

LLEP INVESTMENT ADVISORY PANEL

3pm 12 May 2022

MS Teams Call



AGENDA

TIME		ITEM	REPORT	DECISION / INFORMATION	LEAD
15.00	1.	Welcome and Apologies		Information	Chair
15:05	2.	Declarations of Interest		Information	All
15.10	3.	Minutes of LLEP Investment Panel 20 th January 2022	Paper A	Decision	Chair
15.15	4.	Frequency of meetings	Paper B	Decision	Chair
15.25	5.	Repurposed Growing Places Fund - Update	Paper C	Information	Andy Rose
15.35	6.	Charnwood Campus Medicinal and Synthetic Chemistry Research Centre	Paper D Appendix 1 Appendix 2	Information	Cheryl Maguire
15.45	7.	Getting Building Fund - Update	Paper E	Information	Elizabeth Botmeh
16.55	8.	AOB	Verbal	Information	All

NB: In line with our Local Assurance Framework (LAF) these minutes are published as a draft record until formal ratification at the subsequent meeting.

LLEP Investment Panel

3pm, Thursday, 20 January 2022

MS Teams (Recorded)

Organiser: Sharif Chowdhury

Chair: Andy Reed OBE (AR)

Directors: Emma Anderson (EA), Neil McGhee (NM), Cllr Terry Richardson (TR)

In attendance: Elizabeth Botmeh (EM), Sharif Chowdhury (SC), Mike Dalzell (MD), Jackie Ledger (JL), Cheryl Maguire (CM), Mandip Rai (MR), Stuart McAvoy (SM), Andy Rose (ARo).

Apologies: Sonia Baigent (SB), Dr Nik Kotecha (NK), Ajmer Kaur Mahal (AKM), Sue Tilley (ST)

Minutes Taken By: Sharif Chowdhury

CC To: All

MINUTES

ITEM		ACTION
1.	Welcome and Apologies	
1.1	AR welcomed those present to the meeting.	
1.2	Apologies were recorded from NK, SB and RM and ST	
2.	Declarations of Interest	
2.1	There were no Declarations of Interest.	
3.	Minutes of LLEP Investment Panel 18th November 2021	
3.1	The meeting minutes from the LLEP Investment Panel on the 18th of November 2021 was recorded as a true and accurate record.	
3.2	MR updated that Action Point 6.4 regarding the full financial report on the Haywoods financial report is part of item 8.	
4.	Enterprise Zone - Waterside Site Investment	
4.1	MR provided background on the Waterside Site Investment where the Board agreed three projects outlined in Paper B, negotiations have been ongoing with Leicester City Council to forward fund the projects for £11.5m.	
4.2		

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4.3	MR outlined the intention to receive the Investment Panel's view on the interest rate payable for the funding and provide a recommendation to the LLEP Board.	Leicester & Leicestershire Enterprise Partnership
4.4	It was noted that the interest rate is consistent, based on the potential risks and rates projections of the projects highlighted in Paper B Appendix 2.	
4.5	CM highlighted that the main risk is due to the majority of the rates being generated outside of the council's control.	
4.6	A discussion was held between board members on whether the agreed interest rate should reflect the success or failure of the councils repayment history.	
4.7	MR clarified that the funding approach differs in this case from grant related projects such as the Getting Building Fund and the Leicester Bus Station as there is reliance on the private sector to enable infrastructure and provide investment.	
4.8	MR highlighted that there is realistically only two authorities to able to fund the £11.5m project, and within the agreement, the authorities have first options to invest into the project.	
4.9	TR provided the view that the rate of interest rate is appropriate based on the benefits the region receives including highway improvements.	
4.10	EA noted the importance of carefully detailing the reasons for the increased interest rates within a consistent approach, and avoid enabling special circumstances for each investment in future.	
	<p>The Investment Panel AGREED with the recommendation to:</p> <ul style="list-style-type: none"> i. note the negotiations of the Forward Funding Agreement MOU (FFA MOU) with LCC regarding three Leicester Waterside Enterprise Zone site projects: A50 - Vaughan Way to Five Ways, A6 - From Redhill to Blackbird Road and LCC Workspace Phase 3; and ii. consider the interest rate of 3.5% above the Public Works Loan Board rate being sought by LCC and agree to recommend to the LLEP Board an interest rate payable to LCC on the forward funding. 	
5.	Place Marketing Update	
5.1	MD updated on the Place Marketing project which initially started to enable promotional activities to improve the profile and progress has been impacted by covid delaying the launch of projects and the loss of key personnel including Mark Oakley.	
5.2	Successes include the Snooker events at Morningside Arena increasing tourism from the Midlands and featuring on the Visit Britain magazine for the first time.	

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5.3	The proposal seeks to extend the period of the project to March 2022 till the March 2023 with the savings on staffing costs to enable the project to go ahead.	March & Enterprise Leicestershire Partnership
5.4	MD highlighted the clear evidence of increased traffic benefitting football on websites through the project, translating to higher demand for services within the region.	
5.5	MD informed of intentions to continue with a second paid social campaign focussed on advancing the FitCation offer and to promote the Taste the Place initiative to improve the eating and drinking offers within the region.	
5.6	MD provided insight on plans to deliver a suite of digital material around the investment offer with 8 new videos including the key investment sectors by the end of 2022.	
5.7	It was noted that a key component will be the Equality of Life project managed by Jackie Ledger to improve the attraction and retention of talent within the region to help businesses.	
5.8	NM recommended a project to be conducted to investigate the reasons behind talent leaving the region.	
5.9	NM also noted the importance of making efforts to draw people into the city rather than student accommodations. MD reiterated conversations are being held including how the Santander building will be utilised.	
5.10	TR highlighted that two concerns including the absence of cycling as an activity and the Visit Leicester page being Leicester Centric without promotions for other areas within Leicestershire particularly in Food and Drink.	
5.11	MD clarified cycling will be included within the FitCation package and two-thirds of promotions are non-Leicester related showcasing on the counties wider offer.	
5.12	JL further added the team has had reduced capacity but will focus on working with all regions to increase the profile and provide announcements of key attractions.	
5.13	EA noted the importance of sustainability which should be a thread throughout the promotions.	
6.	Project Change Request - Place Marketing Accelerator	
6.1	CM informed the Investment Panel the 25k matched funding has been agreed with Leicester City Council. However, there are discussions on whether it will be a straight £25k match or from the Additional Restrictions Grant (ARG) given to councils to support in covid recovery.	

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<p>6.2</p> <p>6.3</p> <p>6.4</p>	<p>CM noted if the funds are from the ARG funds, this will be a separate MOU contract and reporting required with specific outputs relating to the sport elements.</p> <p>CM reiterated the method of funding will not have any impacts on the Investment Panel's decision, but rather for information as noted in Paper C.</p> <p>The Board AGREED with the recommendation to approve the PCR.</p>	<p>Leicester & Leicestershire Enterprise Partnership</p>
<p>7.</p> <p>7.1</p> <p>7.2</p> <p>7.3</p> <p>7.4</p> <p>7.5</p> <p>7.6</p> <p>7.7</p>	<p>Enterprise Zone - MIRA Additional Advanced Funding Request</p> <p>MR updated that a meeting between the LLEP, MIRA and HBBC is scheduled on Monday the 24th of January 2022 to update on the progress on the legal implications for the broader Forward Funding Agreement (FFA).</p> <p>CM updated the £100k funding for the additional funding request is from the actual rate receipts which is already held and not subject or reliant on the FFA funds. £100k has been provided for the project, with a proposed further £100k.</p> <p>CM noted that two points are outstanding regarding the FFA including the wording of the guarantee between HBBC and MIRA which has now been agreed.</p> <p>A second point was raised concerning the transfer of finances from HBBC to the LLEP, in whole or instalments and the time-periods involved. Developments have been made and are in a good position ahead of the FFA meeting on the 24th of January.</p> <p>It was also noted subsequent grant agreements between the LLEP and MIRA to port the money across which is close to be ready for sign-off.</p> <p>MR updated that the efforts are being made to promote the MIRA project by having with MP Luke Evans and Marcus Jones' respective offices to visit the site.</p> <p>The Investment Panel is recommended to:</p> <p>i. agree to additional advance funding of a further £100k from the historic Enterprise Zone rates receipts currently held by the LLEP for the Phase One Infrastructure Project.</p>	
<p>8.</p> <p>8.1</p> <p>8.2</p>	<p>Growing Places Fund</p> <p>ARo updated that a further proposal has been received from Haywoods since the 18th of November to repay the £213k with the exception of the £43k remaining debt.</p> <p>The Panel were informed the repayment is predicated on the sale of the remaining two plots at the Enterprise Village where legal terms have been agreed with sales</p>	

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<p>8.3</p> <p>8.4</p> <p>8.5</p> <p>8.6</p>	<p>expected within the next two weeks. The charge on the site will not be removed until the agreed repayment is received.</p> <p>It was noted that the Investment Panel chair emailed to propose that the panel recommend to the LLEP Board that recovery of the £43k debt would not be pursued via remedies to a loan agreement default, which would result on the 1st March 2022.</p> <p>ARo reported that overall the debt will be cleared by the default date of the 28th of February, with the remaining £43k meaning Haywoods will be technically in default of the loan agreement.</p> <p>ARo informed that a full detailed financial information will be required from Haywoods before proposing to the LLEP Board of Directors to write off the £43k to enable the Board to make an informed decision. A report is expected to be presented at the next Investment Panel meeting.</p> <p>It was informed that Haywoods are proposing to use £150k to complete the enterprise village. ARo also reiterated that in excess of £1m has been recovered from the initial £950k loan.</p>	
<p>9.</p> <p>9.1</p>	<p>AOB</p> <p>There was no other business.</p>	



LLEP INVESTMENT PANEL

12 MAY 2022

Decision Paper

FREQUENCY OF MEETINGS

1. PURPOSE OF REPORT

1.1 The purpose of this report is to seek the Investment Panel agreement to a reduction in the planned the number meeting dates in 2022.

2. RECOMMENDATION

2.1 The LLEP Investment Panel is recommended to agree to a reduction in the scheduled meetings for the remainder of 2022

3. BACKGROUND INFORMATION

3.1 This Panel's Terms of Reference state that the Panel shall meet bi-monthly running, where appropriate, the month prior to the LLEP Board of Directors' meeting.

3.2 The meetings scheduled for the remainder of 2022 are

- 14 July 2022
- 15 September 2022
- 17 November 2022

3.3 Since the Investment panel inception, the landscape in relation to the government allocation on capital funding has changed. Recent capital pots of funding have been allocated to local authorities and not LEPs.

3.4 The role of LEPs in future scheme approvals, investment decision making, and scrutiny of individual scheme business cases is unknown at this stage.

- 3.5 The role and responsibilities of the Investment Panel is not diminished in regard to the role it plays in relation to Growing Places Fund and Enterprise Zone.
- 3.6 In addition, the Investment Panel ToR makes no mention to the frequency of meetings only that it meets in accordance with the timescales for monitoring returns to funding bodies.
- 3.7 Since the inaugural meeting of the Investment Panel all meetings have been held virtually through Teams.
- 3.8 **The recommendation to Panel is to cancel the planned meeting for July and continue with the planned meetings for September and November.**

For further information please contact:

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PAPER C

LLEP INVESTMENT PANEL

12th May 2022

Information Report

REPURPOSED GROWING PLACES FUND - UPDATE

1. PURPOSE OF REPORT

1.1 The purpose of this report is to provide an update to the Investment Panel on the delivery of schemes within the repurposed Growing Places Fund (GPF) Programme to support several measures to assist economic recovery during and following the pandemic.

2. RECOMMENDATION

2.1 The LLEP Investment Panel is requested to note this report.

3. BACKGROUND INFORMATION

3.1 The LLEP Board, following recommendations by this Panel, 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.

3.2 It will be recalled that for each scheme a business case was prepared and subsequently considered by LLEP Board to inform the prioritisation of investment areas. The delivery of the schemes was, in the main, by third party organisations under service / contract agreements with LLEP and the Accountable Body. LLEP staff acted as project officers and the LLEP undertook a Programme Management role.

3.3 The intention was that most of the schemes would begin delivery early to mid-2021; this however proved to be a rather overly optimistic timeline. Procurement of some of the delivery organisations took longer than anticipated, as did negotiating, and agreeing specific service contracts (a number of which remain outstanding). Overall, programme managing at pace a diverse range of individual schemes, all with their own complexities was, and remains, challenging. With hindsight, perhaps fewer, more focussed investment areas would have delivered the required impacts in supporting economic recovery. Obviously, the selected investment areas were based on assumptions, formulated in late 2020, as to what the local economic challenges to facilitate recovery would be in 2021 and beyond. That is not to suggest that the selected investments are not, in themselves,

worthwhile economic and social initiatives, they remain so, but perhaps do not totally align with the subsequent challenges emerging since the local economy normalised.

4. INVESTMENT AREAS

4.1 At the LLEP board and Investment Panel meetings in the latter part of 2020 it was agreed repurposing of £1.674m of GPF would be invested in the following areas / initiatives:

1. Addressing Digital Poverty - £300,000
2. Digital Skills Partnership - £90,000
3. Strengthen NEET support - £99,183
4. 'Kickstart' enhancement – £500,000
5. Business Grants - £300,000
6. Place Marketing and promotion £185,000
7. Innovation -MIT REAP £100,000
8. Low Carbon delivery - £100,000

4.2 Each of the investments was supported by a Business Case and subject to LLEP officer appraisals which informed Investment Panel recommendations and subsequent Board approvals.

5.0 PROGRAMME UPDATE

Finance – Claims to date

5.1 From a Programme Management perspective a key matrix as to how the schemes are delivering is funding defrayed and claims submitted. This is particularly significant as scheme operators are reimbursed for evidenced spending, spending which suggests activity – release of finance in advance of spend is only released in exceptional circumstances. Table 1, below, indicates that (as of 31st March 2022) only three schemes have claimed a total of just over £200,000 (12% of the total allocation).

Kickstart Enhancement	LCC	500,000	
Digital Poverty	Various	300,000	
Digital Skills Partnership		90,000	
NEET Prevention	Learn by Design Ltd	99,183	-
Low carbon / Zeller	Various	100,000	35,000
Innovation	Loughborough Unive	100,000	75,000
Promotions and Tourism	LCC	185,000	91,729
Business Finance	LCC	300,000	
Total		1,674,183	201,729

Table 1

Project Delivery / Monitoring

- 5.2 With a few exceptions the overall programme progress has been slower to deliver than was anticipated. An overview of the current position on each scheme is attached as Appendix 1. (These are responses from the LLEP project officers; hence they are in slightly different formats and occasional first-person narratives).
- 5.3 It will be noted from the project summaries (and 5.1 above) that spend and submitted claims have been generally slow, however, delivery momentum seems to be gathering pace and the LLEP Project Officers are confident that in all but one scheme (Kickstart) a full spend is likely to be achieved. Where it becomes evident that a specific project will not spend their full allocation then, subject to Investment Panel approval, monies will be reallocated to either schemes which are overachieving or have identified additional need. Should the overall quantum of underspend be more significant then again, the Panel will be requested to consider additional options.
- 5.4 Given the concerns that the overall programme performance was below expectations a LLEP Project Officer has been assigned to each scheme and a Programme Manager has been nominated with an oversight role. These officers are charged with a brief to monitor progress more regularly and flag up under performance, or other matters of concern, so mitigating actions can be implemented.

Next Steps

- 5.5 As the schemes are at various stages of development and implementation current activity is focussed on accelerating delivery. At this stage it is too early to undertake meaningful evaluations, including capturing the outputs, outcomes and impacts of the investments. This will follow in due course and individual project evaluations will be shared with the Panel, as will an overall assessment of the programme.

List of Appendices:

Appendix 1: Project Update Summaries

For further information please contact

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PROJECT UPDATE SUMMARIES

Addressing Digital Poverty & Digital Skills Partnership

Digital Poverty – all the money has now been allocated to projects. The inception meetings are currently happening and a few of the projects have started already but I think only one has reached a point where they can make a claim. We are slightly behind schedule with a couple as contracts took time to come via legal but 'early 2022' was always the expected start date. None of the projects have flagged any issues and the Project Officer is in contact regularly monitoring progress.

Digital Skills Partnership (DSP) - money was allocated to a post but the LLEP didn't recruit and the LLEP's Head of Skills has taken on the role as an interim measure. I have held onto the budget until the future of DSPs became clearer, as well as the local work required. The letter of 31st March 2022 on the integration of LEPs' into democratic institutions from the Parliamentary Under Secretary for Levelling Up stated that DSPs would be an expectation of LEPs in the future (with no attached government funding) gives a clear mandate to get on with it this year. Meetings and partners all in place.

Strengthen NEET (Not in Employment, Education or Training) support

Start Date: 04/01/2022

End Date: 04/01/2023 (3-month Extension Clause built into agreement should they need it)

Claims to date: £12,397.90 / £99,183.

Find your Fit is an innovative 14-week course for young people between 16-25 who are or have been going through a difficult time in their lives and have consequently struggled to cope in mainstream education or gain employment. The initial reach is aimed at 'at risk' of becoming NEET and we envisage this to be individuals struggling at college at will probably comprise of mainly 16 to 18yr olds.

Features of the course:

- 14 weeks
- 8-25 hrs a week.
- Groups up to 15 (we will look to onboard slightly larger cohorts to allow for attrition through the course).
- 16–24-year-olds.
- Work experience placement
- Employer engagements.
- Engagement activities

From a programme perspective the project initially had a low uptake of individuals on the course.

The participants have increased to 9/15 for the first cohort. They continue to recruit and add new participants. However, they are approaching the end of cohort 1.

The retention rate has been relatively high as they describe that only 2 individuals have not had 100% attendance.

It is expected the project will not achieve 15 individuals in the first cohort however they will recruit and run another cohort for the city.

The county cohort is due to run 12th September (Cohort 2).

There is confidence that the project will be able to support 30 NEET individuals as outlined in the contract.

The second invoice has been received and the supporting evidence is awaited, however the milestone payment refers to 'Completion of 50% of Cohort 1 activity' which has been completed.

The project outcomes are as follows:

Engaging of Young people NEET or at risk of NEET on programme – 9/30

Young People having a meaningful encounter with at least two employers per month – 4/25

Completion of one week's work experience (can be virtual) – 0/20

Completion of the programme by YP – 0/15

Progression into education or training or sustainable work in priority sectors – 10.

Achievement of a qualification in literacy, numeracy or digital (if not already achieved) – 10

Case Studies - 5

A slow start to the project but picking up momentum. Contractor is doing all the things expected with what was always going to be a complex project to recruit for.

Risk

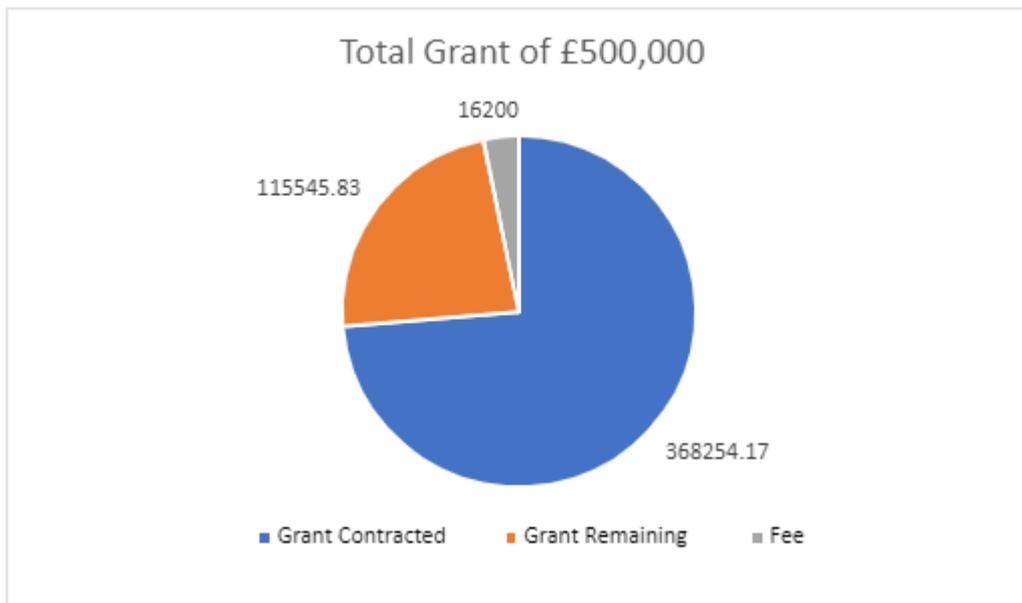
- Contracting delayed due to the chronic shortage of Procurement Officers in the Council. Therefore, later advertising and awarding the contract than originally requested.
- Delay impacted on when the contract could realistically be awarded. It would have been before schools / colleges broke up for summer when institutions know those young people at risk of becoming NEET and could sign-post to this programme. However, due to slippage on timings recruitment started in Feb/March 2022.
- This is a difficult client group to engage and equally to retain.

Mitigation and progress

- The Contractor has now recruited 9 young people on programme (target of 15 for this first cohort and 30 over the year) and are building the relationship with more prospects in the pipeline.
- They have submitted the first invoice £12.4k.
- The contractor has provided a full delivery plan, attends a weekly progress and update meeting with LLEP Officers and has demonstrated a proactive approach to engaging local partners (Jobcentre, Employment Hub, local FE Colleges, Connexions etc.) to recruit.
- Mitigation activities have already been activated including a rolling recruitment rather than single fixed instead.

- They have been 'hands-on' including attending local careers and jobs fairs. More recently they have been allowed to locate themselves in a new city centre Jobcentre Plus. This is a strong location for recruitment.
- They have already produced a range of assets to engage and promote but this is a good example of those already on programme <https://youtu.be/CXkOz7L5dSc>.

'Kickstart' enhancement



Referrals ended on April 30, 2022. To date, 54 placements across 39 businesses, majority of young people with barriers such as LLDD and no Level 2 qualifications. Some young people are now finding work post placement, or an apprenticeship.

A few more placements are in the pipeline and being processed and a final push was in play late April, so may end up at circa 60-65 in total. Originally, we had budgeted for up to 90 placements so this scheme will underspend significantly. Majority of people on placement tend to be in the age range 23+ which pushes up what they are paid.

The project was put into place during Covid where we had anticipated high unemployment for young people, especially those with barriers to work like a disability. However there has been a vacancy boom with multiple unfilled vacancies.

Business Grants

Start Date: 01/01/2021

End Date: 30/03/2023

Claims to date: £0/£300k

- The project has been launched and is linked to the 'Start Up' grant for Leicester business to link to the SUBS programme overseen by the LLEP.

- The project has approved 9 applications so far with a number in the pipeline, total commitment is currently £17,609.03.
- The project has given until end of April for the remaining applications to be received in this first phase.
- Following this they will launch the wider covid grant they had put this on hold for a while whilst the start-up and other grants were around. Now these are no longer in place they can now look to refocus the remaining funding across Leicester and Leicestershire.
- The agreement for this project is yet to be signed, I have issued the agreement a few times with the schedules 2,3,4 yet to be agreed. I have spoken to the project, and this will be signed in the coming weeks.
- Once the agreement is signed an inception meeting with the project and LLEP officers will be convened.
- They aim to support/ safeguard 150 Businesses with the average grant to be at £2k.

Place Marketing and Promotion (AKA Place Marketing Accelerator)

Claims To Date: £92K / £185K

Overview

The Place Marketing Accelerator project will boost and accelerate the showcasing of Leicester and Leicestershire as a great place for visiting, investing, and living. The project will deliver new digital and video content, marketing/promotional activities, and inward investment activity to improve the image of Leicester and Leicestershire, building on our unique strengths to grow key business sectors. A new Communications and Marketing officer post to support the activities would also be created.

Delivery of the project started in February 2021 following Board approval. In January 2022 the Investment Panel considered a Project Change Request for the project. Due to the ongoing challenges presented by COVID-19 key tourism campaigns have had to be extensively delayed and the associated outputs undeliverable in the timeframe. In addition, during this period the Place Marketing Organisation for Leicester and Leicestershire has suffered several staffing issues which left them under-resourced and unable to deliver fully on some outputs.

The Panel, and subsequently Board, approved an extension to the project end date from March 2022 to March 2023, a £105k increase in match and additional outputs including tourism activity around the food and sport sectors, support for the 'Meet' and 'Live' programmes, and the continuation of the Communications and Marketing officer post.

A variation to the MoU to reflect the project changes has been signed by the relevant parties.

Summary of activity to date

A Communications and Marketing officer was recruited in April 2021. This contract has been extended until March 2023.

The 'Uncover the Story' campaign was launched, and the first set of tourism video assets completed. These are live on the website and being used in social media. [Uncover the Story \(visitleicester.info\)](https://www.visitleicester.info).

Phase 1 of paid for social media activity has been successful in driving newsletter subscribers and website visitors and phase 2 has now commenced. Phase 3 will follow with a focus on tourism trails and itineraries in the County.

The tourism PR contract has been extended as the support has proved successful in reaching tourism related publications and channels. Through this engagement with Visit Britain and Visit England has improved considerably.

The 'Fitcation' micro-project has made good progress and is expected to launch in April 2022 with 30 activity offers to choose from across the city and county.

Procurement for a supplier to deliver the video content for Meet Leicester is underway.

Social media figures are growing steadily across the different platforms, and newsletter engagement is excellent with consistent open rates being recorded.

The suite of Invest Leicester videos is nearing completion and the full set should be available from April 2022. These cover the following sectors:

- Advanced Manufacturing
- Food and Drink
- Green energy and low carbon
- Creative and digital
- Aerospace & Space
- Life science
- Professional and Financial Services
- Logistics

Innovation -MIT REAP

Claims to Date: £75K / £100K

Strategy to enable SMEs to take advantage of advanced technologies, particularly in manufacturing, and to access local expertise available through the three universities in the area.

As part of the MIT REAP challenge the Innovation steering group developed an innovation strategy (Beacons and Bootstraps) to develop the business base encouraging a culture of

innovation and engagement with business support. The strategy aims to grow the Leicestershire economy between 5 and 10% over the next 5 years. The findings from the research undertaken for the strategy fed directly into the Covid Recovery cell and ultimately informed the Innovation pillar of the LLEP Economic Growth Strategy and formation of the LLEP Innovation Board.

Low Carbon Delivery

Spend to date - £35k / £100k

Carbon Literacy (£15k) and Zellar Pilot (£20k).

Carbon Literacy – I can provide numbers for training delivered if you want – worth noting that since this was carried out the Growth Hub team have had additional training not budgeted for and at no extra cost to the LLEP or Growth Hub. The training will enable the Business Advisors to raise awareness amongst SMEs of the low carbon agenda and more importantly the commercial impacts of reducing energy consumption and the business opportunities of this growing sector.

Zellar – we will shortly be getting our first report from them re progress of businesses on the trial so I can provide that as soon as it comes through – it took a bit longer to get businesses on board, but we now have a staggered start with some businesses already having taken actions to reduce their impact, case studies will be coming through too.

Remaining spend planned - £40k – East Midlands Airport Decarbonisation Strategic Outline Case – This project has slowed due to EMA struggling with on-going capacity issues as they get their business back on track following the pandemic. High level commitment is in place with the Head of Asset Development for Manchester Airport Group – however further commitment is needed to release staff capacity to provide on-going input. An extra £40k match funding has been secured through Midlands Connect. Anticipated delivery by end of December.

£20k – Large Energy Users study – draft brief has been written, will move towards procurement through May with delivery of report by end of August 2022 and activity with businesses by end of December 2022.

Information Report

PROJECT UPDATE – CHARNWOOD CAMPUS MEDICINAL AND SYNTHETIC CHEMISTRY RESEARCH CENTRE

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to update the Investment Panel on the Charnwood Campus Medicinal and Synthetic Chemistry Research Centre project, funded through the Enterprise Zone Retained Business Rates Funding. This is the first completed project funded through this mechanism within the Loughborough and Leicester Science and Innovation Enterprise Zone.

2. RECOMMENDATION

- 2.1 The Investment Panel is recommended to note the report.

3. BACKGROUND INFORMATION

- 3.1 In May 2020 Charnwood Campus, part of the Loughborough and Leicester Science and Innovation Enterprise Zone, submitted an Expression of Interest to LLEP requesting capital investment to repurpose an existing building on site to support them in securing the relocation of a Contract Research Organisation (CRO), Charnwood Molecular, to the Campus.
- 3.2 The project would enable Charnwood Molecular to consolidate its 60 existing staff under one roof as well as provide facilities for its future expansion plans, directly creating over 100 new high-value jobs in the next 3 years. The project would bring 10,348sqm of highly specialised medicinal chemistry laboratory space back into use, as well as creating new car-parking facilities with electric vehicle charging points in support of the development.
- 3.3 LLEP Board agreed to invite Charnwood Campus to submit a full business case for the project (Appendix 1). The Business Case underwent both an internal and external appraisal based on Green Book principals before being presented to LLEP Board in August 2020. After consideration of the business case and appraisals, Board agreed to invest £3.4m into the Charnwood Campus Medicinal and Synthetic Chemistry Research Centre project through the Enterprise Zone Retained Business Rates Funding mechanism.

3.4 Negotiations were entered into with Charnwood Borough Council to facilitate the funding of the project through the prudential borrowing mechanism. A Forward Funding Agreement for £2m, repaid from EZ Business Rates, between LLEP and Charnwood Borough Council was completed in April 2021. The remainder of the funding required, £1.4m, was already available to the LLEP through the existing EZ Business Rates that had been received. Following this agreement, a Grant contract between LLEP and Charnwood Campus was completed, and project delivery commenced immediately.

4. PROJECT UPDATE

4.1 The project was due to complete within 12-months, and this has largely been achieved despite several challenges during the period. Price increases on goods due to Brexit and the cost of wholesale gas supply going up were a complication to the delivery programme. Supply chain issues affecting the whole construction industry, as well as issues relating to specific technical equipment required by the project, also added complexities to the refurbishment.

4.2 In addition to the challenges to the refurbishment, there was also a delay in receiving planning permission for the car park associated with the building. This resulted in the completion of the car park over running and it is now due for completion by end May 2022. The end user of the building, Charnwood Molecular, has been provided access to other facilities onsite to accommodate the delay.

4.3 The project has been well managed to accommodate these issues, with revisions to the programme of works to absorb the delays and ensure the refurbishment of the building could continue at pace. Practical completion of the building was achieved in December 2021 which enabled the end user, Charnwood Molecular, to begin occupation of the building on the original timescale. An opening day celebration was held on 7th April 2022 (appendix 2) after the building had been fully handed over.

Outputs

4.4 The agreed outputs of the project are the refurbishment of floorspace, reclamation of areas of land, creation of jobs and the generation of business rates. The outputs relating to physical site development will be fully completed by the end of May 2022. Having successfully occupied the building Charnwood Molecular are now undertaking a recruitment exercise which will support achievement of the jobs output based on their expansion plans. The rateable value for the property has yet to be confirmed by the Valuation Office, however, based on the other buildings onsite it is anticipated it will be £336,500 per annum.

Output	Forecast	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Floorspace refurbished	10,348 sqm	10,348 sqm					
Area of site reclaimed	Creation of 50 car parking		50				

Jobs Created	312		65	55	70	60	62
Business Rates Generation	£336,500		£336,500	£336,500	£336,500	£336,500	£336,500

4.5 Monitoring of outputs is currently through highlight reports connected to the financial project claims. This monitoring will continue after the final claim has been made until the end of the project in 2027 and all outputs have been achieved.

Defrayal

4.6 To date the project has claimed £3,270,452.46 of the available £3,406,155 funding. There is one final claim of £135,702.54 to be submitted before the project is completed. Originally Charnwood Campus had requested the ability to make claims on a six weekly basis to assist with cash flow. It was agreed this would be accommodated, however, the practicalities of making the claims meant that this wasn't feasible. There have been no indications that this change to claim submissions caused any delays in the project.

Claim Period	Claim Amount
Claim 1: April – June 2021	£213,790.93
Claim 2: July – August 2021	£719,009.32
Claim 3: September – October 2021	£1,146,536.76
Claim 4: November – February 2021/22	£637,866.26
Claim 5: March – April 2022	£553,249.19
Claim 6: May – June 2022*	£135,702.54
Total	£3,406,155.00

*This claim has yet to be received but represents the balance of the project funding.

FFA Repayment

4.7 The repayment of the loan from Charnwood Borough Council, as enabled by the FFA, is currently on track. Repayment is on an annuity basis and is deducted from the LLEP's proportion (85%) of the Enterprise Zone Business Rates collected by the Authority. The agreed interest rate for the loan is 1.89%.

4.8 The figures in red below represent the forecast amounts available for repayment of the loan from the financial modelling agreed by all parties during contract negotiations. The actual figures may be different, and the repayment end date would adjust accordingly. It should be noted that due to the calculation and verification processes required by Government for Business Rates the funds are paid to LLEP in the following year. This does represent an outstanding financial risk to LLEP until the loan is fully repaid.

Business Rates Year	Amount to be Repaid	Amount Outstanding
2020/21	£464,875*	£2,083,305
2021/22	£416,661	£1,666,644
2022/23	£555,548	£1,111,096
2023/24	£555,548	£555,548
2024/25	£555,548	£0

*This instalment has been paid

5. SUMMARY

5.1 Despite challenges this project has been completed on budget and on time. It has enabled the retention and consolidation of a local business within the Life Science sector and facilitated its future growth plans which supports LLEP aspirations on increasing local high-value jobs. In addition to the agreed outputs, it is worth noting that a forecast GVA of £10,257,009.40 per annum to the local economy has been calculated for the project.

Summary of appendices:

1. Project Business Case
2. LLEP Press Release Charnwood Molecular Opening Day

For further information please contact:

Cheryl Maguire
Enterprise Zone Programme Coordinator
Tel: 0116 454 4017
Email: Cheryl.Maguire@llep.org.uk

Basic Information

Project Code	PR000391
Project Name	Charnwood Campus Medicinal and Synthetic Chemistry Research Centre
Promoting Organisation	Charnwood Campus Management Limited
Legal Entity Status	Limited Company
Registration Number	09116109
Primary Contact Name	Gosia Khrais Director Charnwood Campus Management Limited
Contact Phone Number	07980 784 528
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

Gosia Khrais	
First Name of Legal Address Contact	Gosia
Surname of Legal Address Contact	Khrais
Registered Legal Address Name of Organisation	Charnwood Campus Management Limited
Building Name	Bakewell Road
Street	Bakewell Road
Town or City	Loughborough
County	Leicestershire
Postcode	LE11 5RD

Project Overview

Provide a short summary of the project (max 50 words)

Reactivation of currently unoccupied world-class chemistry laboratory building to attract strategically important local spin-out company for retention in Leicestershire. Project will upgrade existing research building (B42) to comply with modern regulatory requirements providing **specialised laboratories and building the community in our Life Sciences Opportunity Zone (LSOZ)**.

Provide a brief overview of the project (max 500 words)

The project will address an urgent need for highly specialised bio-chemistry facilities required to drive life-saving medicinal discoveries of tomorrow. **The lack of such facilities is a market failure, especially in Leicestershire, which inhibits** the growth of the local life science sector.

The re-commissioning of existing high quality facilities (B42; see Appendix 12 for schematics) at **Charnwood Campus** to a standard that will allow subsequent MHRA validation and compliance with laboratory standards required by potential occupier. The project offers a cost-effective route for providing such facilities quickly and efficiently on a nationally strategic site. This project will enable Charnwood Campus to secure a prospective tenant who requires specialised medicinal chemistry facilities to enable their planned fivefold growth over the next 3-5 years. This tenant is a spin out from Loughborough University who have secured significant venture backing, and are now seeking space for their planned growth, but who will be forced to relocate to Cheshire if we cannot accommodate them.

The project aims to:

- Make available **10,348sqm of highly specialised but unused medicinal chemistry laboratory space** that will support the development and growth of pharmaceutical, biotechnology, high-technology, medical technology businesses, with the first tenant identified;
- Generate **£336,500 pa** in business rates for the Enterprise Zone;
- Ensure that an existing local thriving company does not re-locate outside the region, and in so doing:
 - Consolidate 60 existing members of staff currently scattered across the region under one roof to improve productivity;

- Create 150 high value jobs within the first 12 months and a total of **312** within 3 - 5 years***;
- Create a further **1,500** 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);
- Achieve fivefold 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.

- Create **50 parking spaces with electric car charging points**;
- Encourage further **inward investment** by securing a nationally important medicinal and chemistry research firm to our site, who will in turn help the Campus to **secure future life-science tenants**;
- Encourage cross-sector **technology transfer, building on our anchor tenants' existing relationships with Loughborough University and Nottingham Trent University, to compliment our existing links with Loughborough and Leicestershire 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** with shared experiences;
- Facilitate access to **business support to accelerate growth**.

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

- **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 £5,000 - £6,000/sqm (to sense check this £5,000 x 10,348sqm (size of our building) = £51,740,000, compare this to our building value of £54M. Our costs of reactivation are £330/sqm, as we already have much of the required infrastructure - land, building and services. The project represents good value for money.];
- The breakeven period for such facilities is typically **>10 years meaning a slow return on investment for backers**;
- **Limited ability** to secure investment; **The niche nature** of the facilities requires specialist sector knowledge making it a **high-risk costly investment** for private developers;

The recommissioning of an existing **Medicinal Chemistry Research building (B42)** will help address this market failure - there are currently no wet laboratory facilities in Leicestershire, not to mention specialised chemistry laboratories - the nearest comparable facility is available in Alderly Edge in Cheshire. Simply, our prospective tenant will relocate out of region, 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 medicinal and synthetic chemistry research facilities and retain a locally grown world-leading spin-out company in the region 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 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

01/09/2020

Project End Date

31/03/2021

Provide a brief commentary to demonstrate that the project will be commenced by the stated date. (Max 100 words)

This project is to **re-activate an existing building** that was formerly a medicinal 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 2 years (Appendix 1) and have advised that the time frames to deliver the project are 8-10 months. 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.

Social distancing practises, as required by the government, will be employed by all contractors involved to minimise any impact caused by the COVID-19 pandemic. The prospective tenant has not been adversely affected by the pandemic, in fact they have seen increase levels of business as a result of the pandemic, necessitating the more urgent provision of our facilities.

Project Milestones/Activities

00007 TASK: Tender for recommissioning B42 published.

Description	TASK: Tender for recommissioning B42 published.
Start Date (Tasks only)	01/07/2020
End Date (Tasks and Milestones)	31/08/2020
Will there be a press notice / communication for this milestone?	No
Please provide details of the communication	Contractors appointed.

00004 TASK: Engage legal team to support completion of the contract with local authorities.

Description	TASK: Engage legal team to support completion of the contract with local authorities.
Start Date (Tasks only)	01/06/2020
End Date (Tasks and Milestones)	01/10/2020
Will there be a press notice / communication for this milestone?	No
Please provide details of the communication	Contract signed.

00006 TASK: Designs and planning applications for car park to be approved by landlord and submitted.

Description	TASK: Designs and planning applications for car park to be approved by landlord and submitted.
Start Date (Tasks only)	14/09/2020
End Date (Tasks and Milestones)	30/12/2020
Will there be a press notice / communication for this milestone?	No
Please provide details of the communication	Planning permission granted through the Enterprise Zone simplified planning permission route.

00012 TASK: Car parks works commence.

Description	TASK: Car parks works commence.
Start Date (Tasks only)	14/12/2020
End Date (Tasks and Milestones)	23/01/2021
Will there be a press notice / communication for this milestone?	No
Please provide details of the communication	Works completed.

00013 MILESTONE: Car Parks construction completed.

Description	MILESTONE: Car Parks construction completed.
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End Date (Tasks and Milestones)	23/01/2021
Will there be a press notice / communication for this milestone?	Yes
Please provide details of the communication	<p>Action taken: Press release issued to local media, announcement made on CCML website, story provided to Medilink for inclusion in newsletter.</p> <p>Message: Car park to support highly specialised Medicinal and Synthetic Research Facility have been completed. The works with associated planning permissions took 3 months to complete. Car park offers easy access to the research facility, it has electric car charging points and disabled car parking spaces.</p>

00005 TASK: Engage professional consultants (project manager, M&E consultants, QS and architects) to finalise the designs and issue detailed cost plan and manage the project to completion.

Description	TASK: Engage professional consultants (project manager, M&E consultants, QS and architects) to finalise the designs and issue detailed cost plan and manage the project to completion.
Start Date (Tasks only)	01/04/2020
End Date (Tasks and Milestones)	31/03/2021
Will there be a press notice / communication for this milestone?	No
Please provide details of the communication	<p>Construction team appointed to deliver:</p> <ul style="list-style-type: none"> - cost plan developed - tender exercise complete and contractors selected - ongoing project monitoring and risk management - compliance and certification documents issued - works completed on time and in budget

00010 TASK: Recommissioning of B42 starts.

Description	TASK: Recommissioning of B42 starts.
Start Date (Tasks only)	02/10/2020
End Date (Tasks and Milestones)	21/05/2021
Will there be a press notice / communication for this milestone?	No
Please provide details of the communication	Works completed.

00011 MILESTONE: Recommissioning of Medicinal and Synthetic Research Facility (B42) completed.

Description	MILESTONE: Recommissioning of Medicinal and Synthetic Research Facility (B42) completed.
End Date (Tasks and Milestones)	21/05/2021
Will there be a press notice / communication for this milestone?	Yes
Please provide details of the communication	<p>Action taken: Press release issued to local media, announcement made on CCML website, story provided to Medilink for inclusion in newsletter.</p> <p>Message: Recommissioning of highly specialised Medicinal and Synthetic Research Facility (B42) required to drive life-saving medicine discoveries of tomorrow completed.</p> <p>This Medicinal and Synthetic Chemistry Research Facility will offer services to help grow companies that develop new medicinal molecules and life-saving drugs as well as forming a core component of a vertically integrated supply chain on the site.</p> <p>It will help solidify the Loughborough Area of Innovation's place amongst other scientific research and development locations. In addition, it enhances the Charnwood Life Sciences Opportunity Zone (LSOZ) by providing specialised medicinal chemistry facilities, which have now become a key priority.</p>

00014 MILESTONE: Grand Opening - CC LSOZ Medicinal and Synthetic Chemistry Research Facility is ready for business.

Description	MILESTONE: Grand Opening - CC LSOZ Medicinal and Synthetic Chemistry Research Facility is ready for business.
End Date (Tasks and Milestones)	28/05/2021
Will there be a press notice / communication for this milestone?	Yes
Please provide details of the communication	<p>Action taken: Press release issued to local media, announcement made on CCML website, story provided to Medilink for inclusion in newsletter.</p> <p>Message: Charnwood Campus Life Sciences Opportunity Zone Medicinal and Synthetic Chemistry Research Facility is ready for business.</p> <p>The £53.5M project funded by Charnwood Campus in partnership with the LLEP and Charnwood Borough Council has been successfully completed. The LLEP and the Council have been instrumental in allowing Charnwood Campus to make this project possible by providing turn key grant funding. Successful re-investment of business rates generated by this Enterprise Zone will enable the occupier to create 312 high value jobs over the next 5 years, 1,500 other jobs in the supply chain and an estimated GVA of £12M per annum in simple terms this means that each pound invested will have generated £4 in additional gross value per annum.</p>

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 medicinal chemistry activities will allow the rapid and cost-effective development of a facility that would otherwise be too expensive to develop as a new building. This facility will support the long-term development of medicinal chemistry, a key component in the drug development pathway, as well as in the short-term preventing the relocation of an existing high growth potential organisation outside of Leicestershire. The attraction of this successful locally grown spin out company to our site will be an important addition to the family of prestigious businesses already in occupation.

A **Medicinal and Synthetic Chemistry 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 project aims to:

- Create **10,348sqm of highly specialised medicinal 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 **£336,500 pa** in business rates for the Enterprise Zone, which are retained for our local economy;
- Ensure that an existing local world-class company does not re-locate outside the region (the nearest comparable alternative is Alderley Edge, Cheshire), and in so doing:
 - Achieve fivefold growth in the next 3-5 years, directly linked to their recently venture-funded business plan, which requires access to this specific specialist chemistry laboratories with fume cabinets to enable the growth in productivity;
 - Facilitate space for this potential occupier to retain 60 staff and create 90 new high value jobs within the first 12 months and a total of **312** within 3 - 5 years;
 - Create a further **1,500** 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 relationships 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 enhance 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 and medtech innovation.**

Explain the underlying barriers to economic growth that the substantive project will address. (Max 200 words)

Leicestershire has a vibrant, diverse business community but only nascent in high value knowledge-based sectors such as **Life Sciences**, which is a priority growth sector for the LLEP.

Specifically, the lack of medicinal chemistry facilities and other wet labs is currently a market failure that inhibits the full growth potential of the local life science sector and the high development costs and specialist nature of such facilities is a barrier to private developers.

This inhibits the ability to retain 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. Loughborough has some globally important companies and a top 5 Universities in residence but has been over-looked on the national stage, and Charnwood 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 and synthetic chemistry or other wet laboratories**.

Explain the impact of not addressing these barriers. (Max 200 words)

1) Our prospective tenant will likely relocate to Alderley Edge (the nearest comparable site offering similar chemistry laboratories, fitted out to a suitably high standard which can accommodate specific technical activities, required by this company), meaning we will lose £6.6M in rent plus associated £6.5M business rates.

2) The impact on Charnwood Campus will be to delay the development of Building 42, by at least 2 years, and probably much longer. It is rare to find a potential tenant with the specialist requirements which our building can offer, and we may not find another suitable tenant for many years, if ever. 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 tenant company growth will be constrained or delayed by at least 2 years 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.

Explain what will happen if this funding request is not approved (Max 200 words)

Without positive action, this opportunity to create specialist medicinal and synthetic chemistry research facilities and retain a locally grown world-leading spin-out company in the region 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 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.

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 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. The reduced inward investment opportunities mean a lost opportunity, and therefore wealth creation, from developing a dynamic life sciences cluster in the region;

- Losing 'first mover' advantage for the **Life Sciences Opportunity Zone**, especially critical now that 6 other sites have received this designation;
- Reduced ability to secure funding through initiatives such as Industrial Challenge Fund/Innovate UK;
- Delay of delivery of EZ outputs.

Yes

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

If yes, please provide a brief explanation (Max 100 words)

There will be a material increase in the size of the project, **from nil to 10,348sqm of total research space refurbished/unlocked and the employment of staff by the occupier from nil to 312 over 5 years.**

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.

Yes

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

If yes, please provide a brief explanation (Max 100 words)

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 £54M is no longer sitting empty, and an important company is retained in the region where it was founded.

Yes

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

If yes, please provide a brief explanation (Max 100 words)

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 60% of the management teams' time to get this underway on time and in budget.

Yes

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

If yes, please provide a brief explanation
(Max 100 words)

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 2 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 8 months which is extremely fast for a project of this nature, and will mean that the benefits will accrue from early 2021.

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

Yes

If yes, please provide a brief explanation
(Max 100 words)

Without this investment the risk of this project not being undertaken is high and consequently a high growth research organisation will seek to relocate outside of **the LLEP area**, possibly to **Alderley Edge** or **Cambridge**.

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 medicinal and synthetic chemistry research. This will deliver 10,348sqm of high specification space.
- **Develop car parking** with electric charging points as the site is running out of car parking space and still has 200,000sqft of floor space to be redeveloped.
- Secure first tenant for the building before they leave the region.
- Make **the Life Sciences Opportunity Zone** and **Enterprise Zone** a success by attracting another research focused pharmaceutical organisation with ambitious expansion plans.

Strategic Fit with Local Priorities

Will the intervention support policies in the Strategic Economic Plan, Sector Growth Plans or other Local Plans? (Max 100 words)

The Medicinal and Synthetic Chemistry Research Facility objectives 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 local SME, ensuring they are not lost to the region.

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**.

What is the main strategic priority that your project addresses?

Enterprise and Innovation

Engagement and Consensus

Outline support from key stakeholders for the proposed solution / your approach to seeking consensus. (Max 100 words)

The Enterprise Zone Steering Group, that consists of representatives from **Medilink East Midlands, University of Leicester, the East Midlands Academic Health Science Network, the LLEP, Leicestershire County Council, BEIS, Inward Investment and Charnwood Borough Council** are supportive of the wider development of the site, including the re-commissioning of the chemistry building. Similarly, the existing site tenants (3M, ALMAC and Kindeva) are supportive of the wider site development, including the chemistry research facilities.

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**. The members of the group endorsed the project during the 27th April 2020 Steering Group meeting session.

Previous Funding Applications

Have you applied for any funding for this project previously?

No

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

Independent legal advice has been sought and Browne Jacobson report is attached to this business case - Appendix 15.

Summary of advice Charnwood Campus Management Limited in relation to State aid and LEP funding of Charnwood Campus B42

Charnwood is applying for approximately £3.4 million in funding from the Leicester and Leicestershire Local Enterprise Partnership (the LEP) to carry out works to create specialised medicinal chemistry labs and 50 parking spaces with electric car charging points at building B42 at its Charnwood Campus. A prospective tenant (the Tenant) has been identified with a view to taking on a 15 year lease. This is a local contract research organization and is a medium sized enterprise. We understand that it will be carrying out projects comprising industrial research (as defined in the General Block Exemption Regulation - GBER) for the period of the lease. Charnwood proposes a below market rental arrangement and the amount of the LEP funding will partially assist it in being able to make that offer.

The Tenant is acting as an undertaking for State aid purposes and all of the State aid "tests" are passed. The Tenant will therefore be receiving State aid to the extent that the LEP funding contributes to the below market rent that it will pay to Charnwood. However, the Tenant should be able to benefit from Article 25 of GBER to enable the funding from the LEP to be used to give the Tenant a rent reduction below market rates, given that we are told that it will carry out industrial research over the period. The maximum permitted aid intensity threshold under Article 25 will be 60% of eligible costs. Eligible costs are wide ranging but at the current time, Charnwood is only able to calculate the rental costs. The calculations carried out by Charnwood show that the aid representing the rent reduction is below 60%. The actual percentage will be substantially lower once all eligible costs are known. Charnwood should include monitoring requirements in its lease arrangements to ensure that the aid intensity level remains below the threshold. The total amount of aid provided under Article 25 must not exceed the applicable notification threshold, which is €20 million. The amount of aid as calculated by Charnwood in accordance with the aid intensity test under Article 25 is below that amount but there is also an argument that the *actual* aid to the Tenant can simply be expressed as £3.4 million.

On this basis, there should not be any illegal State aid to the Tenant.

Given that the aid to the Tenant is being provided under Article 25 of GBER, there is a respectable argument for saying that there is no State aid to Charnwood. This is on the basis that aid flows through Charnwood from the LEP to the Tenant and there is no net benefit to Charnwood as Charnwood will not make a greater profit from the leasing of B42 than it would with the LEP funding compared to without it and there will be no residual benefit to Charnwood at the end of the 15 year lease period.

If the construction company/ies to be used to carry out the Works are procured by an open, non-discriminatory tender to ensure that they are paid no more than a market price, then they will not receive State aid.

Economic Case

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? (max 400 words)

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, relocation of a promising medicinal and synthetic research organisation out of the region.
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. 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 project will accommodate smaller SME type occupiers in shared facilities).
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 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 B42 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** 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.

The EZ funding will allow the acceleration of delivery of the project to ensure a local high potential company is not lost to the region. As a key component of the drug development pathway, it also has the potential to catalyse further developments on site.

Demonstrate and evidence that the funding would represent value for money. (max 400 words)

Charnwood Campus considered various options and decided that the proposed one is **the most cost-effective way forward** to achieve its goals.

BREAKDOWN OF PROPOSED WORKS – Appendix 1

1. **Charnwood Campus Medicinal and Synthetic Research Facility project** assumes utilising as much of the existing plant, equipment, fittings as possible in the effort to control the costs. The total floor space to be re-commissioned is 10,348sqm including 158sqm of GMP suits. The building was originally built to the highest industry standards and is already furnished.

The average cost of the re-commissioning is **£330sqm** compared to the industry average cost of fitting out simple and unfurnished wet labs of **£3,500-5,500sqm*** and **>£7,500sqm**** for GMP laboratory space.

- * <https://www.building.co.uk/main-navigation/cost-model-laboratories/5078736.article>
- ** Appendix 9, 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 and is still widely quoted, most recent comprehensive reports on wet lab space and incubator space available. For completeness it should be noted that inflation cost of 2.5% in 2018 and 1.8% in 2019 could be added to represent current lab cost more accurately. This means that the quoted laboratory costs are in reality higher by 4.3%):

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 chemistry lab space in Leicestershire** for a fraction of the cost of a new building.

To future-proof the investment, new boilers and chillers will be installed, whilst most of the

existing pipework and smaller plant equipment is left in situ and recycled.

2. Charnwood Campus Medicinal and Synthetic Research Facility dedicated car park

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

*** Appendix 8 - Quantity Surveyor's cost estimate for a car park in a different location on the site, the costs have been reduced pro rata for the purpose of this application.

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.

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 B1 space) has been used to reflect knock-on effects of new jobs on the local economy to give a **GVA per annum of c. £12M**. 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 23 years) this increases to c. £81 for each pound invested.

Additionally, the benefit cost ratio is 1.9*** and the revenue on investment is 2.75 years in relation to business rates generated by the whole site or 10 in relation to this building only (short return on such a sophisticated laboratory block).

***£6,487,500 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). £3,406,155 is the cash capital cost required.

Is the project scalable?

No, the potential tenant organisation requires the full building space to achieve their ambitious 5-fold growth plans and without this level of space, are likely to relocate outside the region.

Outputs, Outcomes and Impact

Outputs and Outcomes: specific deliverables from the overall project

BEN.391.01 - Charnwood Campus Management Limited

Benefit Id	BEN.391.01
Outputs & Outcomes Category	Jobs
Outputs & Outcomes Sub Category	Jobs created
Detailed Description	312 high value jobs will be created. These will most probably involve scientific researchers, laboratory technicians, senior management, HR 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?	Charnwood Campus Management Limited

Assumptions	<p>The potential tenant predicts employing up to 300 people Y3-Y5. For the purpose of this application Charnwood Campus used HCA Employment Densities Guide, dated Nov 2015 to drive the following assumptions:</p> <ul style="list-style-type: none"> • Net Internal Space (NIA) = 85% of Gross Internal Space; • Therefore, NIA = 7,000 sq m labs + 3,000 sq m offices; • Density for B1 (b) R&D Space = 60 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	Slower growth than predicted by the tenant. Mitigated by the tenant being a world leading company with high growth potential.

Measures	
April 2022	
Units	Number
Target	65
April 2023	
Units	Number
Target	55
April 2024	
Units	Number
Target	70
April 2025	
Units	Number
Target	60
April 2026	
Units	Number
Target	62

BEN.391.02 - Charnwood Campus Management Limited	
Benefit Id	BEN.391.02
Outputs & Outcomes Category	Land & Commercial Property
Outputs & Outcomes Sub Category	Commercial Floorspace Refurbished (sqm)
Detailed Description	<p>Recomissioning of Medicinal and Synthetic Research building:</p> <p>10,348 sq m***</p> <p>*** measurements based on RICS Area Measurement Report by Plowman Craven in GIA (Appendix 10)</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 10 – 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?	Charnwood Campus Management Limited

Assumptions	This output is quantifiable and can be evidenced by review of attached building plans (Appendix 10) 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	Lack of funding.
Measures	
March 2021	
Units	sqm
Target	10348

BEN.391.03 - Charnwood Campus Management Limited.

Benefit Id	BEN.391.03
Outputs & Outcomes Category	Land & Commercial Property
Outputs & Outcomes Sub Category	Commercial Floorspace Refurbished (sqm)
Detailed Description	Creation of write-up areas to support scientific research activities , offices and open plan offices: 3,000 sq m*** *** measurements based on RICS Area Measurement Report by Plowman Craven in GIA (Appendix 10)
Baseline Value	0
Output / Outcome	Output
How will the output / outcome be measured	This output is quantifiable and can be evidenced through final building plans (note Appendix 10 – area measurements). It will require record keeping and reporting. CCML to collect data, record and report to the LLEP quarterly. Practical completion certificate issued by quantity surveyor will be shared.
Measurement Source	CCML and quantity surveyors.
Who is responsible for measuring the benefit?	Charnwood Campus Management Limited.
Assumptions	This output is quantifiable and can be evidenced by review of attached building plans (Appendix 10) 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	Lack of funding.

Measures	
March 2021	
Units	sqm
Target	3000

BEN.391.04 - Charnwood Campus Management Limited

Benefit Id	BEN.391.04
Outputs & Outcomes Category	Land & Commercial Property
Outputs & Outcomes Sub Category	Commercial Floorspace Refurbished (sqm)
Detailed Description	7,000 sqm of highly specialised research laboratories, including GMP suits.
Baseline Value	0
Output / Outcome	Output
How will the output / outcome be measured	This output is quantifiable and can be evidenced through final building plans (note Appendix 10 – area measurements). It will require record keeping and reporting. CCML to collect data, record and report to the LLEP quarterly. Practical completion certificate issued by quantity surveyor will be shared.
Measurement Source	CCML and quantity surveyor practical completion report.
Who is responsible for measuring the benefit?	Charnwood Campus Management Limited

Assumptions	This output is quantifiable and can be evidenced by review of attached building plans (Appendix 10) 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	Lack of funding.
Measures	
March 2021	
Units	sqm
Target	7000

BEN.391.05 - Chamwood Campus Management Limited

Benefit Id	BEN.391.05
Outputs & Outcomes Category	Jobs
Outputs & Outcomes Sub Category	Other
Detailed Description	Creating 1,500 other jobs in the supply chain.
Baseline Value	0
Output / Outcome	Outcome
How will the output / outcome be measured	This output can only be measured by using the multiplier. CCML to collect data, record and report to the LLEP quarterly.
Measurement Source	CCML and Tenant records.
Who is responsible for measuring the benefit?	Charnwood Campus Management Limited
Assumptions	High value jobs will have a wider impact on the local economy by helping to create an additional 1,500 jobs in the supply chain (5x multiplier used as per industry standard).
What are the risks or issues to realising the benefit	Slower than predicted growth. This risk is mitigated by the tenant being a world leading company with high growth potential.

Measures	
April 2022	
Units	Number
Target	325
April 2023	
Units	Number
Target	275
April 2024	
Units	Number
Target	350
April 2025	
Units	Number
Target	300
April 2026	
Units	Number
Target	310

BEN.391.06 - Chamwood Campus Management Limited

Benefit Id	BEN.391.06
Outputs & Outcomes Category	Land & Commercial Property
Outputs & Outcomes Sub Category	Commercial floorspace constructed Gross (sqm)

Detailed Description	<p>Creation of rateable commercial floor space resulting in generation of business rates as below:</p> <ul style="list-style-type: none"> • £336,500 of business rates per annum • £6,939,800 over 23 years • £66,117,200 in total over 23 years. <p>***10,348.1sqm GIA as per Measured Survey Report by Plowman Craven dated 28.03.2017. (Appendix 10) ***Summary of business rates growth projections attached (Appendix 2)</p>
Baseline Value	0 - This unused floor space is zero rated at the moment.
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, Charnwood Borough Council and Tenant records.
Who is responsible for measuring the benefit?	Charnwood Campus Management Limited
Assumptions	<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>
What are the risks or issues to realising the benefit	Slower than predicted growth. This risk is mitigated by the tenant being a world leading company with high growth potential.

Measures	
December 2021	
Units	£000s
Target	220.7
December 2022	
Units	£000s
Target	220.7
December 2023	
Units	£000s
Target	220.7
December 2024	
Units	£000s
Target	220.7
December 2025	
Units	£000s
Target	336.5
December 2026	

Units	£000s
Target	336.5
December 2027	
Units	£000s
Target	336.5
December 2028	
Units	£000s
Target	336.5
December 2029	
Units	£000s
Target	336.5
December 2030	
Units	£000s
Target	336.5
December 2031	
Units	£000s
Target	336.5
December 2032	
Units	£000s
Target	336.5
December 2033	
Units	£000s
Target	336.5
December 2034	
Units	£000s
Target	336.5
December 2035	
Units	£000s
Target	336.5
December 2036	
Units	£000s
Target	336.5
December 2037	
Units	£000s
Target	336.5
December 2038	
Units	£000s
Target	336.5
December 2039	

Units	£000s
Target	336.5

December 2040

Units	£000s
Target	336.5

December 2041

Units	£000s
Target	336.5

December 2042

Units	£000s
Target	336.5

BEN.391.07 - Charnwood Campus Management Limited

Benefit Id	BEN.391.07
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 11 – car park design drawing
Baseline Value	0
Output / Outcome	Output
How will the output / outcome be measured	This output is quantifiable and can be evidenced through final building plans/ photographic evidence. It will require record keeping and reporting. CCML to collect data, record and report to the LLEP quarterly.
Measurement Source	CCML and Tenant records.
Who is responsible for measuring the benefit?	Charnwood Campus Management Limited
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	Lack of funding.

Measures

December 2020

Units	Number
Target	80

Please explain in detail how you have estimated each of the outputs?	Job creation based on business plan of applicant tenant company.
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Additional Benefits

Employing locally and responsibly	Yes
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If yes, please provide a brief explanation (Max 100 words)	The project will employ locally whenever possible, subject to procurement requirements. 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
(Max 100 words)

Charnwood 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.

Supporting and engaging with local communities

Yes

If yes, please provide a brief explanation
(Max 100 words)

Charnwood 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.

Improving environmental sustainability

Yes

If yes, please provide a brief explanation
(Max 100 words)

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).

Doing business ethically

Yes

If yes, please provide a brief explanation
(Max 100 words)

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 Specialised scientific laboratory space created

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

10,348sqm

Baseline Value

0sqm

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

Commercial space will be evidenced through final building plans and photographs as refurbishments are completed. A quarterly update will be provided, with the final assessment report at the end of the project.

00002 Private investment leveraged

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

£50,160,000

Baseline Value

£0.00

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

This output is quantifiable. Charnwood Campus can share valuation report at the completion of the works.

00003 Increase in knowledge based employment in the LLEP area

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

38%

Baseline Value

0%

Assessment (e.g. who will measure the outcome, when and how will it be measured)	Private investment leveraged and increase in knowledge-based employment cannot be measured directly and so would need to be extrapolated from wider data source, such as the LEPs own analysis as well as the Annual Business Survey and ONS Regional and Sub-regional Productivity data.
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00005 Business rates generated

Quantity (e.g. number of jobs, number of new homes,)	£66,117,200
Baseline Value	£0.00
Assessment (e.g. who will measure the outcome, when and how will it 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.

00006 Jobs unlocked

Quantity (e.g. number of jobs, number of new homes,)	312
Baseline Value	0
Assessment (e.g. who will measure the outcome, when and how will it be measured)	Jobs will be measured by CCML from regular (quarterly) reports provided by the tenant and shared with the LLEP quarterly through Verto system.

Will particular groups of people be affected by the intervention i.e. Social Benefits? Will the impact be positive or negative? Please explain. (Max 100 words)

The project will have a positive impact on a number of key groups, especially **students and young people** looking for local employment and helping to retain them in the region.

How will the intervention impact on the natural and built environment? (Max 100 words)

The project will have positive impact as it includes reconfiguration and regeneration of a disused building - improvements in energy efficiency will be achieved by adopting a more efficient technology and by application of commonly accepted energy reducing methods. **EPC rating** will improve dramatically also thanks to **new heat recovery system, LED lighting**. Any asbestos identified will be disposed of in a strictly controlled manner. (Please note that BREEAM standards refer to new construction projects, or new fitout - the proposed works include reactivation only).

Car park with electric charging points will be built to lower carbon footprint.

Charnwood Campus encourages current occupiers to provide staff incentives to use public transport, travelling on foot, bicycle or car sharing.

Charnwood Campus is actively helping to sustain and improve the natural environment in the campus' immediate proximity by working closely with **the Environmental Agency, Charnwood Borough Council** and **Severn Trent Water**. This results in **Charnwood Campus** monitoring, reporting and/or undertaking regular clearing and maintaining of **canal pathways** and inspections, repair and maintenance of **underground flood walls and culverts, minimising flood risk**.

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)?

53406155

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

Capital:

0. Building: £50,000,000 (**in-kind contribution - current valuation, building insured to £54M rebuilt cost**)

1. Modifications: £3,251,155 (surveys and estimates 2020)

2. Car Park: £155,000 (estimate 2020)

Total = £53,406,155

0. Building: £50,000,000 (**in-kind contribution**)

1. Refurbishment of existing labs and offices – M&E element and architectural element (fire safety strategy) reconfiguration, environmental considerations) - £3,251,155 (Appendix 1).

2. New car park with electric charging points - £155,000

Revenue:

£160,000*

= £160,000 (in-kind contribution)

Charnwood Campus team will spend up to 50% of their time developing and delivering the construction project and undertaking the follow up monitoring. The members of the team include Managing Director (c. 20% of time), Commercial Director (c. 60%), Engineering Group Director (c. 50%), Financial Manager (c. 30%), Administrator (c. 40%), Engineer (c. 40%). This is averaged across the team - in practise the MD and the Commercial Director will spend more than half their time on this project. This project will be delivered in a short time period to meet the urgent demand for the building, and will be the priority for the team over 8 months, hence the heavy time contribution. Staff costs are based on payroll records and can be provided if required.

There is also additional cost involved with increased pressure on security requiring additional guard(s), general waste volume increase, increased use of the subsidised cafeteria (assuming it will re-open), additional H&S RA and monitoring of the rest of the site (the dynamics on the site will change - temporary road signs, changes to traffic control/flow and other). Charnwood Campus has considered these carefully and incorporated them into the budget for this project.

A 10-12% contingency is built into the budget in case of over spend.

*Inflation of 3% pa is assumed

*NI and employer costs of est. 10% are accounted for on top of gross salary assumptions

Business rates liabilities:

Charnwood Campus as a landlord takes on the risk of business rates liabilities should the prospective tenant seize to trade prior to Y15 of the negotiated lease. In the unlikely scenario that this does happen Charnwood Campus will have to pay \$336,500 per annum in business rates.

Yes

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

Please explain the relevance of the document

Appendix 1 is a high level summary of the project. This is a detailed cost plan prepared by **Couch Perry Wilkes** based on competitive tender prices obtained for similar projects on this site. It provides break down of all the infrastructure elements that must be recommissioned for the succesful completion of the project.

The attached cost estimate is divided into the following categories:

- Prelims
- Mechanical work package
- Electrical work package
- Statutory requirements
- Provisional sums
- Additional works and professional fees

The document is based on a number of surveys and meetings with original plant and equipment installers and manufacturers (Schneider Electrics, Honeywell and other). The cost estimates are as robust as they can be and additional contingencies were included to account for any unforeseen situations to avoid project cost overrun.

Funding Requirements and Match Funding

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

3406155

What assumptions is this figure based upon?

The capital cost assumptions include the cost of hiring architects, M&E designers, project managers and quantity surveyors. The cost plan is attached to this business case for completeness (Appendix 1). The High-Level cost survey and cost plan was prepared by Couch Perry Wilkes.

The cost plan attached includes contingencies (between 10-12%).

In the unlikely event of the project exceeding project value, the gap created in the funding available will be covered by the project owner.

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

50160000

Sources of Funding (£'s)

In-kind resources (Land / buildings)

Funding Source

In-kind resources (Land / buildings)

Description of funding source	<p>Charnwood Campus is offering to undertake a project of redeveloping an existing building into a state of the art medicinal chemistry research facility to meet market demand and to ensure it hits the targets set out in EZ bid document.</p> <p>Without the requested funding the alternative for Charnwood Campus is to do nothing. Charnwood Campus has invested heavily in recommissioning of other buildings currently occupied on the site and servicing the bank loans is a rate limiting step to the development of the Campus.</p> <p>Charnwood Campus proposes to offer the building and part of the land as match funding for this venture.</p> <p>Funding offered through this route will unlock the otherwise un-utilised value of the building itself that stands at an estimated value of over £50M .</p> <p>CC will match the EZ funding requested with the building and land (to allow seamless operations and additional car parking space).</p> <p>The value of the building is based on the valuation performed by the insurer on a similar building on the site (B28/29 - Almac premises: Value: £94,515,000, Size: 108,536sqft which equates to £870/sqft).</p> <p>As both buildings are of a similar specification it is reasonable to assume that a value of £870/sqft can be applied in this particular instance bringing the estimated value of the building to £50,502,164.</p> <p>The quote for the insurance has now been obtained. The building will be insured to the value of £54,000,000 on 'rebuild basis.</p> <p>Match funding comes up to: 93.69% of project value.</p>
Amount (£'s)	50000000
Percentage of Budget (%)	93
Confirmed	Yes

In-kind resources (Staff time)

Funding Source	In-kind resources (Staff time)
Description of funding source	<p>Charnwood 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).</p>
Amount (£'s)	160000
Percentage of Budget (%)	0.29
Confirmed	Yes

LLEP

Funding Source	LLEP
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Description of funding source	<p>The LLEP EZ business rates re-investment fund.</p> <p>This particular project involves the regeneration of high value but disused floor space to create approx. 10,000sqm of highly specialised space for a fraction of the cost of a new build. T</p> <p>The laboratory space created has the highest rateable value for any commercial floor space in the Charnwood Borough Council:</p> <ul style="list-style-type: none"> • Office floorspace (ground) x £113.01 • 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 creation of rateable commercial floor space will generate a business rates uplift from 'zero' to £336,500 of business rates per annum equating to £6,939,800 over 23 years.***</p> <p>***Detailed breakdown of business rates generation is included in Appendix 2.</p> <p>It is worth noting that the Charnwood Campus site has already generated an income of £1,432,000 in business rates and has the potential to bring £66,117,200 to the UK economy over the period of the existence of the Enterprise Zone.</p>
Amount (£'s)	3406155
Percentage of Budget (%)	6.3
Confirmed	In Progress

Financial Profile (£'s)	Planned Amount £'s (Only include VAT if not recoverable)
2021/22	
April 2021	
Recommissioning works of B42 - An average of £460,000 per month will be required	491,155
Total	491,155
2020/21	
April 2020	
CCML offers building B42 and part of land in front of the building as a match contribution to this project.	50,000,000
October 2020	
Recommissioning works of B42 - An average of £460,000 per month will be required	460,000
November 2020	
Recommissioning works of B42 - An average of £460,000 per month will be required	460,000
Recommissioning works of B42 Car park B42	155,000
December 2020	
Recommissioning works of B42 - An average of £460,000 per month will be required	460,000
January 2021	
Recommissioning works of B42 - An average of £460,000 per month will be required	460,000
February 2021	
Recommissioning works of B42 - An average of £460,000 per month will be required	460,000
March 2021	
CCML staff will spend up to 50% of their time on the project during April 2020 and March 2021	160,000

	Planned Amount £'s (Only include VAT if not recoverable)
Recommissioning works of B42 - An average of £460,000 per month will be required	460,000
Total	53,075,000
TOTAL	53,566,155
2021/22	
April 2021	
Description	Recommissioning works of B42 - An average of £460,000 per month will be required
Planned Amount £'s (Only include VAT if not recoverable)	491155
Funding Source	LLEP
2020/21	
April 2020	
Description	CCML offers building B42 and part of land in front of the building as a match contribution to this project.
Planned Amount £'s (Only include VAT if not recoverable)	50000000
Funding Source	In-kind resources (Land / buildings)
October 2020	
Description	Recommissioning works of B42 - An average of £460,000 per month will be required
Planned Amount £'s (Only include VAT if not recoverable)	460000
Funding Source	LLEP
November 2020	
Description	Recommissioning works of B42 - An average of £460,000 per month will be required
Planned Amount £'s (Only include VAT if not recoverable)	460000
Funding Source	LLEP
November 2020	
Description	Recommissioning works of B42 Car park B42
Planned Amount £'s (Only include VAT if not recoverable)	155000
Funding Source	LLEP
December 2020	
Description	Recommissioning works of B42 - An average of £460,000 per month will be required
Planned Amount £'s (Only include VAT if not recoverable)	460000
Funding Source	LLEP
January 2021	
Description	Recommissioning works of B42 - An average of £460,000 per month will be required
Planned Amount £'s (Only include VAT if not recoverable)	460000
Funding Source	LLEP
February 2021	

Description	Recommissioning works of B42 - An average of £460,000 per month will be required
Planned Amount £'s (Only include VAT if not recoverable)	460000
Funding Source	LLEP

March 2021

Description	CCML staff will spend up to 50% of their time on the project during April 2020 and March 2021
Planned Amount £'s (Only include VAT if not recoverable)	160000
Funding Source	In-kind resources (Staff time)

March 2021

Description	Recommissioning works of B42 - An average of £460,000 per month will be required
Planned Amount £'s (Only include VAT if not recoverable)	460000
Funding Source	LLEP

Will 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)

2020/21

Amount (£'s)	220700
Comment	Area measurements source: Area Measurement Report prepared by leading measuring authority - Plowman Craven. Calculations are based on Net Internal Area (NIA). Phased out occupation, business rates apply to ground and first floor only for the first 5 years.

2022/23

Amount (£'s)	220700
Comment	Area measurements source: Area Measurement Report prepared by leading measuring authority - Plowman Craven. Calculations are based on Net Internal Area (NIA). Phased out occupation, business rates apply to ground and first floor only for the first 5 years.

2023/24

Amount (£'s)	220700
Comment	Area measurements source: Area Measurement Report prepared by leading measuring authority - Plowman Craven. Calculations are based on Net Internal Area (NIA). Phased out occupation, business rates apply to ground and first floor only for the first 5 years.

2024/25

Amount (£'s)	220700
Comment	Area measurements source: Area Measurement Report prepared by leading measuring authority - Plowman Craven. Calculations are based on Net Internal Area (NIA). Phased out occupation, business rates apply to ground and first floor only for the first 5 years.

2025/26

Amount (£'s)	220700
Comment	Area measurements source: Area Measurement Report prepared by leading measuring authority - Plowman Craven. Calculations are based on Net Internal Area (NIA). Phased out occupation, business rates apply to ground and first floor only for the first 5 years.

2026/27

Amount (£'s)	336500
Comment	Area measurements source: Area Measurement Report prepared by leading measuring authority - Plowman Craven. Calculations are based on Net Internal Area (NIA). Building fully occupied.

2027/28

Amount (£'s)	336500
Comment	Area measurements source: Area Measurement Report prepared by leading measuring authority - Plowman Craven. Calculations are based on Net Internal Area (NIA). Building fully occupied.
2028/29	
Amount (£'s)	336500
Comment	Area measurements source: Area Measurement Report prepared by leading measuring authority - Plowman Craven. Calculations are based on Net Internal Area (NIA). Building fully occupied.
2029/30	
Amount (£'s)	336500
Comment	Area measurements source: Area Measurement Report prepared by leading measuring authority - Plowman Craven. Calculations are based on Net Internal Area (NIA). Building fully occupied.
2030/31	
Amount (£'s)	336500
Comment	Area measurements source: Area Measurement Report prepared by leading measuring authority - Plowman Craven. Calculations are based on Net Internal Area (NIA). Building fully occupied.
2031/32	
Amount (£'s)	336500
Comment	Area measurements source: Area Measurement Report prepared by leading measuring authority - Plowman Craven. Calculations are based on Net Internal Area (NIA). Building fully occupied.
2032/33	
Amount (£'s)	336500
Comment	Area measurements source: Area Measurement Report prepared by leading measuring authority - Plowman Craven. Calculations are based on Net Internal Area (NIA). Building fully occupied.
2033/34	
Amount (£'s)	336500
Comment	Area measurements source: Area Measurement Report prepared by leading measuring authority - Plowman Craven. Calculations are based on Net Internal Area (NIA). Building fully occupied.
2034/35	
Amount (£'s)	336500
Comment	Area measurements source: Area Measurement Report prepared by leading measuring authority - Plowman Craven. Calculations are based on Net Internal Area (NIA). Building fully occupied.
2035/36	
Amount (£'s)	336500
Comment	Area measurements source: Area Measurement Report prepared by leading measuring authority - Plowman Craven. Calculations are based on Net Internal Area (NIA). Building fully occupied.
2036/37	
Amount (£'s)	336500
Comment	Area measurements source: Area Measurement Report prepared by leading measuring authority - Plowman Craven. Calculations are based on Net Internal Area (NIA). Building fully occupied.
2037/38	
Amount (£'s)	336500
Comment	Area measurements source: Area Measurement Report prepared by leading measuring authority - Plowman Craven. Calculations are based on Net Internal Area (NIA). Building fully occupied.
2038/39	

Amount (£'s)	336500
Comment	Area measurements source: Area Measurement Report prepared by leading measuring authority - Plowman Craven. Calculations are based on Net Internal Area (NIA). Building fully occupied.

2039/40

Amount (£'s)	336500
Comment	Area measurements source: Area Measurement Report prepared by leading measuring authority - Plowman Craven. Calculations are based on Net Internal Area (NIA). Building fully occupied.

2040/41

Amount (£'s)	336500
Comment	Area measurements source: Area Measurement Report prepared by leading measuring authority - Plowman Craven. Calculations are based on Net Internal Area (NIA). Building fully occupied.

2041/42

Amount (£'s)	336500
Comment	Area measurements source: Area Measurement Report prepared by leading measuring authority - Plowman Craven. Calculations are based on Net Internal Area (NIA). Building fully occupied.

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 **Charnwood Campus Management Limited**, who will commission appropriately qualified professional services and consultants to complete the work required. No other partners will be involved.

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 Councils, MP Jane Hunt, Medilink East Midlands, 3M and Almac.

The project has been endorsed by **Enterprise Zone Steering Group** during 27th April 2020 session.

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

The Chief Exec of Charnwood Borough Council, Robert Mitchell, who is **the Chair for the Charnwood Campus Enterprise Zone Steering Group**, has been consulted. Charnwood Campus work closely with the Borough Council on an ongoing basis. The tenant company in question was formed in the borough of Charnwood but moved to an adjacent county when no space was available in Loughborough. It would be a huge success story if they could be located back in the town where they began.

The LLEPs Director, Mandip Rai, attended the 27th April Steering Group meeting, where support for the project was received.

Planning Permission is not required for this building, as there is no change of use, or substantial change to the building.

Effective Governance

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

Governance and management of Charnwood Campus:

Charnwood Campus' primary governance structure is the Board of Directors that consists of 3 Executive Directors, one of whom is the Chairman and one who is the Managing Director of the Charnwood Campus. Board decisions are taken by simple majority.

CCML management is headed by the MD with the following line reporting directors/managers each with their own staff:

- Commercial and Marketing Director
- Engineering Director
- Financial Manager

The total staff is 9 and there are 9 external service companies and 3 external contractors.

Please see Appendix 16 for details.

Please see short explanation regarding ownership of the site:

Charnwood Campus site being held (legal title) by the Charnwood General Trust ("CGT") on bare trust for two pension schemes, namely J&A Young (Leicester) Limited Retirement Fund ("SSAS 1") and J&A Young (Leicester) Number Two Retirement Fund ("SSAS 2"). The corporate trustees of CGT are Charnwood Trustee One Limited and Charnwood Trustee Two Limited. SSAS 1 and SSAS 2 have beneficial ownership of the Charnwood Campus site, hence these pension funds own the site.

The Charnwood estate in 2016 was valued at £11.895 million and the split between SSAS 1 and 2 is 64.45:35.55%.

Lunette Properties Limited ("Lunette") is the ultimate global parent of several limited companies, including Charnwood Trustee One Limited, Charnwood Trustee Two Limited, Lunette Services One Limited ("LS1"), Lunette Services Two Limited ("LS2") & Lunette Services Three Limited ("LS3"). LS1, LS2 & LS3 are the corporate trustees of SSAS 1 and SSAS 2.

Charnwood Campus Management Limited is tasked with managing and redeveloping the site.

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

Administrative activity: the project will be managed by Charnwood Campus, a team of professionals experienced in delivering projects similar to this one:

- **Gosia Khrais, Commercial Director**, will supervise the whole project as Project Manager and be the primary point of contact for shareholders, principle contractors, quantity surveyors and principle designers.
- **Dominic Young, Board Director**, will be responsible for commercial / financial approval.
- **Jason Hall, Engineering Group Director**, will have overall responsibility to supervise the delivery of the M&E element of the project.
- **Clive Goodenough, Financial Manager**, will have overall responsibility for project cost, applications for payments approvals, approvals of cost variations, general accounts, petty cash.
- **Johnna Bosley, Accounts and Administration Officer**, will have overall responsibility over record keeping, managing team's diaries, arranging meetings, note taking and other administrative tasks as required.
- **Chris Hannighan, Engineer** will have overall responsibility for day to day Health and Safety checks and maintenance of H&S records.

Construction activity: Charnwood Campus works with highly experienced companies to deliver these type of projects; and has experience, and resource from managing similar construction works and previous contracts. Potential contractors have already attended site and provided outline cost estimates, prior to a formal tendering process which will be expedited as soon as the project is approved.

The overall responsibility to deliver the construction project will be contracted out to a Principle Contractor appointed through a competitive tender process. **Couch Perry Wilkes (CPW)** will provide professional project management services. Cost control and contract administration will be provided by quantity surveyors – **Pick Everards (PE) or Addison Hunt (AH)**.

CPW were selected for the recommissioning works on the 3M buildings through a competitive tender process.

Weekly meetings between **Charnwood Campus** team, **CPW, PE/AH** and a **Principle Contractor** will be carried out. The chain of command is clearly shown in attached Governance Structure schematics. Final decisions are made by the Board (majority vote) on the advice of CPW.

Describe the financial management and control procedures for this project?

In order to control project costs and manage the finances a number of actions are being undertaken. CCML has strict payment procedures and will follow the below process:

1. Available cost estimate was prepared by **CPW (Couch Perry Wilkes)** highly competent outlet with vast experience in these type of construction projects.
2. A detailed Order of Cost Estimate will be issued by quantity surveyors, most likely **Pick Everards (though Addison Hunt is not excluded yet)** who together with **CPW** delivered the two **3M** buildings on **Charnwood Campus**. That Order of Cost Estimate will include weekly and monthly cost work schedules for the whole project.
3. The company that is awarded the tender for the works will issue **detailed works plan on a timeline**.
4. Quantity surveyors will issue **a new cost plan based on works plan on a timeline** prepared by the appointed contractor (as above). This detailed cost plan will allow partners to plan and control cash flow.
5. The new cost plan will be shared with **the LLEP** and any differences against Financial Profile included in this application will be determined at this stage (differences relating to amount of funds required per month).
6. The appointed Principle Contractor will issue **Interim Payment Applications** to quantity surveyors each month. This will trigger site inspections by quantity surveyors who will inspect and then confirm specific works were undertaken to required standards or question it (that may include the amounts but also the works, e.g. contractor issues interim payment application for fixed wire testing but the work has not been completed - quantity surveyor will assess % of work completed and advise the contractor as well as **Charnwood Campus** that only % of the interim payment application is due for payment).
7. **Charnwood Campus' Project Manager** will approve application for payment after the quantity surveyor's approval and will forward approved interim payment application with supporting documents for processing to **Charnwood Campus Financial Manager**.
8. **Charnwood Campus Financial Manager** will review supporting documents against **a new cost plan based on works plan on a timeline** and advise one of **Charnwood Campus** executive directors that payment can be made. CCML executive directors review the request for payment and supporting documents at that point they may still raise questions. If all is confirmed, the payment to the contractor is issued. If there are queries, the process is repeated until it fully satisfies each person involved in the process.

The above procedures were tested while delivering 2 3M buildings on site. Both projects brought savings of over 5% of the original cost plans.

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

The performance of the contractors will be monitored through **weekly meetings** where evaluation of the progress of the works against construction project milestones will be measured. Risk table will be reviewed and arising risks discussed and appropriate mitigation actions implemented. Those meetings will be minuted by Project Manager or Contract Administration Officer who will then circulate minutes with most recent action points. The minutes will be available for viewing.

The overall responsibility to deliver the project will be contracted out to a **Principle Contractor** (appointed through a competitive tender process). **Couch Perry Wilkes (CPW)** will provide professional project management services. Cost control and contract administration will be provided by quantity surveyors – **Pick Everards (PE) or Addison Hunt (AH)**.

Weekly meetings between **Charnwood Campus** team, **CPW, PE/AH** and a **Principle Contractor** will be carried out. A detailed project plan will be implemented and there will be close monitoring of progress against milestones during those weekly meetings (evaluation of progress, risk management, H&S and record keeping), quarterly reporting to **the board** and **the LLEP** will be undertaken, the update on the project will be shared with **the Steering Group** quarterly as well. **Pick Everard/Addison Hunt** and **Couch Perry Wilkes** will be regularly issuing:

- weekly meeting minutes
- Progress of works reports
- Review of risk table and mitigations
- Financial reports

The works and overall **CDM - Construction Design Management 2007 regulations** responsibility will lie with the company that will be awarded the project as a result of the tender.

Capacity and Risk Management

Risks

00001 Funding shortfall

Description of risk including potential impact.

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. 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.

Probability & Impact (Please select the point on the matrix where the probability and impact converge to indicate the risk assessment)

16

Assessment

High

Mitigating Action

Project spend may overrun.

We have built a 10-12% 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.

The risk will be mitigated by reinvestment of business rates into the project. The site already generates c. £916,800 per annum, this project will bring £336,500 (£1,253,300 in total) bringing the return on investment to the LLEP down to c. 2.8 years.

Assessment post mitigation

Low

00002 Cost Overrun

Description of risk including potential impact.	<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>10-12% contingency</p>
Probability & Impact (Please select the point on the matrix where the probability and impact converge to indicate the risk assessment)	8
Assessment	Medium
Mitigating Action	<p>Charnwood Campus works to 10-12% 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 Almac (2 laboratory facilities) and 3M (1 laboratory and 1 office building). Additionally, the cost plan includes both tender inflation estimate and construction inflation estimate (4.5% and 3.2% respectively).</p> <p>Charnwood 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>
Assessment post mitigation	Low

00003 Resources

Description of risk including potential impact.	<p>Insufficient resource caused by national lockdown may delay successful delivery of the project. The potential delay will have limited negative impact. Social distancing measures will be implemented.</p>
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	<p>Charnwood Campus will appoint a project delivery team and will closely monitor progress against project plan and set milestones as explained in Governance and Management section of this application. This will allow for early detection of potential lack of resource and mitigation.</p> <p>The companies involved in delivery of the project are large outlets with a number of qualified staff that could take the place of any persons appointed to deliver the project.</p> <p>All contractors are required to undertake SARS COV 2 risk assessment and prepare an action plan for the duration of the construction project.</p> <p>All personnel involved in the project will adhere to government recommended social distancing and other practises. Staff temperature check on arrival to site is being considered.</p> <p>A SARS nCoV 2 – Risk Assessment and Action Plan has been completed (see Appendix 3 and 4). These will be shared with all parties involved in the project.</p>
Assessment post mitigation	Low

00004 Tenant pulls out of deal

Description of risk including potential impact.	<p>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.</p>
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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	We will withdraw the project
Assessment post mitigation	Low

00005 Potential tenant's growth is affected by the pandemic

Description of risk including potential impact.	All businesses have been affected by the pandemic one way or another. It is fortunate that the potential tenant is in the life sciences sector that has been affected positively and that they are already heavily involved in SARS-nCOV-2 related research.
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	The pandemic does not seem to pose a risk to the operations of the potential tenant.
Assessment post mitigation	Low

00006 Tenant leaves after 3-5 years

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	Charnwood 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. Charnwood Campus understands that as a landlord it will have to resume liabilities for business rates.
Assessment post mitigation	Low
Procurement	
Is your organisation a contracting authority defined in the public contracts regulation?	No

If no, please set out the reasons

Charnwood Campus Management Limited (CCML) has undertaken a detailed evaluation and does not fit the criteria as laid out in 'The Public Contracts Regulations 2015 No. 102, Part 1, Regulation 2, Definitions'.

Charnwood Campus therefore considers its status as a 'Non Contracting Authority' within the meaning of the Public Contract Regulations (2015) and The Public Contracts Regulations (2006), as it:

- Was not established to meet the needs of general interest, but for the purpose, and exclusive benefit, of the Life Science Sector;
- Was established for the purpose of generating income and surplus in a competitive market in order to be self-sustaining;
- Is a private limited company, managed and supervised by independently appointed staff and Directors, whose activities and responsibilities are subject only to its Memorandum and Articles of Association;
- Is neither dependent on, nor governed by, a Government body;
- Is not financed by the state, and no Government body is obliged or is likely to intervene or offer financial support to CCML in the event that it would have to cease trading;
- Receives no contributions from any other organisation, other than through commercial contract arrangements. Ongoing annual income (non-State funded) is generated from commercial contracts and activities;
- Has not received and is unlikely to receive more than 50% of total income from the State.

Can you confirm you have completed a list of contracts that will be used to provide goods, works or services to the project?

Yes

Dependencies

If this project is dependent on outputs from other projects, please provide further details

N/A

Declaration

Name	Malgorzata Khrais
Date	15/06/2020
Job title	Commercial and Marketing Director
Organisation	Charnwood Campus Management Limited
Are you authorised to submit this business case on behalf of the Promoting Organisation?	Yes

Project Members (LLEP use ONLY)

Authors	Gosia Khrais
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Project Members

Gosia Khrais

Project Role	Applicant
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Cheryl Maguire

Project Role	Programme Manager
--------------	-------------------

Nermine Habib

Project Role	Project Support
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Approvals (LLEP use ONLY)

Approvals

LLEP Board

Elizabeth Botmeh

Cheryl Maguire

IMMEDIATE RELEASE

25 April 2022

Three-storey laboratory officially opens after revamp creates base for more than 150 scientists

- Charnwood Molecular and Charnwood Campus open revamped space
- Project had £3.4m investment from LLEP and Charnwood Borough Council
- Charnwood Molecular will increase productivity while accelerating innovation and growth

Charnwood Molecular and Charnwood Campus have unveiled lab space which will accelerate the clinical research organisation's growth in global pharmaceutical and biotechnology markets.

Lord-Lieutenant of Leicestershire, Mike Kapur OBE, officially opened the world-class facilities during a recent visit.

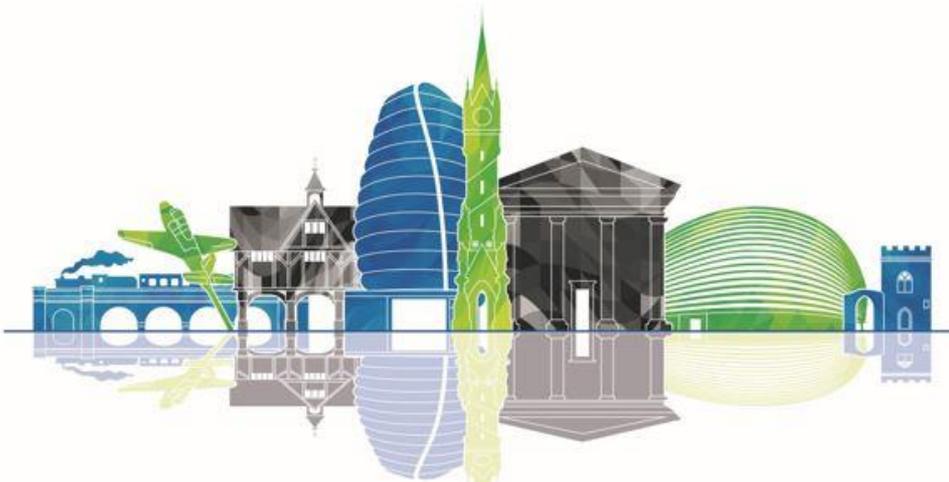
Charnwood Molecular had previously moved into the three-storey laboratory facility on Charnwood Campus Science Innovation and Technology Park. It will house more than 150 scientists.

It addresses a national need for highly specialised bio-chemistry facilities that will drive life-saving medicinal discoveries of the future.

The project was supported by a £3.4million investment from the Leicester and Leicestershire Enterprise Partnership (LLEP) in partnership with Charnwood Borough Council (CBC).

Funding was used towards recommissioning 57,000 sq ft of unused medicinal chemistry laboratory space on the campus, which forms part of the Loughborough and Leicester Science and Innovation Enterprise Zone.

Andy Reed OBE, Interim Chair of the LLEP Board, said: "Through effective use of local resources, such as those at Charnwood Campus, we are building a productive and



innovative economy at the cutting edge of science, which will support the health of people around the world.

“By investing in projects such as Charnwood Molecular, we are helping to create high-quality jobs to add to the 900 already created on Charnwood Campus since its designation as an Enterprise Zone site.”

Councillor Tom Barkley, Deputy Leader of Charnwood Borough Council, said: “I welcome this investment, as not only will it create jobs but it also adds to Charnwood’s growing reputation as being at the centre of innovation.

“It’s also another great example of how the Loughborough and Leicester Science and Innovation Enterprise Zone is helping to attract global businesses to the region.”

The new lab space provides a fully-integrated drug discovery solution for clients, with teams across all disciplines working together on one site.

Its market-leading laboratories have quadrupled Charnwood Molecular’s capacity and will support further expansion of the company’s services.

The company works with clients on innovative chemistry throughout the drug discovery process, from target identification through to lead identification, compound optimisation and scale-up.

The state-of-the-art laboratory and manufacturing complex at Charnwood Campus enabled Charnwood Molecular to move to a single site from its previous locations in Loughborough and at BioCity in Nottingham. The move will save time and add client value by increasing efficiency.

Charnwood Molecular was founded in 1998 as a chemistry spin-out from Loughborough University. It was acquired in 2019 by private equity group, Synova, in a deal providing additional investment to support continued growth.

Professor Steve Allin, founder and CEO of Charnwood Molecular, said: “The truly world-class facilities at Charnwood Campus provide us with a key piece in our strategic plan to become the provider of choice for integrated drug discovery and development services within the global life sciences sector.”

Gosia Khrais, Commercial and Marketing Director at Charnwood Campus, said: “This is another milestone in our ambitious plans to become the leading science, innovation and technology park in the UK.



“Charnwood Molecular is rapidly expanding, employing locally and is an outstanding addition to our family of highly successful contract research and manufacturing organisations.”

The new Charnwood Molecular site was officially opened on 7 April by the Lord-Lieutenant.

Charnwood Campus became the UK’s first Life Science Opportunity Zone (LSOZ) in 2017, a status which comes with a Government commitment to work with local partners on development.

It was designated an Enterprise Zone site in the same year, forming part of the Government’s wider Industrial Strategy to support businesses and enable local economic growth.

Funding for the latest project was made available by the LLEP through Enterprise Zone Retained Business Rates.

Ends

Notes for editors

Leicester and Leicestershire Local Enterprise Partnership Ltd (LLEP)

The LLEP is an incorporated strategic body established to drive forward regeneration and growth of the local economy. It works with partners and government to set out key investment priorities for Leicester & Leicestershire. It also invests funding and aligns partner resources. Through its investments and influences the LLEP drives activities that ensure positive outcomes for the local economy.

- To learn more about the LLEP, visit www.llep.org.uk
- Read the Leicester and Leicestershire Economic Growth Strategy 2021-30 at bit.ly/LLEPgrowthstrategy
- Subscribe to LLEP newsletters at bit.ly/LLEPnewsletter
- Register for LLEP events at bit.ly/LLEPevents



- Follow the LLEP on Twitter and Instagram at @llepnews and at [LinkedIn company/llep-page](#)
- Got a business? The LLEP Business Gateway Growth Hub can help you at bit.ly/LLEPBizGateway

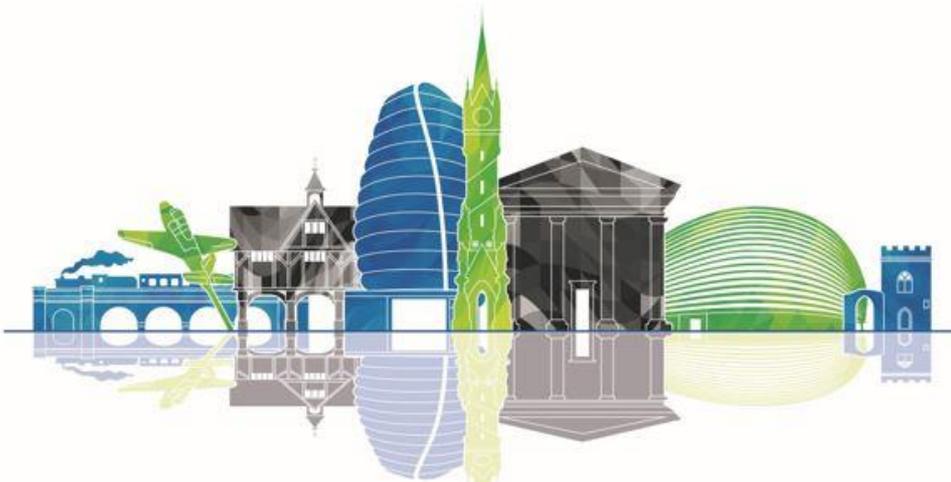
Charnwood Molecular

The Charnwood Molecular portfolio of services currently includes:

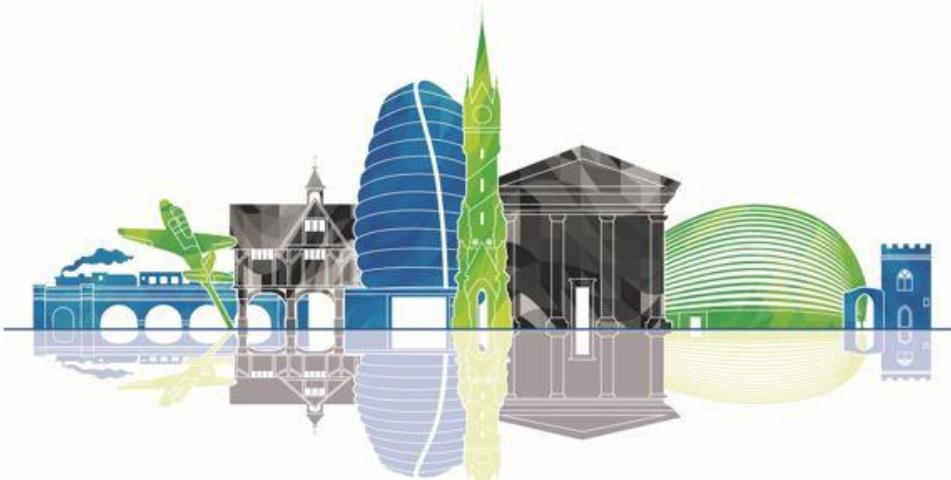
- Fully integrated drug discovery
- Customised bioassay development
- Medicinal Chemistry (design, synthesis and multi-parameter optimisation of drug molecules for discovery projects; computational chemistry and emerging synthetic technologies)
- Custom Synthesis preparation of key chemical intermediates on up to 20-litre scale
- Chemical Development and Process Research Services including route design, development and optimization.

Pictures











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Information Report

GETTING BUILDING FUND (GBF) UPDATE

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to provide an update on the progress and activity concerning the Getting Building Fund programme.

2. RECOMMENDATIONS

- 2.1 The Investment Panel is recommended to note the report.

3. PROGRAMME/PROJECT PROGRESS

- 3.1 Grant allocation for all four projects continued through 2021/22 with varied levels of progress on each project. Following the final claims for 2021/22 a total of £10.7m was defrayed (in addition to the £3.8m that was defrayed in 2020/21) which was below the original forecast of £16.2m.

- 3.2 For the Granby St/St Georges St Regeneration Gateway project this was due to a delay in the appointment of a contractor for works on St Georges Street. A contractor has now been appointed and works commenced in early April 2022. The remaining allocation is expected to be claimed by Q2 in 2022/23.

- 3.3 Despite claiming over £8.5m in 2021/22 the St Margaret's Gateway project had minor delays in construction and were therefore unable to claim the full allocation by the required deadline of 31st March 2022. Despite this, the remaining allocation is expected to be claimed by the middle of May 2022.

- 3.4 The SportPark Pavilion 4 project has cited planning permission delays & the prolonged impacts of COVID as the main reasons for slippage in claiming their full allocation. With the project now reportedly back on track the remaining allocation will be claimed by Q3 of 2022/23.

- 3.5 In terms of individual project progress below are some highlights from 2021/22:

- **St Margaret's Gateway** – Construction of the bus station is almost complete, subject to a minor delay with one outstanding invoice from a contractor, however significant progress has been made to catch-up in recent months, with paving 80% complete.

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With electrical fixings, cladding and solar PV installation currently ongoing. Works to Abbey St (road & footpath) Gravel St (road resurfacing) continue on-track.

- **Granby St/St Georges St Regeneration Gateway** – Construction on both Granby St & St Georges St is well underway with the completion of the Design Packages, tender process and award of construction contracts earlier in 2021/22.
- **SportPark Pavilion 4** – With the planning application awarded in late 2021 construction is now well underway with 2 cranes currently installed with first floor works ongoing (lifts & stairwells formed).
- **M1 J23 A512 Access Improvements** – No additional highlights, the full GBF allocation of £1.8m was claimed in Q4 2020/21. The project advised construction contracts to have been finalised and land handovers have begun.

4. SPEND PROFILE

- 4.1 As stated above the GBF programme achieved spend of £10.7m in 2021/22 in addition to the £3.8m in 2020/21, see table below:

Project Name	ACTUAL 2020/21	ACTUAL 2021/22	FORECAST 2022/23
St Margaret's Gateway	£1,574,915	£8,595,586	£329,499
Granby St/St George St Regeneration Gateway	£82,659	£400,448	£1,216,893
SportPark Pavilion 4	£378,650	£1,765,487	£3,855,863
M1 J23 A512 Access Improvements	£1,800,000	N/A	N/A
	£3,836,224	£10,761,521	£5,402,255

5. MONITORING AND PERFORMANCE

- 5.1 Following BEIS Annual Performance review, the Delivery aspect of the review highlighted that significant expenditure was still to be defrayed and as a result the LLEP will continue to be monitored quarterly by BEIS.
- 5.2 The following table highlights the agreed outputs each project is contracted to deliver, as per the original grant determination letter.

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	TARGET	ACTUAL
St Margaret's Gateway		
Jobs created	5	Expected May 31 st 2022
Construction jobs	12	12
Apprenticeships	8	Expected May 31 st 2022
Cycle lane (m)	1475	Expected May 31 st 2022
Improved pedestrian facilities (m)	900	Expected May 31 st 2022
Granby St/St George St Regen Gateway		
New construction jobs	4	Expected May 31 st 2022
Apprenticeships	3	Expected May 31 st 2022
Public realm (m)	2,600	Expected July 29 th 2022
Length of Footway improved (m)	390	Expected June 30 th 2022
M1 J23/A512 Access Improvements		
Unlock housing units	2600	Expected April 2026
Direct jobs	889	Expected March 2025 & 2028
Indirect jobs	846	Expected March 2025 & 2030
Upgrading single carriageway to dual (km)	2.5	2.50
SportPark Pavilion 4		
Jobs created	165	Expected March 2025
Construction jobs	125	Expected December 2022
Businesses assisted	10	Expected March 2025
Creation of commercial floorspace (sqm)	2,000	Expected December 2022

In addition to the outputs shown above, the LLEP is monitoring additional metrics for each project.

	TARGET	ACTUAL
St Margaret's Gateway		
Bus only road (m)	210	
Sheffield bike stands (14 for 28 bikes)	14	

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Docking spaces/bike share	18	
Secure cycle parking	106	
Housing units unlocked	2,000	
Carbon savings (tonnes)	212.16	
Accelerate delivery of hotel	1	
Granby St/St George St Regen Gateway		
Indirect jobs	2,000	2000
Accelerate delivery of office space (sqm)	25,000	
M1 J23/A512 Access Improvements		
Remodelling A512 junctions	5	
SportPark Pavilion 4		
Indirect jobs – wider economy/supply chain	157	

For further information please contact

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