

## MID SUFFOLK DISTRICT COUNCIL

<b>TO:</b> Council	<b>REPORT NUMBER:</b> <b>MC/23/37</b>
<b>FROM:</b> Leader and Cabinet Member for Performance and Resilience – Cllr Andrew Mellen	<b>DATE OF MEETING:</b> 25 January 2024
<b>OFFICER:</b> Fiona Duhamel	<b>KEY DECISION REF NO.</b> N/A

This report is open for public inspection. However, Appendices referred to within the report are not open for public inspection as they contain exempt information by virtue of which the Council are likely to exclude the public during the discussion of the agenda item to which the report relates.

The description of the exempt information under Schedule 12A of the Local Government Act 1972 (as amended) is as follows: -

1. Information relating to the financial or business affairs of any particular person (including the authority holding that information)

*The author(s) confirm(s) that the public interest in maintaining the exemption outweighs the public interest in disclosing the information*

## SKILLS & INNOVATION CENTRE ON GATEWAY 14

### 1. PURPOSE OF REPORT

- 1.1 To report to Council progress made since the initial Outline Business Case (OBC) gateway stage approvals, completed in March 2023. The Council has continued to assess the viability and co-ordinate the design of a Skills and Innovation Centre within the designated innovation cluster of the Gateway 14 employment site in Stowmarket. The Council would, subject to agreement, take ownership of the land and building upon its completion by Gateway 14 Ltd/Jaynic.
- 1.2 To note Cabinet's endorsement of the Full Business Case (FBC) which incorporates a pre-Technical Design stage architect's layout, evidence base, financial viability appraisal (including projected revenue income and expenditure), funding strategy, social value impact assessment and outline of operational options. This work has been co-ordinated by the Council's Economic Growth and Climate Change service with key content and assessments being provided by external professionals and sector consultants. Engagement has been undertaken throughout the process including with Gateway 14 Ltd, Freeport East and the education, skills and innovation partnership network.
- 1.3 To note Cabinet's approval to proceed with the full delivery of the project, subject to the recommendations within this report which propose an appropriate officer delegation for the completion of essential assessments, agreements and due diligence.
- 1.4 To note the approval from Cabinet's approval of its preferred funding model, and to approve the recommendation for the addition of this project to the capital programme.

## 2. OPTIONS CONSIDERED

- 2.1 **DO-NOTHING. Not Recommended.** A 'do-nothing' approach will fail to explore an opportunity to deliver an innovative solution towards bridging long-term skills gaps (including green and digital skills) in the local and sub-regional area. It will also fail to contribute towards strategic priority outcomes across a range of corporate and local growth plans and policies. It will not deliver against Gateway 14 aims for the wider site or Freeport East ambitions for growing world-class innovation clusters.
- 2.2 **WORK WITH PARTNERS AND SPECIALISTS TO SCOPE AND DESIGN A VIABLE DEVELOPMENT. Approved at Outline Business Case (OBC) stage.**
- 2.3 **TO APPROVE FULL BUSINESS CASE (FBC) AND PROGRESS WITH DETAILED TECHNICAL DESIGN, PLANNING, LEGAL AGREEMENTS FOR TRANSFER, DUE DILIGENCE, PREFERRED FUNDING MODEL AND FULL PROJECT DELIVERY. Recommended.** To now take forward the project for full delivery. This project is scoped as a multiple-partner collaboration delivering shared benefits and outcomes. Significant work packages have now been completed in support of this option and its Full Business Case (FBC). The FBC contains sufficient information for Cabinet to make an informed decision on whether to proceed fully or not - subject to satisfactory completion of remaining assessments and due diligence. Appraisals will remain ongoing as part of a live business case and will respond to updated information (such as inflation costs, interest rate changes, operational costs and other forecasting/risk management) which would be reported through the governance structures outlined in the FBC. Commitment made now will help to secure the essential seed fund capital and Pot B retained business rates contributions via Freeport.
- 2.4 **PROCEED ONLY UP TO PLANNING OUTCOME STAGE GATEWAY BEFORE MAKING A LATER FINAL DECISION TO INVEST / PROCEED TO ASSET CREATION. Not Recommended.** This option would create risk from both the forward funding of technical design and planning costs and by the Council deferring its commitment to proceeding with the project, which could negatively impact access to the essential seed fund capital and Pot B business rates.

## 3. RECOMMENDATIONS

### Council

- 3.1 That Council approve the addition of this project to the Capital Programme as outlined in the recommended funding strategy including the virement of the Gateway 14 Capital budget of £10.75m and the use of earmarked reserves or Pot B retained business rates to finance this.
- 3.2 To note that Cabinet endorsed the Full Business Case (FBC) attached as Appendix A (confidential).
- 3.2 To note that Cabinet approved the full delivery of the project as outlined in the FBC for an approximate 35,690 sq ft. Skills and Innovation Centre on Gateway 14 at Stowmarket up to a maximum total cost envelope of £18.75m.

- 3.3 To note that Cabinet approved the recommended funding strategy detailed in Appendix D (confidential) as the Cabinet's preferred method of delivering the project, SUBJECT TO the satisfactory completion of all related legal, financial, cost and valuation advice and contractual agreements, full access to Freeport seed fund capital payment and full access to the required level of Pot B retained business rates generated on the Gateway 14 site as part of Freeport agreements (as forecast in the recommended funding strategy attached as Appendix D - confidential).
- 3.4 To note that Cabinet agreed delegated authority for completion of all necessary matters and agreements pursuant to the approval of recommendation 3.3 to the Council's Director for Economic Growth and Climate Change and Section 151 Officer/Director for Corporate Resources in consultation with the Leader of the Council. This requires that all 'subject to' elements within 3.3 are met.
- 3.5 To note that Cabinet authorised the forward funding of next stage technical design, planning and related preparatory works, up to a total value of £150k, from the Gateway 14 capital budget.

#### **REASON FOR DECISION**

To maximise the opportunities available to the Council to lead the development of a new unique facility which offers skills development, business support, entrepreneurship and innovation at Gateway 14 in Stowmarket. This local leadership opportunity arises from the Council's economic growth and strategic asset management functions, Gateway 14 site investment, Freeport East designation and the Council's active skills, education and innovation sector partnerships.

This proposal seeks to meet the immediate and future skills needs of employers and workers in the local and wider sub-regional area and to address persistent skills gaps which will support transition towards a higher wage economy. It will provide bespoke services to address gaps in provision and add value to the regional economy with a particular focus on, but not limited to, growth of green skills, digital skills, environmental innovation and support for supply chains in the green economy.

The proposal meets many Council, local partnership and government outcomes but also creates the conditions to stimulate some new and exciting partnerships which enhance opportunities for local communities and provides a regionally significant centre in Stowmarket and within the Freeport area.

#### **4. KEY INFORMATION**

- 4.1 This project is for the delivery and operation of a new-build circa 35,000 square feet (approximate, equivalent to 3,251m<sup>2</sup>) Skills and Innovation Centre on the Gateway 14 / Freeport East site. The centre would be set within the designated innovation cluster area of the site masterplan, comprising approximately 85,000 square feet (7,897m<sup>2</sup>) in total.
- 4.2 On 06 March 2023 the Council (via Cabinet Paper MCa/22/56) approved the Outline Business Case gateway stage and authorised the next phase of work to commence towards a Full Business Case. This was reported back to Cabinet on the 5<sup>th</sup> December 2023 and approved.

- 4.3 The Full Business Case document is attached at Appendix A (confidential) – together with its two supporting Annexes (confidential) attached as Appendices B and C to this report - and is the primary reference point for this report and its recommendations. This makes clear that key considerations for the Council are based upon the 'added value' of a skills development (including green skills and digital skills) and education component co-located with businesses and innovation. To this extent it is a non-traditional innovation or enterprise centre format and is a 'disruptive' and transformational concept to help address long-term skills gaps, local employer skills shortages and improve lower levels of productivity and attainment.
- 4.4 The building will have enhanced sustainability features as an exemplar development which will have strong recognition and association to both Gateway 14 and Freeport East. It is designed to achieve BREEAM Excellent certification with its specification being carefully considered through its physical form, spaces and flow. This will maximise the operational uses which in turn build the collaborations, shared learning environment and innovation which will make the centre a success.
- 4.5 Outline Planning Permission (Ref: DC/21/00407) is held for the whole Gateway 14 site which includes a centrally located innovation cluster area. Gateway 14 Ltd would submit a reserved matters application for the Skills and Innovation Centre. In summary, the process would be:
- Gateway 14 Ltd provide the fixed price delivery of the Skills and Innovation Centre to agreed layout, design and specification (led by the Council). The development risk regarding costs is incurred by Gateway 14 Ltd.
  - Gateway 14 could potentially negotiate a contract with a chosen construction contractor but will almost certainly go to open tender. Any procurement compliance requirements relating to regulations or accessing the Freeport seed capital grant would be observed.
  - The Council would independently source an operator, or operators, for the centre utilising its usual public procurement processes. The earlier this is done the better as it will support the marketing, fit out and transitioning of the spaces on a practical level.
- 4.6 Officers are taking external legal and commercial advice as to the appropriate structure for the transaction with Gateway 14 Ltd, in order to protect the Council's commercial interests but also to create the optimum structure from the point of view of public procurement. This will involve the Council either purchasing the site and then paying for the delivery of the building, or purchasing the end product. In any event the Council will receive a full suite of collateral warranties from the construction team giving it assurance as to the quality of the build.
- 4.7 The Skills and Innovation Centre concept is a unique proposition for the region and the UK. There are numerous centres of 'Innovation' or 'Enterprise' as well as 'centres, academies or institutes' for skilled training currently in operation around the country and elsewhere. However, few aim to bring together aspects of business support and skills development (including green/digital skills for future industries) in quite the same way as is envisioned at G14. Provision (some potentially longer-term) includes:
- Careers information, advice and guidance for adults. Customised recruitment and training. Business support.
  - A technology enabled learning environment to support key sectors and themes

- An ‘innovation’ hub and open workspace options for new tech businesses
- Bespoke training content with a focus on modular/micro-learning
- A local labour market observatory - which will establish the labour market intelligence function to inform skills development to address skill shortages (e.g. hard to fill vacancies) and skill gaps among the existing workforce.
- A range of flexible spaces and meeting rooms including for business meetings, training and events (and including hybrid capability)
- A café for networking/collaboration and use by all businesses on G14
- An exemplar environmentally sustainable building

4.8 Planning for a unique Skills and Innovation Centre at G14 has been progressing since spring 2022. Closely aligned to the ambitions of Freeport East around skills, innovation and net zero, the project concept and ‘ask’ for seed capital was submitted to government as part of the Freeport Outline and Full Business Case. Consequently £6m of Seed Capital has been secured (subject to final FBC sign-off in early 2024) towards the project from government. The centre will deliver against Freeport East / DLUHC and HM Treasury objectives and requirements. It will create a focal point and stimulus for wider innovation cluster development and inward investment on the site, in alignment with the wider Gateway 14 aims and site master plan.

4.9 Work completed includes a ‘Skills Audit’ to review and better understand demand and supply, the development of key activities and operations in the space and the development of physical plans for the site at G14. An optimal layout configuration through an iterative, well-researched and consulted upon process has now been completed.

4.10 Gateway 14’s appointed architect, Frank Shaw Associates, has produced the design layout drawings. These have sought to best balance the development of the education and business ecosystem and function with practical considerations around the building’s best use of space, its sustainability and cost. The Council has had a market level of input into that design work including via its own network. The latest refinements are based upon the partnership panel feedback including Universities, West Suffolk College and Innovation Labs – which also fed into the Respublica consultant report on the scheme concept.

4.11 The Council appointed industry expertise via Hethel Innovation Ltd to support the design process and viability considerations within the Full Business Case. Hethel have a wealth of experience, market insight and operate their own successful facilities in Norfolk. Education partner endorsements on the scheme and their potential learning and skills offer are attached within Appendix B (confidential).

## **5. LINKS TO CORPORATE PLAN**

5.1 The Council’s administration priorities include for a ‘Greener, Skilled Economy’ - against which this project clearly delivers. The Joint Babergh & Mid Suffolk District Corporate Plan (2019-27) sets out the organisational vision of ‘*great communities with bright & healthy futures that everyone is proud to call home*’ supported by the Council’s mission to ‘*provide strong, proud, and inspirational leadership; striving for excellence, and together building great communities for everyone to live, work, visit and invest in*’. The Skills and Innovation Centre concept accords with the organisational vision and mission.

5.2 There are a range of cross-cutting strategic priorities, both corporate and wider, which align with this project, including (in no particular order of weighting):

- Freeport East – as a key strand of the skills and innovation submission to government and support meeting the net zero ambitions of the Freeport area
- Joint Economic Recovery Plan / economic evidence base refresh – Skills, Innovation and Business Support themes
- G14 Board Business Plan, ambitions and KPIs for site including those around environmental sustainability and innovation
- Climate Action Plan / net zero carbon transition by 2030
- Strategic Asset Management Plan 2020-2025 (SAMP)
- Place Regeneration and Stowmarket Vision delivery
- Joint Local Plan and Local Industrial Strategy – including A14 Growth Corridor
- Business Rates Base Growth for District and Mid-Term Financial Strategy

5.3 The scheme is not being developed for solely commercial purposes but to meet wider social and economic value. If the right format can be established and found to be viable, it is an enabling investment and platform for improving life chances and outcomes for local people. It can help businesses and enterprises to survive, be resilient and grow and for connections and networks to grow organically - raising the profile of the G14 and Freeport sites and district as a home and destination for higher skills, innovation and success.

5.4 The growth of skills, particularly green skills, and innovation at G14 cannot be delivered alone by the Skills and Innovation Centre. The centre must be part of a sustained and co-ordinated plan to attract the correct occupier mix for the wider park to create an innovation cluster which is fed by and feeds into the centre. Success of similar clusters has included an agreed policy on tenant/occupier mix, joined up marketing campaign and scale-up growth opportunities across a wider site for high growth businesses locating initially in the centre/hub.

## **6. FINANCIAL IMPLICATIONS**

6.1 Appendices A and B (confidential) to this report contain detailed financial information, including the assumptions used and key risks. This project is financially more complex as a scheme given it is a unique proposition blending skills development and education/training with business workspace. It also incorporates flexible lettable spaces for business events and meetings (including co-locating business activities which may be 'hybrid' - physical and digital together). 'Virtual' tenancies are also planned, to help build the collaborations and support productivity (for example greater opportunity for rurally based or isolated micros and SMEs).

6.2 Development appraisals have been carried out by specialist consultants using benchmarking data from other regional innovation centres and sensitivity analysis to test the financial outlook. 'Whole life' (assumed as 30 years) operational, management and maintenance costings, not just up-front capital costs, have been considered and projected. All financial information and forecasting will be kept regularly updated in response to inflationary costs, economic evidence base, business rate forecast modelling and other data and intelligence.

6.3 Business events, training and meeting space rental income is an important income stream but it also carries some risk. However, the intelligence and market research gathered for the FBC indicates strong business demand, geographical benefit and operator interest in these facilities being made available at G14 - especially if a high quality offer is provided. Education and skills training will not of its own generate significant income for the centre, but as outlined in the wider business case will support considerable non-financial and social outcomes.

- 6.4 In early years of operation the centre will be establishing itself and there will be significant risks to consider and manage in this regard. The wider social value impacts from delivering a Skills and Innovation Centre along the A14 corridor at Stowmarket have been analysed using HM Treasury Green Book compliant methodology and assumptions. Those outputs are summarised in Appendix B (confidential). This will be an important consideration in deciding whether to proceed.
- 6.5 Over 30 years of projected cashflow the centre is forecast to cover its operating costs in most years and does not need any Council subsidy in running the facility apart from its first year of operation.
- 6.6 The capital budget requirement is set out in detail in Appendix D (confidential) and will require Full Council approval to be included in the overall Capital Programme along with approval to use reserves to partially forward fund the project. The capital costs comprise base build, fit-out, planning and technical design. It should be noted that allowances have been made within the fit-out element for both professional services fees and build cost inflation forecasts. It is expected that the base build costs estimate will not alter significantly provided the transfer agreement and diligence work is completed within the next few months. Jaynic have direct and recent experience in developing and operating innovation centres, given their involvement in the Epicentre Innovation Centre at Haverhill which is of a similar scale to the proposed Skills and Innovation Centre at Gateway 14.
- 6.7 The Council's reserves will need to be replenished, along with interest costs, from the Pot B Business Rates income, as these rates become payable by occupiers locating on the site. In the worst case the reserves would be replenished over 14 years. However, an acceleration in build out rate could lead to higher repayments in the early years and the reserve being replenished faster than projected. Use of Pot B Business Rates Income for the scheme is subject to approval by the Freeport Board.
- 6.8 The allocation of business rates generated from the wider G14 development was outlined to Cabinet via Report MCa/21/49 (04 April 2022)
- 6.9 The principles of this funding proposal are based upon:
- The fact that the scheme is not financially viable and cannot progress without the upfront seed fund capital and the use of the Council's reserves as well as the use of Pot B Business Rates income over the medium term.
  - The overall value for money of the project is significantly improved by using reserve funding upfront as it removes the need for external borrowing and the consequential financing costs. This is particularly appropriate in the current economic climate when interest rates are at a historically high level.
  - The Centre must be operationally financially sustainable without requiring long-term Council subsidy and putting pressure on the Councils revenue budget.
- 6.10 As a Gateway 14 Ltd owned site and development, it is important to recognise the company's lead role in setting the direction regarding development cost planning and financial considerations and their onward implications for the wider site – not confined to this building. Gateway 14 Ltd will want to see a building that thrives, is well managed and has a positive longer-term impact on the wider development.

- 6.11 For the Council, there are also obligations to the Department for Levelling-Up Housing and Communities (DLUHC), HM Treasury and Freeport East to be able to benefit from the incentives Freeport East will bring including accessing seed capital funds and retained business rates, alongside direct benefits for occupiers on the wider site.

## **7. LEGAL IMPLICATIONS**

- 7.1 Councils have the powers to acquire land and property for the purposes of -
- (a) any of their functions under LGA 1972 or any other enactment, or
  - (b) the benefit, improvement or development of their area.
- 7.2 All land at the Gateway 14 site is owned by Gateway 14 Ltd a private limited company, of which 100% of the shares are owned by Mid Suffolk District Council. Gateway 14 Ltd has appointed Jaynic as its development manager for delivering the site. At this stage we do not envisage that a market-rate transaction creates any subsidy control issues but this will be carefully monitored and reviewed with legal input as progress is made, including the procurement route and transaction agreement diligence.
- 7.3 The Council is taking external legal advice regarding the procurement implications of the proposed transaction. The Public Contracts Regulations 2015 remain in force in the UK until the Procurement Act 2023 comes into force, anticipated in autumn 2024.
- 7.4 As is noted elsewhere in this report, the proposed project is not in itself financially viable, and can only be brought forward on this site due to the essential seed fund capital and Pot B retained business rates contributions via Freeport. That funding in itself requires to be defrayed by 31 March 2025. The proposed site currently benefits from planning permission which can enable delivery of the scheme (and thus expenditure of the funding) within that timescale. The Council is not aware of any other sites that have the funding, and planning status, to enable this important and strategic project to be brought forward within the required timescales. As such the Council considers that 'exclusive rights' are available in the current context, and is obtaining legal advice to support this view. The Council will also consider publication of a Voluntary Ex Ante Transparency Notice (VEAT Notice).
- 7.5 An alternative means to bring the project forward is by the Council entering into a land agreement with Gateway 14 Ltd, under which it agrees to purchase a completed building should Gateway 14 Ltd deliver it. Whilst still a robust option, the optimal legal structure is the full development agreement with reliance upon 'exclusive rights'.
- 7.6 The operator procurement will be undertaken by the Council under its usual procedures and be subject to further Cabinet reporting in early 2024. There are multiple benefits in securing the operator, or operators, for the centre early as described in the FBC.



- 7.7 There is a need to review all structures to ensure that future operation of the Skills and Innovation Centre is managed in accordance with a set of agreed outcomes and principles. The Council's appointed consultant Respublica carried out and completed (January 2023) initial analysis work culminating in a report outlining the main options, structures and considerations. Further work is required with stakeholders to conclude this area of work and towards securing an operator and confirming the 'day one' education offer at the centre. This will be reported in detail to Cabinet in early 2024. Given the building is likely to have a range of partners sharing space, careful consideration is required regarding longer-term management and legal and operational structures.
- 7.8 There are linked wider Freeport East agreements and governance, and business rates policy considerations for the site, as well as Gateway 14 Ltd matters, subject to separate consideration as required. The recommended funding strategy attached as Appendix D (confidential) outlines the necessity for accessing retained Pot B business rates, in addition to seed fund capital, to make the development viable and manage risk exposure. Until that is confirmed and signed-off by Freeport a residual risk remains, and therefore the Council's proposed forward-funding strategy including to reduce borrowing and related costs is considered prudent.
- 7.9 The Council's Strategic Asset Management Plan (2020-25) requires an independent valuation when connected parties are involved, which is considered as good governance anyway in this situation and provides assurance on value for money. This valuation has been sourced but will not be returned in time for this Cabinet reporting gateway, hence it forms part of the recommendation at 3.3.

## **8. RISK MANAGEMENT**

- 8.1 The initial key risks are set out below, originating from the Corporate Strategic and Operational risk registers. For this gateway reporting stage, risks are mainly confined to the high level strategic, plus the 'missed opportunity' risks should the authority not

endorse the project's continuation to delivery. See also Section 2 above on options considered.

Key Risk Description	Likelihood 1-4	Impact 1-4	Mitigation	Risk Register and Reference
Income and Capital projections and economic outcomes projected for Gateway 14 Ltd may not be delivered	3	4	Develop optimal scheme. Robust development appraisals and funding strategy including whole life cashflow forecasting and sensitivity analysis. Expert input at all stages. Market-rate transaction (independently valued) and agreement. Governance gateway steps including G14 Board.	SRR002 - MSDC STRATEGIC RISK REGISTER
The Councils may not be carbon neutral by 2030	4	4	This scheme has a marginal influence on the overarching district strategic risk. However, delivery of a highly sustainable building (minimum BREEAM Excellent) would support wider climate resilience strategies	SRR009 - MSDC STRATEGIC RISK REGISTER
Additional cost pressures for MSDC may result in a significant overspend that needs to be funded from reserves	4	3	Approve recommended funding strategy which relies on no borrowing. Robust development appraisals including whole life cashflow forecasting and sensitivity analysis. Expert input at all stages. Governance gateway steps including S151/CFO review	SRR013 - MSDC STRATEGIC RISK REGISTER
We may not understand the needs and aspirations of our businesses	2	4	Utilise professional network, economic growth function and commission evidence, engagement and intelligence to inform strategies for this project. Ongoing monitoring and evaluation	05 – SIGNIFICANT OPERATIONAL RISK REGISTER
Lack of business growth and investment in the districts	2	4	Utilise professional network, economic growth functions and commission gap evidence and intelligence to inform strategies for this project	06 – SIGNIFICANT OPERATIONAL RISK REGISTER

Lack of workspace delivered in districts due to market failure	3	4	Consider direct intervention business case to address evidenced employment skills gaps in the local and sub-regional area. Leverage partner expertise and external funding opportunities	07 – SIGNIFICANT OPERATIONAL RISK REGISTER
Decline in our key towns impact upon economic prosperity of the districts	3	4	Consider direct intervention business case to address evidenced employment skills gaps in the local and sub-regional area via delivery of a unique skills and innovation centre, which kickstarts the wider innovation cluster	08 – SIGNIFICANT OPERATIONAL RISK REGISTER
We may be unable to meet income projections for the Councils	3	4	Robust development appraisals and funding strategy including whole life cashflow forecasting and sensitivity analysis/optimism bias. Expert input at all stages. Governance gateway steps including S151/CFO review	10 – SIGNIFICANT OPERATIONAL RISK REGISTER
Successful procurement challenge on the basis that the Council has unlawfully made a direct award of a Public Works Contract to Gateway 14 Ltd	1	4	Counsel's Opinion regarding robustness of arrangements in procurement law terms.  Publication of a Voluntary Ex Ante Transparency Notice on the Government's Find A Tender Service portal, which puts the market on notice of the proposals and offers protection provided it is valid	Project Risk Register

- 8.2 This is a project without a direct precedent, to the best of our knowledge, anywhere else in the country. Without enabling support from seed fund capital grant via the Freeport site benefits and agreement on accessing Pot B retained business rates the project is **not viable and cannot progress**. For the Council, key significant risks are (a) costs of borrowing and inflation; (b) use of reserves to reduce that borrowing exposure that are then not available for other priority purposes; (c) risks of slippage within the delivery programme and scheduling; and (d) the ongoing revenue income and expenditure not meeting baseline projections to support a self-sustaining centre - which does not rely on long term Council subsidy. Non-financial risks include not attracting the right type or mix of tenants to meet the vision for the centre as a centre for digital/green skills, or addressing wider persistent skills gaps.
- 8.3 The risk summary from the high-level project risk register has been included in the Full Business Case attached at Appendix A (confidential) and the full risk register is kept regularly updated. This will be managed operationally and through key programme milestone management, gateways and programme board exception reporting. Risk identification and management will evolve alongside the project

phasing and into detailed construction programme overseen by Jaynic and Gateway 14 Ltd Board.

## **9. CONSULTATIONS**

- 9.1 Extensive engagement and consultation has been carried out with a range of partners and specialists and this is detailed in the FBC. Respublica consultants have undertaken a wide range of research and engagement in the formulation of the operational and functional work to date. Further market research has been undertaken regarding business meetings and events viability. Innovation Board and Chamber of Commerce have been engaged as part of the concept development work.
- 9.2 Gateway 14 Ltd have an active area of their website providing updates and key information to public in terms of what's planned, FAQs and updates ([www.g14haveyoursay.co.uk](http://www.g14haveyoursay.co.uk)). The community engagement period ran in September and October 2020. Feedback helped to shape the revised masterplan for Gateway 14, which formed the basis of the hybrid planning application submitted in January 2021, which was subsequently approved in August 2021. A Statement of Community Consultation was submitted with the planning application detailing all the feedback received during the consultation period, and how it was considered.
- 9.3 These engagement activities enabled G14 to capture, measure and determine the existing level of awareness and support for the scheme including innovation cluster and centre as part of the master plan for site.
- 9.4 The Council has undertaken regular stakeholder engagement with key delivery partners, local councillors and town council, Suffolk County Council, local businesses and innovators as the concept has evolved. Further formal consultation will follow as part of planning process.
- 9.5 Internal cross-service discussions continue involving SLT, S151 and finance colleagues, legal, strategic assets, climate change, sustainable travel, planning and building control. Case studies and site visits to regional innovation centres have also informed the business case and viability work.

## **10. EQUALITY ANALYSIS**

- 10.1 If any of the protected grounds may be affected as a result of the recommendations in this report a full Equality Impact Assessment (EIA) will need to be carried out. Initial screening has concluded that a full Equality Impact Assessment (EIA) not required at this point.
- 10.2 The Centre is being designed to comply with Building Regulations Approved Document M. The requirements of Part M will be achieved when reasonable provision is made to ensure that buildings are accessible and usable and that individuals, regardless of their age, gender or disability are able to, '*...gain access to buildings and to gain access within buildings and use their facilities, both as visitors and as people who live and work in them.*'
- 10.3 All members of the professional team and the eventual main construction contractor are required to provide satisfactory equality and diversity policies as a prerequisite for selection.

10.4 There are no indications that this project would have an adverse impact on the protected characteristics of any individuals. EQIA screening has been undertaken and the Mid Suffolk Disability Forum (MSDF) has been engaged early and support the ambitions for a fully inclusive, high specification and well thought out building. The MSDF act as a reference group to assist the Council in listening, learning and consulting with disabled people.

## **11. ENVIRONMENTAL IMPLICATIONS**

11.1 The building is being designed to be as sustainable as possible, befitting the ambitions of the Council, partners, the tenants and users and the local community. The Council want the emphasis of the Skills and Innovation Centre to be on developing the Green economy and Green skills. This includes skills in the low carbon and environmental goods and services sectors, but also more general skills to help all organisations use natural resources efficiently and sustainably and to be resilient to climate change.

11.2 Environmental issues are being considered as part of the planning and delivery process however there are no direct environmental implications in respect of the recommendations at section 3 of this report.

11.3 Gateway 14 Ltd has a clear business goal to maximise sustainable construction opportunities and explore low carbon heat and energy/water sources on the site. Ambitions for the building are for exemplar level construction, embodiment of carbon and considerate construction in support of the Council's emerging Climate Resilience Plan and Gateway 14 sustainability strategy. BREAAAM 'Excellent' is the minimum standard for the innovation cluster (Plot 3000 units) on the Gateway 14 site. BREEAM 'Excellent' would broadly represent performance equivalent to the top 10% of UK new non-domestic buildings. This development will deliver significant energy and carbon savings in comparison to a traditional building design. BREEAM Excellent rated buildings on average reduce carbon emissions by 33%.

11.4 Development of the site would have associated environment impacts requiring assessment and mitigation. However, Gateway 14 is already a live construction site with planning consents and detailed construction phase planning including mitigating impacts on wider local infrastructure, businesses and communities. This will minimise negative effects of building the centre.

11.5 Supporting the UK's trajectory towards net zero and ensuring creation of the economic and employment opportunities that arise from a green transition are core parts of the Freeport East proposition.

11.6 The design work has proposed roof mounted solar PV and with an opportunity to explore a combined green/PV roof, air source heat pumps, battery storage etc. to provide self-consumption energy opportunities and cost savings for occupiers. Electric vehicle and bicycle charging points and biodiversity planting and features are options to further embed green infrastructure and mitigate carbon impacts.

11.7 The Centre brings clear aspiration to support the green economy and skills through targeted engagement, promotion and training in linked industries e.g. heat pump manufacture and innovation.

## 12. APPENDICES

Title	Location
A. Full Business Case – <b>CONFIDENTIAL</b>	Attached in Part 2
B. Annex 1 (Project Information) to Full Business Case – <b>CONFIDENTIAL</b>	Attached in Part 2
C. Annex 2 (Data & Evidence Pack) to Full Business Case – <b>CONFIDENTIAL</b>	Attached in Part 2
D. Recommended Funding Strategy – <b>CONFIDENTIAL</b>	Attached in Part 2

## 13. BACKGROUND DOCUMENTS

None other than Appendices above.