple and **unfurnished** wet labs of £5-7,500sqm for laboratory space. *

<https://www.building.co.uk/main-navigation/cost-model-laboratories/5078736.article>

*Appendix 5, page 15 Cambridge Wet Laboratory Report (Please note that though overhead costs vary from region to region, construction costs do not. Hence it is safe to assume quoted costs represent national average. It is worth noting that these type of specialised and large construction projects are undertaken by national outlets. The report was created in 2017 but it still widely cited with appropriate inflation rate added on top and some contingencies for supply chain. For completeness it should be noted that inflation cost of 17.75% over the past 7 years could be added to represent current lab cost more accurately. This means that the quoted laboratory costs are in reality higher by over 17%): https://www.bidwells.co.uk/assets/Research/CA_Wet_Lab_Report_FINAL.pdf

This part of the project presents a unique opportunity to create high quality bio-chemistry lab space in Leicestershire for a fraction of the cost of a new building. To address Net Zero considerations offsetting energy use, green energy and/or more energy efficient plant/equipment should be considered - new energy efficient boilers and chillers will be installed, new LED lights whilst most of the existing pipework and smaller plant equipment will be left in situ and recycled.

This project also offers a fantastic opportunity to lower site carbon footprint. According to the Carbon Trust fifth of carbon emissions are created by non-domestic buildings (construction, use, demolition phases). With that in mind Charnwood Campus will be looking to recommission the building with the aim to decarbonise it. This particular project meets the objectives of Charnwood Campus long term Net Zero strategy and in particular no new built construction carbon emissions, no demolition carbon emissions and dramatically increased Energy Efficiency Performance of the building.

Construction industry often refers to refurb projects as 3-5 times less carbon footprint intensive but to put that into perspective – Historic England cites 13x less carbon footprint in refurb to new build and mentions new builds as the source of 26% of plastic consumption globally.*

* [Buildings Must Be Recycled and Reused to Help Tackle Climate Change | Historic England](#)

2. The cost control strategy - Charnwood Campus Small Molecule Research and Development Facility and dedicated car park

Charnwood Campus will also go through a **competitive tender process(s)** to ensure the most competitive rates are obtained and a strict procurement strategy is implemented with professional Quantity Surveyors engaged to control and verify every invoice presented for payment against the actual work completed. Charnwood Campus will enter a fixed price contract to control any supply chain fluctuations to ensure the cost control element is preserved.

The costs are within industry standards, with the electric charging points dramatically increasing the cost on the car park side. It is however imperative to start introducing these to the Campus.

Appendix 6 - cost estimate for a car park recently constructed in a different location on the site.

3. Benefits to the local economy and life sciences cluster in the region are invaluable with monetary benefits listed below

A value per job created of £30,804 is assumed based on the following sources: Annual Business Survey May 2019, category M (Professional, Scientific & Technical Activities) to calculate a value per employee from average employee numbers and costs ONS Regional and Sub-regional Productivity Feb 2019, Table B1, to give an adjustment for Leicestershire vs UK A multiplier of 1.29 x (as set out in the HCA Additionality Guidance 2014 for B1a and B1b space) and lowered by 10% displacement has been used to reflect knock-on effects of new jobs on the local economy to give a GVA per annum of c. £8,829,445.27pa or £132,441,679 over 15 years of the lease (over £170M over the remainder of EZ term).**

This means that for each pound invested £3.5 in added value will be generated per annum. During the duration of the Enterprise Zone (remaining 18 years) this increases to c. £64.75 for each pound invested.

Additionally, the benefit cost ratio is 1.8 and the revenue on investment is 2.5 years in relation to business rates generated y the whole site or 10 in relation to this building only (short return on such a sophisticated laboratory block).

£7,344,000 will be collected in business rates during the duration of the EZ (once established it is costly and business disruptive to relocate research facilities so the potential tenant will likely remain in situ throughout the duration of the EZ. If not, the liability for business rates falls onto the landlord - Charnwood Campus). £4,500,000 is the cash capital cost required

*Appendix 7 – HCA Density Guide and Employment Density Guide edition 3

**Appendix 8 - Charnwood Campus Calculations for job creation potential, GVA potential, cost/benefit ratio

Is the project scalable?

Yes, the project is scalable. The building could be changed to multiple occupancy model. It is not however what CCML would like to do due to extended timeframes to deliver, higher costs to split the building into smaller individual units and complexity around submetering strategy.

Outputs, Outcomes and Impact

Outputs and Outcomes: specific deliverables from the overall project

BEN.435.01 - CCML

Benefit Id	BEN.435.01
Outputs & Outcomes Category	Jobs
Outputs & Outcomes Sub Category	Jobs created

Detailed Description	222 high value jobs will be created (prospective tenant suggests 285. This is not relocation but expansion - adding a new service to services already offered by the potential tenant elsewhere so jobs created will be genuine growth of the tenant company). These will involve scientific researchers, laboratory technicians, chemists, biologists, computational scientists, business development teams, senior management, HR, IT and administration.
Baseline Value	0
Output / Outcome	Outcome
How will the output / outcome be measured	This outcome is quantifiable through record keeping and reporting. This is already conducted by CCML for the overall EZ reporting requirements and the same evidence collection and recording will be deployed for this development.
Measurement Source	CCML and Tenant records.
Who is responsible for measuring the benefit?	CCML
Assumptions	<p>The potential tenant predicts employing up to 300 people Y3-Y5 but a conservative assumption taken by Charwood Campus is based on the following:</p> <p>For the purpose of this application Charwood Campus used HCA Employment Densities Guide, Edition 3 (Appendix 7) to drive the following assumptions:</p> <ul style="list-style-type: none"> • Net Internal Space (NIA) = 4,628sqm (Appendix 6 Plowman and Craven RICS Measuring Report); • Therefore, NIA = 2,102 sq m labs + 2,526 sq m offices; • Density for B1 (b) R&D Space = 40 sq m per employee; • Density for B1 (a) Offices = 13 sq m per employee; • A reduction of 10% to job numbers to allow for displacement of existing jobs within Leicestershire.
What are the risks or issues to realising the benefit	External global and macro-economy factors could slow down the already conservative company growth potential.

Measures

November 2024

Units	Decimal (1 dp)
Target	100

November 2025

Units	Number
Target	125

November 2026

Units	Number
Target	150

November 2027

Units	Number
Target	175

November 2028

Units	Number
Target	222

BEN.435.02 - CCML

Benefit Id	BEN.435.02
Outputs & Outcomes Category	Land & Commercial Property
Outputs & Outcomes Sub Category	Commercial Floorspace Refurbished (sqm)

Detailed Description	<p>Recomissioning of Small Molecule Research building:</p> <p>9,417 sq m***</p> <p>Including:</p> <p>Write-up areas to support scientific research activities, offices and open plan offices and Highly specialised research laboratories.</p> <p>*** measurements based on RICS Area Measurement Report by Plowman Craven in GIA (Appendix 6)</p>
Baseline Value	0
Output / Outcome	Output
How will the output / outcome be measured	<p>This output is quantifiable and can be evidenced through final building plans (note Appendix 6 – area measurements).</p> <p>It will require record keeping and reporting. CCML to collect data, record and report to the LLEP quarterly.</p> <p>Practical completion certificate issued by quantity surveyor will be shared.</p>
Measurement Source	CCML and Tenant records.
Who is responsible for measuring the benefit?	CCML
Assumptions	This output is quantifiable and can be evidenced by review of attached building plans (Appendix 6) which additionally includes area measurements. The survey was undertaken by third party company - Plowman Craven.
What are the risks or issues to realising the benefit	Supply chain delays - external factors that will be mitigated by careful planning and locking prices.

Measures
November 2023

Units	Number
Target	9417

BEN.435.03 - CCML

Benefit Id	BEN.435.03
Outputs & Outcomes Category	Other
Outputs & Outcomes Sub Category	For 'Other' please specify in Detailed Description
Detailed Description	<p>Generation of Business Rates through creation of rateable commercial floor space resulting in:</p> <ul style="list-style-type: none"> • £408,000 of business rates per annum • £7,344,000 over 18 years • £66,117,200 in total over 25 years of EZ term. <p>***9,417sqm GIA as per Measured Survey Report by Plowman Craven (Appendix 6) ***Summary of business rates growth projections attached (Appendix 9)</p>
Baseline Value	0
Output / Outcome	Outcome
How will the output / outcome be measured	This outcome is quantifiable through business rate payments. It will require record keeping and reporting. CCML to collect data, record and report to the LLEP quarterly.
Measurement Source	CCML and Charnwood Borough Council will rely on Valuation Office records for this data.
Who is responsible for measuring the benefit?	CCML

<p>Assumptions</p>	<p>The total business rates projections for this building and the rest of the site were estimated based on the net floorspace in square metres applying the following formula:</p> <ul style="list-style-type: none"> • Office floorspace (ground) x £113.01 (this figure is correct for ground floor office space) • Office floorspace (1st floor and above) x £110.25 • Laboratory floorspace x £132.30 • Production floorspace x £77.18 • Warehouse floorspace x £55.13 <p>The resultant figure derived is the estimated Rateable Value. The estimated Rateable Value was then multiplied by 0.512 to calculate the Rates Payable (business rates generated).</p> <p>The potential date when the building will be occupied and fall liable for payment of rates was estimated based on project plan.</p> <p>All above quoted figures have been provided by Charnwood Borough Council. The detailed calculations per building (with detailed rateable value per office, lab, plant, common areas) is available upon request.</p>
<p>What are the risks or issues to realising the benefit</p>	<p>Insolvency of prospective tenant - external factors. By law, Charnwood Campus is underwriting this risk.</p>

Measures

November 2024

Units	Number
Target	408000

November 2025

Units	Number
Target	408000

November 2026

Units	Number
Target	408000

November 2027

Units	Number
Target	408000

November 2028

Units	Number
Target	408000

November 2029

Units	Number
Target	408000

November 2030

Units	Number
Target	408000

November 2031

Units	Number
Target	408000

November 2032

Units	Number
Target	408000

November 2033	
Units	Number
Target	408000
November 2034	
Units	Number
Target	408000
November 2035	
Units	Number
Target	408000
November 2036	
Units	Number
Target	408000
November 2037	
Units	Number
Target	408000
November 2038	
Units	Number
Target	408000
November 2039	
Units	Number
Target	408000
November 2040	
Units	Number
Target	408000
November 2041	
Units	Number
Target	408000

BEN.435.04 - CCML	
Benefit Id	BEN.435.04
Outputs & Outcomes Category	Land & Commercial Property
Outputs & Outcomes Sub Category	Area of site reclaimed, (re)developed or assembled (ha)
Detailed Description	Creation of 50 car parking spaces with car charging points*** ***Appendix 13 – car park design drawing
Baseline Value	0
Output / Outcome	Output
How will the output / outcome be measured	CCML records and QS report
Measurement Source	QS report, photographic evidence
Who is responsible for measuring the benefit?	CCML
Assumptions	The assumption was made that the application for the planning permission for the car park will be approved and turned round within 8 weeks.

What are the risks or issues to realising the benefit	Planning permission delayed.
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Measures
May 2023

Units	Number
Target	50

BEN.435.05 - CCML

Benefit Id	BEN.435.05
Outputs & Outcomes Category	Jobs
Outputs & Outcomes Sub Category	Other
Detailed Description	38% increase in knowledge based employment in LLEP area.
Output / Outcome	Outcome
How will the output / outcome be measured	Extrapolated from wider data source, such as LLEP's own analysis as well as the Annual Business Survey and ONS Regional and Sub-Regional Productivity data.
Measurement Source	ONS data, Business Survey
Who is responsible for measuring the benefit?	CCML
Assumptions	Occupation of this building at full capacity.
What are the risks or issues to realising the benefit	Macro economic challenges

Measures
November 2028

Units	Percentage
Target	38

Please explain in detail how you have estimated each of the outputs?	Comments left in the description of each output/outcome.
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Additional Benefits

Employing locally and responsibly	Yes
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If yes, please provide a brief explanation	The project will employ locally whenever possible, subject to procurement requirements to support local economy and to lower carbon footprint of the project. Local industry and the three universities will be a key source of future employees for the facility, this is one of the key drivers for the project.
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Sourcing locally	Yes
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If yes, please provide a brief explanation	Charwood Campus utilises local purchasing strategies whenever possible with an emphasis on purchasing supplies and services from local businesses by creating the environment to encourage a 'business to business' supply chain. The potential tenant company will be encouraged to follow similar practises.
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Supporting and engaging with local communities	Yes
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If yes, please provide a brief explanation	Charwood Campus is already engaging with local community in a range of ways, e.g. supporting parkrun initiatives by providing access to running tracks through their land and promoting parkrun events on Campus , organising donations to support the disadvantaged and marginalised, arranging foodbank collections and arranging a site social committee.
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Improving environmental sustainability	Yes
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If yes, please provide a brief explanation

Charnwood Campus is committed to significantly improve **EPC rating** on existing buildings, introduce energy and water efficiencies by adapting new technologies and innovative design solutions and introducing recommended planned preventative maintenance regimes. This project assumes installation of **new heat recovery systems, smart meter installations, LED lighting, insulation of hot water pipes** and other.

Electric charging points will be a key part of the car parking development and more bike sheds to be built on site. The ultimate goal is to encourage car sharing, biking and public transport use. **Environmental sustainability** is a permanent item on landlord/tenant monthly meeting agenda.

Charnwood Campus is already maintaining public pathways and trees outside of our perimeter to encourage walks but also to facilitate growth of plants, shrubs, trees. Grounds maintenance schedule is architected around wildlife (accounting for nesting periods, natural methods to slow down moss/weed growth and minimising use of chemicals).

B28 east project will benefit from the following improvements that will have significant impact on our natural environment:

- **Introducing further EV car charging points** – Electric Vehicles on average emit 62g per km compared to 121g/km for Diesel and 123g/mk for petrol therefore equipping the campus with EV charge points promotes the use of Electric Vehicle for staff working within the campus thus offering around a **50% reduction in CO2 per Vehicle**.
- **LED lights** – The entire building will have the lighting changed from a combination of T5, T8 and Compact Fluorescent fittings to LED throughout thus **reducing energy consumption by circa 50%**.
- **Changes to the way the labs will be run** - The labs will run with night setback rather than 24/7 therefore **40% energy saving on fan motors**.
- **Changes of plant to new will improve its efficiency** - Removal of steam plant circa 60% efficient replaced with high efficiency gas boilers circa 93% efficient. That change will offer **33% energy saving**. Also, old belt driven fans will be swapped for new direct drive fans saving circs **25% energy**.
- **Changes in technologies used** - Write up space FCU's swapped for highly energy efficient **high SCOP/SEER VRF Heat Pump System**.

Introducing the above changes will result in:

- Carbon emissions reduction Targeted 30% saving from original design
- Energy usage reduction Targeted 30% saving from original design

Doing business ethically

Yes

If yes, please provide a brief explanation

Charnwood Campus recruits suitably qualified staff and utilises business advisors and support staff to ensure the quality of service offered. It also complies with the building and environmental standards. The potential tenant company will be encouraged to follow similar practises.

Impacts

Impacts

00001 Specialist Scientific Laboratory space created

Quantity (e.g. number of jobs, number of new homes,)

9,417

Baseline Value

0

Assessment (e.g. who will measure the outcome, when and how will it be measured)

CCML - following measuring report by Plowman Craven appended to this business case.

00002 Private investment leveraged

Quantity (e.g. number of jobs, number of new homes,)

50360000

Baseline Value

0

Assessment (e.g. who will measure the outcome, when and how will it be measured)

CCML - we will submit reports through Verto confirming:
 Insurers valuation of the building - c. £50,000,000
 In-Kind resource - £160,000
 Car park match funding - £200,000

00003 Increase in knowledge based employment in the LLEP area

Quantity (e.g. number of jobs, number of new homes,)

Baseline Value

Assessment (e.g. who will measure the outcome, when and how will it be measured)

38%

0

ONS data

00004 Business rates generated

Quantity (e.g. number of jobs, number of new homes,)

Baseline Value

Assessment (e.g. who will measure the outcome, when and how will it be measured)

£66,117,200

0

Valuation Office will have the records. CCML and CBC regularly reach out to VO to confirm and correct our business rates growth projections.

00005 High Value jobs unlocked

Quantity (e.g. number of jobs, number of new homes,)

Baseline Value

Assessment (e.g. who will measure the outcome, when and how will it be measured)

222

0

CCML and tenant records

Will particular groups of people be affected by the intervention i.e. Social Benefits? Will the impact be positive or negative? Please explain.

Job creation and bringing wealth into the region will positively influence local community hopefully making the region affluent. Spreading wealth into supply chain will translate into healthier, happier and more resilient community, increasing living standards and career prospects (something that Charnwood Campus started working on with local secondary schools - reaching out to young age groups to encourage STEM learning and help create a vision of a potential career in the life sciences sector, amongst other initiatives). Charnwood Talent and Skills Institute is already reaching out to local schools to support their activities. Another business that has already expressed willingness to support these efforts will hopefully boost those activities.

The project will hopefully also allow local authorities to benefit from increased income to allow them to tackle any challenges within the community.

This project will accelerate the delivery of Innovation Centre Phase 2 which assumes:

- space for start-ups and SMEs to encourage innovation and entrepreneurship
- space for conferences/events to spread knowledge and encourage peer learning
- gym and cafe facility to improve general well being of staff and visitors.

How will the intervention impact on the natural and built environment?

The impact will be positive or neutral. We are re purposing an old building so the negative impact on the environment will be minimal. In fact, as the EPC of the building will dramatically increase that impact will be rather positive. The project will allow to accelerate projects like off-setting or introducing green energy solutions to the site.

Introducing the above changes will result in:

- Carbon emissions reduction Targeted 30% saving from original design
- Energy usage reduction Targeted 30% saving from original design

Monitoring and Evaluation

How will the success of the delivery of the project be evaluated?

The progress of the project will be monitored and reported to **the LLEP** quarterly through the **Verto System**. This will enable consistent monitoring data to be collected and records will be kept by **Charnwood Campus** and by **the LLEP** on the Verto system.

A detailed project plan will be prepared and followed, covering aspects including construction, tenant negotiations, risk management, financial spend and reporting. KPIs will be established by the Project Management Steering Committee in consultation with LLEP.

To determine the success of the project the following themes aligned to government recommendations* will be taken into consideration:

- the continued relevance and consistency of the project
- the progress of the project against targets detailed in the logic model
- the experience of delivering and managing the project
- the economic impact attributable to the project
- the cost-effectiveness of the project and its value for money

The success of the project will be measured in two phases:

- Assessment of the construction projects - outputs
- Assessment of the objectives of the project - outcomes and impacts

An assessment will be delivered within 3 months from completion of the works and then annually during the annual review of the delivery of EZ objectives over the duration of the project.

The costs of monitoring of the project is included in Charnwood Campus team time allocated towards the project.

*References:

<https://www.gov.uk/guidance/england-2014-to-2020-european-structural-and-investment-funds>

Are the costs of monitoring and evaluation included in your project budget?

Yes

Financial Case

What is the total cost of the project (£'s)?

55106960

Please explain how the costs have been estimated and price base.

The prices are based on a similar project just completed on the site and 4 years of experience delivering similar projects by Charnwood Campus. The prices were then reviewed by Couch Perry Wilkes whose experience of running projects of this nature is unprecedented.

The prices are tested against market price and **20% contingency is built in** (within the cost plan contingency is built into each cost item and on the top of that there is a separate section for any unforeseen setbacks). Charnwood Campus is aware of the volatile market and commits to covering any shortfall that may arise from changing market prices.

Current economic uncertainty is managed by Charnwood Campus by building their future growth on attracting tenants with very strong covenant. The fact that biopharma sector has been one of the best performing sectors in the UK and globally also limits its exposure. The 'Bioscience and health technology sector statistics 2021' confirms that **'Life Sciences sector in Scotland and the East Midlands saw the highest relative increases in turnover over the period of 29% and 18% respectively between 2020 and 2021'***** This and other statistics within the report show that the sector is performing well, and especially well within East Midlands. It leads to a conclusion that life sciences (especially biopharma) within the East Midlands as an emerging sector will continue to grow and attract inward investment. It is absolutely critical for local and regional authorities to recognise the opportunity and partner with academia and private sector to remove any barriers to growth.

Charnwood Campus follows RIBA plan of construction works framework (RIBA Plan of work 2013) that consists of the following phases:

RIBA Stage 0 - Strategic Definition
 RIBA Stage 1 - Prep and brief
 RIBA Stage 2 - Concept design
 RIBA Stage 3 - Developed design
 RIBA Stage 4 - Technical design
 RIBA Stage 5 - Construction
 RIBA Stage 6 - Handover and close out
 RIBA Stage 7 - In Use

This offers controlled structure over the project and allows for a tight control of any potential risks. CCML are currently undertaking the works and covering the costs of taking it to RIBA Stage 4. RIBA Stage 4 means that a detailed design and specification of the works required in B28East will be developed. Charnwood Campus is committed to the project and has speculatively invested in it by instructing Couch Perry Wilkes to deliver that detailed design, works programme and tender documents with drawings. Once this phase is completed successfully (mid February) CCML will be able to tender the work packages out. It usually takes 6 weeks for tender results to be submitted and 2-3 weeks for meetings and review of those responses. At this stage CCML is expecting to firm up the final costs for the project. The process of appointing principle contractor is quite complex and involves scrutiny against 6 key criteria:

- Price
- Experience of successful implementation of similar schemes
- Terms and conditions of the JCT contracts (flexibility that will offer CCML ability to remove any risk from them and place it on contractor)
- Level of Insurance
- Understanding of the scheme
- Supply chain network/strength

Once the Principle Contractor has been selected, purchase orders for large infrastructure items will be placed to ensure the prices are locked.

The whole process will be supervised by experienced Charnwood Campus Team, by CCML legal team and Chartered Quantity Surveyors to ensure any risks connected with the exposure to market prices fluctuations, availability, and other are minimised and/or shared with contractor.

***[Bioscience and health technology sector statistics 2021 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/bioscience-and-health-technology-sector-statistics-2021)

Have you uploaded a supporting document providing a granular breakdown of the cost estimation?

Yes

Please explain the relevance of the document

The document has been created by **industry experts in M&E design Couch Perry Wilkes (CPW)**. CPW have delivered all the projects on CCML site and know the buildings, the infrastructure, the systems really well and are best placed to ensure success of this project (with the support of the teams that will be appointed through a tender process). The tender lists all the systems and work packages that need to be undertaken to deliver the project successfully. Until tender document has been produced this is the most up to date technical summary of the project (however high-level).

The document prepared was first put together for DHSC (Department of Health and Social Care) during the pandemic. Following further discussions with the operator of the Lighthouse Lab the work scheme for B28E was abandoned (we identified another building better suited to deliver PCR testing at scale). This project programme has since been reviewed and revamped completely based on the experience of the past 2-3 years (mainly Brexit closing or slowing down access to some EU manufacturers), adding the experience of delivering B42.

The document is a high-level summary of the work programme required to recommission B28East and allow high growth clinical research organisation to expand into Leicestershire. It outlines the specific works required to bring the building back to life, to regenerate, to introduce greener solutions to lower its original carbon footprint. The document also offers bulk pack figure as a cost estimate with 20% contingency built in into each item listed and a separate line for unforeseen setback.

A fully developed design with a detailed cost plan is being developed at CCML costs. It is expected to be completed by mid-February 2023. CCML accepted that the LLEP will not be able to increase the value of the project after it has been approved. This has meant that contingencies built in were carefully considered. The expectation is that if any price movement it will be downwards. In a very unlikely scenario of an upward movement, Charnwood Campus will take the responsibility of financing these.

Funding Requirements and Match Funding

What is the total funding requirement being requested (£'s)?

4649000

What assumptions is this figure based upon?

This figure represents a reliable estimated cost for the project based on itemised works package programme. Each line represents a system within the building (electrical installations, fire alarm system, etc) or other technical item (tiling, painting, etc) required to bring the building back to life, and to introduce solutions that will lower the building's original carbon footprint.

Couch Perry Wilkes that put this cost estimate together has market tested these costs against current schemes and projects. Assumptions made to deliver this one include taking into account inflation and market uncertainty. It is a reliable cost estimate that will be further scrutinised at the tender process stage with the hope to bring some of those costs down.

This cost estimate has been checked against the project we just finalised on B42 that the LLEP is aware of. B42 was successfully delivered within the budget agreed. That was possible only due to CCML locking prices early in the project, closely monitoring market trends and acting decisively to prevent market turmoil affect the delivery of the project. CCML aims to adapt the same approach to deliver this project to ensure the impact of the current economic situation and uncertainty is tightly monitored and does not adversely affect successful delivery of the project within budget and timeframes agreed.

Any slippage/delay to deliver might have an impact on the price hence careful analyses of lessons learnt from previous projects has been undertaken and risk areas identified:

- **manufacturer's delays** - this item has been successfully managed on previous projects by identifying 2-3 manufacturers/suppliers, placing orders swiftly, locking prices and checking/confirming any delivery delays throughout the project while monitoring market trends

- **planning permissions** - CCML has already obtained planning permission for the car park and EV car charging points

- **inflation/price increases** - CCML will tender out to get the most competitive prices and then aim to lock these through robust construction contracts. CCML has also included contingencies in the cost plan.

- **delays/changes to project timeframes** - general project delays will be avoided by a careful selection process and only contractors that CCML strongly believes have the right expertise to deliver will be involved in the project. Penalties for slippage/delays will also be introduced. CCML has also extended the delivery pathway 12 months (from 8 months) to account for any unforeseen slippage.

- **change of ownership** - this risk deems to be low. CCML is tied contractually to a number of organisations on site, in the unlikely scenario when the site is sold all liabilities and contractual obligations will be passed on to the new landlord. EZ designation is place bound and red line is clearly defined. EZ red line will not change with a change of ownership.

It is worth highlighting that the LLEP's, LCC's and CBC's exposure will be underwritten by CCML offering a guarantee in a form of a charge over a piece of land to the value agreed at the FF agreement negotiation stage. This will completely de-risk this project from the financial exposure perspective. CCML is very confident that it will deliver the project to plan hence is willing to underwrite the risk in the only way possible to them.

50457960

What is the total match funding that will be provided (£'s)?

Sources of Funding (£'s)

In-kind resources (Land / buildings)

Funding Source	In-kind resources (Land / buildings)
Description of funding source	Building B28 east as detailed in Plowman Craven RICS measurement Report Appendix 6.
Amount (£'s)	50000000
Percentage of Budget (%)	88.71
Confirmed	Yes

In-kind resources (Staff time)

Funding Source	In-kind resources (Staff time)
Description of funding source	Charwood Campus team will spend up to 50% of their time developing and delivering the construction project. The members of the team include Managing Director, Commercial Director, Engineering Group Director, Financial Manager, Administrator, Engineer (£160,000).
Amount (£'s)	160000
Percentage of Budget (%)	0.29

Confirmed	Yes
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LLEP

Funding Source	LLEP
Description of funding source	EZ Business rates reinvestment fund
Amount (£'s)	4649000
Percentage of Budget (%)	8
Confirmed	In Progress

Applicant's Own Funds (Private)

Funding Source	Applicant's Own Funds (Private)
Description of funding source	Charwood Campus funds for the M&E design (mechanical and engineering) from Couch Perry Wilkes (CPW)
Amount (£'s)	97960
Percentage of Budget (%)	1
Confirmed	Yes

Applicant's Own Funds (Private)

Funding Source	Applicant's Own Funds (Private)
Description of funding source	CCML own funds
Amount (£'s)	200000
Percentage of Budget (%)	2
Confirmed	Yes

Financial Profile (£'s)

	Planned Amount £'s (Only include VAT if not recoverable)
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2023/24

Month	Planned Amount (£'s)
April 2023	
Small Molecule Research Facility - Recommissioning works - an average of £464,900 per month will be required.	464,900
May 2023	
Small Molecule Research Facility - Recommissioning works - an average of £464,900 per month will be required.	464,900
June 2023	
Small Molecule Research Facility - Recommissioning works - an average of £464,900 per month will be required.	464,900
Car park	200,000
July 2023	
Small Molecule Research Facility - Recommissioning works - an average of £464,900 per month will be required.	464,900
August 2023	
Small Molecule Research Facility - Recommissioning works - an average of £464,900 per month will be required.	464,900
September 2023	
Small Molecule Research Facility - Recommissioning works - an average of £464,900 per month will be required.	464,900
November 2023	
Staff will be working on the project every month taking the total in-kind match to the committed amount by Dec 2023	160,000
Total	3,149,400

2022/23

November 2022	
CCML offers building B28 East and a part of land as a match contribution to this project.	50,000,000

Planned
Amount £'s
(Only
include VAT
if not
recoverable)

December 2022

Small Molecule Research Facility - Recommissioning works - an average of £464,900 per month will be required. 464,900

January 2023

Small Molecule Research Facility - Recommissioning works - an average of £464,900 per month will be required. 464,900

February 2023

Small Molecule Research Facility - Recommissioning works - an average of £464,900 per month will be required. 464,900

March 2023

Small Molecule Research Facility - Recommissioning works - an average of £464,900 per month will be required. 464,900

M&E design from CPW (Appendix 20 - d220810 - B28 East Charwood Campus Fee Proposal RIBA 4) 97,960

Total 51,957,560

TOTAL 55,106,960

2023/24

April 2023

Description	Small Molecule Research Facility - Recommissioning works - an average of £464,900 per month will be required.
Planned Amount £'s (Only include VAT if not recoverable)	464900
Funding Source	LLEP

May 2023

Description	Small Molecule Research Facility - Recommissioning works - an average of £464,900 per month will be required.
Planned Amount £'s (Only include VAT if not recoverable)	464900
Funding Source	LLEP

June 2023

Description	Small Molecule Research Facility - Recommissioning works - an average of £464,900 per month will be required.
Planned Amount £'s (Only include VAT if not recoverable)	464900
Funding Source	LLEP

June 2023

Description	Car park
Planned Amount £'s (Only include VAT if not recoverable)	200000
Funding Source	Applicant's Own Funds (Private)

July 2023

Description	Small Molecule Research Facility - Recommissioning works - an average of £464,900 per month will be required.
Planned Amount £'s (Only include VAT if not recoverable)	464900
Funding Source	LLEP

August 2023

Description	Small Molecule Research Facility - Recommissioning works - an average of £464,900 per month will be required.
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Planned Amount £'s (Only include VAT if not recoverable)	464900
Funding Source	LLEP
September 2023	
Description	Small Molecule Research Facility - Recommissioning works - an average of £464,900 per month will be required.
Planned Amount £'s (Only include VAT if not recoverable)	464900
Funding Source	LLEP
November 2023	
Description	Staff will be working on the project every month taking the total in-kind match to the committed amount by Dec 2023
Planned Amount £'s (Only include VAT if not recoverable)	160000
Funding Source	In-kind resources (Staff time)
2022/23	
November 2022	
Description	CCML offers building B28 East and a part of land as a match contribution to this project.
Planned Amount £'s (Only include VAT if not recoverable)	50000000
Funding Source	In-kind resources (Land / buildings)
December 2022	
Description	Small Molecule Research Facility - Recommissioning works - an average of £464,900 per month will be required.
Planned Amount £'s (Only include VAT if not recoverable)	464900
Funding Source	LLEP
January 2023	
Description	Small Molecule Research Facility - Recommissioning works - an average of £464,900 per month will be required.
Planned Amount £'s (Only include VAT if not recoverable)	464900
Funding Source	LLEP
February 2023	
Description	Small Molecule Research Facility - Recommissioning works - an average of £464,900 per month will be required.
Planned Amount £'s (Only include VAT if not recoverable)	464900
Funding Source	LLEP
March 2023	
Description	Small Molecule Research Facility - Recommissioning works - an average of £464,900 per month will be required.
Planned Amount £'s (Only include VAT if not recoverable)	464900
Funding Source	LLEP
March 2023	
Description	M&E design from CPW (Appendix 20 - d220810 - B28 East Charnwood Campus Fee Proposal RIBA 4)

Planned Amount £'s (Only include VAT if not recoverable)	97960
Funding Source	Applicant's Own Funds (Private)

Will new business rates be generated as a direct result of this development?	Yes
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Business Rates Income Profile (£'s) (To be completed for Enterprise Zone funding applications only)

2024/25

Amount (£'s)	408000
Comment	Business Rates generated based on the rateable value of £797,000

2025/26

Amount (£'s)	408000
Comment	Business Rates generated based on the rateable value of £797,000

2026/27

Amount (£'s)	408000
Comment	Business Rates generated based on the rateable value of £797,000

2027/28

Amount (£'s)	408000
Comment	Business Rates generated based on the rateable value of £797,000

2028/29

Amount (£'s)	408000
Comment	Business Rates generated based on the rateable value of £797,000

2029/30

Amount (£'s)	408000
Comment	Business Rates generated based on the rateable value of £797,000

2030/31

Amount (£'s)	408000
Comment	Business Rates generated based on the rateable value of £797,000

2031/32

Amount (£'s)	408000
Comment	Business Rates generated based on the rateable value of £797,000

2032/33

Amount (£'s)	408000
Comment	Business Rates generated based on the rateable value of £797,000

2033/34

Amount (£'s)	408000
Comment	Business Rates generated based on the rateable value of £797,000

2034/35

Amount (£'s)	408000
Comment	Business Rates generated based on the rateable value of £797,000

2035/36

Amount (£'s)	408000
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Comment	Business Rates generated based on the rateable value of £797,000
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2036/37

Amount (£'s)	408000
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Comment	Business Rates generated based on the rateable value of £797,000
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2037/38

Amount (£'s)	408000
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Comment	Business Rates generated based on the rateable value of £797,000
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2038/39

Amount (£'s)	408000
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Comment	Business Rates generated based on the rateable value of £797,000
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2039/40

Amount (£'s)	408000
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Comment	Business Rates generated based on the rateable value of £797,000
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2040/41

Amount (£'s)	408000
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Comment	Business Rates generated based on the rateable value of £797,000
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2041/42

Amount (£'s)	408000
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Comment	Business Rates generated based on the rateable value of £797,000
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Commercial and Management Case

Partnerships for Delivery

Identify partners involved in the project and demonstrate shared commitment to delivery.

The project will be led by experienced **Charnwood Campus Management Limited** team who will also commission appropriately qualified professional services and consultants to manage the project, to administer the project to scrutinise the costs of the project to ensure it is completed within the timeframes and within the budget agreed to expected standard clearly defined in the Detailed Technical Design (RIBA Stage 4). In fact, CCML is so keen and committed to see this opportunity come through that they have speculatively invested in the RIBA Stage 4 design to speed the process.

As CCML will have overall responsibility to deliver the project they will also have full control. Their experience will allow them to act proactively and decisively throughout to ensure all risks to budget, timeframes or quality/standards will be eliminated or managed to the satisfaction of the stakeholders.

The project will see the following teams of professionals engaged:

1. **CCML** - overall responsibility over the delivery
2. **Project Management, Project Administration, Project Cost Control (quantity surveying) services** - Pick Everards (internationally renowned), Addison Hunt (local outlet with good track record), Ridge (internationally renowned) have all been invited to quote for their services
3. **M&E Design** - Project Brief, Project Conceptual Design, Technical Design, Tender Packages and technical and quality/standard control throughout the construction phase - CPW highly experienced in delivery of these schemes and successful partner of 5+ yers (including highly demanding delivery of Lighthouse Lab project during the pandemic for DHSC) has been appointed. CCML issued instructions and is including this as a part of the match funding
4. **Principle Contractor** - Derrys Building Services, Mellor Bromley and others will be invited to tender
5. **Legal team** - Taylor Wessing will assist in drafting building contracts
6. **Insurers** - Gallaghers to insure the works, insure the building for the duration of the works

The project objectives and outcomes have been communicated to the members of **the Taskforce** established to deliver the **Life Sciences Opportunity Zone** which includes: the LLEP, County Council and Charnwood Borough Council (CBC), MP Jane Hunt, Medilink East Midlands, 3M, Kideva, Charnwood Molecular and Almac but also OLS.

Project costs and business rates growth projections have been discussed in detail with CBC FD whose initial evaluation of the commercial viability of the reinvestment of EZ BR was positive (subject to all necessary approvals).

All partners for the delivery of the Charnwood Campus Cluster Support programmes are keen to be introduced to the new business that wishes to expand their activities to East Midlands and all commit to offering support to ensure smooth ramp-up period.

The project has been welcomed and full details are anticipated by **Enterprise Zone Steering Group, Talent and Skills Institute** group, **NHS and Academia Collab Platform** partners.

Charnwood Campus commits to offering regular updates on the project progress to ensure that continuous engagement starts early and continues beyond the construction and delivery phase.

Last but not least, the potential tenant is very keen to move in as soon as it is possible. CCML and the potential tenant have reached an agreement on the **Heads of Terms** and both have now engaged their respective legal teams to prepare Agreement for Lease and Lease documents. Agreement for Lease can be completed before FF agreement in place to give the LLEP, CB, LCC confidence that the potential tenant will not pull out at the last minute. The highest risk to this falling through is delay hence a sense of urgency to not allow this fantastic opportunity for yet another biopharma company to establish themselves in Leicestershire slip away, to help deliver collective desire of the authorities to offer economic stability and growth in the region.

Have you spoken with the Local Authority for where your project will take place regarding this project?

Yes, **Charnwood Campus** has had a number of conversation with our fantastic Charnwood Borough Council and just as dynamic LLEP. The support locally is overwhelming and the in-house team believes that the 750 high value jobs already created on site must be making visible difference to local supply chain but also community.

The CBC seems supportive of the project. Its FD, Simon Jackson kindly offered his time and expertise to check feasibility of borrowing to the value required. Charnwood Campus has progressed the project since as the initial (non-binding) assessment was positive.

The LLEP has been immensely encouraging as well possibly recognising that these projects allow the Campus to undertake 'soft business support' activities which is what we will continue to develop going forward.

The project will not require planning permission for the car park. As this has already been granted conditionally.

Effective Governance

Briefly explain proposed governance structure, including reference to partners if appropriate.

There are two or even three aspects to consider here:

- Governance structure for Charnwood Campus - Appendix 16
- Governance structure of the project - Appendix 17
- Governance structure for Charnwood Campus Enterprise Zone - Appendix 12

All three are already known to the LLEP and are listed in Appendix 16, Appendix 17 and/or EZ Implementation Plan (Appendix 12).

Governance structure of the project - Appendix 17:

The project itself will be closely monitored by Gosia Khrais (Commercial Director at CCML) supported by appointed and contracted quantity surveyors, project managers and project admin professionals. They will be reporting to CCML on bi-weekly bases, issuing regular project progress reports, highlighting any potential risks. Those meetings will be minuted, action points delegated and deadlines set.

All the relationships between CCML and contractors performing various duties will be formalised through commercial/legal contracts/building contracts.

In terms of engagement of stakeholders¹, there is a number of partners that have been working with the Campus for many years now. Through successful partnerships the Campus managed to position itself very firmly on the regional life sciences landscape. The greatest thanks should go to EZ Steering Group but also Charnwood Borough Council, LCC, Leicester Inward Investment team, Business Growth Hub, our local politicians from across the board and finally all the partners that recently joined our LS TSI, NACP, Leadership and other programmes. All these partners will be regularly updated on the developments/progress of the project and they will all be offered a tour round the building during the project.

Project progress will be reported to the EZ Steering Group quarterly.

While the governance is limited to those listed in appended documents, the advisory role goes beyond that also includes our fantastic colleagues at OLS, DHSC, PHE, MHRA, HMRC, BEIS and DIT sharing good practice and encouraging high standards at all times.

DHSC - Department of Health and Social Care
MHRA - Medicines and Healthcare Regulatory Agency
PHE - Public Health England
OLS - Office for Life Sciences
BEIS - Department for Business Energy and Industry Strategy
DIT - Department for International Trade

There is a number of partners that have been working with the Campus for many years now. Through successful partnerships the Campus managed to position itself very firmly on the regional life sciences landscape. The greatest thanks should go to EZ Steering Group but also Charnwood Borough Council, LCC, Leicester Inward Investment team, Business Growth Hub, our local politicians from across the board and finally all the partners that recently joined our LS TSI, NACP, Leadership and other programmes. All these partners will be regularly updated on the developments/progress of the project and they will all be offered a tour round the building during the project.

How is the team set up to manage projects and what expertise do they have?

The set up of the team that will directly run the project is listed in Appendix 17 and includes:

- Responsible Person from Charnwood Campus with supporting team of admin, finance, technical professionals
- Responsible Person from the construction and building professionals space (we worked with such names as Couch Perry Wilkes, Pick Everards, Addison Hunt, Derrys Building Services and other) undertaking the role of Principle Contractor, appointing Project Administrator, Project Managers and other.
- Legal Team - Taylor Wessing will review all contracts to ensure our position is secure, warranties are offered, any remedial works/issues, any moneys that need retaining will be retained

The project is sophisticated and the choice of Principle Contractor will be critical but again Charnwood Campus delivered a Lighthouse Lab on a government contract within 6 weeks during the pandemic only thanks to deploying the experienced professionals and close monitoring and reporting. The project will see the following teams of professionals engaged:

1. **CCML** - overall responsibility over the delivery, monitoring and quality control
2. **Project Management, Project Administration, Project Cost Control (quantity surveying) services** - Pick Everards (internationally renowned), Addison Hunt (local outlet with good track record), Ridge (internationally renowned) have all been invited to quote for their services
3. **M&E Design** - Project Brief, Project Conceptual Design, Technical Design, Tender Packages and technical and quality/standard control throughout the construction phase - CPW highly experienced in delivery of these schemes and successful partner of 5+ years (including highly demanding delivery of Lighthouse Lab project during the pandemic for DHSC) has been appointed. CCML issued instructions and is including this as a part of their match funding
4. **Principle Contractor** - Derrys Building Services, Mellor Bromley and others will be invited to tender on this project
5. **Legal team** - Taylor Wessing will assist in drafting building contracts
6. **Insurers** - Gallaghers to insure the works, insure the building for the duration of the works to protect this investment

Items highlighted in yellow will be tendered through a competitive but not public tender process. In that way, CCML can do the first scrutiny and due diligence at the invitation to tender stage. CCML will only invite contractors that have displayed the right level of professionalism and expertise to run similar schemes. The preference will be given to invite businesses that have successfully delivered projects on site. The tender evaluation criteria include:

- price
- relevant experience of similar schemes
- size of a business to ensure they can cash flow a project of this size
- level of insurance
- understanding of the scheme and CCML site
- their supply chain strength
- added value - are they offering any additional advice/knowledge/suggestions of solutions or money savings?
- terms/conditions - will they accept our payment terms, will they be extending warranties to future tenant, do they offer longer than 12 months dilapidations period?

There is a clearly defined chain of command that construction contracts offer that will help Charnwood Campus ensure swift execution.

A HSE officer will be appointed to oversee the Health and Safety aspect. The costs of such supervision are included in the cost plan.

Overall Charnwood Campus feels very strongly that it is well positioned to successfully deliver this project and has a strong pool of experienced professionals that it will be inviting to tender (conversations with them have already started).

Describe the financial management and control procedures for this project?

All the appointments will be formalised. Those formal agreements will be reviewed and endorsed by CCML legal team to ensure the investor's position is protected.

Additionally, the project will be monitored very closely and will include the following procedures:

- Project Management plan will be agreed upfront - it will include the detail of which partners need to meet, with what frequency, and what tasks they have to undertake
- Project Administrator will be appointed - this is to ensure all meetings are minuted, all actions delegated, progress is monitored and recorded, any potential deviations from original project plan are flagged up
- Project Delivery Team will meet bi-weekly
- Project cost plan will be issued shortly after the tender is awarded and all progress will be measured against set budgets and agreed timeframes
- Quantity surveyors (QS) will be appointed to control the spend against project budget - QS will review every quote and every invoice against market and against the actual work done, witness testing will be an integral part of the process

Payments will be action based on a well tested framework for these type of projects:

- Project cost plan to constitute an integral part of the building contract.
- Principle Contractor (PC) to issue interim payment requests.
- Interim payment request will trigger QS site visit and survey of work claimed as finalised by interim payment request document.
- After witnessing and recording the progress of works, QS issues recommendation that may differ from interim payment request by PC.
- PC issues invoice based on QS recommendation.
- Responsible Person (RP) from Charwood reviews paperwork and based on QS recommendation and bi-weekly meetings knowledge of project progress approved the invoice.
- The invoice and supporting documents are passed on to CCML accounts.
- Financial manager reviews documents and raises any queries, if no queries the invoices are passed on to one of CCML executive directors for authorisation. They review and sense check invoice and supporting documents.
- If all acceptable, executive directors authorise the invoice for payment and that triggers payment.

On the top of the above, the bi-weekly project meetings allow the team to measure project progress against project plan and project spend against project cost plan. Any issues are flagged up early.

Charwood Campus has delivered construction projects to the values exceeding £20M over the past 3-4 years. The projects were delivered within timeframes, to agreed standard and within set budgets.

How will you monitor the performance of delivery partners and/or subcontractors?

The performance of delivery partners will be controlled tightly to ensure successful delivery of the project. As mentioned above the performance of delivery partners will be controlled by:

- careful consideration of tender results
- shortlisting the delivery partner based on price, experience and covenant strength (being local will play a part but is not the only deciding factor)
- having robust contractual agreements that will protect the interests of CCML
- having a robust and tested delivery framework and following it tightly
- appointing the most able team so price not to be the deciding factor on shortlisting the delivery partners
- continuing to control the project through project progress biweekly meetings
- project progress biweekly meetings with the potential tenant
- regular inspections by construction professionals and building control engineers
- ensuring robust project programme and project cost plan is developed and appended to contracts
- engaging lawyers to review all contracts at the start of the project
- introducing penalties for late delivery
- clear and frequent communication

Charwood Campus would also like to invite the LLEP, CBC, LCC to those biweekly meetings to ensure project progress is shared with them regularly. This would involve site visits, walkabout around the various working areas and offering a much deeper insight into the project than B42 (project undertaken throughout the pandemic).

This clearer and more frequent communication will involve more frequent press releases, opportunities to meet existing and future tenant to discuss the project.

Capacity and Risk Management

Risks

00001 Cost overrun

<p>Description of risk including potential impact.</p>	<p>Cost overrun would adversely affect the delivery of the project causing delays and affecting the project owner’s credibility. It will also lower the amount of business rates generated over the EZ period and delay the delivery of EZ Outputs and Outcomes.</p> <p>20% contingency (compared to 10-12% on previous projects to account for any unforeseen supply chain challenges)</p>
<p>Probability & Impact (Please select the point on the matrix where the probability and impact converge to indicate the risk assessment)</p>	<p>8</p>
<p>Assessment</p>	<p>Medium</p>
<p>Mitigating Action</p>	<p>Charwood Campus works to 20% contingency assumptions to account for any unforeseen cost overruns. Current project plan has been revised recently following meetings with a number of M&E manufacturers to reflect the most up to date prices and include part replacement based on manufacturers' recommendation (verified by the experience in delivery of previous projects on the site including Lighthouse Lab and B42 Synthetic Chemistry Research and Development Facility.</p> <p>Additionally, the final cost plan will include both tender inflation estimate and construction inflation estimate.</p> <p>Charwood Campus will work to the RIBA model for building design and construction processes and use quantity surveyors for all cost valuations. It will follow its strict cost control procedures detailed in Financial Section of this application.</p> <p>The final Order of Cost Estimate on a timeline is predicted to fall within the estimated project costs.</p>
<p>Assessment post mitigation</p>	<p>Low</p>

00002 Funding shortfall

<p>Description of risk including potential impact.</p>	<p>Insufficient funds will negatively impact the relationship between project owner and potential occupier, and may delay or prevent the delivery of the project ultimately leading to its discontinuation.</p> <p>This may result in withdrawal of the occupier identified from the project affecting not only this project but also the timescales for delivery of all EZ Outcomes and Outputs.</p>
<p>Probability & Impact (Please select the point on the matrix where the probability and impact converge to indicate the risk assessment)</p>	<p>16</p>
<p>Assessment</p>	<p>High</p>
<p>Mitigating Action</p>	<p>Project spend may overrun.</p> <p>We have built a 20% contingency into the cost plan. We have shortlisted (but not yet appointed) experienced Project Managers and Quantity Surveyors, two of whom have successfully worked with us in the past.</p> <p>The risk will be mitigated by reinvestment of business rates into the project. The site already generates c. £1,241,000 per annum, this project will bring additional £408,000pa taking the total to £1,649,000. bringing the return on investment to the LLEP down to c. 2.8 years.</p>
<p>Assessment post mitigation</p>	<p>Medium</p>

00003 Potential Tenant growth is delayed

<p>Description of risk including potential impact.</p>	<p>All businesses have been affected by the pandemic or the war in Ukraine and raising energy prices. These global challenges may affect the business growth of our potential tenant. Having said that the growth shared in this business case has been confirm by them just recently which would suggest they are working on assumptions that weaken their business case and still come out with string projections of 3 fold growth.</p>
--	--

Probability & Impact (Please select the point on the matrix where the probability and impact converge to indicate the risk assessment)	1
Assessment	Low
Mitigating Action	Charwood Campus has no influence over global macro economy challenges. It is probably best to be mindful of those and consider building resilience through maintaining a healthy P&L, healthy client pipeline. CCML is seriously exploring options to partner on delivering a solar farm energy to the campus to help ensure our long-term plans are not affected by these mid-term challenges and that the UK does not lose attractiveness to cheaper economies in the Far East. As soon as further plans are developed, they will be shared with the LLEP.
Assessment post mitigation	Low

00004 Resources

Description of risk including potential impact.	There is a skills shortage nationwide. We do not believe that this will affect the delivery of our construction project but it might affect the growth or the speed of growth of the prospective tenant.
Probability & Impact (Please select the point on the matrix where the probability and impact converge to indicate the risk assessment)	9
Assessment	Medium
Mitigating Action	There is a skills shortage nationwide. We do not believe that this will affect the delivery of our construction project but it might affect the growth or the speed of growth of the prospective tenant. CCML has launched Life Sciences Talent and Skills Academy to mitigate those risks. We will continue to work closely with educational centres around us to ensure the right type of pipeline of talent is available.
Assessment post mitigation	Low

00005 Tenant's insolvency

Description of risk including potential impact.	The tenant may cease to trade after say 3-5 years leaving the building unoccupied and failing to pay rents and business rates.
Probability & Impact (Please select the point on the matrix where the probability and impact converge to indicate the risk assessment)	5
Assessment	Medium
Mitigating Action	Charwood Campus will insure themselves against loss of rent in line with other leases for 36 months. This will give enough time to aggressively market (then recommissioned and ready to use building) in search for a new occupier within the UK or abroad. 3 years seems to be a long enough period to identify and secure a new tenant. Charwood Campus understands that as a landlord it will have to resume liabilities for business rates.
Assessment post mitigation	Low

00006 Tenant pulls out of the deal

Description of risk including potential impact.	Potential tenant pulls out of deal. The impact will be that the project does not proceed in the near future, and grant monies are not required. This will negatively affect the delivery of EZ outcomes and outputs.
Probability & Impact (Please select the point on the matrix where the probability and impact converge to indicate the risk assessment)	5
Assessment	Medium

Mitigating Action	<p>CCML will have no choice but to shelf the project while aggressively marketing trying to find another just as suitable potential tenant. The building has been sitting empty for 12 year now so this would be quite a task. This approach will protect the LLEP and lender.</p> <p>Having said that, it has been suggested that CCML enters Agreement for Lease as early as possible to de-risk the project.</p> <p>it is important to mention that this is highly unlikely scenario.</p>
Assessment post mitigation	Low
Procurement	
Is your organisation a contracting authority defined in the Public Contracts Regulations 2015?	No
If no, please set out the reasons	TBC
Can you confirm you have completed a list of contracts that will be used to provide goods, works or services to the project?	No
If no, please set out the reasons	This is work in progress as explained throughout this business case.
Dependencies	
If this project is dependent on outputs from other projects, please provide further details	No

Declaration	
Name	Malgorzata Gosia Khrais
Date	03/11/2022
Job title	Commercial and Marketing Director
Organisation	Charnwood Campus Management Ltd.
Are you authorised to submit this business case on behalf of the Promoting Organisation?	Yes

Project Members (LLEP use ONLY)	
Authors	Cheryl Maguire
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Project Role	Applicant

Approvals (LLEP use ONLY)	
Approvals	
LLEP Board	
Elizabeth Botmeh	
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Charnwood Campus – Small Molecule Research and Development Facility

Leicester and Leicestershire LEP Project Appraisal

January

2023

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1. Assessment Summary

1.1 Project details

Details for the Charnwood Campus Small Molecule Research and Development Facility are set out below:

Project Code	PR000435
Project Name	Charnwood Campus - B28E/B21 - Small Molecule Research and Development Facility
Promoting Organisation	Charnwood Campus
Legal Entity Status	Limited Company
Registration Number	09116109
Location of Project	Charnwood Campus Management Limited, Summerpool Road, off Bakewell Road, Loughborough, Leicestershire, LE11 5RD
Local Authority Area	Charnwood

1.2 Project Overview

The Project is requesting £4.649m to help address the need for highly specialised bio-chemistry clinical research facilities and support the development of currently unoccupied laboratories. The new facility will:

- support lifesaving medicinal discoveries;
- attract strategically Important research organisations;
- support the growth and development of medical and bio-chemistry technology; and
- generate jobs in the area, both directly and indirectly.

The development of the space would be part of the ongoing development of Charnwood Campus. The proposal would provide the opportunity to utilise the currently unoccupied world class bio-chemistry laboratory and drive lifesaving research and development.

The project responds to the high demand for highly specialised bio-chemistry clinical research facilities¹. Currently demand for laboratory space in the UK is strong and outstrips supply. This is well evidenced in the Business Case. The coronavirus pandemic accelerated the UK's biotech ecosystem,

¹ *Review of Wet Lab Space and Incubator Space for Life Sciences in the Cambridge Area* by University of Cambridge

but facility space has failed to increase to catch up with demand. This lack of quality facilities is driving companies out of the UK².

The project is also part of a larger project with the aims to create growth space for businesses by enabling Charnwood Campus to secure tenants who require specialised medicinal facilities.

In summary, the project aims to:

- encourage further investment by securing a nationwide bio-chemistry research firm, which in turn will help the campus to secure future life science tenants;
- encourage cross-sector technology transfer;
- utilise highly specialised laboratory space that is currently unused;
- provide growth space for businesses;
- generate additional business rates;
- create 100 high value jobs in the first 12 months and a total of 285 within 3 – 5 years, plus a substantial number of jobs indirectly in the supply chain;
- provide a variety of unit types and areas: office, plant, lab, holding area, procedure and other;
- support a thriving science cluster on a modern campus that supports health and wellbeing initiatives for occupants;
- provide a secure site with 24/7 access and flexible lease terms; and
- provide ample parking with 50 electric car charging spaces.

1.3 Project Costs

The project costs are stated as follows:

	£'000s	% of budget
Preliminaries, Commissioning and Misc	179	0.32%
Mechanical	1,870	3.38%
Electrical	586	1.06%
Training	23	0.05%
Landlord works	458	0.83%
Carbon/Energy Cost	630	1.14%
Car Park Development	500	0.90%
Other	1,017	1.84%

² FT article August 2022

	£'000s	% of budget
Works Total	5,263	9.52%
Building and Land	50,000	90.48%
Total cost of asset	55,263	100%

The works will re-commission 9,417 sq m of space at a cost of c£560 per sq m. Couch Perry Wilkes, experienced MEP engineers, have reviewed the proposed costs and adjusted where necessary.

The building to be developed has been valued at £50m, which is based on the valuation received from the insurers. Prices are based on a similar project completed on the site.

1.4 Project Timetable

The start and completion dates for the Project are as follows:

Stage	Date
Project start	October 2022
Works start	May 2023
Project end	November 2023

More detailed milestone information is set out in the table below.

Milestone number	Milestone description	Milestone Date
1	Engage legal team to support completion of the contract with legal authorities	31/10/2022
2	Evaluate Tender results (engage professional consultants (project manager, M&E designers, QS, project admin, architects) to finalise the designs and issue detailed cost plan and manage project to completion	30/11/2022
3	Recommissioning of the building starts - mobilisation period	12/12/2022
4	Designs and planning applications for car park to be commissioned, approved and submitted	31/12/2022
5	M&E Design and Tender for construction works	28/02/2023
6	Car park works to commence – Grand opening	02/05/2023
7	Grand opening – Charnwood Campus Small Molecule Research Facility	28/11/2023

8	Small Molecule Research and Development Facility Complete	30/11/2023
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1.5 Project governance and management

The Project will be led by Charnwood Campus Management Limited, who will be supported by appropriately qualified professional advisors and consultants including;

- project management and administration teams;
- M&E Design;
- principle contractor;
- legal team; and
- insurers.

The team will also be supported by the original members of the Taskforce established to deliver the Life Sciences Opportunity Zone.

A governance structure chart has been provided and looks reasonable for the type of Project.

1.6 State Aid

The business case relies on Article 56 of GBER, 'Investment Aid for Local Infrastructures', which allows for the financing of construction and upgrading of local infrastructures. However, it states that further legal advice will be sought to confirm this. Receipt of this advice should be set as a pre-condition of drawdown.

1.7 Credit rating

A credit report has been obtained for CCML which indicates that the company is low risk and has a strong credit rating. This has therefore raised no cause for concern.

1.7 Incentive effect

The business case states that, without the LLEP investment, the project would be unable to proceed in the timescales proposed and the opportunity may be lost, thus impacting future development of the local life sciences cluster. Having insufficient funds may impact the relationship with the potential tenant and potentially result in withdrawal of the prospective tenant.

If the Project does not go ahead in a timely fashion, the opportunity may therefore be lost and the potential for this project to be developed elsewhere would grow.

1.8 Outputs and social value

The detailed outputs and social value are set out in Appendix 1 to this report, and are summarised here for ease of reference:

Project Outputs	Measurement target	Measurement Source	Who is responsible for measuring the benefit?
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Project Outputs	Measurement target	Measurement Source	Who is responsible for measuring the benefit?
Jobs created (FTE) 3-5 years	300	CCML and tenant records	CCML
Commercial floorspace refurbished	9,417 sq m	CCML and tenant records	CCML
Generation of business rates	£408k pa	CCML records and reporting	CCML, CBC
Development of car parking spaces	50	CCML records	CCML
Jobs created	38% increase in employment in the LLEP area	CCML records	CCML

Based on the information stated in the Economic Case section of the business case, the jobs created result in a GVA contribution of £132.4m over a 15 year appraisal period.

1.9 Finance

Project funding

The Project is seeking £4.95m of funding from the LLEP and applicants' own funds. The total project funding is as follows:

	£'000s	%
In-Kind resources (CCML)	50,160	89%
LLEP (EZ Business rate investment fund)	4,649	8%
Applicant's own funds*	298	3%
Total	55,107	100

*£98k for M&E design and £200k for car park costs

Public sector funding therefore accounts for 8% of the overall funding requirement, with the remaining value being in the form of the existing building valuation, the cost of time invested by CCML and funds invested by CCML.

The LLEP funding is forecast as being drawdown as follows:

£'000s	2022/23	2023/24	Total
LLEP	1,860	2,789	4,649

First drawdown is forecast as December 2022, however, so CCML should be asked to reprofile the funding based on the latest timetable. It is likely that some of the 2022/23 funding will be pushed in 2023/24.

No specific security is being offered against the LLEP funding other than that which will be included in the grant documentation.

Business rate generation

Based on a rateable value of £797k, the business case states that the new unit will attract business rates of £408,000 per annum. This has been included in the value for money analysis.

Summary and recommendations

The remainder of this report sets out in more detail the review of the five cases in the business case submitted by the applicant. The Project has a strong business case. We believe the key risk to the Project is that the prospective tenant is not secured – this is reflected in the Commercial Case score, although the risk is well documented in the business case. The scoring for the business case is summarised in the table below:

Section	Completeness score (0 = not completed, 1 = very weak, 2 = weak, 3 = acceptable, 4 = strong, 5 = very strong)
Strategic Case	5
Economic Case	4
Financial Case	4
Commercial Case	3
Management Case	4
Total (out of 25)	20

As a result of the review completed, we would make the following recommendations which should be considered prior to the approval of funding:

Comment	Recommendation
The success of the Project is dependent on being able to secure an appropriate tenant.	The demand for the space being created is well evidenced in the business case, which provides comfort as to CCML's ability to secure the prospective tenant or, if this fails, a suitable alternative. However, LLEP should receive regular updates as to the status of negotiations and consideration should be given as to whether an Agreement to Lease should be a requirement of grant drawdown.
The business case assumes that the re-commissioned space will have a rateable value of £797k and will attract business rates of £408k per annum.	The LLEP should review the assumptions of rateable value and annual business rates with colleagues at the Council to ensure that they are reasonable.
The cost breakdown for the scheme is well	The LLEP should receive regular project updates, including

Comment	Recommendation
developed and has been prepared by Couch Perry Wilkes. However, there remains a risk that costs will increase above the budget.	revised cost plans, as the Project progresses.
The business case appends advice from Browne & Jacobsen on the subsidy position of the public funding.	The advice should be updated prior to the grant agreement being entered into. The advice should consider the overall position of Charnwood Campus, as it has received LLEP funding in the past.

1 Strategic Case

2.1 Background

Project description

The aim for Charnwood Campus is to become the centre of excellence for the Midlands, providing highly specialised world class facilities that will respond to the demand nationally for laboratory research and pharmaceutical manufacturing.

The facilities will provide a hub for grow-on business space and support the long-term development of next generation therapeutics. The attraction of high value employment and growing businesses to this site will be an important addition to the current businesses occupying the surrounding areas.

The Project will:

- expand the enterprise zone by enhancing innovation to enable life-saving discoveries;
- create 9,417 sq m of highly specialised bio-chemistry laboratories;
- re-commission existing premises that were previously used for bio medical research; and
- generate additional business rates for the Enterprise Zone.

In addition, parking spaces at the site are becoming limited, CCML has identified that there is 150,000 sq ft of floor space still available to be developed and have plans to create 50 electric parking spaces. The Project will deliver additional parking space capacity and electric charging points.

The team that will directly monitor the Project consists of experienced resource from CCML with a supporting team of admin, finance and technical professionals. In addition to this, previously utilised construction and building professionals have been invited to provide quotes for their services in relation to project management, project administration and project cost control services. The principal contractor will be tendered through a competitive tender process. Taylor Wessing have been appointed as legal advisors and Gallaghers have been appointed as the insurance advisors.

Current position

Leicestershire has a vibrant, diverse business community but is only in the relatively early stages of developing this in the high value knowledge-based sectors of Life Sciences and Space Science, both priorities in The Midlands Engine Science and Innovation Audit.

This inhibits the ability to retain life science talent and attract investment, as well as restricting the neighbouring Universities' ability to engage local business to support R&D and innovation that would drive productivity and the local economy.

The City and County has a range of enterprise centres that cater for creative industries (Makers Yard, Phoenix Workspace, LCB Depot), high tech and low carbon (Dock, Loughborough Technology Centre, LUSEP), Food and Drink (Leicester Food Park) and general office/ workshop space (Friars Mill, DMU Innovation Centre, Vulcan House, Linwood Workshops, Beaumont Enterprise Centre,

Business Box, Harborough Innovation Centre, Pera Business Park, Ark Business Centre, Oak Business Centre, Whitwick Business Centre, The Courtyard, Tanyard House, Ashby Town Hall Mews). However, none provide the dedicated bio-chemistry clinical research facilities.

The Centre and surrounding Zone is expected to catalyse opportunities for entrepreneurs, local universities and businesses to co-locate in an exciting, collaborative environment, thereby helping address this major gap.

It will increase the likelihood of business formation and survival, help existing business scale up, attract more investment, and create a high-tech cluster centred around the Enterprise Zone.

Failure to establish a bio-chemistry clinical research facilities in the area will be detrimental to the local economy in the medium to long term and will negatively affect the success of the Enterprise Zone. The opportunity to drive life-saving medicinal discoveries from the area would be lost.

A host of other cities in the UK (and internationally) have established bio/life sciences/med-tech innovation centres and the continuing absence of such a facility in Leicestershire will result in:

- reduced momentum;
- Life Sciences companies relocating to other regions of the country such as Birmingham, Nottingham, Cambridge or going overseas;
- loss of our talented graduates and workforce to other regions;
- delays and lack of development of our knowledge economy;
- reduced inward investment opportunities;
- lost opportunity and wealth from developing a dynamic life sciences cluster in the region;
- losing 'first mover' advantage for the Zone;
- reduced ability to secure funding through Industrial Challenge Fund/Innovate UK; and
- a delay in the delivery of Enterprise Zone outputs.

2.2 Strategic Rationale

In 2016, the LLEP was granted a second Enterprise Zone comprising three unique sites in a central corridor running between Loughborough and the north-west of Leicester. This multi-site Science and Innovation Enterprise Zone capitalises on the huge commercial market that lies between research and the commercial world, by creating an 'area of excellence' that will support new and growing businesses to bring their innovative ideas and products to market.

Charnwood Campus is one of these three sites. It is acknowledged as having specialist high quality laboratory accommodation and serviced office facilities which support the bio-medical and pharmaceutical industries.

Together, the Enterprise Zones maximise the 'cluster effect' that directly supports the LLEP and wider Midlands economy. The Strategic Economic Plan identifies a need for intervention and

specifically recognises the need to increase the areas share of knowledge-based employment to improve resilience and drive up GVA and earnings.

The business case submitted by CCML directly supports development of space to support the life sciences and bio-medical sector. It builds on the facilities already available on the campus and will develop currently unclaimed space to unlock commercial space and resultant job outputs.

The site is within the Enterprise Zone.

Strategic Economic Plan (SEP)

The SEP identifies “existing incubation spaces have high occupancy and a lack of appropriate grow on spaces creates a bottleneck”. The facility will provide specialist grow on space for the future tenant thus adding additional capacity to a specialist field.

The proposal also complements the Business Growth Hub’s objectives by supporting a highly specialised company and assisting with their long-term expansion plans.

Midlands Engine Science and Innovation Audit

The Zone has been prioritised in the Midlands Engine Science and Innovation Audit and the prospectus, successfully proposed to central Government, features the development of the Life Sciences Innovation Hub as a key priority.

Leicestershire County Council (LCC) Core Strategy

The LCC Core Strategy acknowledges the importance of increasing hubs for knowledge-based employment to improve regional resilience.

There is therefore a strong alignment between the Project and local strategic objectives and policies. This helps enhance the strength of the application.

2.3 Project Objectives

The specific objectives of the project are to:

- recommission and refurbish an existing building that was previously used for bio-medical research activities;
- provide 9,417 sq m of highly specialised medicinal bio-chemistry lab space and attract a high-growth tenant into the space;
- generate business rates for the enterprise zone;
- develop 50 new car parking spaces with electric car charging points;
- support the success of the Life Sciences Opportunity Zone and Enterprise Zone by establishing and growing companies on site, thus encouraging further inward investment and help to secure future life science tenants;
- create 100 high value jobs within the first 12 months and 285 within 3-5 years; and
- create a further 1,425 jobs through the supply chain based on an industry average of 1:5 for high value jobs.

2.4 Summary

There is a strong strategic case for investment in the Charnwood Campus Life Sciences Opportunity Zone Innovation Centre. There is strong alignment between the Project and the local strategic objectives and policies.

2 Economic Case

3.1 Options Considered

The business case sets five options for project delivery:

- **Do Nothing** – no further development is undertaken. This is likely to result in the loss of another high growth biomedical research organisation to the region.
- **Do Minimum** – under this option a small space/floor of a building on Charnwood Campus would be refurbished. This is not felt to be viable as the building does not lend itself to sub division due to the laboratory nature of the space.
- **Fund the Project through external commercial investment** – the option to secure external investment has been explored but has not been successful. The founders are already fully invested in the Project, and the existing rental flows are only just starting to be realised (following rent free periods and other incentives). The business is therefore too start up in nature and does not yet have a stabilised rental income stream. Waiting for this to happen would result in an unacceptable delay to the Project.
- **Deliver the Project through LLEP investment** – the funding will allow the acceleration of the Project and delivery by late 2023. This will help secure the prospective tenant and should also help to catalyse further developments on site.

3.2 Shortlisted options

There is no scoring or assessment of the objectives against the project objectives, which we would expect for a funding request of this size. Such scoring is usually undertaken in order to arrive at a shortlist which is then taken forward to a more detailed costing exercise. Scoring against the project objectives would also allow a cost-benefit analysis to be completed on a short list of options. Instead, the business case jumps straight to the use of LLEP funding as the preferred option.

3.3 Analysis of shortlisted options

As noted under section 3.2, there are no shortlisted options, other than the preferred option. HMT guidance states that the Do Nothing/Do Minimum option must be taken through to more detailed analysis as the reference case.

3.4 Evaluation of preferred option benefits

The costs of the Project are stated as £5.107m, excluding the value of the building put forward as match funding. This is analysed in more detail in the Financial Case.

The development is assumed to result in 100 high-value jobs in the first 12 months as projected by the tenant, a further 185 in the following 3-5 years and a further 1,425 jobs surrounding the supply chain. The direct jobs created have been recalculated below.

Job creation

The HCA Employment Densities Guide (“the Guide”) dated November 2015 can be used to drive the following assumptions:

- Net Internal Area (“NIA”) is typically 15-20% less than Gross Internal Area, however this can be higher in specialised buildings. The business case states an NIA of 4,628 sq m across the laboratory and business unit space, with a NIA of 2,102 sq m allocated to labs and 2,526 sq m allocated to office space.
- The Guide states densities of between 10 and 13 sq m per employee for B1 (a) Offices (General Office), with 13 sq m being assigned to Corporate which includes manufacturing and engineering. It would therefore seem reasonable to assume 13 sq m for job generation in this case.
- For B1 (b) R & D space, the Guide provides a benchmark of between 40 – 60 sq m per employee. For the purposes of the analysis, we have used the 40 sq m per employee benchmark in order to be prudent.

The above would give a job creation figure of 222 FTE, 47 relating to the lab space and 174 relating to office space, after the 10% reduction for displacement relating to knock-on effects of new jobs in the local economy. A 1.29x multiplier is then applied in line with HCA guidance, giving a new adjusted figure of 286 FTE.

Value per job

The value per job has been generated using two sources:

1. Annual Business Survey May 2019, category M - Professional, Scientific and Technical Activities – for employment costs and average number of employees – used to drive a value per employee.
2. ONS Regional and Sub-regional Productivity February 2019, Table B1 gives an adjustment for Leicester vs UK as a multiplier of 1.29.

Using these two sources gives an assumed value per job of £30,804 and GVA per annum of £8.829m.

Other adjustments

Other adjustments have been made as follows:

- A reduction of 10% has been made to the job numbers to allow for an element of displacement within Leicestershire. This is a standard approach which acknowledges that some of the businesses moving into the workspace might be moving from elsewhere in the region and therefore an element of the employees working out of the space are not new.
- Applying a multiplier of 1.29x (as set out in the HCA Additionality Guidance 2014). This adjustment reflects the knock-on effects of the new jobs on the local community. This may

be, for example, an increase in purchases in the locality. 1.29x is the composite multiplier identified in the guidance for B1 space.

Summary

The table below sets out the results of the analysis based on the assumptions above and a 15-year period

15 year appraisal period	
FTE direct jobs	246
Less: 10% displacement	(24)
Add: 1.29x multiplier	64
FTE total	286
GVA per annum (£'000s) – full occupation	8,829
Total GVA - discounted (£m)	74,545
Discounted cost of facility incl land (£'000s)	53,141
NPV of benefits (£m)	21,404
Funding requested in this business case (£'000s)	4,649
Total public funds (£'000s)	4,649
BCR (GVA/public funding)	16.03
BCR (net benefits/public funding)	4.60
BCR (GVA/funds from this business case)	16.03

Based on the analysis, over a 15-year time frame, the BCR for the Project is estimated at 16.03 when GVA is compared against public funding and the estimated positive NPV generated is £21.4m.

The Project is expected to create 286 jobs. This is higher than the 222 high value jobs stated in the business case due to the application of the 1.29x multiplier recommended by guidance. The assessment in the business case is therefore prudent and the value for money of the Project is strong.

3.5 Wider impacts

CCML will develop and utilise local resources with an emphasis on purchasing supplies and services from local businesses. The project is expected to promote local employment and use a local supply chain wherever possible, In the event of difficulties supplying these, due to the specialist nature, employees will be recruited nationally and therefore bringing value into the local area.

CCML is already engaging with the local community in a range of ways, e.g. supporting parkrun initiatives by providing access to running tracks through their land and promoting parkrun events on Campus, organising donations to support the disadvantaged and arranging foodbank collections.

Environmental sustainability

CCML is committed to significantly improving EPC rating on existing buildings, introducing energy and water efficiencies by adapting new technologies and innovative design solutions and introducing recommended planned preventative maintenance regimes.

The current Project assumes installation of new heat recovery systems, smart meter installations, LED lighting, insulation of hot water pipes amongst other sustainable approaches.

In addition, electric charging points and bike sheds are to be provided on the site. The ultimate goal is to encourage car sharing, biking and public transport use. Environmental sustainability is a permanent item on the landlord/tenant monthly meeting agenda across the Campus.

CCML's grounds maintenance schedule will be expanded to include the new development land and areas around Dishley Lake. The schedule already includes maintaining public pathways and trees outside of the perimeter to encourage walks and to facilitate growth of plants, shrubs and trees. The grounds maintenance schedule also gives due consideration to wildlife (accounting for nesting periods, natural methods to slow down moss/weed growth and minimising use of chemicals).

3.6 Monitoring of benefits

The business case sets out in some detail the processes which will be followed to monitor the Project.

CCML will submit reports to LLEP through the Verto System. Previously the Verto system would be able to create separate sections with reference to the project. This will enable one area for data to be collected and records can be kept by CCML with full visibility by the LLEP.

The success of the Project will be monitored against the following:

- the continued relevance and consistency of the Project;
- the progress of the Project against the targets detailed in the business case;
- the experience of delivering and managing the Project;
- the economic impact attributable to the Project; and
- the cost-effectiveness of the Project and its value for money.

The success of the project will be measured in two phases:

- assessment of the construction project; and
- assessment of the objectives of the project .

A full summative assessment will be delivered within three months of completion of the works. Future assessment reports will then be available at the end of each year.

The reporting processes seem reasonable and in line with expectations.

The business case states that the costs of monitoring the Project have been included in the project budget.

3.7 Summary

The Project is forecast to create 222 jobs in the business case, which is the main driver behind a significant contribution in terms of GVA. As noted above, this is believed to be prudent based on our analysis. The NPV of GVA benefits of the preferred solution for the Project is £74.5m, although it is not clear what the GVA under Do Nothing option would be. For the purposes of this assessment, it is assumed that there is no GVA under the Do Nothing option as the space remains unutilised.

The Project has a positive net NPV of £21.4m, which supports the investment.

The case for investment therefore seems reasonable, and our analysis supports the conclusion in the business case. However, there is no sensitivity analysis included to assess the robustness of the preferred option choice.

4 Financial Case

The financial case sets out the cost of the Project and how the cost will be funded.

4.1 Project Costs

The cost of the Project has been estimated at this stage at £5.107m and the value of the existing land required for the Project is £50.000m. The costs have been based on experience of developing the campus to date and have been prepared by Couch Perry Wilkes. The costs include a 20% contingency fee to factor in any market volatility.

	£'000s
Preliminaries, Commissioning and Misc	179
Mechanical	1,870
Electrical	586
Training	23
Provisional sums	402
Landlord works	458
Carbon/Energy Cost	630
Car Park Development	500
Works Total	4,649
Additional car park costs (match funded)	200
CCML internal time (match funded)	160
M&E design fees (match funded)	98
Building and Land	50,000
Total cost of asset	55,107

4.2 Project Funding

The proposed project funding is analysed as below:

	£'000s	%
In-Kind resources (CCML)	50,160	89%
LLEP (EZ Business rate investment fund)	4,649	8%

	£'000s	%
Applicant's own funds	298	3%
Total	55,107	100

4.3 Funding Cashflow

The cashflow for the project in terms of funding is set out below:

£'000s	2022/23	2023/24	Total
LLEP	1,859	2,790	4,649
Internal time (CCML)	-	160	160
Applicant's own funds	98	200	298
Land	50,000	-	50,000
Total	51,957	3,150	55,107

4.4 Business rate generation

The business case states £7.344m additional business rates are expected to flow to the entity throughout the remaining 18 years of the Enterprise Zone. Based on assumptions provided by Charnwood Borough Council, the Project is expected to generate business rates of c£408k per annum. Based on funding of £4.649m, this provides a pay back period of c11 years from the business rate flows.

4.5 Key financial risks

The business case includes key risks in the Commercial and Management Case. The risks considered seem reasonable given the nature of the Project. The key risk is still believed to be withdrawal of the prospective tenant. Entering into an Agreement to Lease as soon as possible should be pursued.

4.5 Summary

The costs of the Project are predominantly funded by the LLEP, with CCML making an in-kind contribution through the provision of the land and internal resource to deliver the Project, plus some funding towards M&E design fees and the cost of the car park. The financial return in terms of business rates seems reasonable and gives a payback period of c11 years.

5 Commercial and Management Case

5.1 Commercial Case

The commercial case for the Project should consider the demand for the space that will be provided, and also the procurement of the contract to complete the recommissioning of the building.

The business case identifies a prospective tenant for the space, and comments on the need to enter into an Agreement for Lease as soon as possible. It also confirms that the contract for the commissioning of the building will be put out to tender.

The commercial aspects of the business case are light but sufficient.

5.2 Management Case

Project management

Construction phase

The first part of the Project will be closely monitored by the Campus management team.

- Charnwood Campus team will spend up to 50% of their time developing and delivering the construction project.
- Charnwood Campus has delivered construction projects to the values exceeding £20m over the past 3 -4 years.
- The team consists of Admin, Finance and Technical professionals.
- The performance of the delivery partners will be controlled by:
 - Asses tender results and prepare tender documents
 - Robust contractual agreements
 - Robust contractual agreements that protect the interest of CCML
 - Robust framework for delivery parallel to the timeframe for the project
 - Ensuring the legal team review all contracts at the start of the project
 - Control of on-going costs;
 - regular inspections by construction professionals
 - Bi-weekly project progress meetings

The construction project will be assessed against outputs contained within this business case.

The project management arrangements for the Project seem reasonable, although detailed terms of reference for each of the project team, aligned with the project timetable, should be established prior to commencement of the works.

Project timetable

The project timetable is set out below:

Milestone number	Milestone description	Milestone Date
1	Engage legal team to support completion of the contract with legal authorities	31/10/2022
2	Evaluate Tender results (engage professional consultants (project manager, M&E designers, QS, project admin, architects) to finalize the designs and issue detailed cost plan and manage project to completion	30/11/2022
3	Recommissioning of the building starts - mobilization period	12/12/2022
4	Designs and planning applications for car park to be commissioned, approved and submitted	31/12/2022
5	M&E Design and Tender for construction works	28/02/2023
6	Car park works to commence – Grand opening	02/05/2023
7	Grand opening – Charnwood Campus Small Molecule Research Facility	28/11/2023
8	Small Molecule Research and Development Facility Complete	30/11/2023

Completion is therefore programmed for November 2023, although the programme should be updated to allow for approval of the funding occurring later than December 2022.

Risks

The Commercial and Management Case section highlights six key risks to the Project. These are set out in the table below.

Risk	Comment
Insufficient resources	Nationally there is a skills shortage. This is not expected to affect the delivery of project but may stunt expansion in the meantime regarding the prospective tenant. CCML have launched Life Sciences Talent and Skills academy to mitigate this risk across all sectors.
Funding shortfall	Having insufficient funds would negatively impact the relationship between project owner and the potential occupier. This may result in withdrawal of the occupier identified in the business case. The risk of this will be mitigated by appointing a

Risk	Comment
	highly experienced project manager and quantity surveyor.
Potential tenant growth is delayed	Due to the current ongoing challenges around the world causing a crippling rise in energy prices and stunting business growth this may put a squeeze on business expansion for the potential tenant. The risk for this is low and CCML is exploring options to partner with a solar farm to bring energy to the campus to ensure long term plans are not affected by medium term challenges.
Cost overruns	Cost overruns could occur which would adversely affect the delivery of the Project, causing delays and affecting project owners' credibility. Business rates generated will reduce over the EZ period. 20% contingency for this has been factored in.
Tenant insolvency	With the current worldwide challenges as mentioned above, the tenant may cease to trade after 3-5 years leaving the building unoccupied and business rates not being collected. This is a low risk and to mitigate this risk Charnwood Campus have insured themselves against loss of rent for 36 months which will give Charnwood enough time to secure a new tenant.
Tenant withdrawal	Prospective tenant pulling out of the deal is low but a possibility. The impact this would have would halt progress of the project which in turn would negatively effect the delivery of EZ outcomes and outputs. To mitigate this risk it has been advised that CCML enters the agreement for lease at the early possible date.

The risks look reasonable for a project of this nature.

5.3 Summary

The Management and Commercial Cases for the Project are sufficient and the proposals reasonable.

Appendix 1 – Benefits register

Benefit ID	Outputs & Outcomes Category	Outputs & Outcomes Sub Category	Detailed Description	Output / Outcome	How will the output / outcome be measured	Measurement Source	Who is responsible for measuring the benefit?	Assumptions	What are the risks or issues to realising the benefit
BEN.435.01	Jobs	Jobs created	222 high value jobs expected to be created. Prospective tenant expects up to 285. High value jobs will have a wider impact on the local economy.	Outcome	Record keeping and reporting	CCML and tenant records	CCML	Up to 300 people employed Y3-Y5	External global and macro-economy factors could slow down the already conservative company growth potential.
BEN.435.02	Land & Commercial Property	Commercial Floorspace Refurbished (sqm)	Recommissioning of Small Molecule Research building. Redevelopment/ Regeneration of 9,417 sq m (101,363 ft) of office and lab space.	Output	This output is quantifiable and can be evidenced through final building plans. It will require record keeping and reporting.	CCML and tenant records	CCML	Evidenced by review of appendix 6. The survey was undertaken by a third-party company.	Supply chain delays – external factors that will be mitigated by careful planning and locking prices.
BEN.435.03	Other	Other	Generation of business rates through creation of rateable commercial floor space. £408k PA and £7,344m over the next 18 years.	Outcome	The outcome is quantifiable through business rate payments.	CCML records and reporting.	CCML, CBC will both rely on valuation office records.	Business rate projections are estimated based on the net floorspace in square	Insolvency of prospective tenant-external factors.

Benefit ID	Outputs & Outcomes Category	Outputs & Outcomes Sub Category	Detailed Description	Output / Outcome	How will the output / outcome be measured	Measurement Source	Who is responsible for measuring the benefit?	Assumptions	What are the risks or issues to realising the benefit
								metres	
BEN.435.04	Land & Commercial Property	Area of site reclaimed, (re)developed or assembled (ha)	Creation of 50 green car parking spaces with car charging points	Output	CCML records and QS report	QS report, Photographic evidence	CCML	Application for the planning permission for the car park will be approved and turned around in 8 weeks	Planning permission delayed.
BEN.435.05	Jobs	Other	38% increase in knowledge-based employment in LLEP area	Outcome	Extrapolated from wider data source, such as LLEP annual business survey and ONS	ONS data, Business survey	CCML	Occupation of building at full capacity	Macro-economic challenges

Paper G - Apx3

From: [Malgorzata \(Gosia\) Khrais](#)
To: [Cheryl Maguire](#)
Subject: B28E/B21
Date: 01 February 2023 16:52:23
Attachments: [image007.png](#)

Hi Cheryl,

Hope you are fine.

I just wanted to confirm that the potential tenant for B28East (the B28/21 project) is keen to progress to successful completion asap. The outline of the commercial deal (Heads of Terms) has been agreed by both sides and we both employed legal teams to take this forward. To ensure we manage the risk of tenant dropping out we are introducing Agreement for Lease (AFL) which legally binds the tenant to enter the pre-agreed lease when construction works are finalised. In order to complete AFL we require full technical design and tender pack to avoid ambiguity as to the specification in which the building will be handed over.

We are working to the following deadlines:

- February 2023 – CPW to finalise technical design for B28E and power supply to car park
- March 2023 - tender pack with drawings prepared by CPW finalised and reviewed by Project Managers and legal team, tender pack ready to be published
- April 2023 – while waiting for tender results and assessment of tender responses, CCML enter FF agreement with CBC, LLEP, LCC and AFL with tenant
- April 2023 – tender assessment, the process of appointing principle contractor starts
- April 2023 – principle contractor shortlisted, interviewed, JCT contract drafted and signed
- May 2023 – construction starts, 6 month programme
- November 2023 – certification, inspections, start of the handover
- December 2023 – end of construction, handover, tenant entering lease
- Q1 of 2024 – snags

Both parties have incurred substantial costs already. Both parties are determined to proceed. We have weekly/bi-weekly meetings where the commitment to progress is clear to all.

I really hope we will be able to progress the EZ reinvestment project very soon to ensure we secure yet another very promising, high growth potential company that has recently secured large VC investment and is very keen to deliver their ambitious business plan operating from our site and creating high value jobs locally. What is making this project even more exciting is the fact that it is expansion and not relocation or consolidation.

Please let me know if you require any further information.

Kind regards,

Gosia



Gosia (Malgorzata) Khrais, BSc (Hons), PGDip, CQI (She/Her)
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LLEP Business Tracker Survey

Wave 4 – December 2022



Research objectives



The Leicester and Leicestershire Partnership (LLEP) wished to conduct a Covid-19 Business Tracker survey with the purpose of understanding the needs of local businesses to inform policy-making and ensure support is appropriately targeted.

The core research objective is to provide insight into key issues being faced by businesses.

Specific objectives include:

- Monitoring KPIs / business confidence / perceptions of economy;
- Identifying business support needs;
- Exploring how businesses are adapting to change following the pandemic;
- Providing robust evidence to support funding bids.

Research landscape

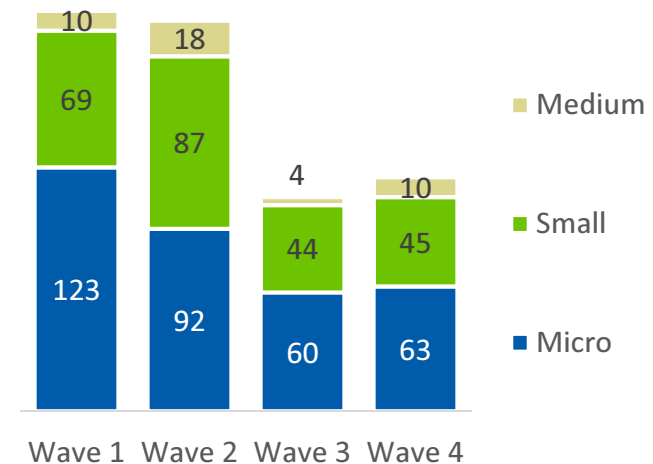
- This survey was the fourth wave of the LLEP Business Tracker
- Wave 1 - 202 businesses were interviewed by telephone (Dec 2020 – Jan 2021)
- Wave 2 used a range of approaches and took place between Mar – June 2021
 - 60 Revisited businesses from Wave 1 (39 online 21 telephone)
 - 137 additional telephone surveys with new businesses
- Wave 3 contacted the 339 businesses who had previously participated (Oct – Dec 2021)
 - 37 online and 71 telephone surveys – 108 overall
- Wave 4 contacted all businesses that had previously participated (Oct - Nov 2022)
 - 28 online and 90 telephone surveys – 118 in all
- The telephone interviews lasted 20 minutes and surveys covered
 - Training and skills
 - Recruitment
 - Digital investment
 - Environmental issues
 - Imports and export
 - Business Performance

Who we spoke to

- 23% of the interviews were in Leicester City, the remainder were in Leicestershire. (28% were in Leicester City for Wave 1, 20% for Wave 2, 27% for Wave 3)
- Businesses were categorised in three sizes:
 - Micro businesses have 2–9 employees
 - Small businesses have 10–49 employees,
 - Medium businesses have 50-199 employees.

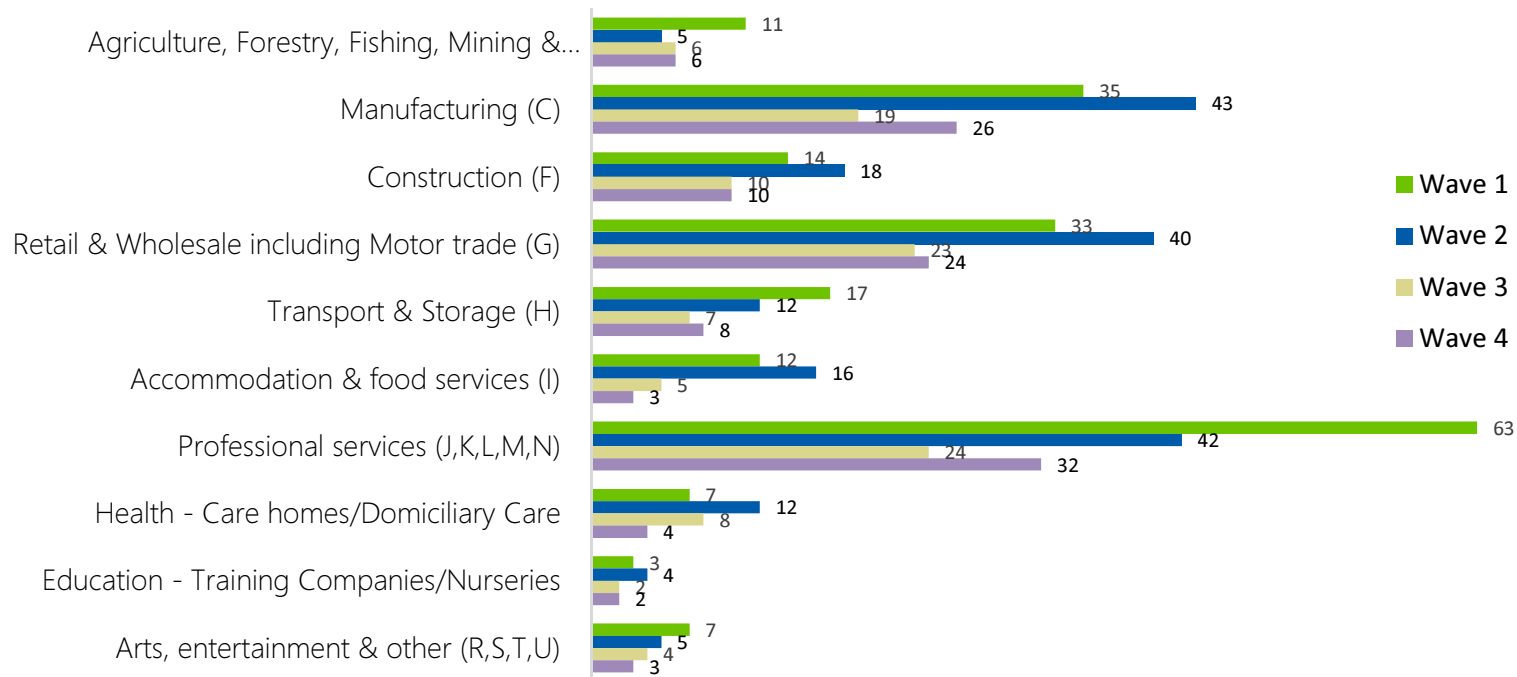


Business size



Who we spoke to (2)

- The number of businesses interviewed by SIC code is shown below

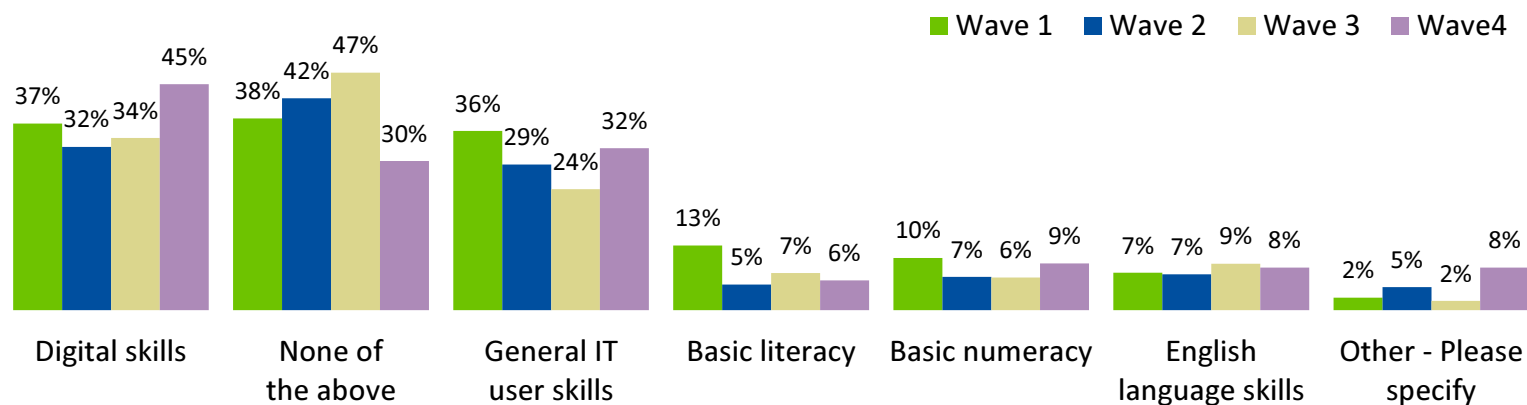


Staff – recruitment, training, skills, and wellbeing



Nearly half feel digital/IT skills need improving

- Three out of ten (30%) organisations were happy with their workforce's basic skills – this is the lowest level recorded.
- The main area of concern remains Digital skills – such as social media, Zoom, MS Teams, Slack – this is a concern for nearly half (45%) of businesses, this is an increase compared with previous waves.
- This waves shows a growth in those who would like to see an improvement in General IT user skills (now 32%) after an apparent decline during previous waves

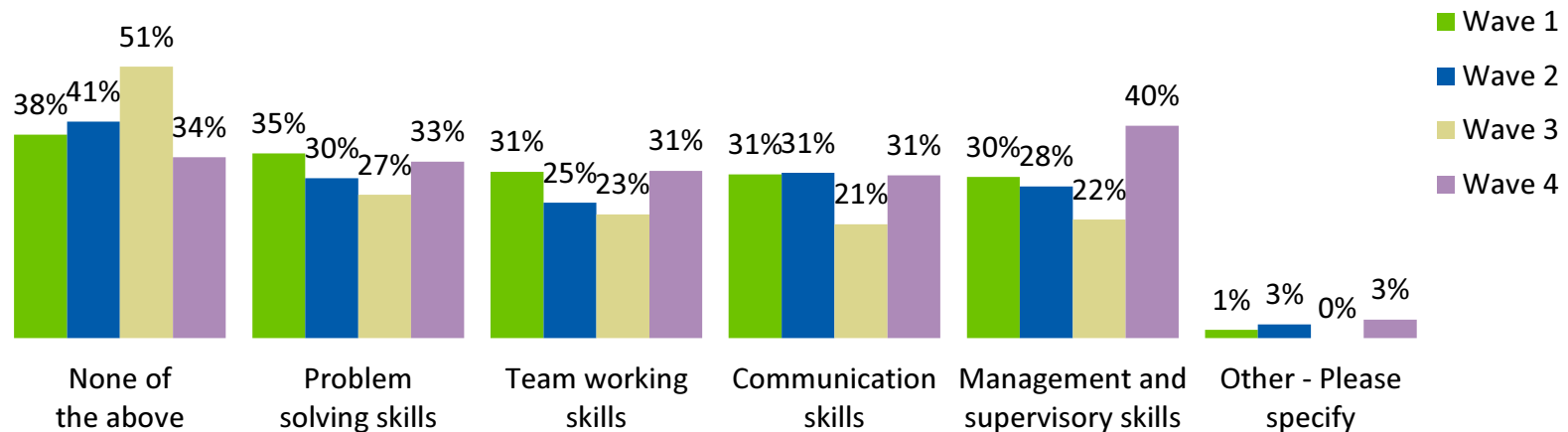


Q6a - Which of the following basic skills would you like to see improved within your existing workforce?

Two thirds have a need for improved work based skills



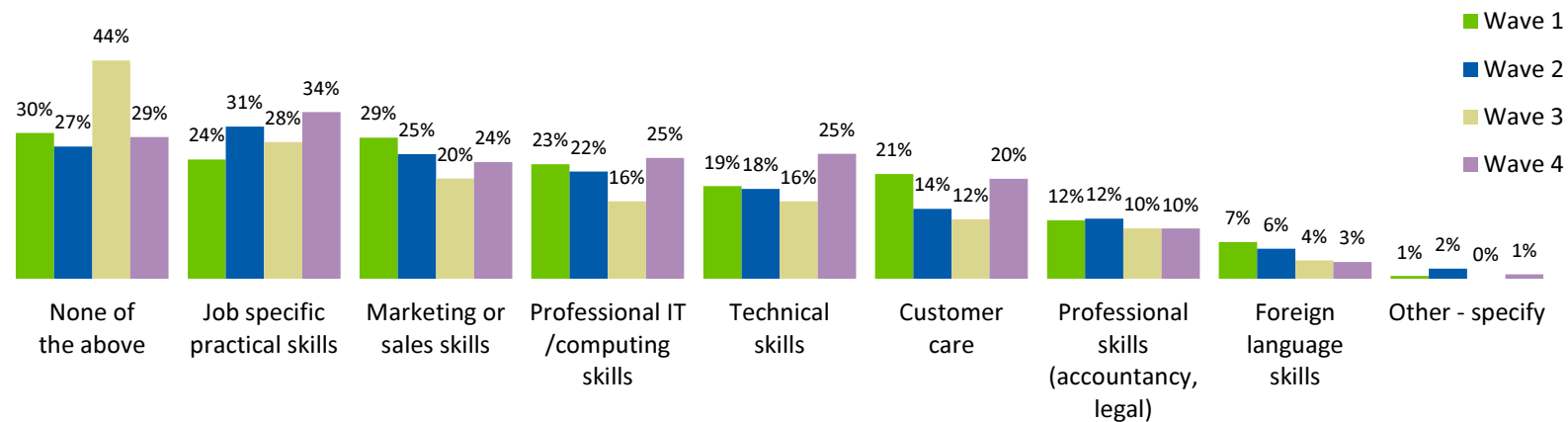
- Two thirds (66%) of businesses saw some need for improved work based skills.
 - This is higher than in all previous waves.
- As in earlier waves micro businesses were less likely to identify any skill gaps than larger businesses (49% v 85%).
 - Small size may reduce need for some of these work based skills (communication, team working).
 - Micro business are less likely to take on less experienced employees who are entering the labour market for the first time (see [Slide 17](#)).
 - Owner / managers are still fulfilling key roles.



Q6b - Which of the following work based skills would you like to see improved within your existing workforce?

7 in 10 have technical or job specific skill needs

- 71% of businesses identified a technical or job specific skill they'd like to see improved. This is more than in Wave 3 (56%) but in-line with Waves 1 & 2 (73% and 70% respectively).
- The greatest requirement is from businesses requiring job specific practical skills (34%). This is now 10 percentage points higher than in Wave 1.
- Around a quarter (24%) of businesses would like to see marketing or sales skills improved.

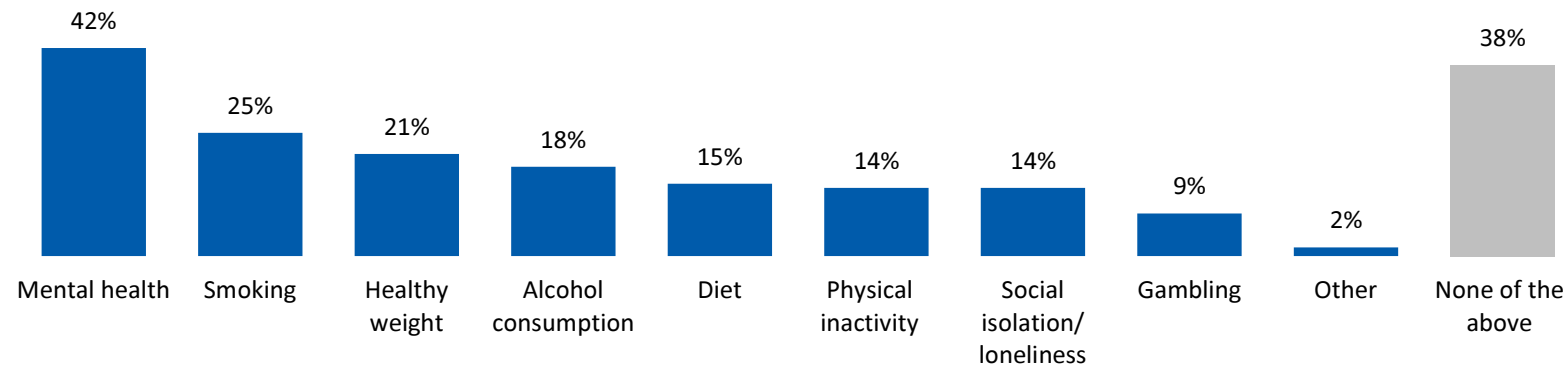


Q6c - Which of the following technical or job specific skills would you like to see improved within your existing workforce?

Over two fifths of businesses are concerned about the mental health of their workforce



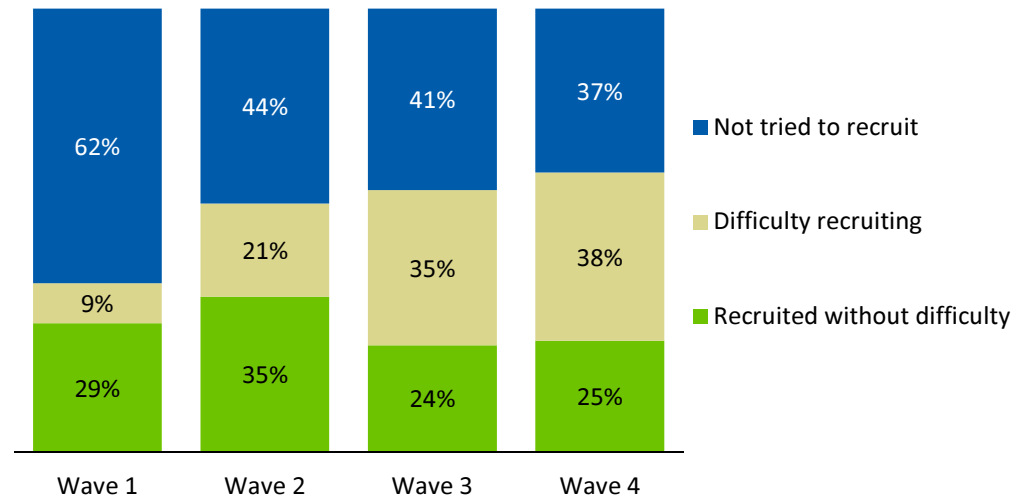
- Over two fifths (42%) of employers are concerned about the mental health of their employees.
- A quarter (25%) were concerned about smoking
- Around a fifth were concerned about healthy weight and alcohol consumption



W4_NQ1 - When thinking about your workforce, which of the below items relating to their wellbeing concern you?

Experience of recruitment

- Over three fifths (63%) of businesses have tried to recruit in the last 6 months.
- Around two fifths (38%) of experienced difficulties with recruitment in the last 6 months. This continues an upward trend, with 9% experiencing difficulties in Wave 1, 21% in Wave 2, and 35% in Wave 3.

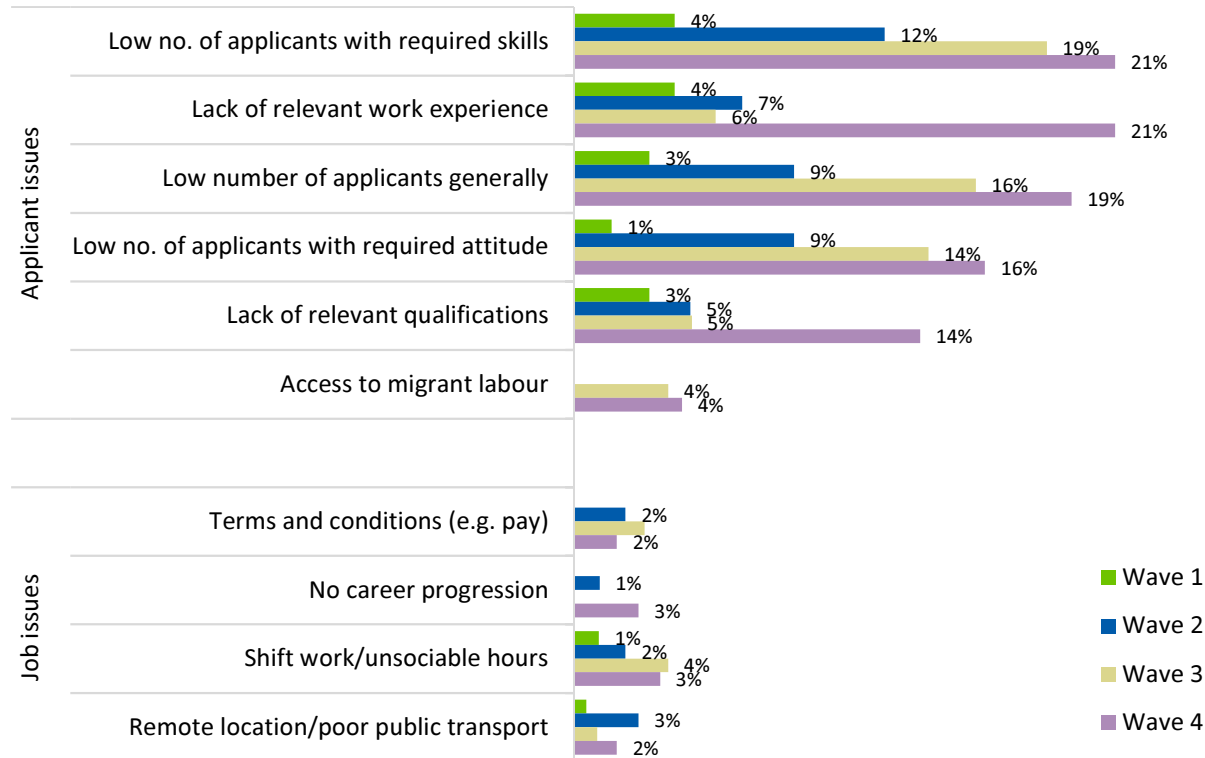


Q7 – Has your business recruited any staff who have started work in the last 6 months?

Q8 – Has your business experienced any difficulties in recruiting staff in the last 6 months?

NB: Q7 and Q8 changed in Wave 4 to ask about last 6 months instead of the last 2 months, comparisons should therefore be treated with some caution

Recruitment challenges faced



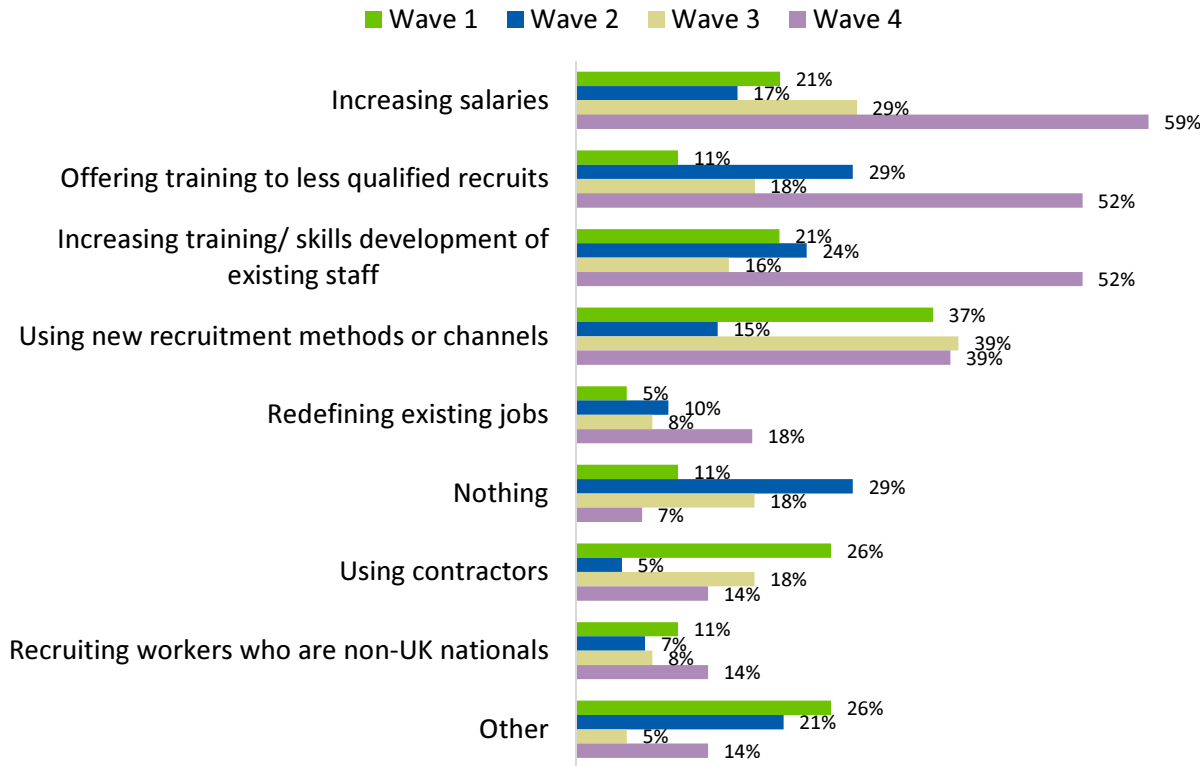
- In Wave 4 businesses identified a lack of applicants with the required skills (21%), lack of relevant work experience (21%), low numbers of applicants overall (19%), low numbers with required attitude (16%), and a lack of relevant qualifications (14%).
- Applicant issues are up when compared with prior waves of the survey. Job issues remain relatively consistent

Q9 What are the main causes of recruitment difficulties?

6 in 10 businesses who are having difficulty recruiting are increasing salaries to help recruitment



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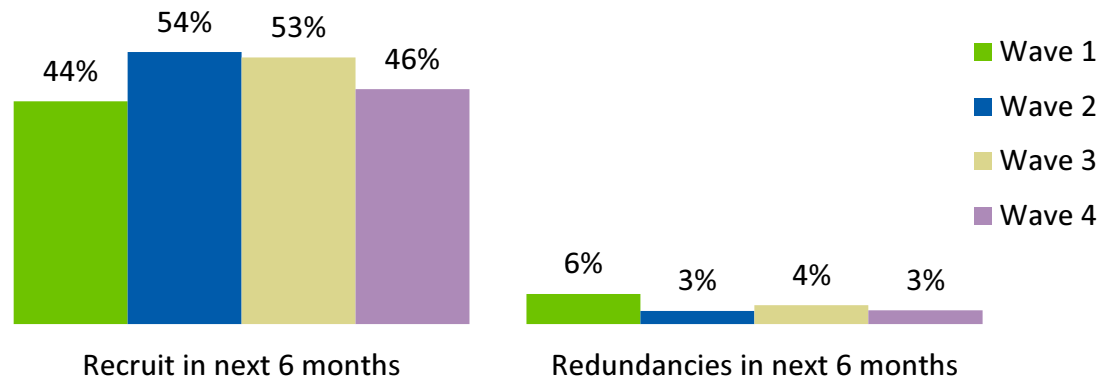
- Sharp rise in the percentage of businesses increasing salaries in response to difficulties recruiting (29% to 59%).
- Also increases in the percentage of companies offering training to less qualified candidates (18% to 52%) and increasing the training and skills of existing staff (16% to 52%).

Q10 – What, if anything is the business doing to overcome recruitment difficulties? – only those businesses having difficulties

Under half expect to recruit in next 6 months



- Just under half (46%) expect to recruit in the next 6 months –
 - Increases to 64% amongst small/ medium businesses (falls to 31% in micro businesses)
- The percentage expecting to recruit has fallen compared to waves 2 & 3 (54% and 53% respectively) and is more in-line with Wave 1 (44%).
- This is likely a product to increasing pessimism about business growth (see slides [56](#) & [57](#)).

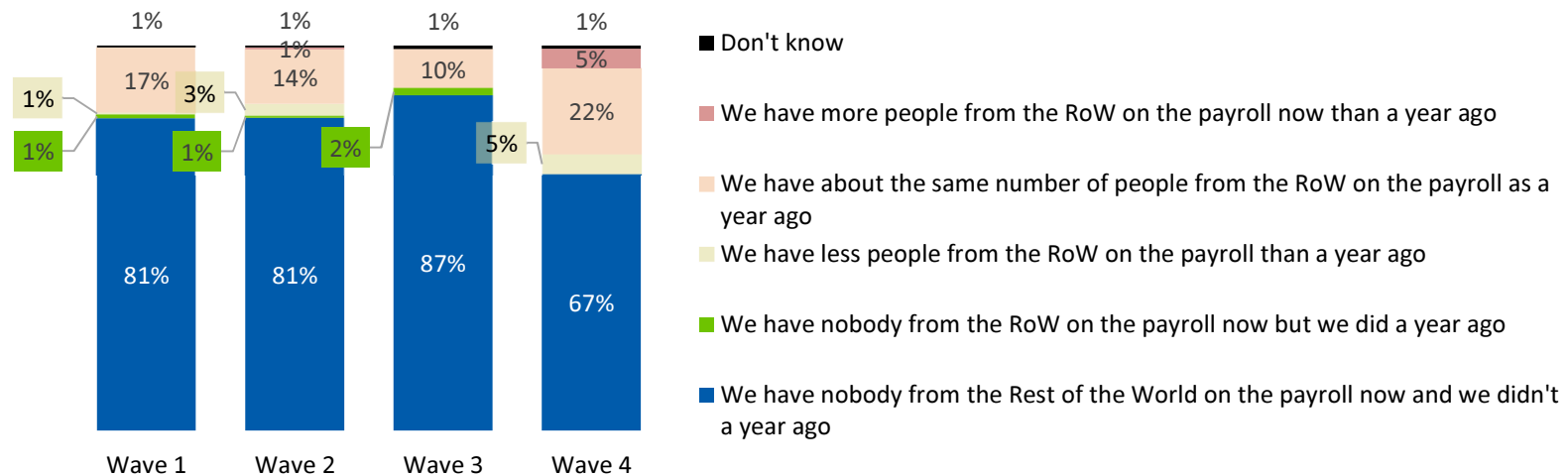


Q11 - Is your business looking to recruit in the next 6 months?

Q12 - Is your business looking to make redundancies in the next 6 months?

Employing staff from elsewhere

- Two thirds (67%) of businesses do not employ anybody from the Rest of the world*
- 5% of businesses have more people on their payroll from RoW than a year ago. This maybe a product of a shortage of domestic labour and easing travel restrictions compared with previous waves.



Q15 - And does your business employ more or less people from elsewhere than a year ago?

* Rest of the World = anywhere outside EU and the UK

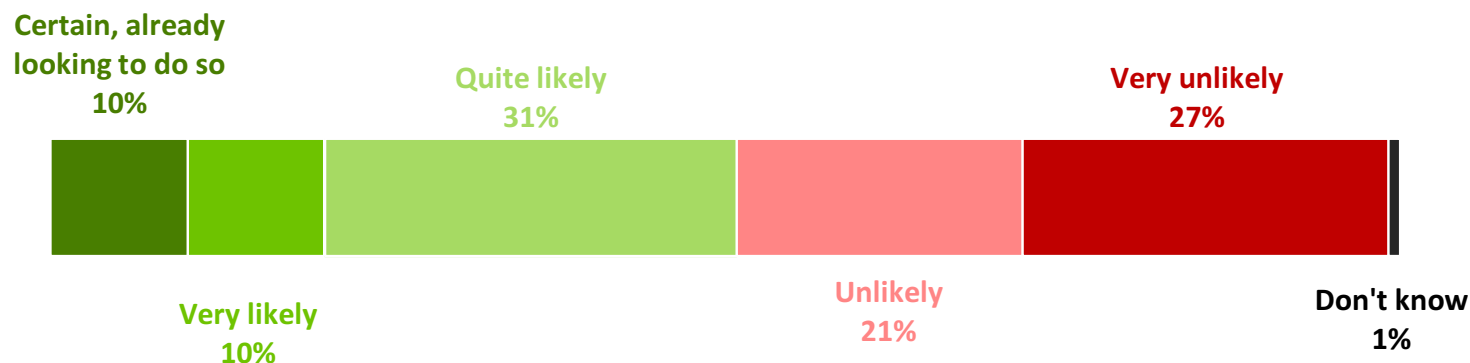
From education to the workplace



Over half of businesses are likely to hire someone finishing education in the next 12 months



- Over half (51%) of businesses are likely to hire someone for their first job after leaving school, college or university in the next 12 months. A tenth of businesses are already looking to do so.
- Micro firms are less likely to be looking to recruit someone for their first job compared with small and medium sized businesses (35% and 69% respectively).

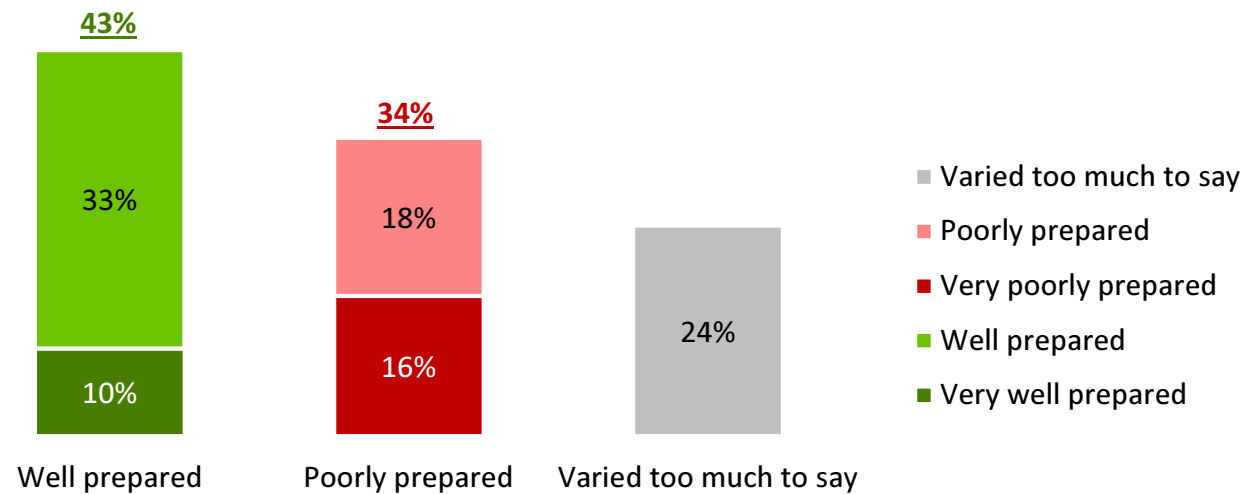


W4_NQ2_new - How likely is your business to take on someone for their first job after leaving school, college or university in the next 12 months?

Were those leaving education prepared for work?



- Over two fifths (43%) of businesses that have hired someone for their first job after leaving school, college or university in the last 2-3 years think those leaving education were well prepared for work. Around a third (34%) thought those recruited into their first job were poorly prepared for work



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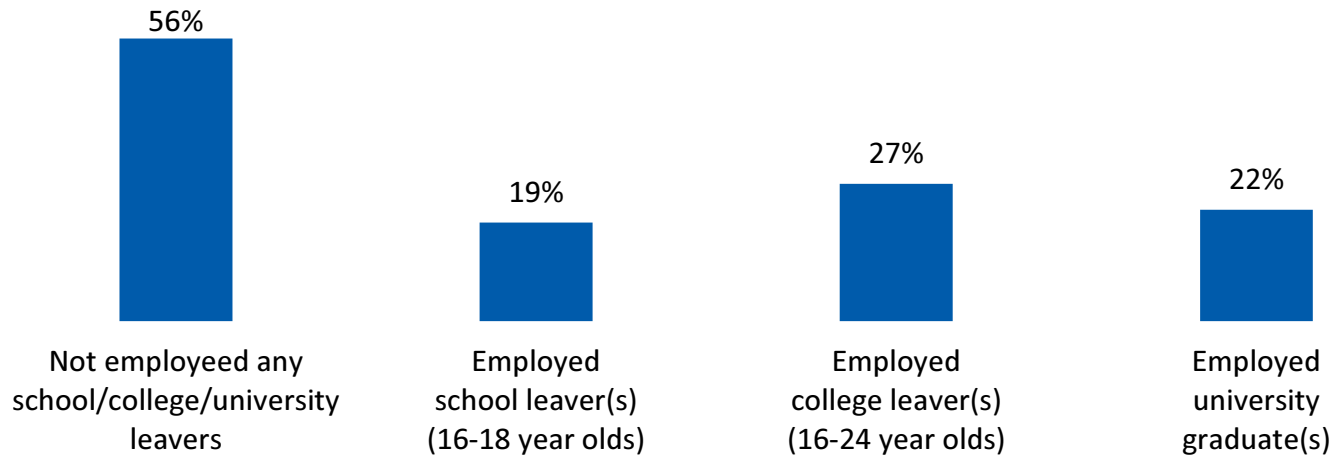
W4_NQ5 - Thinking of those recruited into their first job in the last 2-3 years, how well prepared for work would you say they have been in general? (Asked to the 51 businesses that have taken on someone for their first job after leaving school, college or university)

Over two fifths of businesses have hired someone leaving education in the last 2-3 years



- Over two fifths (44%) of businesses have hired someone for their first job after leaving school, college or university in the last 2-3 years.
- The most common source of first job employees was college leavers (27%) followed by university graduates (22%) and then school leavers (19%).

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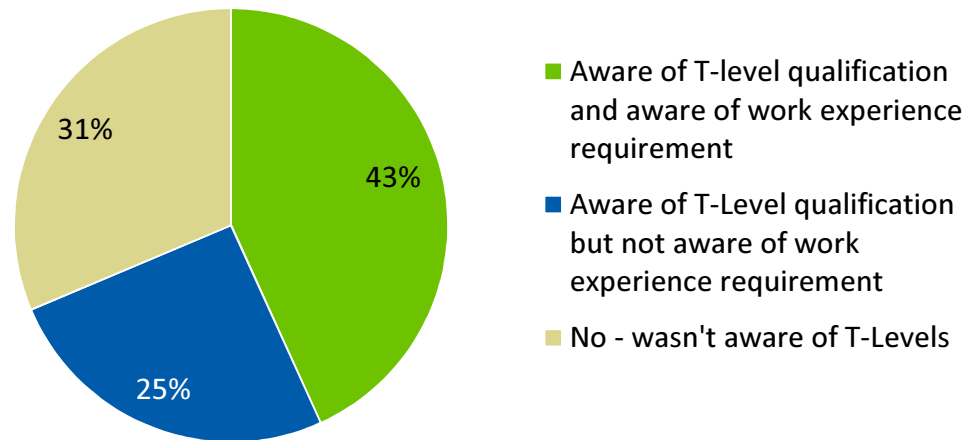


W4_NQ3 - In the last 2-3 years, has this site taken on anyone for their first job after leaving school, college or university?
W4_NQ4 - Has this included any of the following?

Awareness of the T-level technical qualification



- Over two thirds (69%) of businesses were aware of the incoming T-level technical qualification with over two fifths (43%) aware that the T-level contained requirements for a work experience placement.

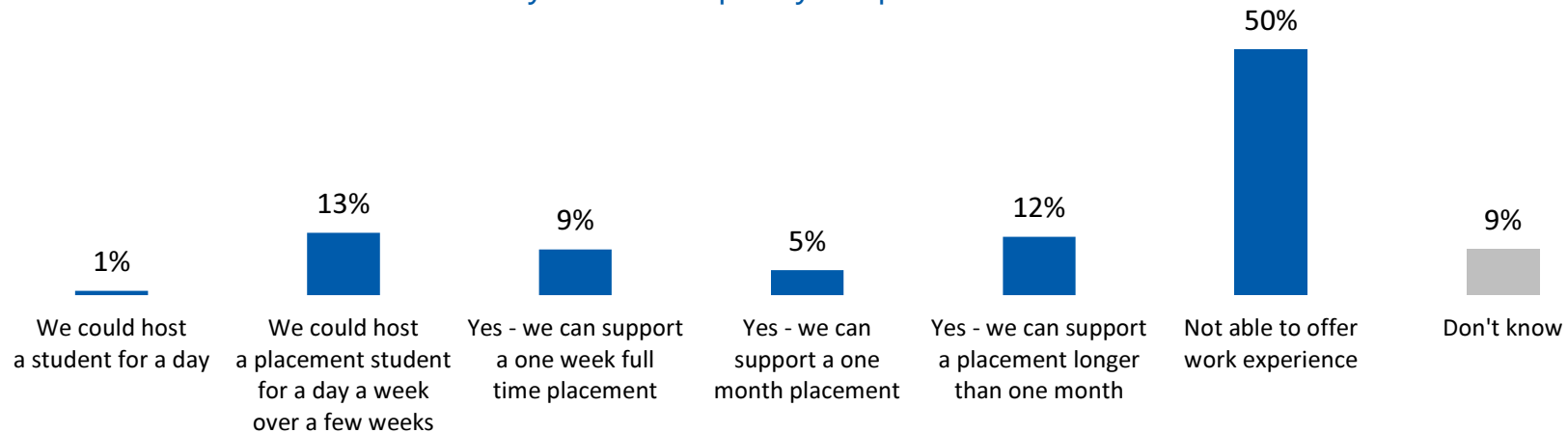


W4_NQ6 - Are you aware that the incoming T- Level technical qualifications (a vocational alternative to A-Levels, taught from 2020), require students to have a work experience placement?

Over two fifths of businesses have some capacity to offer work experience placements



- Over two fifths (42%) have capacity to offer work experience.
 - 17% can offer a placement of at least a month.
 - 23% can offer placements of a week or less.
- Micro businesses are less likely to have capacity for placements.



W4_NQ7 - Does your business have the capacity to offer work experience including as part of T - Levels?

W4_NQ8 - What length of work experience placement could your business accommodate? i.e. a day, a week, a month or an extended T level placement

Barriers to offering work placements



Size of business

- It's a very small business. There's only three of us and one is part time. We would not be able to devote time to them and do not think what we could offer would be valuable to them.
- Just one staff member here. It is a time issue to train and help any staff when it is just me here.
- Not enough income to support anybody else. It is just a small farm.

Available Time

- A lack of time to train them and a high workload.
- I don't have the time or the work to offer them a placement.
- Sheer workload. We have so much on at the moment. We cannot have anyone who is not working 100 percent or who is not able to complete tasks fully. We don't have the capacity to train anyone.

Technical restrictions

- It's to do with licencing issues. They need an HGV licence to work here.
- We are a specialised area that isn't for mainstream employment. We could train someone, but it's not something you could learn at college or university and then come to us for work experience. We would have to teach them from scratch.
- We are very, very technically specific in what we do. It would take us a year to teach someone what we do in order for them to be useful within the company.

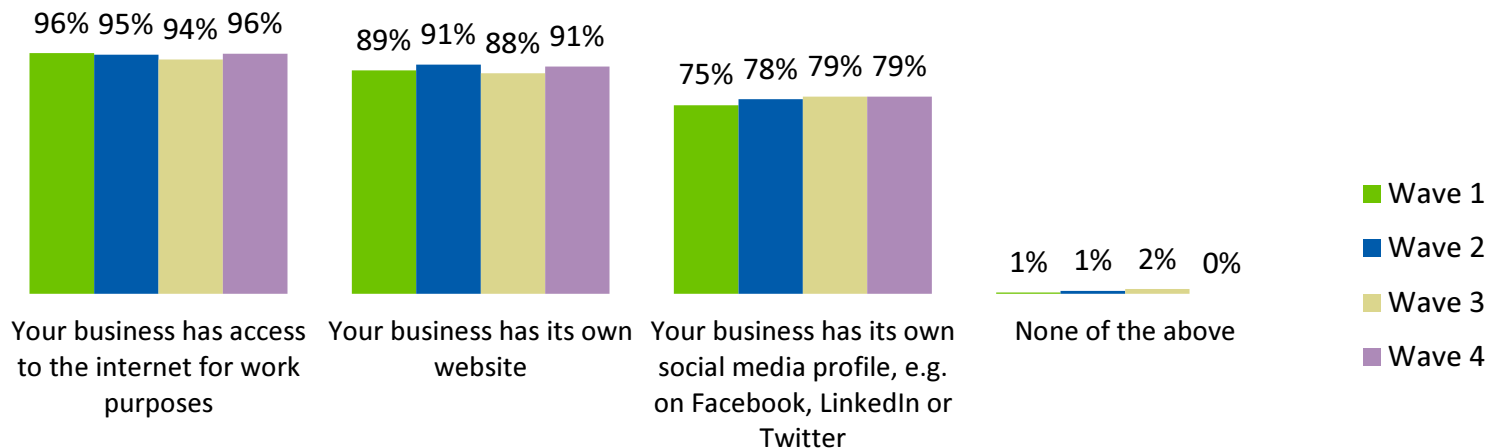
Digital transformation



Four fifths of businesses have social media



- Almost all have access to internet (96%).
- 91% have a website with micro businesses less likely to do so.
 - 83% of micro businesses and 100% of small / medium businesses.
- 79% have a social media presence (+4 percentage points to Wave 1).
 - Micro business are less likely to be present on social media (71%) businesses.



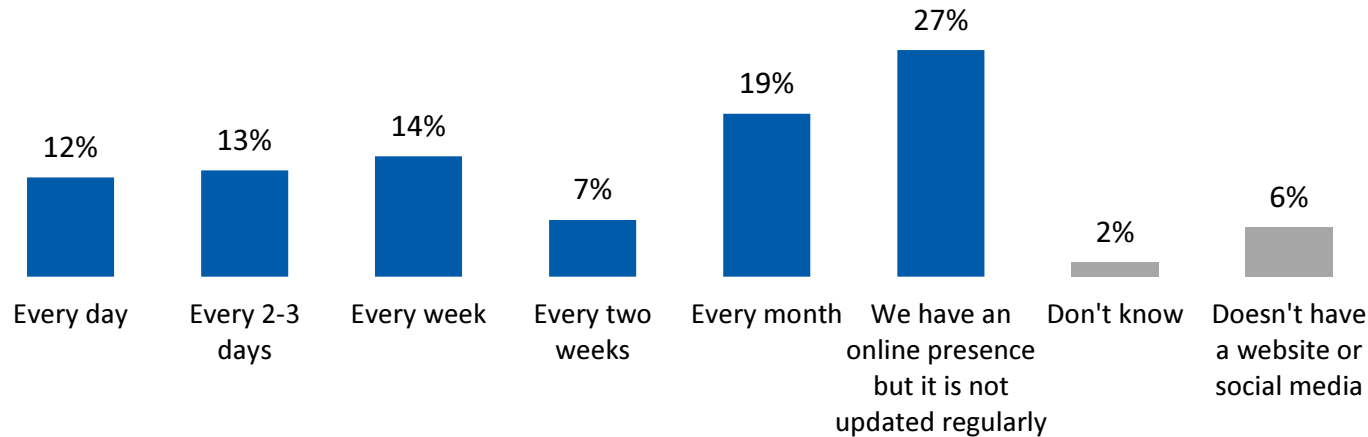
Q16 - Which of the following apply to your business?

Updating online content



While the vast majority (94%) of businesses have an online presence there is a wide variety in how often content is updated.

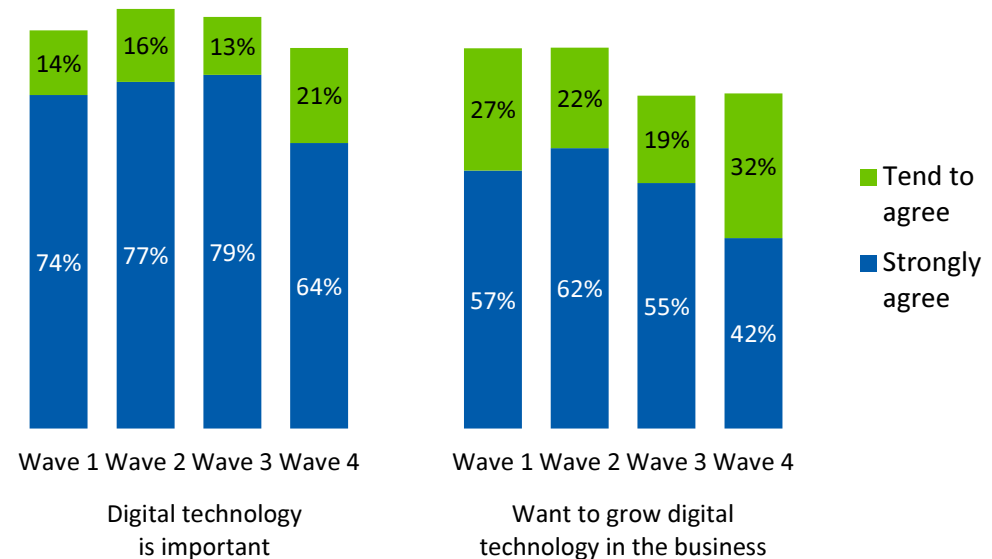
- 39% update online content at least once a week.
 - 12% update content every day.
- 27% are present online but only irregularly update content.



Most agree digital technology is important



- Most (85%) agree that digital technology is important – a slight decline since Wave 3.
- The proportion agreeing they want to grow the use of digital technology (74%) matches Wave 3.



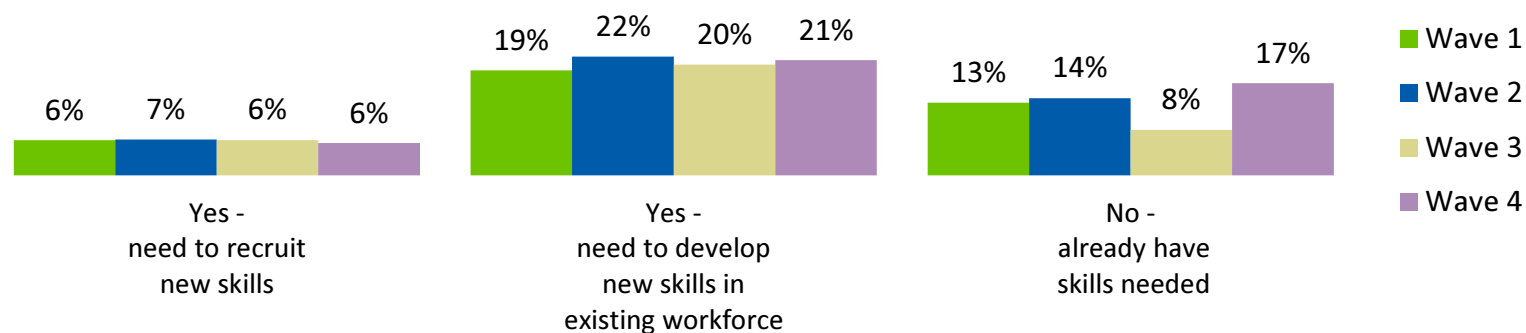
Q17a - How far do you agree or disagree that digital technology is important to your business?

Q17b - How far do you agree or disagree that you want to grow the use of digital technology within your business?

Over two fifths have invested in digital technology in last 6 months



- Over two fifths (44%) have invested in digital technologies over last 6 months.
 - A slight rise compared with Wave 3 (33%) but similar to Wave 2 (41%)*
- Similar to previous waves around one in five (21%) need to develop new skills in their workforce to use these new technologies.
- 17% felt they already had the skills needed in their organisation - an increase compared to Wave 3.



Q18 - Have you invested in any digital technologies (such as software, hardware, better broadband, CRM systems or specialist digital machinery) in the last 6 months?

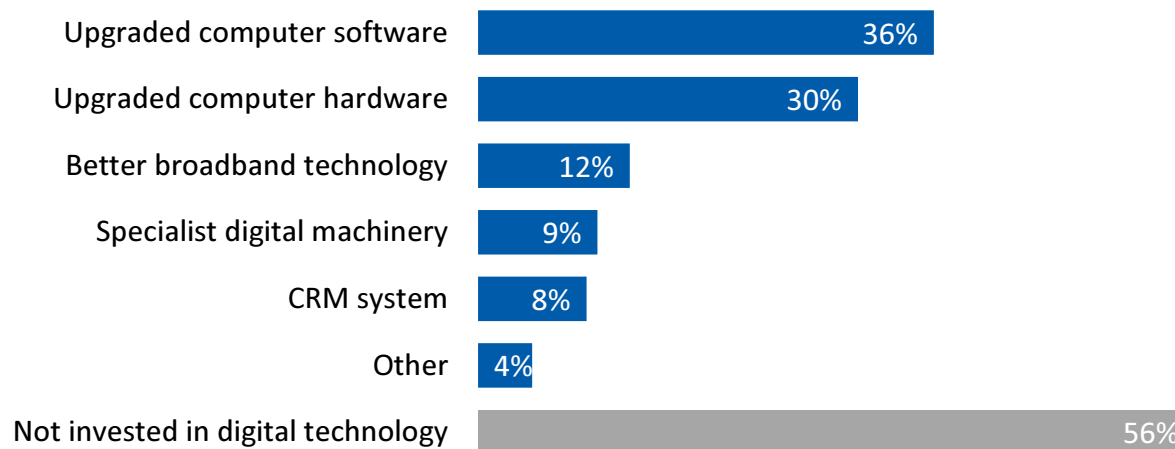
Q19 – Has this required you to recruit or develop new skills in your workforce

*In prior waves this question was asked about the last 2 months. Comparison with previous waves should therefore be treated with some caution

Over a third have invested in upgraded computer software



- Over a third (36%) have invested in upgraded computer software in the last 6 months.
- This was followed by 30% who upgraded computer hardware and 12% who invested in better broadband technology.



Environmental issues

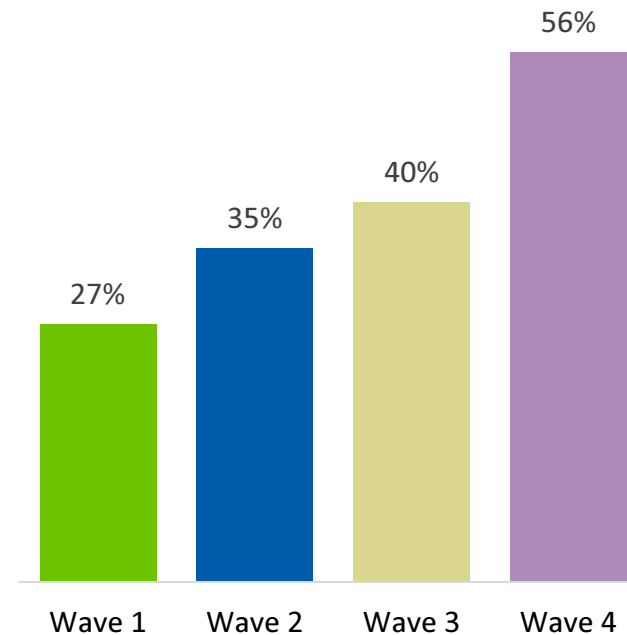


A growth in environmental action

Over half (56%) say they have taken action to reduce their environmental impact in the last 6 months.

- This continues an upward trend since Wave 1*

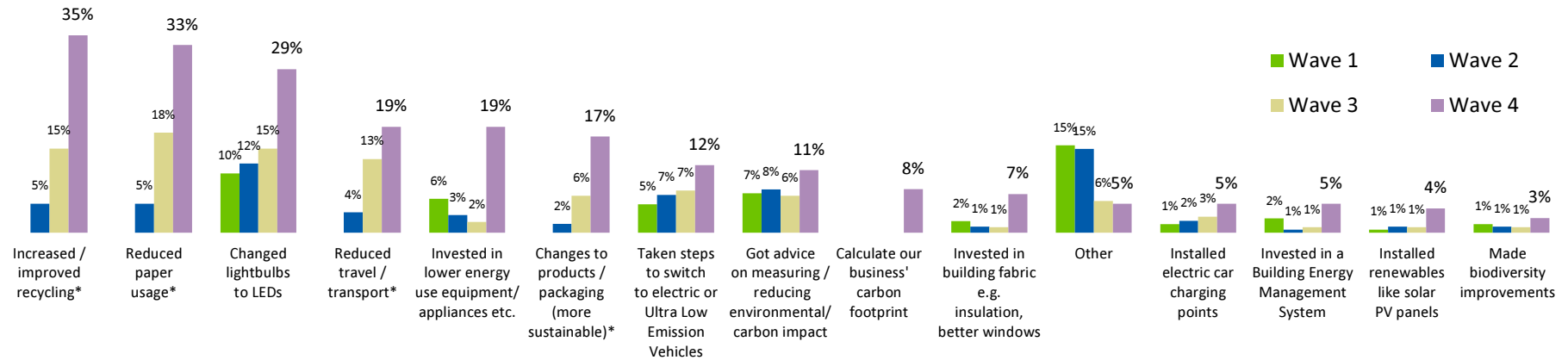
Cost was the most commonly mentioned barrier to taking action to reduce their impact on the environment as well as a lack of environmentally friendly alternatives.



A growth in green measures since Wave 1



- The most frequent actions were increased recycling (35%), reduced paper usage (33%), changing lightbulbs to LEDs (29%) and reduced travel/transport (19%).
- All measures have seen increases since Wave 3***



Q21 - Which of the following activities to reduce the carbon impact of your business have you undertaken in the last 6 months?

*Answer not available as pre-coded response option in Wave 1

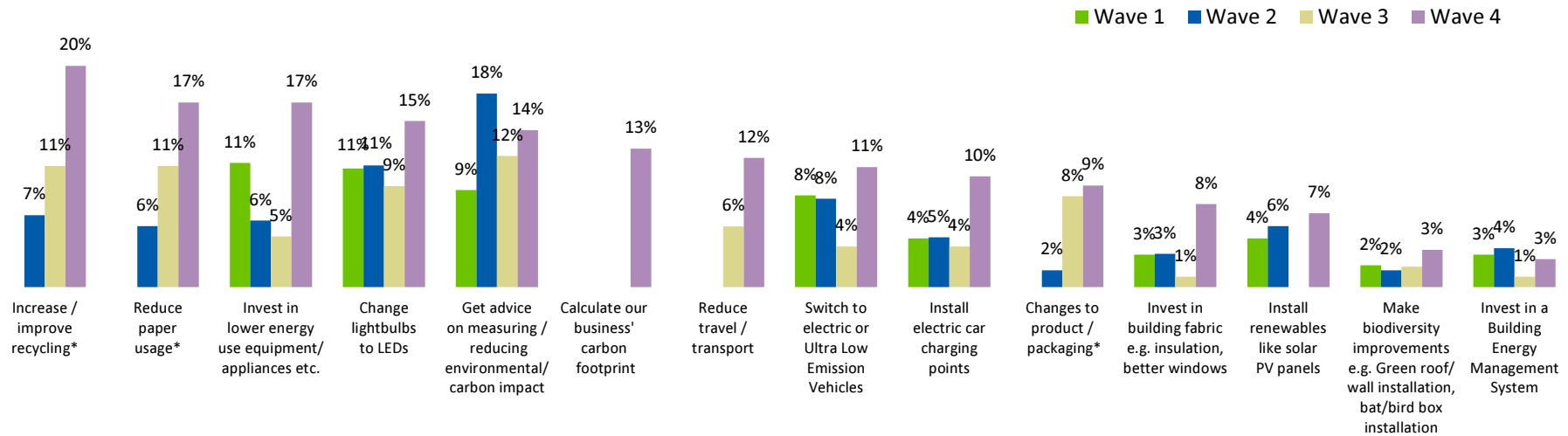
** Response option added in Wave 4

***In prior waves this question was asked about the last 2 months. Comparison with previous waves should therefore be treated with some caution

Green plans for the next 6 months



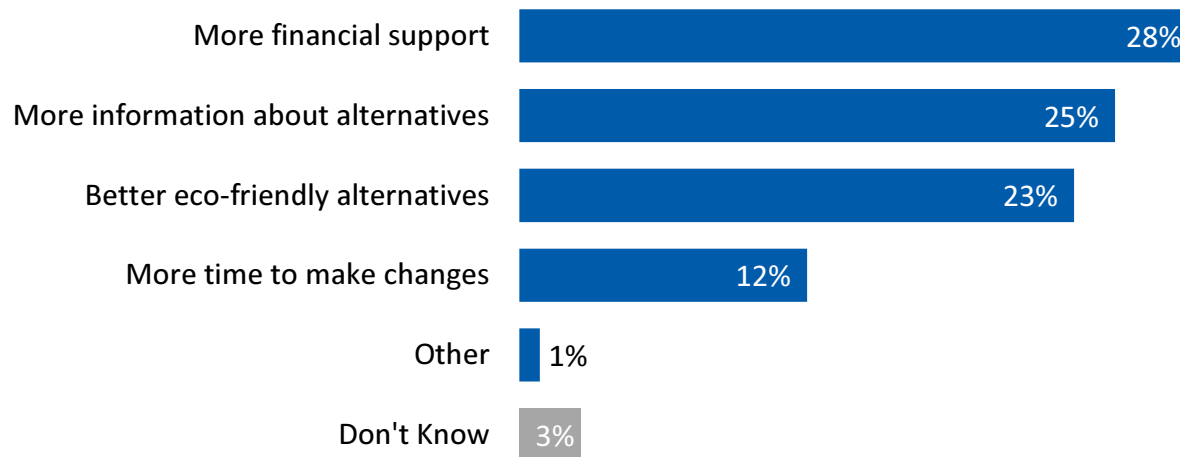
- More than two fifths (42%) plan to take action to reduce carbon impact in next 6 months.
 - This is higher than in Wave 3 (36%).
- 20% plan to improve their recycling, 17% plan to reduce paper usage and 17% also plan to invest in lower energy equipment.



Q23 - Which of the following activities to reduce the carbon impact of your business do you plan to undertake in the next 6 months?
 * Answer not available as pre-coded response option in Wave 1

Over a quarter highlight the need for more financial support to make eco-friendly changes

- 28% say more financial support would help them make changes that are beneficial to helping tackle climate change.
- One in four wanted more information about eco-friendly alternatives
- 23% want to see improved alternatives.



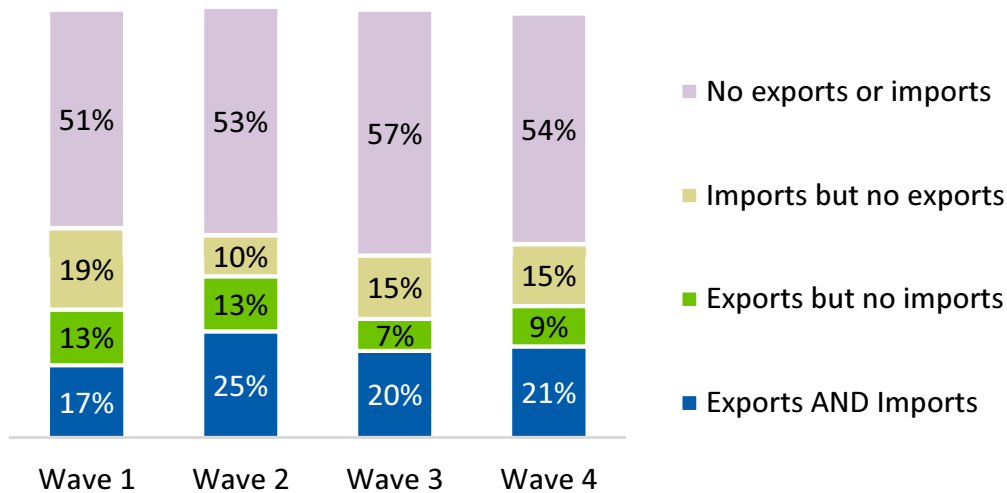
W4_NQ13 - What would help you make (more) changes that are beneficial to helping tackle climate change?

Exports and imports



Exporters and importers

- Over half (54%) of businesses we spoke to are not involved in any international trade.
 - 21% of businesses both import and export products or services from outside the UK.



Q24 - Does your business export products or services outside the UK?

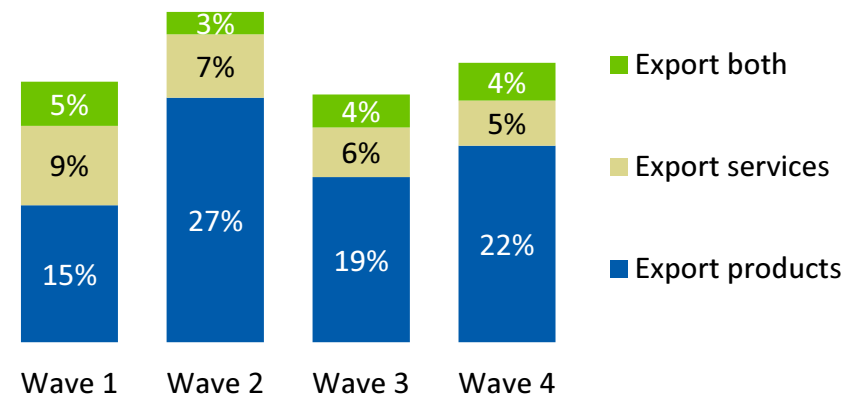
Q28 - Does your business directly purchase any physical supplies goods materials or stock from suppliers based outside the UK?

1 in 3 businesses are exporters

- 32% of the businesses we spoke to were exporters.
 - 26% were exporting products.
 - 9% were exporting services.



Exports

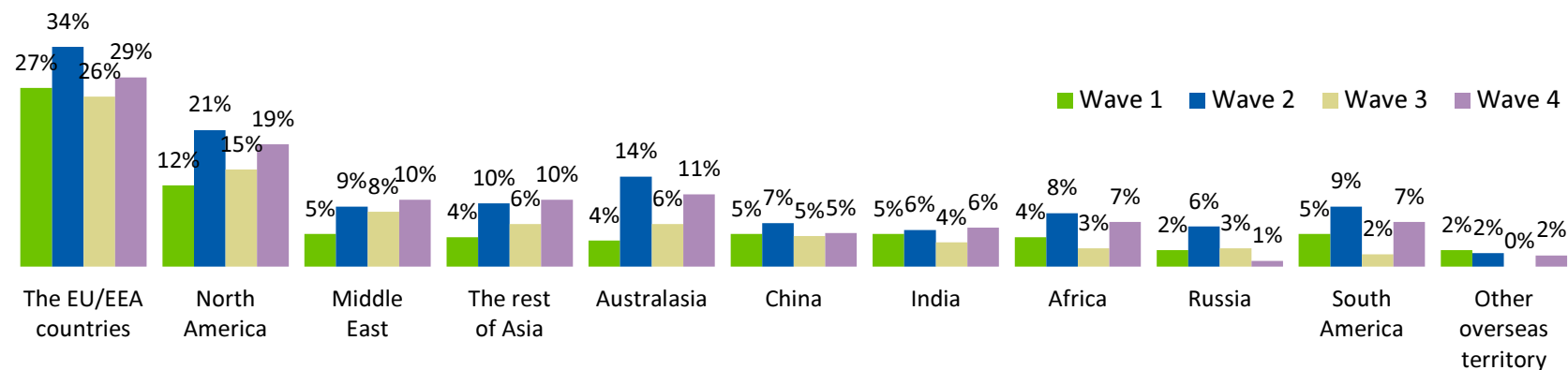


Q24 - Does your business export products or services outside the UK?
Q25 - Does your business export products or services?

EU is most common destination for exports



- EU remains the most important export destination in all four waves.
 - Around 1 in 3 businesses (29%) export to the EU.
 - 14% identify EU as their main export market.
 - Of the EU countries, Ireland is the main export destination of 4% of businesses.
- North America is the second most common area providing a market for 19% of businesses but is only the main export market for 7%.



Q26/Q27 - Which areas does your business export to? And which is your main destination, in terms of level of sales, for exports?
 Q27B - Which country within the EU/EEA is your main export destination?

New exporting challenges

- 18% (21 companies) had experienced challenges with exporting recently.
- The majority believed Brexit to be the main cause.
 - 19 companies blamed Brexit.
 - 14 companies blamed shipping issues i.e. cost, timings.
 - 7 companies blamed rising inflation and
 - 7 companies blamed the fall in value of Sterling.



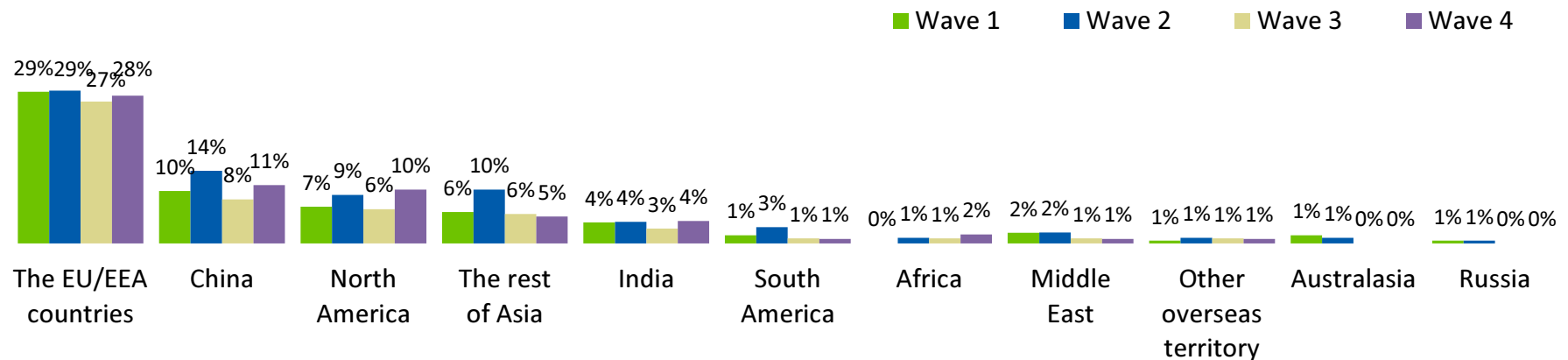
NQ5 - Have you experienced any significant challenges recently in terms of exporting goods?

NQ6 – What do you think is the main causes of these challenges

EU is most common source of imports



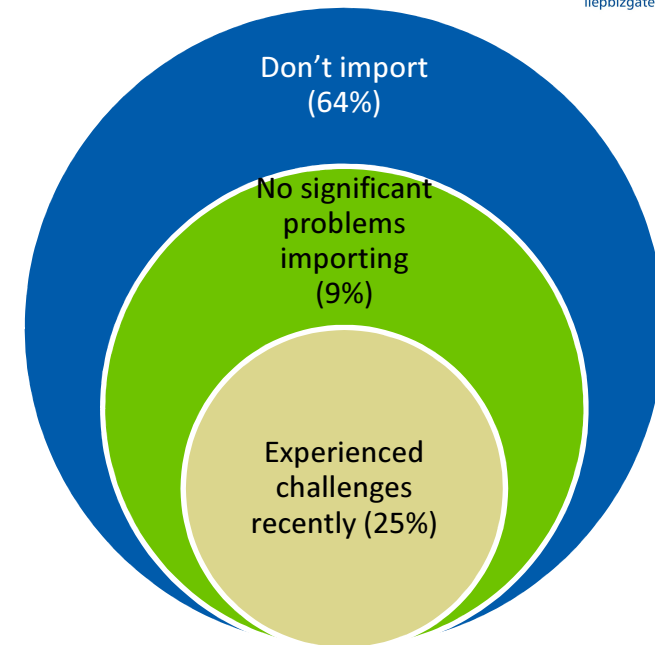
- Over a third (36%) of businesses had imported physical goods from outside the UK– (in-line with the previous 3 waves).
- The EU is the most common source for imports during the last 12 months.
 - 28% of businesses imported from the EU.
 - 11% of businesses identified the EU as their main source for imports.
- 11% had imported goods from China, up slightly since Wave 3 where 8% imported from China.



Q29/Q30 – In the past 12 months have you purchased supplies from ...? And where do you mainly purchase supplies from?

New importing challenges

- 25% (29 companies) had experienced challenges with importing recently.
- Shipping issues and Brexit were the most mentioned reason behind import challenges.
 - 21 companies blamed shipping issues i.e. cost, timings.
 - 20 companies blamed Brexit.
 - 16 companies blamed Supply chain issues.
 - 16 companies blamed the fall in value of Sterling.



NQ8 - Have you experienced any significant challenges recently in terms of importing goods?

NQ9 – What do you think is the main causes of these challenges

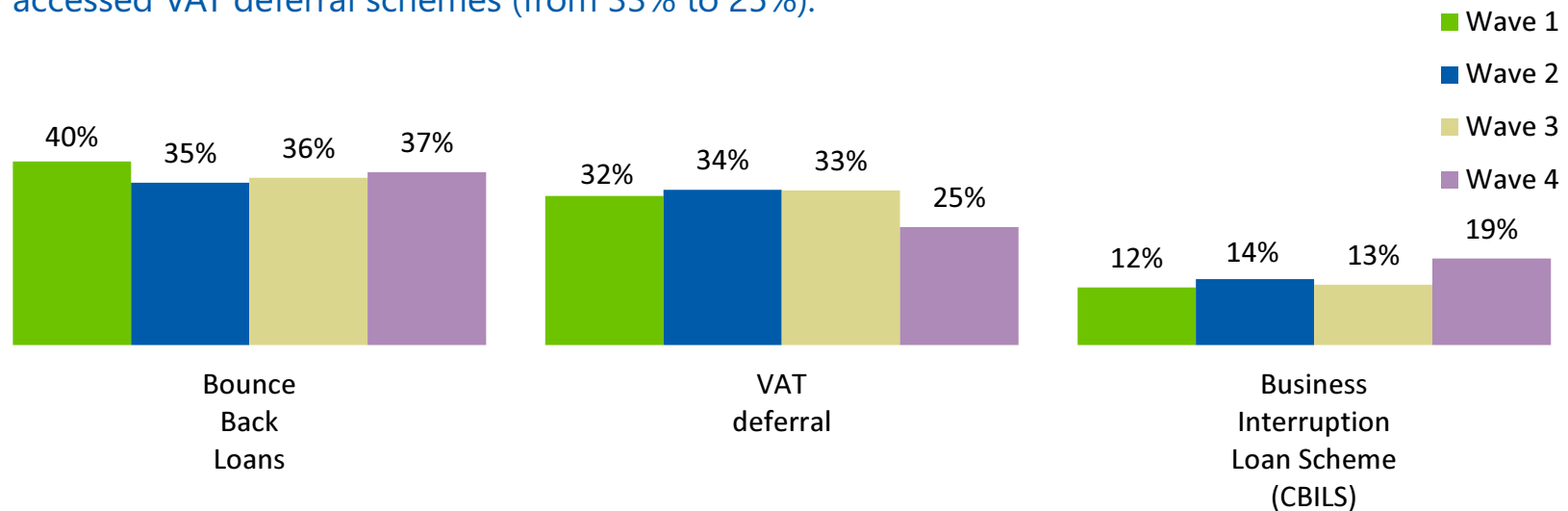
Government Support



Over a third have accessed Bounce Back Loans



- Wave 4 shows a higher proportion accessing Business Interruption Loan Scheme (19%) than in previous waves.
- There has been a decline in the percentage of businesses we spoke to who had accessed VAT deferral schemes (from 33% to 25%).

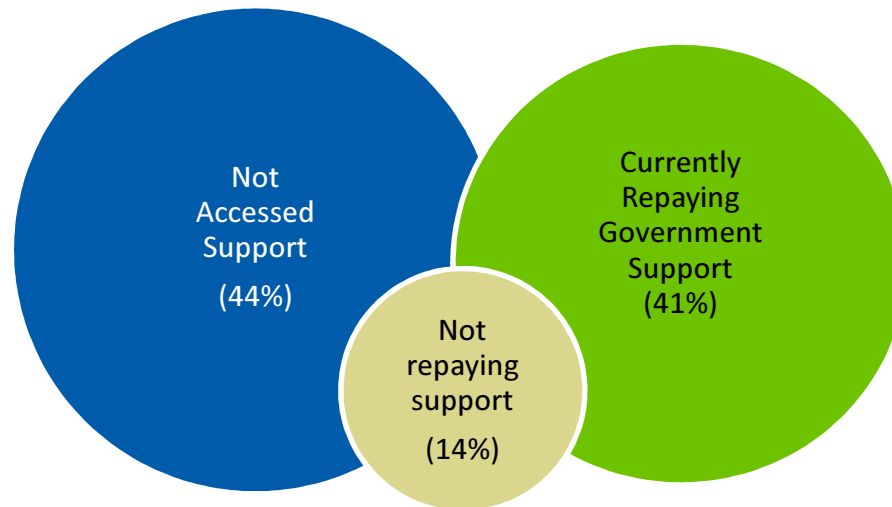


Q31 - Which of the following government support schemes has your business accessed?

2 in 5 are currently repaying Government support



- 14% of businesses are not currently repaying the government support that they accessed.
- 8% of businesses are having difficulty repaying the Government support
- 32% are making repayments without difficulty



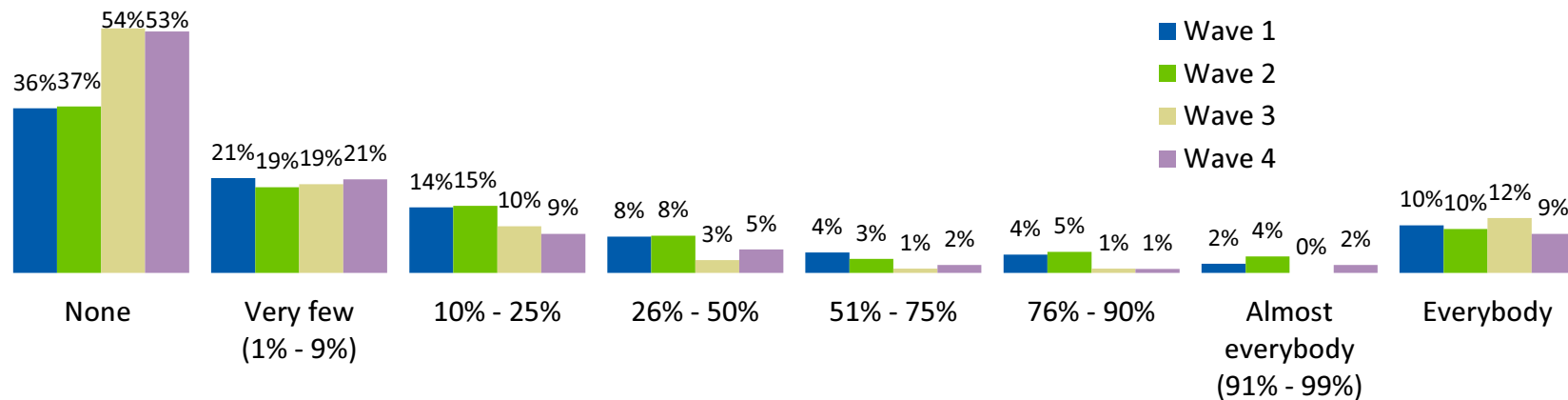
W4_NQ14 - Are you currently in the process of repaying the government support you have accessed?
W4_NQ15 - Have you encountered any difficulties repaying the government support you accessed?

Work from Home



Proportion wfh over last 6 months

- Similar to Wave 3, over half (53%) of businesses have had no staff working from home in the previous 6 months*
- Around a tenth (9%) had all staff working from home.
- Clearly a flexible approach to work from home has become a standard for many businesses and the move back to the office has slowed.

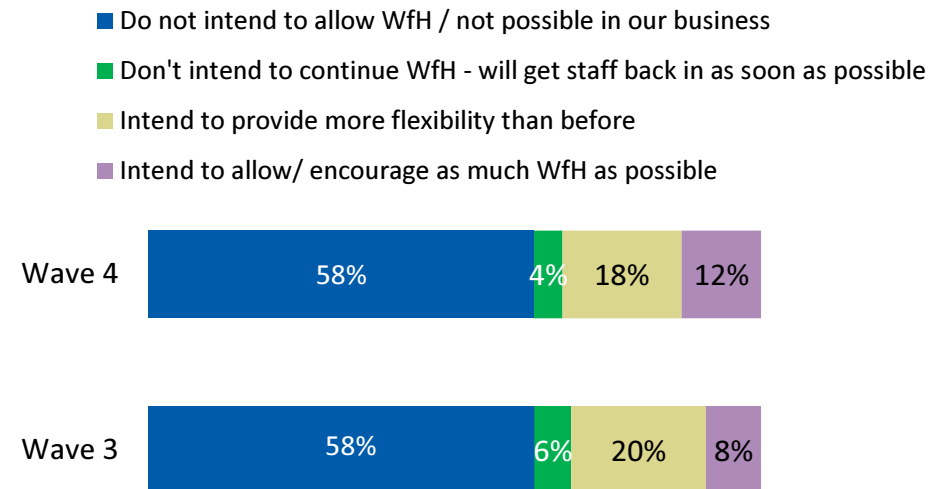


Q33 - Roughly, what proportion of your workforce has been working from home, at least some of the time over the last 6 months?

*In prior waves this question was asked about the last 2 months. Comparison with previous waves should therefore be treated with some caution

3 in 10 businesses will increase WfH

- As with Wave 3, we can see that 3 in 10 businesses intend to allow some level of WfH into the long-term.
- Only 4% of businesses are looking to get staff back to the workplace as soon as possible.
- 3% of companies are looking to reduce their physical occupancy space/office footprint as they allow more staff to work flexibly.



NQ13 - The experience of the last 2 years has changed many people's attitude to the idea of staff working from home at least some of the time. Which of these best describes how your business is likely to treat home working in the future?
 W4_NQ16 - Will you be looking to reduce your physical occupancy space/office footprint as you allow more staff to work flexibly?

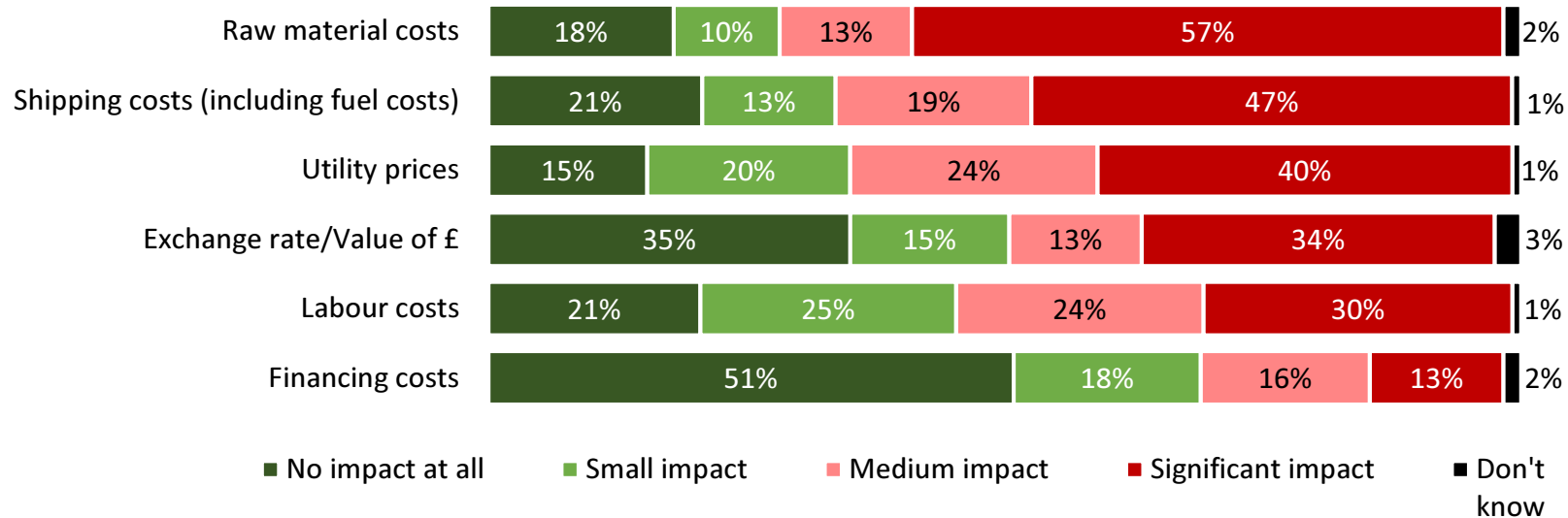
Inflation

££££

Impact of price rises



Around three fifths (57%) of businesses have been significantly impacted by increases in raw material costs in the last 6 months, followed by 47% significantly impacted by shipping costs, and 40% by increases in utility prices.

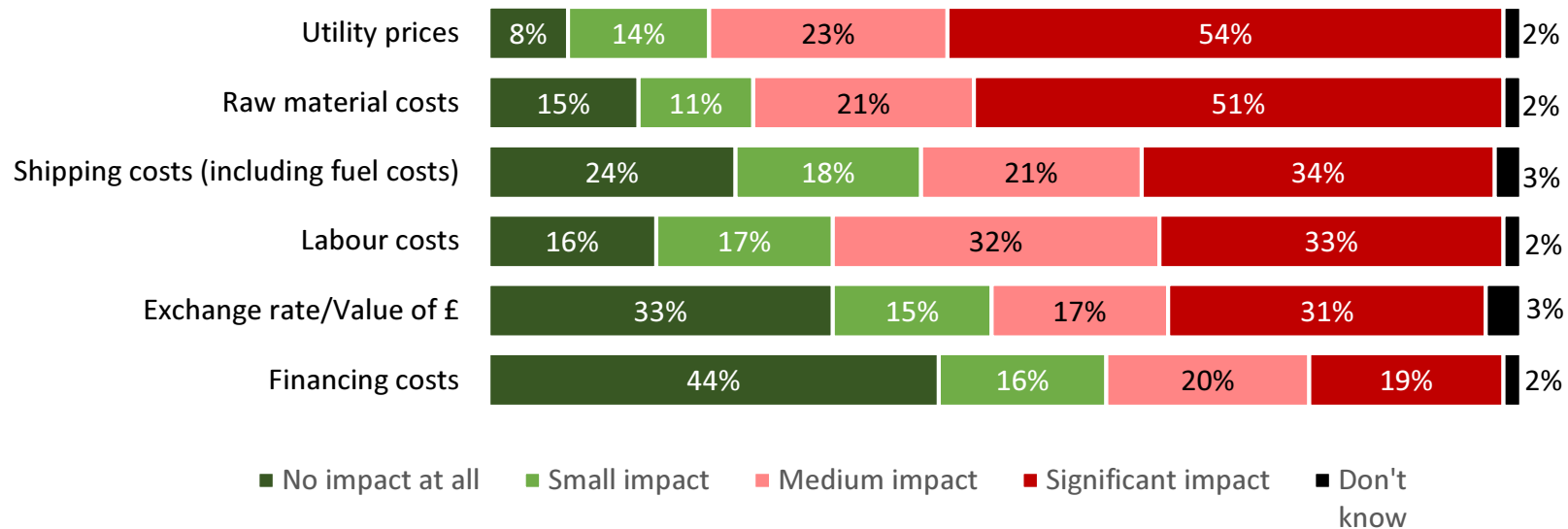


W4_NQ17 - The global economy has seen significant price rise pressures which have contributed to increasing inflation. How far have each of the following impacted your business in the last 6 months?

Inflation expectations



Over half of businesses are expecting to be significantly impacted by increases in utility prices (54%) and raw material costs (51%). Around a third expect to be significantly impacted by shipping costs (34%), labour costs (33%), and the value of the pound (31%).



W4_NQ18 - And how far do you expect each of the following to impact your business in the next 6 months?

Mitigating impacts of inflation

•Increasing prices for customers

- The most common response of businesses to inflation is to pass on the increased costs to customers:
 - Increasing the price passed on to the customer.
 - Putting up prices.
 - We are charging our customers for the fuel.
 - We increased our hourly labour charge-out rate and increased finished goods' prices where necessary

•Reducing costs

- Business are also looking to cut their own costs to mitigate inflation:
 - We are switching off appliances when not in use, checking our daily energy consumption
 - Cutting costs wherever we can and reducing our use of vehicles.
 - Spending less, using less, doing less on advertising, not having the heating on, using fewer outside subcontractors, working longer hours.

•Changing suppliers

- Business are altering their suppliers to get more competitive prices:
 - Widening our supplier base, getting more competitive rates, trying to fix energy bills for the next year
 - We've put up prices and looked at other supply sources.
 - Deferring investment in the short term, looking to source supplies locally

•No control

- Many businesses feel the situation is out of their control:
 - It's out of our control really. We are hoping the government does something. People will be made redundant in general.
 - Nothing really. It's difficult in the business we're in.
 - There is a limit to what you can do for the previous options. We monitor it closely and we manage them as best we can.

Business performance

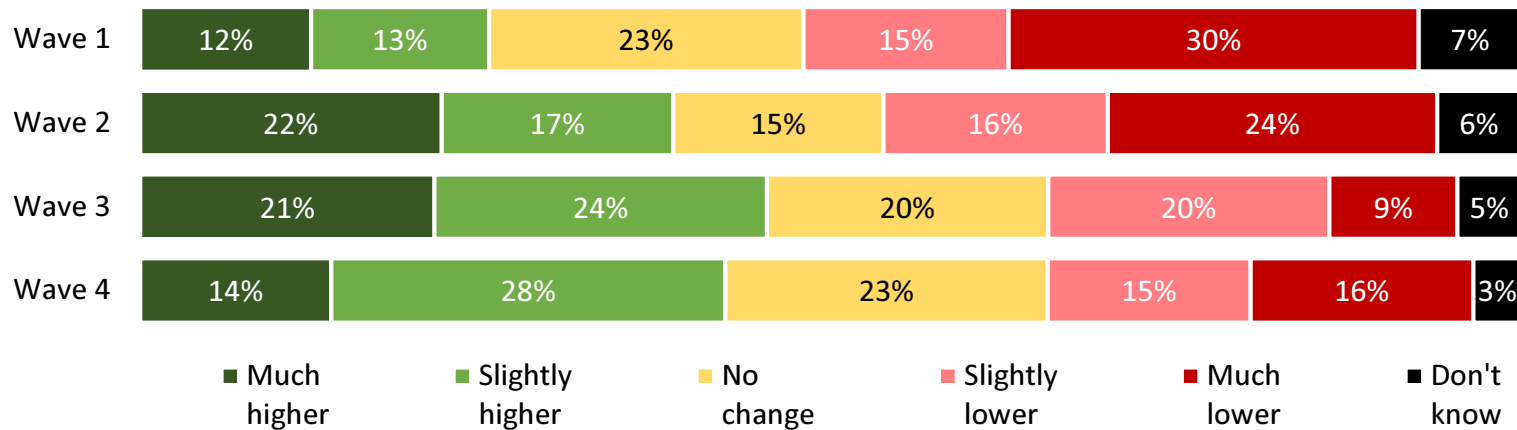


Changes to turnover



In Wave 4, 42% have seen an increase in turnover compared with 45% last year.

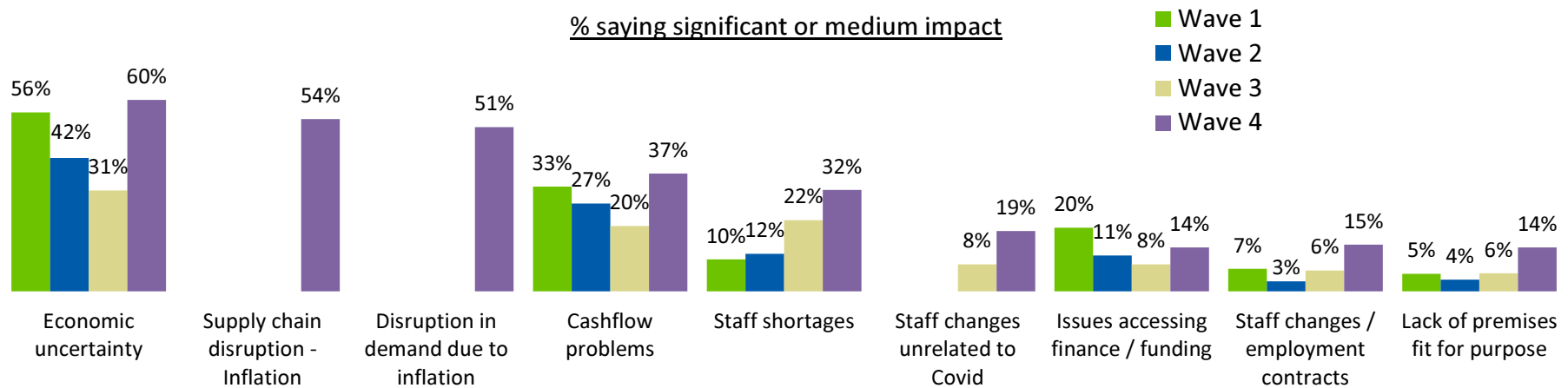
- Overall the picture is slightly more negative compared with Wave 3 with a notable increase in the number of businesses whose turnover is “much lower” (9% to 16%).
- However, Wave 4 was still an improvement on Waves 1 and 2.



Q36 - How does the level of turnover from your last full month of trading compare with the same month last year?

Impact on business in last 6 months

- The top four impacts (rated significant or medium) over the last 6 months were
 - Economic uncertainty (60%) up compared with previous waves (31% in Wave 3).
 - Supply chain disruption due to inflation (54%) – this was the first wave this question was asked.
 - Disruption in demand due to inflation (51%) – this was the first wave this question was asked.
 - Cashflow problems (37%) – an increase compared to prior waves (20% in Wave 3).
- Staff shortages continue on an upward trend – now at 32%.



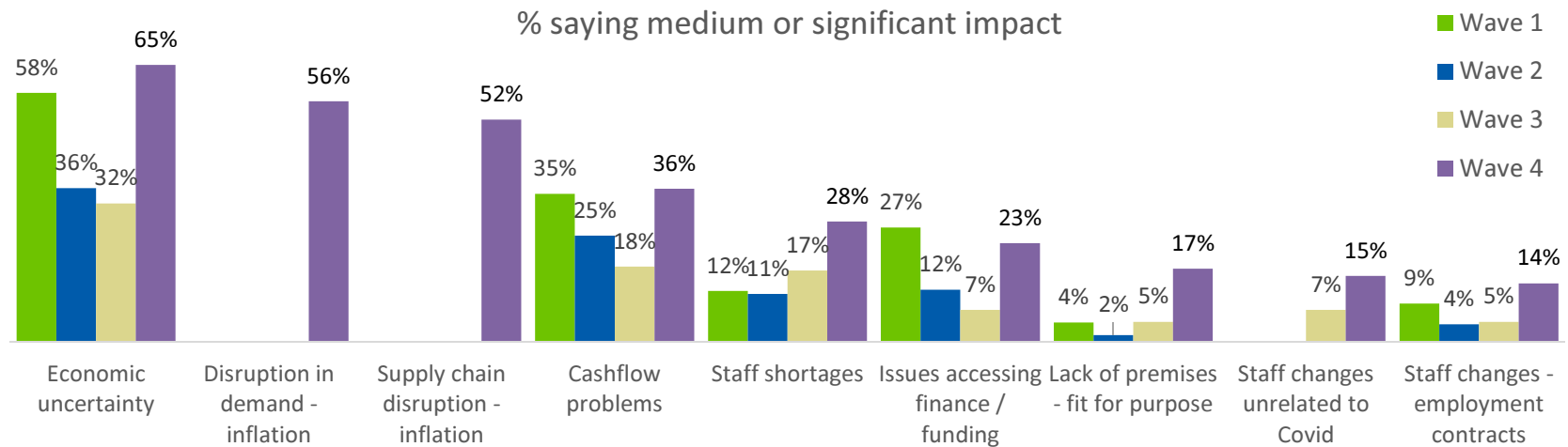
Q37 - How far have each of the following had an impact on your business in the last 6 months?

*Previous waves asked the question about a 2 month period

Business impacts expected in next 6 months



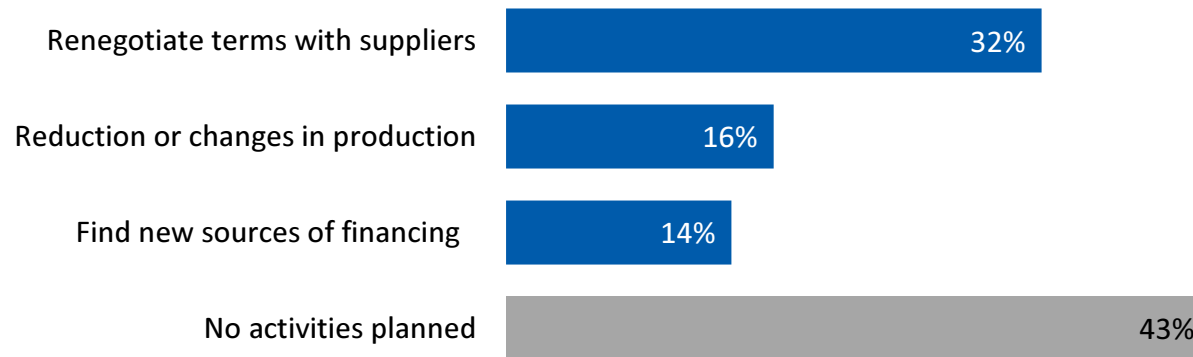
- Concerns around economic uncertainty, inflation's impact on demand and supply chains, cashflow and staff shortages have all seen large increases.
 - Concern over economic uncertainty has doubled since Wave 3 with around two thirds (65%) now expecting to be impacted (significantly/medium impact) in the next six months.



Q38 - And how far do you expect each of the following to impact on your business in the next 6 months?

Mitigating expected impacts

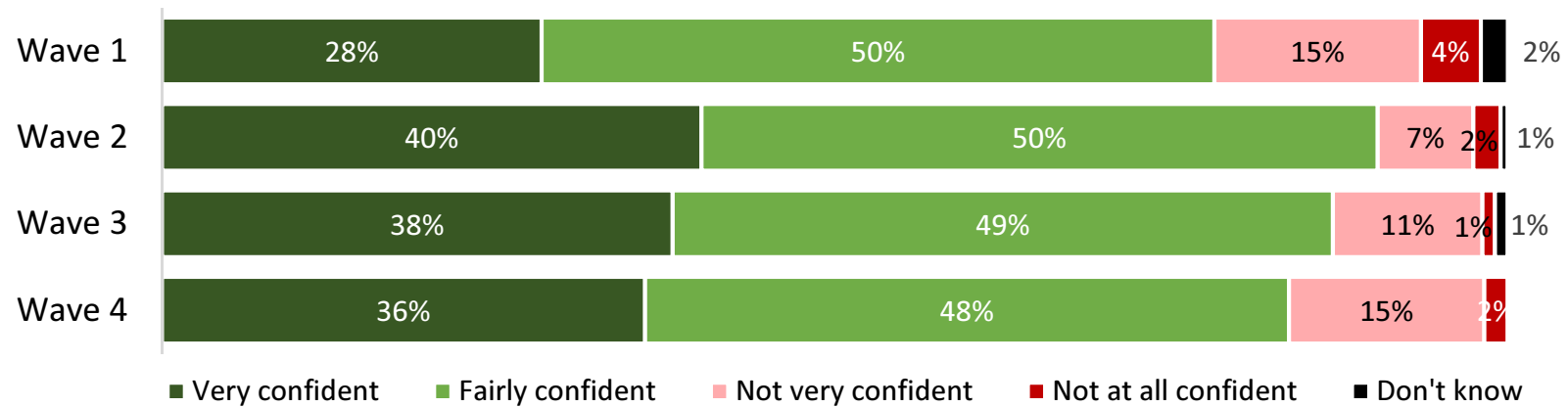
- Around a third (32%) of businesses are planning to renegotiate with suppliers to mitigate these impacts.
- 16% are reducing or changing production, followed by 14% who are looking to find new sources of financing.



Business confidence for next 6 months



- 84% feel very or fairly confident about the future of their business in the next 6 months.
 - Lower than Waves 2 and 3 (90% and 87% respectively) but remains higher than in wave 1 (78%).

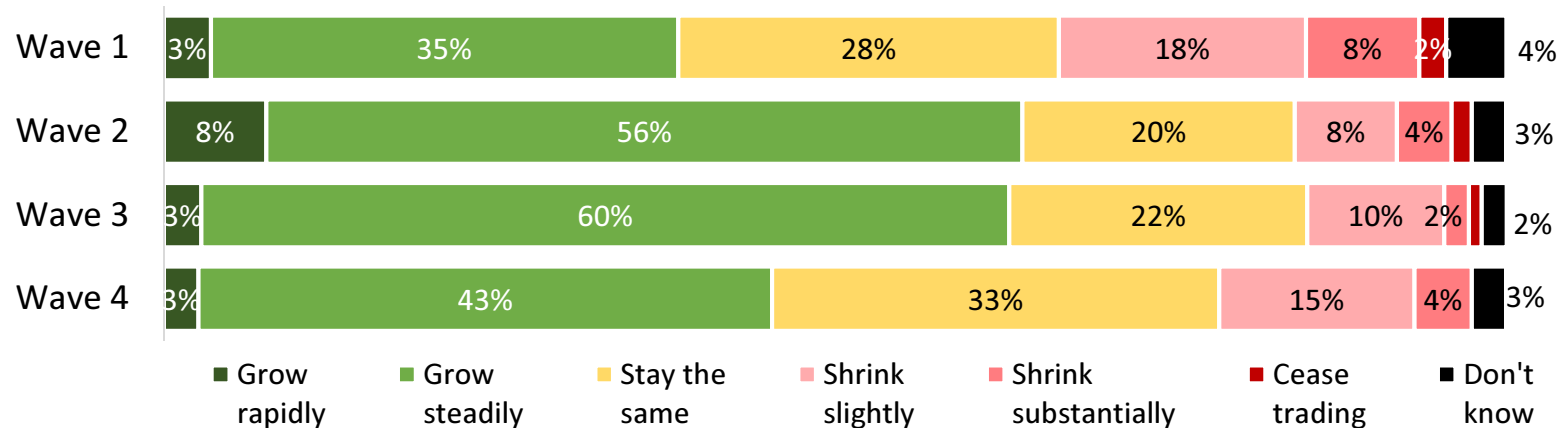


Q39 - How confident are you about the future of your business over the next 6 months?

12 month forecast



- Companies are less optimistic about the next 12 months than they were during Waves 2 & 3.
- Less than half of businesses (45%) expect to grow during the next 12 months – down from 63% in Wave 3.
- Around a fifth (19%) of businesses are expecting to shrink over the next year, up from 12% last wave.



Q40 - Which of the following best describes your company's forecast for growth over the next 12 months?

Business Support



- Over a third of businesses would like support with finance and funding (36%), training their workforce and skills (35%), digital skills (35%).
- 3 in 10 also would like support for business planning and growth and recruitment.

W4_NQ21 - Which of the following areas would your business like support with?

Summary



Summary (1)



- Staffing
 - Around two fifths (38%) of businesses had experienced difficulties with recruitment in the last 6 months
 - In particular there was a lack of qualified candidates (lack of relevant skills and experience)
 - 59% of businesses are increasing salaries in response to recruitment difficulties
 - Less than half (46%) expect to recruit more staff in the next 6 months – a fall compared to Waves 2 & 3
 - Over half (51%) of businesses are likely to hire someone for their first job after leaving school, college or university in the next 12 months.
 - Over two fifths (42%) of businesses have some capacity to offer work experience placements
- Digital
 - While the majority of businesses have an online presence, 27% only update content on an irregular basis
 - Over two fifths (44%) have invested in digital technology in past 6 months
 - Over a third (36%) have invested in computer software
- Environment
 - Over half (56%) have taken environmental action in last six months – continuing the upward trend since Wave 1
 - Over a third have improved recycling and a third have reduced paper usage
 - 28% say more financial support would help them become more eco-friendly

Summary (2)



- Exports / Imports
 - The EU remains the most important trading partner for both imports and exports
 - Over half of those involved in exporting were experiencing challenges which most blamed on Brexit
 - Import challenges were blamed both on Brexit and shipping issues
- Inflation
 - Many businesses have been significantly impacted by price rises over the past 6 months – in particular raw material costs and shipping costs
 - Most businesses expect price rises to continue to impact their business – especially rising utility prices and raw material costs
 - Business are mitigating these effects by passing on the cost to customers with higher prices and reducing costs where possible
- Performance – businesses are less optimistic about the future
 - Over 8 in 10 businesses feel confident about the future (84% down from 87% in Wave 3)
 - Over half are expecting to be impacted by economic uncertainty and inflation impacting demand and their supply chains
 - Businesses' growth forecasts for the next 12 months are substantially more pessimistic than in Waves 2 & 3
 - Over a third of businesses would like more support with finance and funding (36%), training their workforce and skills (35%), and digital skills (35%).



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