

Getting Building Fund

Report to the Humber Leadership Board

3rd November 2020

Report from Richard Kendall, Executive Director – Strategic Policy & Business Development

1. Summary

1.1. This paper recommends making a commitment from the Getting Building Fund allocation to three projects, following LEP Board decision on 20th November.

2. Recommended Actions

2.1. That the Humber Leadership Board commits the following from the Getting Building Fund:

- £1m to RaisE Business Centre and Innovation Hub
- £500k to Managed Workspace Programme A (Grovehill)
- £500k to Managed Workspace Programme B (Bespoke and Boulevard)

3. Stage 3: Projects moving into delivery (Full Business Cases)

3.1. Three full business cases have been reviewed and externally assessed for full funding commitment. A precis of the schemes are provided below and a summary of the independent technical evaluation can be seen at Annex 1.

RaisE Business centre and Innovation Hub

3.2. The scheme will create a 3,200 sqm Business centre and co-located Innovation Hub on the Goole Junction 36 Enterprise Zone site. This will support enterprise by offering access to modern and well-equipped managed workspace for small businesses and self-employed traders. RaisE (Rail Accelerator & Innovation Solution hub for Enterprise) will provide B1 space over three levels with communal conferencing and café facilities.

3.3. The building will seek to address property market failure issues related to this type of facility in Goole and by doing so help to capture the benefits of higher value activity associated with the Siemens Mobility investment locally. Getting building funding is sought specifically to address abnormalities and cost increases as a result of COVID.

3.4. The site provides an excellent opportunity for significant industrial development and has the potential to offer employment opportunities, economic sustainability and also a high degree of future-proofing for the town of Goole, which is over-reliant on low-skilled work in factories, logistics and production.

3.5. There is interest from UK Rail Research and Innovation Network (UKRRIN) and the University of Birmingham in providing Research and Innovation support to the UK rail industry from the site, especially in the fields of robotics, digitalisation, and rail power systems.

3.6. The project will also be linked to the £200m Siemens Mobility train manufacturing unit which is under construction on the adjacent development plot and Siemens is likely to become a tenant on the top floor of the building.

- 3.7. The centre's facilities are likely to be of interest to SMEs working closely with larger research and development organisations, and the universities where there is specialisation on aspects of rail innovation and development. There is now early but established interest in examining the potential for a Goole Rail Village initiative, which would provide a spoke and hub model at Junction 36 for use by existing UK centres of excellence, and their supporting small and medium businesses.

Managed Workspace Programme A (Grovehill)

- 3.8. The Grovehill site close to Beverley has lain dormant for some time due mainly to a changing economic landscape, especially in the retail sector. In its current state, the site contributes nothing to the economic and environmental health of the area, and East Riding of Yorkshire Council as the land owner has identified a clear need for this situation to change.
- 3.9. A recent demand study indicated potential appetite for an enterprise park approach in bringing forward the whole site, but also that initial infrastructure investment and a business centre providing managed workspace and acting as central service hub will be required to unlock further investment from the private sector.
- 3.10. Whilst there is already some provision of managed workspace on the periphery of Grovehill, it is a significant distance from the area to be developed. The current Beverley Business centre is outdated and will become obsolete in the near future.
- 3.11. This proposal is to construct a new, purpose-built Business Centre, suitably equipped and considerably larger than current provision to act as a catalyst for the rest of the Grovehill Enterprise Park.
- 3.12. The centre will be council managed to provide a pleasant and secure working environment with 24/7 access, a simplified leasing process, full 'Lightstream' broadband connectivity and ICT access for all licensees via the corporate network.
- 3.13. The building will offer an attractive and supportive setting particularly suited to young, sustainable businesses. The centre will offer high quality business support, coaching and mentoring to support occupants to thrive. There will be co-location of staff, hot desk facilities for advisers, and also conference and meeting rooms for the running of courses and training.
- 3.14. All centre activities will be strategically aligned and link directly to the Growth Hub, including provision of advice, consultancy support, mentoring and help with collaborative projects.

Managed Workspace Programme B (Bespoke and Boulevard)

- 3.15. The scheme aims to build capacity within Hull City Council's managed workspace and unit factory estate (UFE) portfolio. The vision increase small business workspace in areas with high demand which will boost the local economy and provide job opportunities. The project focusses on two key areas:

Boulevard Phase 4

- 3.16. The Boulevard UFE currently comprises 32 units and is at 97% occupancy. The proposal is to demolish an existing building to create a new style of unit with glazed frontages to the Goulton Street elevation and with workshop space at the rear accessed from the Boulevard UFE. These units will particularly suit trades such as

suppliers/manufacturers of fitted bedrooms, kitchens, bathrooms etc, carpet and flooring specialists, office equipment suppliers and similar businesses requiring a prominent office/showroom facility with separately accessed workshop to the rear.

3.17. This extension to the estate will provide a further 870 m² of small businesses accommodation (7 units), stimulating associated jobs growth and benefits to the local economy.

BeSpoke Refurbishment

3.18. The BeSpoke Centre in the north of the city currently comprises 13 units occupied by private/ commercial tenants and 11 by Hull City Council officers. A Children's Nursery is a major anchor tenant and there are also community gardens within the site, making it a local community hub. Council officers will be vacating the building, releasing a number of units for reconfiguration and refurbishment.

3.19. The scheme will create 25 lettable units, all with 24/7 access, a refurbished reception space, kitchen facilities, meeting spaces and shower and improved WC facilities. The project will also segregate the Children's Nursery from the main building and provide external amenities for the community to continue use of the gardens.

The Humber Leadership Board is requested to endorse the decision of the LEP Board to make the following commitments from the Humber's Local Growth Fund allocation:

- £1m to RaisE Business Centre and Innovation Hub
- £500k to Managed Workspace Programme A (Grovehill)
- £500k to Managed Workspace Programme B (Bespoke and Boulevard)

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Appendix 1 - Summary of Independent Technical Assessment

Hull & East Yorkshire Highways Resilience Programme

The Scheme has been appraised by the LEP and Accountable Body's Independent Technical Evaluators, in accordance with the HM Government's Green Book Methodology, and has been rigorously assessed against a number of criteria, with a particular focus on value for money and deliverability, and RAG rated accordingly.

Strategic Case	Is there evidence to show that there is a need for intervention?
	Have objectives been appropriately defined?
	Have alternative options been identified?
	Does the case identify other factors affecting the suitability of the preferred option
	Does the case identify risks affecting delivery of the scheme?
Economic Case	General (discount year, appraisal year, opening year, sensitivity testing).
	Capital cost
	Other Costs - (inc. operating/maintenance uses)
	Benefits
	Revenue
Appraisal Outputs (NPV, BCR, VfM)	
Commercial Case	Contracting strategy, procurement, procurement experience, market maturity, risk, consistency
Financial Case	Financial Estimates (Capital) (funding requirement, accuracy, inflation assumptions, time consistency, overheads & uplifts, risk & uncertainty, contingency & optimism bias)
	Financial Procedures: Funding mechanism, availability of funds, funding commitment, funding risks, funding constraints
Management Case	Project sponsor, wider governance, approval procedures, stakeholder engagement plan, risk management strategy, availability and suitability of resources, work programme, project/programme management, monitoring & evaluation, benefits realisation

Accountable Body comments

The condition of the highway network across the country is continuing to decline under current budget levels, which has resulted in a maintenance backlog where roads are not being maintained to a level appropriate to their classification. The routes were selected following lifecycle modelling through the respective authority's Transport Asset Management Plans as sites that required maintenance but also played a key strategic role in terms of connecting residential areas and smaller towns and villages to key local facilities including employment sites, healthcare facilities and education provision. The independent technical evaluation identified the use of the Highways maintenance Approval Tool, with no issues of concern raised.

The Benefit Cost Ratio is 7.4:1. VfM category is thus very high.

The scheme appears to be deliverable within the life of GBF programme.

Delivering Housing Growth in Hull – Ings and Wawne

The Scheme has been appraised by the LEP and Accountable Body’s Independent Technical Evaluators, in accordance with the HM Government’s Green Book Methodology, and has been rigorously assessed against a number of criteria, with a particular focus on value for money and deliverability, and RAG rated accordingly.

Strategic Case	Is there evidence to show that there is a need for intervention?	Green
	Have objectives been appropriately defined?	
	Have alternative options been identified?	
	Does the case identify other factors affecting the suitability of the preferred option	
	Does the case identify risks affecting delivery of the scheme?	
Economic Case	General (discount year, appraisal year, opening year, sensitivity testing).	Green
	Capital cost	
	Other Costs - (inc. operating/maintenance uses)	
	Benefits	
	Revenue	
	Appraisal Outputs (NPV, BCR, VfM)	
Commercial Case	Contracting strategy, procurement, procurement experience, market maturity, risk, consistency	Green
Financial Case	Financial Estimates (Capital) (funding requirement, accuracy, inflation assumptions, time consistency, overheads & uplifts, risk & uncertainty, contingency & optimism bias)	
	Financial Procedures: Funding mechanism, availability of funds, funding commitment, funding risks, funding constraints	
Management Case	Project sponsor, wider governance, approval procedures, stakeholder engagement plan, risk management strategy, availability and suitability of resources, work programme, project/programme management, monitoring & evaluation, benefits realisation	

Accountable Body comments

The project is the delivery of essential housing infrastructure required for the development of new homes, including diversion of utility services and upgrades, and the development of key roads and junction improvements. These works will support the continued delivery of two key sites in the city at Ings and Wawne View. The independent technical evaluation identified a clear policy rationale, aligning with the SEP. Throughout, a sensible and proportionate methodology has been applied, providing the level of detail which is necessary in order to ensure that the scheme promoter has given a clear picture of what the scheme aims to deliver, how, and what benefits this will bring to the local region. A wider economic benefits approach has been taken which is proportionate and appropriate for this scheme.

The Benefit Cost Ratio is 14.58:1. VfM category is thus very high.

The scheme appears to be deliverable within the life of GBF programme.

A more comprehensive risk register is required, which will be addressed as part of the scheme conditions.

Hull & East Yorkshire Cycle Route Delivery Programme

The Scheme has been appraised by the LEP and Accountable Body's Independent Technical Evaluators, in accordance with the HM Government's Green Book Methodology, and has been rigorously assessed against a number of criteria, with a particular focus on value for money and deliverability, and RAG rated accordingly.

Strategic Case	Is there evidence to show that there is a need for intervention?	Green
	Have objectives been appropriately defined?	
	Have alternative options been identified?	
	Does the case identify other factors affecting the suitability of the preferred option	
	Does the case identify risks affecting delivery of the scheme?	
Economic Case	General (discount year, appraisal year, opening year, sensitivity testing).	Green
	Capital cost	
	Other Costs - (inc. operating/maintenance uses)	
	Benefits	
	Revenue	
	Appraisal Outputs (NPV, BCR, VfM)	
Commercial Case	Contracting strategy, procurement, procurement experience, market maturity, risk, consistency	Green
Financial Case	Financial Estimates (Capital) (funding requirement, accuracy, inflation assumptions, time consistency, overheads & uplifts, risk & uncertainty, contingency & optimism bias)	Green
	Financial Procedures: Funding mechanism, availability of funds, funding commitment, funding risks, funding constraints	Green
Management Case	Project sponsor, wider governance, approval procedures, stakeholder engagement plan, risk management strategy, availability and suitability of resources, work programme, project/programme management, monitoring & evaluation, benefits realisation	Green

Accountable Body comments

The project will provide easier access to Hull city centre for cycles and thereby improve the available infrastructure, create easier routes other than by private car and public transport to the main centre for discretionary spend with a specific focus on Beverley Road and City centre to Cottingham. The independent technical evaluation identified the use of the DfTs Active Mode Appraisal Toolkit, with no material issues of concern raised.

The Benefit Cost Ratio is 1.3:1. VfM category is thus low.

The scheme appears to be deliverable within the life of GBF programme.

A more comprehensive risk register is required. In addition clarification around some of the financial assumptions used is required alongside more details of the public consultation to be undertaken and how the benefits (especially social benefits) will be measured. These are, however, of essentially a technical nature and will be addressed as part of the scheme conditions.