Corsham Mansion House

OUTLINE BUSINESS CASE

Contents

Version History

Version	Last edited	Summary of Change	Edited by
1.0 Draft	27.10.14	First Draft Version	AH
1.1 Draft	31.10.14	First Draft – Edits	JG
2.0 Draft	07.11.14	Exec Summary completed, reviewed narrative, created annexes	JG
3.0 Draft	10.11.14	SWLEP Proof amendments	CA
4.0 Draft	19.11.14	Renewed Exec Summary and minor amends. Annexes outlined in separate document.	JG
5.0 DRAFT FINAL	01.12.14	Independent Review and Analysis	Steer Davies Gleave
6.0 Draft	13.12.17	Update following appointment of contractor	MC, SG, TM
7.0 DRAFT FINAL	16.03.18	Updated – Edits	MC, AH

1.0 Executive Summary

1.1 Introduction

1.1.1 Corsham is integral to the Swindon and Wiltshire Local Enterprise Partnership's (SWLEP) Strategic Economic Plan and the emerging SWLEP Digital Strategy. Digital/Cyber and Information and Communication Technology is an important growth sector for the SWLEP with the potential to generate a large number of high skilled, well paid jobs. The £2.5m LGF funding awarded for the Corsham Mansion House project will support incubating businesses with a digital outlook and help regenerate the local area. This business case applies HM Treasury Green Book Guidelines.

1.2 Strategic Case

1.2.1 Corsham is home to a growing cluster of digital industries and a unique ICT infrastructure has built up around Corsham where the Ministry of Defence (MOD) and the private sector have invested heavily in secure communications and data storage. As 'big data' and cyber security become even more important in the digital economy nationally and internationally, the economic potential of this infrastructure to create a leading digital economy cluster is evident. The digital economy strengths and opportunities are both highlighted in the SWLEP Strategic Economic Plan, and the Corsham Area Framework.

1.2.2 The Corsham Mansion House project will build on these identified strengths and provide a facility that will incubate enterprises with a digital outlook. The Mansion House will nurture businesses, provide a collaborative working environment (including the scheduling of business events where the sector can come together to share ideas and network), and provide access to training and learning opportunities. In addition the Mansion House can provide teaching space to enable the delivery of courses relating to the digital sector, and opportunities to engage with the industry, academia, institutions, the public sector and the general public.

1.2.3 The project aims include:

- The creation of business incubation space for digital entrepreneurs, start-ups and growing SMEs.
- Increasing the provision of business support services for digital entrepreneurs and SMEs.
- The joining up of different business support and skills initiatives that exist across the SWLEP area to enable economic growth and promote inward investment.
- Strengthening the "pipeline" of digital start-up and scale-up businesses and improve business outcomes.
- The creation of teaching space, which can facilitate the opportunity to deliver higher-education courses within the heart of Corsham;
- Providing opportunities to enable different members of community (e.g. the public, industry, institutions, academia, and the public sector) to come together in an open environment that is supportive of engagement, collaboration and innovation;

1.2.4 The project demonstrates a strong alignment to national policy and the Swindon and Wiltshire Local Enterprise Partnership (SWLEP) priorities and objectives. The project helps correct market failure and barriers to growth, including: access to suitable workspace, workspace cost, digital skill shortages, business support, access to finance, and business collaboration.

1.3 Economic Case

1.3.1 The preferred option which is the renovation and expansion of the Corsham Mansion House has evolved from extensive option development and assessment. The options considered for this project included:

Table 1 – Economic Case Options

Option considered	Comments
Corsham Mansion House	The option is a good fit with the scheme objectives which are based on national and local policy. It provides a physical space in the heart of Corsham to incubate and support the growth of a digital cluster in the region
Bridge Centre, Chippenham	The scheme is not a good fit with the scheme objectives. It provides incubation space with the support of the Growth Hub. However, it is not located in Corsham where the digital partners and infrastructure are, so does not build on this asset base, nor support the growth of a digital cluster in the region
New build in Langley Park, Chippenham	The scheme is not a good fit with the scheme objectives. It provides incubation space with the support of the Growth Hub. However, it is not located in Corsham where the digital partners and infrastructure are, so does not build on this asset base, nor support the growth of a digital cluster in the region

1.3.2 The main economic benefits that can be quantified are derived from high-value jobs growth. The scheme can support the creation of space for 54 workers, 21 new incubation units, and 180 sq m of teaching space. Over the 10 year appraisal period it is estimated that the Mansion House can create 144 direct jobs (173 jobs including indirect and direct). The scheme has a benefit-cost ratio of 2.17, which represents good value for money.

Table 2 – Economic Case summary

COSTS –	£m PV (2017)
Capital Costs	£2,500,000
Operating Costs	£427,966
BENEFITS	**£m PV (2017)**
Employment Benefits	£5,430,347
Revenue	£523,113
APPRAISAL	
Present Value of Costs (PVC)	£2,500,000
Present Value of Benefits (PVB)	£5,430,347
Net Present Value (NPV)	£2,930,347
Benefit Cost Ratio (BCR)	2.17

1.3.3 Other benefits not (fully) quantified or monetised include:

- Agglomeration benefits of collaboration, including increased cross-fertilisation of ideas and increased levels of innovation.
- Increased upskilling through direct skills training, including associated job creation.
- Renovation / saving and use of a historic building and well-known community asset, and the regenerative effects in the town and its high street.
- More efficient energy use and reduced levels of pollution from supporting growth in the digital sector.

- Grow on space linked to potential future phases of development.

1.4 Commercial Case

1.4.1 Wiltshire Council is the Accountable Body, it will be lead delivery partner, and as such work has been procured by the Council in accordance with its procurement and contract rules. Wiltshire Council is satisfied the scheme would not be subject to State Aid issues. Construction will begin in 2017/18 with completion during Quarter 3 of 2018/19. Key milestones for the project include:

Table 3 – Project milestones

Activity	Delivery Date
LGF submission	3rd December 2014
Funding secured	29th January 2015
Design team appointments	30th June 2016
Submission of planning application	18th November 2016
Planning approval granted	19th July 2017
Tender issued	29th August 2017
Tender submissions received	27th October 2017
Delivery contractor (s) appointed	18th December 2018
Construction completed and signed-off by Wiltshire Council	30th November 2018
Building available for use (assumes 1 month fit-out by Wiltshire Council)	1st January 2019

1.4.2 Wiltshire Council acts as the Accountable Body for the Swindon and Wiltshire Local Enterprise Partnership. Local Growth Fund payments are made to the Accountable Body through payments from Central Government and are held in a separate Swindon and Wiltshire Local Enterprise Partnership account stream within the Accountable Body accounting arrangements. This ensures a robust and transparent accountancy procedure that will be subject to full internal and external auditing procedures at regular intervals in accordance with Council, LEP and Government regulations.

1.4.3 As lead delivery partner, Wiltshire Council will be responsible for the identification, management and mitigation of all risks associated with the project. The Wiltshire Council Risk Management Strategy outlines the processes and responsibilities that the organisation upholds when delivering projects and/or services, whether these be threats to delivery or opportunities to improve delivery.

1.4.4 The project secured planning permission in July 2017.

1.5 Financial Case

1.5.1 In developing this business case, a masterplan with costings has been developed by qualified architects, planners and construction consultants who have considered the building in its current state and its Grade II listed status. Project costs in 2017 prices are £4.0m with allowance for contingency and inflation.

1.5.2 The scheme is affordable and any cost overruns will be met by Wiltshire Council.

1.5.3 The request from Central Government (Local Growth Fund Round 2) was £2.56m and £2.5m was secured. The local match for this project equates to 37% of the total project

cost. Operating costs would be covered by the forecast operating revenues, returning a small operating profit.

Table 4 – Sources of funding

Source of funding	Cost
Local Growth Fund	£2.5m
Mansion House (asset value used as match)	£1.5m
Total	**£4.0m**

1.6 Management Case

1.6.1 The scheme is an integral part of the Swindon and Wiltshire Growth Deal programme, which comprises a portfolio of projects. SWLEP has established a robust system of governance for overseeing the Growth Deal programme which utilises the resources of each of the two Local Authorities within the local geography. This collective programme management forms the SWLEP Delivery and Performance Team which oversees and records the delivery, monitoring and reporting of SWLEP Growth Deal programme projects.

1.6.2 SWLEP will adopt the corporate and programme management role for the scheme. The SWLEP is a creative collaboration of leaders from business, education and local councils, who direct economic growth and drive job creation. It is led by a Board of directors who contribute a wide range of expertise. The majority are from the private sector, representing major employers and small and medium enterprises. The public sector is also represented.

1.6.3 The management and development of this project is being undertaken by Wiltshire Council as the lead authority. The project will be delivered by Wiltshire Council through its in-house project management systems. This will be supplemented by external support where required. The council will appoint consultants and other external advisers if required to provide the necessary project management assistance to ensure the project is delivered to programme and value for money is achieved.

2. Strategic Case

2.1 Vision

2.1.1 Corsham is integral to the Swindon and Wiltshire Local Enterprise Partnership's (SWLEP) Strategic Economic Plan, and the emerging SWLEP Digital Strategy. Digital/Cyber and Information and Communication Technology is an important growth sector for the SWLEP with the potential to generate a large number of high skilled, well paid jobs. The £2.5m LGF funding awarded for the Corsham Mansion House project will support incubating businesses with a digital outlook and help regenerate the local area. This business case applies HM Treasury Green Book Guidelines.

2.1.2 Corsham is home to a growing cluster of digital industries and a unique ICT infrastructure has built up around Corsham where the Ministry of Defence (MOD) and the private sector have invested heavily in secure communications and data storage. As 'big data' and cyber security become even more important in the digital economy nationally and internationally, the economic potential of this infrastructure to create a leading digital economy cluster is evident. The digital economy strengths and opportunities are both highlighted in the SWLEP Strategic Economic Plan, and the Corsham Area Framework.

2.1.3 These existing assets, combined with a local enthusiasm and appetite for advanced industry and innovation, means that the Corsham area is uniquely situated to grow and develop a cluster with a digital specialism.

2.1.4 The capabilities and potential of the Corsham area sit at the core of a wider vision of the SWLEP to integrate and optimise its local competitive advantages in big data management, health and life sciences, advanced manufacturing, financial services, and academic research and learning.

2.1.5 The Corsham Mansion House project will help create a strong local digital economy, with thriving digital enterprise. It will create a physical platform to support business development, provide on-site training and education, and create opportunities to engage with the public and wider community to present ideas, conduct research, and test a broad range of initiatives, strategies, and technologies.

2.1.6 Now that planning approval has been granted and a works contractor appointed, Wiltshire Council is engaging with Corsham Institute and other partners to progress the project, including discussing the operation of the building and this vision. This engagement activity commenced in January 2018, and it will address a risk highlighted in the recent Steer Davis Gleave project audit which identified concerns regarding project relationships and associated partnerships.

2.1.7 LGF investment and Central Government support of the initiative was sought in the March 2014 SEP, signalled in the July 2014 Local Growth Deal, and £2.5m was secured as part of the second round of Growth Deals.

2.2 Scheme description – Corsham Mansion House

2.2.1 Located in the centre of Corsham (see figure 1 below), the Corsham Mansion House project will build on the strengths identified and provide a facility that will incubate enterprises with a digital outlook. The Mansion House will nurture businesses, provide a collaborative working environment, and provide access to training and learning opportunities. In addition the Mansion House can provide; teaching space to enable the delivery of courses relating to the digital sector, and opportunities to engage with the industry, academia, institutions, and the general public.

Figure 1 – Corsham Mansion House location

2.2.2 The project aims include:

- The creation of business incubation space for digital entrepreneurs, start-ups and growing SMEs.
- Increasing the provision of business support services for digital entrepreneurs and SMEs.
- The joining up of different business support and skills initiatives that exist across the SWLEP area to enable economic growth and promote inward investment.
- Strengthening the "pipeline" of digital start-up and scale-up businesses and improve business outcomes.
- The creation of teaching space, which can facilitate the opportunity to deliver higher-education courses within the heart of Corsham;
- Providing opportunities (through events held at the Mansion House) to enable different members of community (e.g. the public, industry, institutions, academia, and the public sector) to come together in an open environment that is supportive of engagement, collaboration and innovation;

2.2.3 The above would be provided in one building to maximise the opportunities for joint working and collaboration.

2.2.4   The project demonstrates a strong alignment to national policy and the Swindon and Wiltshire Local Enterprise Partnership (SWLEP) priorities and objectives. The project helps correct market failure and barriers to growth, including for example: access to suitable workspace, workspace cost, digital skill shortages, business support, access to finance, and business collaboration.

2.2.5   The inclusion of academic and teaching space in the Corsham Mansion House project supports the SWLEP plan to increase the Higher Education presence in Swindon and Wiltshire, the only Local Enterprise Partnership nationally without a University presence. The opportunities for education and training at Corsham Mansion House are detailed in section 2.4.

2.2.6   The Corsham Mansion House project creates a town centre physical presence for training and education opportunities, and digital and cyber business incubation, within Swindon and Wiltshire where a known demand for additional accommodation exists. Through the existing Enterprise Network of incubation and business support programmes (such as the Growth Hub), resident businesses will receive expert and impartial advice on strategy, planning, finance, assets, etc.

2.2.7   The Corsham Mansion House will also support creating a digital test bed. This will be achieved through events open to the industry, academia, and the public, providing opportunities for them to present ideas, conduct research, and test a broad range of initiatives, strategies, and technologies.

2.3   Building design

2.3.1   The approved plans for the Mansion House (Full planning approval was granted in 2017 – ref: 16/11304/DP4 and 16/11410/LBC) will provide a flexible space that will support the delivery of the project aims.

2.3.2   The ground floor will provide;

- Training and educational space in the form of a seminar and meeting rooms.
- Facilities to enable business/industry collaboration and networking.
- Open space to provide for events, and interaction opportunities with the public, industry and academia.
- The extensive grounds of the Mansion House also provide an opportunity to hold industry related events, and subject to planning, potential grow on space.

2.3.3   The first and second floors will provide;

- Business incubation space for digital enterprises
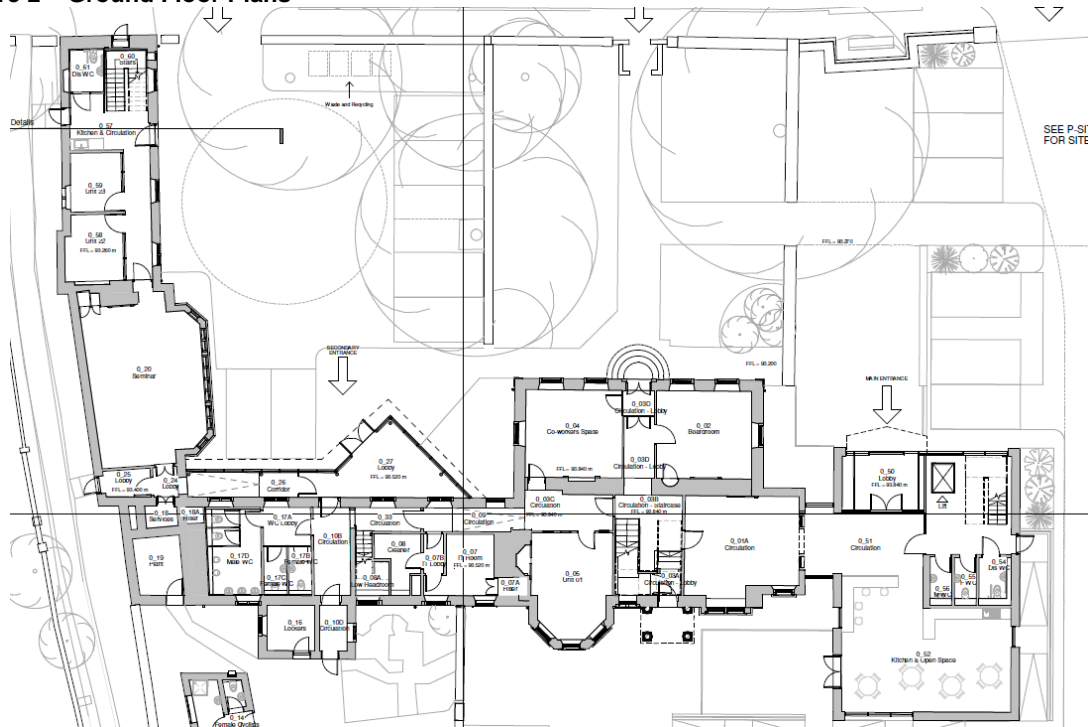
Figure 2 – Ground Floor Plans

Figure 3 – Building elevations

2.4 Increasing the provision of higher-education teaching space and training opportunities at Corsham Mansion House

2.4.1 While one objective of Corsham Mansion House is to successfully incubate digital enterprises, another is to focus on educational capacity by delivering on site business support and industry specific training and education courses.

2.4.2 The opportunity for increased higher education provision capacity at Corsham Mansion House is very timely. With the absence of a higher education institution (HEI) in the area and feedback from employers that they are experiencing skills shortages, the SWLEP have commissioned a detailed evidence base and are now developing a higher education strategy.

2.4.3   Higher Futures

2.4.4   The Higher Futures programme was developed in 2014 to enable the collaboration between business and higher education institutions to tackle skills shortages. Higher Futures works with businesses to gather intelligence on their current and future skills gaps and shares this information with providers to enable the development of a curriculum which meets employer needs.

2.4.5   Higher Futures has held cluster group meetings with digital employers in the region who are experiencing skills shortages. Feedback from the employers suggests a chronic skills gap in software development, cyber security and coding. Many employers have been recruiting from abroad to fill vacancies and compete against each other to attract local talent.

2.4.6   These findings are corroborated by the Higher Education Strategy Evidence Base.

2.4.7   Higher Education Strategy Evidence Base

2.4.8   The evidence base included a focus on the digital and information and communications technology as a priority sector for the LEP, and included both qualitative and quantitative data.

2.4.9   A summary of these findings relating to employers in this sector are below:

- Over 77% of employers surveyed in the experienced recruitment challenges.
- Over 40% of would like to see additional training offered in the local area.
- Over 25% were not confident of being able to fill their higher level skills needs in the future.
- Competition for staff, insufficient applicants and lack of HEI in the area were cited as the main barriers to fulfilling higher level skills needs.
- Almost 60% strongly agreed that developing more higher education in the area was a good idea.
- Employers responded that they would like more higher education provision in big data, programming, software development, data analytics and app development.
- Employers want more flexible, part time and employer led provision.

2.4.10 Employers are now open to developing their own longer-term solutions through links with schools via the Careers Enterprise Company programme; being involved in the bid for a local Institute of Technology and developing apprenticeship programmes with the support of Higher Futures.

2.4.11 Institute of Technology

2.4.12 The SWLEP is supporting the bid for an Institute of Technology (IoT) serving Swindon, Gloucestershire and Wiltshire and has a sector focus which includes digital industries. Corsham Mansion House is ideally situated to provide the teaching space and opportunity to support the geographical coverage of the IoT.

2.4.14 Currently, prescribed provision at level 4 and above in this sector include a small number of courses offered at Swindon and Wiltshire colleges in addition to a small but increasing number of higher and degree apprenticeships.

2.4.15 The number of graduates in information and technology for the area was low according to latest data provided by the higher education statistics agency.

2.4.16 Early emerging evidence findings also suggest that developing knowledge Transfer Partnerships which are a nationally recognised mechanism for enabling graduates to access employers and there is strong evidence to suggest that many are retained by the company afterwards. Likewise, there are a range of internship and graduate recruitment options that could be explored.

2.4.17 Through the Higher Futures model of brokering relationships between employers and HEIs and encouraging the delivery of flexible provision here, the Mansion House could:

- Facilitate flexible provision to meet the needs of learners and employers (on site delivery is important to both too).
- Enable qualifications not already available within the county.
- Support the development of a training hub and centre for cpd for educationalists across the area including teaching professionals in secondary and FE.
- Supporting the pipeline of employers through linking employers with school sixth forms and FE delivering qualifications related to this section.

2.4.18 Additionally, the opportunity exists to make links between Corsham and the recently announced Institute of Coding which will develop and deliver innovative, industry-focused higher education across the UK. This institute will be led by the University of Bath and involves 15 university partners. It is expected that courses will be made available at undergraduate and masters levels, alongside short courses in areas of strategic importance including data science, artificial intelligence and cyber security.

2.4.19 Demand for computer science specialists is already strong and set to increase drastically; More than 500,000 people will be needed to fill roles in the three highest skilled groups in the digital arena by 2022 - three times the number of UK Computer Sciences graduates in the last 10 years.

2.5 The Strategic Case for investing in Corsham Mansion House

2.5.1 This section describes:
- the context for investing in the Corsham Mansion House Project;
- the challenges posed by those local and national trends and anticipated future demand; and
- the issues that any scheme would need to address.

2.5.2 Background and Context

2.5.3 The Growth of High Value Industry and Innovation Centres

2.5.4 The SWLEP region contains a number of high value growth sectors around three innovation nodes (or corridors):

- High Value Manufacturing / Engineering throughout the M4 and A350 corridors.
- Financial Services 'FinTech' and Low Carbon Technologies in Swindon.
- Health and Life Sciences specialism's at Porton Science Park.
- Digital Communications and Information and Communication Technology at Corsham.

2.5.5 These locations represent a network of research, creativity, technology, science and innovation across the area. Each of these innovation nodes have been highly successful within their own right, and have a high demand for skilled workers. The existence of these innovation nodes has attracted significant inward investment in the Digital Infrastructure and Information and Communications Technology services located in Corsham.

2.5.6 Digital Infrastructure and Heritage

2.5.7 Corsham has the digital accommodation, secured power supply and fibre-optic networks infrastructure associated with big and fast data. The presence of the MOD Global Operations Security Control Centre, the Joint Security Co-ordination Centre and Defence Equipment and Support's Information Systems and Services in Corsham has provided significant investment in digital communications ability over previous decades. From this, a cluster of small to medium sized businesses with a focus on digital platforms and data analysis has developed, anchored by some of the UK's most innovative and trusted data and digital communications organisations, including Ark Data Centres and Skyscape Cloud Services.

2.5.8 Corsham is home to a large number of trusted and secure facilities, and this has assisted with its development as a leading hub for digital infrastructure and communications technology firms. One of the results of this is that an estimated 4% of the world's internet traffic could pass through Corsham (by way of data centres and cloud platforms, housing Government websites and applications, telecoms providers, financial institutions etc.).

2.5.9 In short, Corsham has the physical attributes together with the trust, confidence and assurance of Government and the private sector. This places Corsham at the centre of a rapidly growing industry and presents SWLEP with a unique opportunity to maximise the potential opportunities and benefits that this presents.

2.5.10 Tech City (2015) Tech Nation: Powering the Digital Economy

2.5.11 In February 2015 the then Chancellor launched Tech City UK's Tech Nation report about industry clusters of digital businesses.

2.5.12 The report stated:

"Digital technology companies are pivotal to the UK economy. The diverse digital industries that make up our nationwide technological DNA have grown over the past 5

years despite a challenging economic climate. They are disrupting traditional industries, forging new innovative sectors and creating new ways of doing business. These developments are now inextricably bound to our national economic story and global competitiveness, interwoven so closely that we can no longer view sectors and industries in strict isolation."

2.5.13 The Tech Nation report uncovered a number of key findings regarding tech capabilities across the UK:

1. *The UK's digital ecosystem is thriving*
2. *There are vibrant digital clusters across the UK, diversifying in expertise*
3. *Digital companies are growing in number and size*
4. *Digital is disrupting traditional industries and forming new 'born digital' sectors*
5. *A number of core capabilities are driving the UK's digital sector*
6. *Clusters provide tangible benefits to their members*
7. *Access to talent and broadband are key factors when choosing a location*
8. *The focus on certain capabilities by local education institutions has led to sector specialisms in certain clusters*

2.5.14 Corsham Mansion House will build on the opportunities and strengths outlined above by providing; digital business incubation space, training and education, and business support, all under one roof.

2.5.15 Meeting the Challenges presented by future Demand and Growth

2.5.16 The previous section describes the setting for this OBC, and identifies the demands of the growth sector industries, the key emerging trends that impact those industries and the strengths of the region. Given that backdrop, the key question is how SWLEP can unlock the potential in the region by providing the flow of skilled workers and innovative ideas that are needed to service those industries. This presents certain challenges that need to be met to fulfil the greatest potential offered by these innovative industries.

2.5.17 A Demand for a Highly Skilled Workforce

2.5.18 The SWLEP Local Economic Assessment (LEA) shows that a continuing shift in the occupational profile of the SWLEP area over the course of the decade towards higher-order occupational groups will have a significant impact on the required qualifications profile of the local workforce. The impact of both growth and replacement demand on the local economy will mean a requirement for extra workers with qualifications at degree level or above (For further information on skills please see section 2.4).

2.5.19 There is a need to provide a range of measures to support the level of up-skilling needed to meet the anticipated level of demand. These range from:

- Short-term courses to provide specific education and training on topics that align with the digital and innovation economy.
- Medium to long-term measures to establish higher-education facilities (likely to be in cooperation with existing institutions in the first instance) that offer courses of relevance to the digital and innovation sector.

2.5.20 Creating an Economy where SMEs can continue to thrive

2.5.21 Small businesses are important to the Wiltshire economy. The vast majority of businesses in the region are micro-enterprises, with 78% of all businesses employing fewer than five people. This is a higher proportion than the national average and is set to grow. Despite this, the area has a lower level of businesses per 1,000 residents than almost all of its benchmark Local Enterprise Partnerships and the ratio of businesses to 1,000 residents has fallen over recent years. The area will need to reverse this decline if it is to secure an economic recovery led by new business growth. There is a recognised need to promote new business start-ups and enterprise.

2.5.22 The Swindon and Wiltshire Local Economic Assessment identifies that the region is suffering from a shortage of high quality and available workspace which will impact on the economic growth prospects for the area. A further issue identified is the lack of quality 'grow-on' accommodation for growing firms. This shows that a market failure exists within Wiltshire for the type of incubation and potential grow-on space (grow on space would be explored as part of a potential future project phase – subject to planning and market demand) supported by the Corsham Mansion House project. Complimented by the support functions of The Enterprise Network and the Growth Hub, the Corsham Mansion House project ensures that businesses will be able to develop, innovate and grow.

2.5.23 Whilst the number of business start-ups might be lower than average, data for enterprises formed in 2008 indicates that at the one, two and three year intervals, more new businesses survive in the area than across England as a whole. Swindon and Wiltshire are good places to be in business. The challenge here is to create an environment, where businesses can start-up and thrive alongside larger organisations in high-value growth sectors. A critical part of this is to provide an environment where businesses of all scales can come together in one facility.

2.5.24 The Importance of Collaboration

2.5.25 Collaboration between the different innovation sectors (e.g. health and life sciences, advanced engineering, digital technologies etc.) can lead to the sharing of techniques and approaches that will open up new developments in those sectors. The key challenge here is to find a way to access the right skills and facilitate the engagement between the sectors that tend to be located behind closed doors in secure facilities away from the wider community. The opportunity for collaborating is not limited to collaboration within industry. A key part of establishing a truly digital society will be in involving the public in the development process. For many, the concept of big data and a digital society are nebulous ideas that are hard to grasp. To ensure that services can be 'bought' into by the local community, an important first step is to provide people (from the general public, academia, industry and the public sector) with opportunities/events to come together, test ideas, see the data that is available, and the sorts of things that can be done with that information.

2.5.26 Issues to be addressed

2.5.27 In summary, to make the absolute most of the opportunities presented to the SWLEP area by the growth of high-value industry and the existing wealth of digital infrastructure, there are certain points that would need to be addressed, which the Corsham Mansion House project can support achieving:

- Take measures to close the skills gap to make the most of the existing investment in a sustainable manner

- Help address the lack of a Higher Education facility in the SWLEP area (ideally offering courses and qualifications that are aligned to the needs of the key industry sectors).
- Provide the opportunity to demonstrate and test new digital innovations
- The need for a physical centre to incubate and grow digital enterprises
- Identify opportunities to facilitate collaboration between the general public, industry, institutions, the public sector and academia to generate new ideas and concepts.

2.6 Policy, Objectives and Strategic Fit

2.6.1 The following table sets out the National, Regional and Local policy landscape for the Corsham Mansion House vision. The strategic fit between the project objectives and the different policies have been highlighted to demonstrate that there is a strong continuity from the national level to the scheme objectives and outcomes.

Table 5: Strategic Policy Fit and Scheme Outcomes (Benefits Realisation)

Policy Area	National Policy	SWLEP Priorities	SEP Objectives	Scheme Objectives	Scheme Outcomes
Innovation & Research (including Higher Education)	Investing in research, development and innovation, including science and research funding (including Higher Education funding and research councils); business and academia working together; and bringing together knowledge, skills, technical resources and capital (including Innovate UK).	Building upon our existing economic infrastructure	Investing in site infrastructure to support innovative firms.	To build on Corsham's UK-leading digital and communications assets.	21 new incubation units with space for 54 workers in digital and cyber related sectors by 2019.
	Keeping the UK safe in cyber space, including improving cyber skills, education and professional opportunities; and promoting economic growth in the cyber security sector.		Capitalising on unique ICT infrastructure in Corsham by supporting growth. Adding Higher Education to innovation eco-system including at Corsham.	The Corsham Mansion House will support creating opportunities to test new technologies	Increased levels of patents from 2019 onwards. Events open to the industry, academia, and the public.

Policy Area	National Policy	SWLEP Priorities	SEP Objectives	Scheme Objectives	Scheme Outcomes
Industrial Strategy, Business Growth, Jobs & Skills	UK Industrial Strategy to help the UK economy and business compete and grow, including improving access to finance for businesses; working with businesses to help develop skills; developing strategic partnerships with industry; and supporting emerging technologies	Stimulating growth in our economy	Implementing our Higher Futures proposals to provide pathways into Higher Education for Service Leavers, partners and civilian employees.	To support businesses and grow the digital / cyber cluster.	Increase the two-year business survival rate to 90% in the incubator hub.
	Boosting private sector employment in England, including helping businesses and start-ups to get advice and support; encouraging people and giving them the skills to set up their own businesses; and encouraging private sector investment.	Creating jobs and skills	Creating and maximising employment opportunities for Service Leavers and Military Reservists aligned to development at Corsham, Lyneham and Porton.	To upskill individuals, including ex-military personnel, to be highly employable.	Increase the scale up potential of businesses within the incubator hub.
	Improving the quality of further education and skills training - introduction of Degree Apprenticeships in the digital sector.	Encouraging inward investment	Investing in infrastructure to unlock key developments.

Mitigating the impact of new development on the transport network to improve journey time reliability so crucial for businesses like our 'just-in-time' high value manufacturers. | | Generate space for 54 workers and additional ancillary business facilities

180 square metres of teaching space by 2019 |

Policy Area	National Policy	SWLEP Priorities	SEP Objectives	Scheme Objectives	Scheme Outcomes
Public Engagement & Social Inclusion	Engaging the public in science and engineering, including raising public awareness; and inspiring students to study science, technology, engineering and mathematics.			The Corsham Mansion House will support creating opportunities to test new technologies	Increased public engagement with digital / cyber technology from 2019 onwards.
Local Government & Public Service Transformation	Supporting economic growth through local enterprise partnerships, including the Growth Deal programme. Giving local authorities more control over how they spend public money in their area, including public service transformation - support to local authorities to reform and in increase autonomy for deciding how public money is spent.		Ensuring the Unitary Authorities match the cutting edge innovation of local businesses to transform public service.	The Corsham Mansion House will support creating opportunities to test new technologies	
Environmental Sustainability	Encouraging businesses to manage their impact on the environment.			To minimise the environmental impact of economic growth.	

Policy Area	National Policy	SWLEP Priorities	SEP Objectives	Scheme Objectives	Scheme Outcomes
	Reducing demand for energy from industry, businesses and the public sector.			To support the upkeep of a historic building and the urban heritage and landscape of Corsham.	

3. The Economic Case

3.1 Assessment Approach

3.1.1 A quantitative and qualitative approach has been used to assess the impacts of the scheme. In the first instance a qualitative assessment of the shortlisted options has been undertaken, comparing the relative merits of a series of options using the HM Treasury's five case model. An economic appraisal has then been undertaken for the preferred scheme, where the monetised costs and benefits of the scheme have been compared and the benefit-cost ratio calculated.

3.2 Options Assessed

3.2.1 Three options have been considered to address the need for a physical space to incubate digital enterprises and deliver related training and education opportunities. These options and the do minimum are outlined below.

3.2.2 'Do Minimum'

3.2.3 The Do Minimum scenario represents the state of play in the absence of the proposed scheme. In this scenario, no dedicated physical space is provided. Existing and new small businesses are unable to take advantage of incubation units, higher growth rates or increased survival rates.

3.2.4 Option A: Corsham Mansion House

3.2.5 Redevelopment of Wiltshire Council owned Mansion House next to Corsham High Street. This will provide 21 incubation units with access to the Growth Hub; training facilities; conference and meeting rooms; and collaboration and networking space.

3.2.6 Option B: Bridge Centre

3.2.7 Redevelopment of alternative Council owned site, the Bridge Centre in Chippenham which will provide comparable facilities to Option A.

3.2.8 Option C: New build in Langley Park

New build on Langley Park, purchased with other interested businesses in Chippenham area. Facilities will be comparable with Option A.

3.3 Qualitative Assessment of Options

3.3.1 A short list of options has been developed that seek to achieve the scheme objectives and address the problems and opportunities outlined in the Strategic Case. In order to assess each option within the short list, a series of qualitative critical success factors have been established. Each of the options has been scored between -3 (worst fit/least beneficial) and 3 (best fit/Most beneficial) against the critical success factors. Table 2 outlines the scores and a rationale for each is presented below.

Table 6: Qualitative scoring of options

	Criteria	Do Minimum	Option A: Corsham Mansion House	Option B: Bridge Centre	Option C: Langley Park
Strategic	• To build on Corsham's leading digital and communications assets • To develop opportunities to create, test and deliver innovative digital solutions • To support business and grow the digital cluster • To upskill individuals to be highly employable • To minimise the environmental impact of economic growth	-2	2	-1	-2
Economic	• Expected economic benefits i.e. jobs, upskilling, economic growth • Expected environmental benefits e.g. sustainability, carbon footprint • Expected societal benefits • Expected Value for Money category	-1	2	-1	-1
Financial	• Estimated capital cost • Estimated revenues • Cost overrun risk • Funding identified	3	1	-1	0
Commercial	• Risks to procurement • Contractually deliverable	3	2	2	-3
Management	• Solution deliverability • Risks to delivery	3	2	-1	-3

3.3.2   Option A: Corsham Mansion House

3.3.3   **Strategic**: The scheme is a good fit with the scheme objectives which are based on national and local policy. It provides a physical space in the heart of Corsham to incubate and support the growth of a digital cluster in the region. It will build on existing infrastructure, knowledge and talent in the area. It provides training space and would be a convenient site for further training of Service Leavers. There is space for future development of facilities.

3.3.4   **Economic**: The scheme performs well against economic indicators. The scheme provides incubator space for digital based companies with access to the growth hub. This will increase company survival rates, increase digital growth, create jobs (directly and indirectly) and provide a space to bring together industry, academia and public sector to encourage the development of efficiencies through innovation and collaboration. It will support aims to upskill the local economy. It makes use of an existing building and will help regenerate Corsham High Street.

3.3.5   **Financial:** The cost is calculated at £2.5m for the refurbishment, with Wiltshire Council providing the site (valued at approx. £1.5m).

3.3.6   **Commercial**: The site is the property of Wiltshire Council, so only refurbishment works will need to be procured. These will be procured by Wiltshire Council in accordance with its Corporate Procurement Strategy and the Wiltshire Council Procurement and Contract Rules and Regulations.

3.3.7   **Management**: Wiltshire Council is an experienced procurer and successfully runs other incubation facilities. There is some risk around age of building and listed status; however Wiltshire Council has experience as a planning body. Project is ready and can be operational within the spending window.

3.3.8   Option B: Bridge Centre

3.3.9   **Strategic:** the scheme is not a good fit with the scheme objectives. It provides incubation space with the support of the Growth Hub. However, it is not located in Corsham where the digital partners and infrastructure are, so does not build on this asset base, nor support the growth of a digital cluster in the region. It could provide training space although will not complement the facilities currently at Corsham.

3.3.10   **Economic**: The scheme provides incubator space and access to the Growth Hub. This will increase company survival rates and create jobs (directly and indirectly). It makes use of an existing building.

3.3.11   **Financial:** The cost is calculated at £2.0m to £2.5m for the refurbishment *(note: the building was demolished after this initial analysis, therefore this site would require construction of a new building, costs of which are likely to be comparable to the Langley Park option)*, with Wiltshire Council providing the site (valued at around £1m). However, it is likely that the road/gyratory serving the development would require reconfiguration before use. This has been estimated at £2m.

3.3.12   **Commercial**: The site is the property of Wiltshire Council, so only construction works will need to be procured. These will be procured by Wiltshire Council in accordance with its Corporate Procurement Strategy and the Wiltshire Council Procurement and Contract Rules and Regulations.

3.3.13   **Management**: Wiltshire Council is an experienced procurer and successfully runs other incubation facilities. There is risk around delivery of new road and subsequent impact on timescales of scheme.

3.3.14 Option C: New build in Langley Park

3.3.15 Strategic: the scheme is not a good fit with the scheme objectives. It provides incubation space with the support of the Growth Hub. However, it is not located in Corsham where the digital partners and infrastructure are, so does not build on this asset base, nor support the growth of a digital cluster in the region. It could provide training space although will not complement the facilities at Corsham. As a new build, there is more flexibility to deliver the mix of office and teaching space required and has space for future development of facilities.

3.3.16 Economic: The scheme provides incubator space and access to the Growth Hub. This will increase company survival rates and create jobs (directly and indirectly). The new build is likely to be more energy efficient than other, older options. However, the construction will have a significant carbon impact.

3.3.17 Financial: The cost is calculated at £4.75m for bespoke, fitted out space. There is greater uncertainty with this option regarding securing funding, as well as potential to generate income.

3.3.18 Commercial: This will require commercial conversations with other local businesses in Chippenham and the owners of Langley Park. This will be undertaken by Wiltshire Council in accordance with its Corporate Procurement Strategy and the Wiltshire Council Procurement and Contract Rules and Regulations.

3.3.19 Management: Wiltshire Council is an experienced procurer and successfully runs other incubation facilities. There is risk around delivery within timescales of scheme and commercial terms needing to be met with landholders and other users.

3.4 Preferred Scheme

3.4.1 From the qualitative assessment above, it is clear that Option A: Corsham Mansion House best meets the proposed criteria. This option has been taken forward for economic appraisal.

3.5 Economic Appraisal Inputs

3.5.1 An HM Treasury 'Green Book' compliant economic appraisal has been undertaken to assess the relative value for money of the preferred scheme. The expected costs, revenues and additional jobs have been incorporated into this assessment.

3.5.2 Capital Costs

3.5.3 The total project costs have been calculated at £2.5m (2017 prices). This cost includes all elements of detailed design, planning and architectural services, existing building refurbishment and modernisation including utilities services and communications infrastructure. The cost of furbishing the development with office and IT equipment has also been included in these estimates.

3.5.4 The property is already owned by Wiltshire Council, and therefore no cost for purchasing the property has been included in the appraisal.

3.5.5 The majority of the planning and development is expected to occur in 2016/2017 and construction will last throughout 2018. The Financial Case section outlines the expected profile of spending.

3.5.6 Renewals

3.5.7 A budgetary cost for renewals is built into the operating costs.

3.5.8 Given that the development will serve digital companies, and given the rapidity with which technology is developing, it has been assumed that there will be a regular review and possible renewal of IT systems.

3.5.9 Operating Costs

3.5.10 Operating costs have been included to cover, all operational running costs - utilities, maintenance, marketing, insurance, business rates and other centre running expenses. These have been estimated based on observed values of running similar centres.

3.5.11 Average annual operating costs have been calculated at £50,000 per annum (Based on the current operating costs of the TEN buildings).

3.5.12 Employment

3.5.13 The Mansion House will function as an incubator hub for small digital businesses as they begin their operations. By helping facilitate a digital cluster and the associated agglomeration benefits, it is anticipated that there will be employment benefits from the scheme. In line with the Housing and Communities Agency guidance on additionality, a number of assumptions have been made to calculate the additional jobs that will result from this scheme. These assumptions are: Over the 10 year appraisal period it is estimated that the Mansion House can create 144 direct jobs (173 jobs including indirect and direct). In addition, temporary construction jobs will also be created.

3.5.14 Lifecycle

3.5.15 The business model for the scheme presumes that businesses will be reside in the Mansion House between 18 months to 2 years before moving to new office space. Given this regular turnover of businesses, the employment benefits incorporated into the appraisal reflect not only the businesses within the house at any one time, but those which have passed through the Mansion House. Therefore, the additional employment is cumulative over the appraisal period.

3.5.16 Occupancy Rates

3.5.17 Once the Mansion House opens, it is unlikely that all the office space will be filled immediately. Therefore, a ramp up has been assumed, which is shown below.

Table 7: Occupancy Rates

	Year 1	Year 2	Year 3
% Office Space occupied	30%	75%	90%

3.5.18 Displacement

3.5.19 Despite the fact that the same number of businesses might be conceived in each year whether the Mansion House existed or not, the difference in the growth rates and business survival rates with and without the hub leads to a higher number of people employed in the Mansion House scenario. It is important to recognise that a proportion of the new jobs supported by the site will simply displace labour from existing jobs.

3.5.20 Multiplier

3.5.21 A multiplier has also been applied to the additional jobs created by the Mansion House to account for further economic activity stimulated by the direct employment activity. The multiplier chosen reflects both the additional income created by the project which may be spent locally and the increased local supplier purchases, both of which will lead to additional employment. To account for this, a multiplier of 1.21 has been applied to the additional jobs created by the Mansion House. This value is the average multiplier for projects focused on individual enterprise support, based on research undertaken by the Department for Business, Innovation and Skills.

3.5.22 GVA per Job

3.5.23 To monetise the benefits of the additional employment created by the scheme, average GVA (Gross Value Added) values have been applied. This is taken from the Local Economic Assessment – GVA per job in Wiltshire (ONS Regional Accounts 2017).

Table 8: GVA per additional Job

	Average GVA per Job per Year (2017)
GVA per job	£43,495

3.5.24 Revenue

3.5.25 There are expected to be two revenue streams for the Mansion House. The first is the income from businesses renting out 54 desk spaces (£50 per desk per week). The amount of rent received will be dependent on the number of businesses occupying the office space at any one time. The rental income is based on the current rental performance of the existing TEN centres. The second revenue stream is from renting out meeting room facilities.

Table 9: Profile of Revenue (2017 Prices) (£m)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Income	0.040	0.047	0.046	0.053	0.060	0.059	0.057	0.055	0.054	0.052

3.5.26 The £50 per desk per week is based upon a 8 sqm / 80 sq ft per desk (industry standard). £50 per week per desk is fully inclusive of all costs, the business will only face some small additional costs such as telephone calls.

3.5.27 The easy in easy out licence arrangement means a business can give one months' notice, with relatively small deposits being held.

3.6 Economic Appraisal Assumptions

3.6.1   This section outlines the key assumptions applied when incorporating the inputs described above into the economic appraisal. The results of the appraisal are described below.

3.6.2 Opening Year and Appraisal Period

3.6.3   The Mansion House is expected to open in early 2019. Apart from capital costs which are spent prior to opening, appraisal inputs have only been included from this opening year.

3.6.4   The scheme has been appraised over a 10 year period of benefits, from the point when the full scheme is open in 2019.

3.6.5 Discounting

3.6.6   All costs and benefits have been discounted to 2017. A discount rate of 3.0% per annum has been applied.

3.7 Economic Appraisal Results

3.7.1   Based on the inputs and assumptions outlined above, the results of the business case are as follows:

Table 10: Benefit – Cost Ratio

COSTS –	£m PV (2017)
Capital Costs	£2,500,000
Operating Costs	£427,966
BENEFITS	**£m PV (2017)**
Employment Benefits	£5,430,347
Revenue	£523,113
APPRAISAL	
Present Value of Costs (PVC)	£2,500,000
Present Value of Benefits (PVB)	£5,430,347
Net Present Value (NPV)	£2,930,347
Benefit Cost Ratio (BCR)	2.17

3.7.2   The scheme has a **BCR of 2.17:1**, which represents good value for money.

3.7.3   Operating costs and revenues are based on comparative data and values from The Enterprise Network.

3.8 Non-quantified Benefits

3.8.1 Other benefits not (fully) quantified or monetised include:

- Agglomeration benefits of collaboration, including increased cross-fertilisation of ideas and increased levels of innovation.
- Increased upskilling through direct skills training, including associated job creation.
- Renovation / saving and use of a historic building and well-known community asset, and the regenerative effects in the town and its high street.
- More efficient energy use and reduced levels of pollution from supporting growth in the digital sector.
- Grow on space linked to potential future phases of development.

4. The Commercial Case

4.1 Procurement Scope

4.1.1 The procurement scope covers two distinct phases: firstly, the detailed design of the scheme; and secondly, the construction phase to make the necessary changes to the building.

4.1.2 The scheme design required the appointment of architects, surveyors and structural engineers and service engineers to prepare the planning application and the supporting materials.

4.1.3 The construction services include project management elements; demolition, rebuild and refurbishment activities; and utilities and communications infrastructure installation services.

4.2 Procurement Strategy

4.2.1 Wiltshire Council will act as the lead delivery partner overseeing the management and construction of the Corsham Mansion House project. As such, the project will be delivered in accordance with the Wiltshire Council Corporate Procurement Strategy and the Wiltshire Council Procurement and Contract Rules and Regulations. These regulations ensure that procurement processes are conducted in accordance with the basic EU Treaty Principles, ensuring all procurements are carried out in a fair, open and transparent way.

4.2.2 Procurement processes comply with the Best Value processes as set out in the Wiltshire Council Procurement Manual. To support this, early advice and support was sought from the Wiltshire Council Corporate Procurement Unit to ensure that the procurement process met the expected high standards routinely demonstrated by Wiltshire Council.

4.2.3 Wiltshire Council has a strong and evidenced track record of carrying out projects of similar scope and scale (see Management Case). This expertise provides confidence in the lead delivery partner and ensures that procurement, tendering and contract management processes will be maintained at the highest standard throughout the life cycle of the project delivery period.

4.3 Key Contractual Issues

4.3.1 The procurement of services complies with the Wiltshire Council Procurement Manual and their Procurement and Contract Rules.

4.3.2 The Mansion House building is Grade II listed, therefore any contractors would need to have specialist experience and credentials in working with listed buildings. Beyond this, there are no specific contractual issues that are likely to affect the works.

4.4 Ownership of Assets

4.4.1 The key asset dealt with as part of delivering the project is the Mansion House in Corsham. This is already a Wiltshire Council asset. The Council is willing for the building to be used for the purposes set out in the Strategic Case proposals. As a result, there are no complex ownership issues to be resolved.

4.5 Ensuring EU State Aid Regulations Compliance

4.5.1 The European Commission State Aid Regulations Article 107 (1) prohibits the use of EU Member State funds which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods.

4.5.2 The identification of funding and funding partners, as resources are from external (or other Central Government) sources and into SWLEP does not raise state aid issues. The construction work, as it will be procured in accordance with Wiltshire Council Procurement Regulations, will not raise state aid issues.

4.5.3 Once constructed, the management and running of the centre has potential to raise state aid concerns. This potential state aid infringement could operate at two levels: firstly at the level of the partners managing the Mansion House; it may be that the managing partners are appointed on terms that are more advantageous that market terms or by direct appointment; secondly at the level of start-up companies occupying or taking advantage of the space at Corsham Mansion House in that these start-ups may be offered rentals at sub-market rates. A combination of the block exemption regulations (issued by the Commission) and the existing de-minimise regulations will allow these potential state aid infringements to be state aid compliant. This will, however, require some planning at the time when Swindon and Wiltshire Local Enterprise Partnership plans for the exploitation of the completed project are being developed to ensure that those management/exploitation plans come within the regulations mentioned.

4.6 Charging Mechanism for Funding Control

4.6.1 Wiltshire Council acts as the Accountable Body for the Swindon and Wiltshire Local Enterprise Partnership, from whom funding has been provided through a Local Growth Fund allocation.

4.6.2 Local Growth Fund payments made to the Accountable Body through Section 31 payments from Central Government and are held in a separate Swindon and Wiltshire Local Enterprise Partnership account stream within the Accountable Body accounting arrangements.

4.7 Accountancy

4.7.1 The Accountable Body provides the accountancy function for Swindon and Wiltshire Local Enterprise Partnership financial business activity. Monitoring and recording of spend against submitted cost profiles will be conducted through this function. The Wiltshire Council Section 151 Officer is responsible for the release of funding in collaboration with the Swindon and Wiltshire Local Enterprise Partnership Board and Commissioning Group.

4.7.2 The Swindon and Wiltshire Local Enterprise Partnership have developed their Growth Deal Assurance Framework in collaboration with the Accountable Body and Swindon Borough Council. The details of this framework is available on the SWLEP website and provide a greater insight in to the process of funds management between the Swindon and Wiltshire Local Enterprise Partnership and Accountable Body and lead delivery partners.

4.8 Risk Management and Transfer Arrangements

4.8.1 As lead delivery partner, Wiltshire Council will be responsible for the identification, management and mitigation of all risks associated with the project. The Wiltshire Council Risk Management Strategy outlines the processes and responsibilities that the organisation upholds when delivering projects and/or services, whether these be threats to delivery or opportunities to improve delivery.

4.8.2 Where risks have been identified in advance of a procurement process the transfer of risks will be written in to the contract document prior to contract agreement. Where a risk has been identified and responsibility is held with a third party such as a contractor, Wiltshire Council will ensure the transfer of the risk is agreed and accepted by the third party as per contracted agreement.

4.8.3 Legal advice will be obtained through the Wiltshire Council Legal Services Department for all such undertakings and where necessary the required insurance and contractual arrangements will be agreed in advance of delivery. Suitable contingency plans and exit strategies will be prepared as part of the project delivery detailed planning and design.

4.8.4 A risk assessment is summarised in the risk allocation table below. The specific share of the risks between the public sector and its private sector delivery partners (e.g. construction partner) has been formally defined as part of the tender specification.

Table 11: Risk Allocation

Risk Category	Potential Allocation to Sector		
	Public	**Private**	**Shared**
Design risks			✓
Construction and development risks			✓
Implementation risks			✓
Operating risks	✓		
Variability of revenues risks	✓		
Termination risks	✓		
Technology and obsolescence risks			✓
Financing risks	✓		

4.9 Key Contractual Milestones & Delivery Dates

4.9.1   The key contractual milestones are listed in the table below.

Table 12: Key Contractual Milestones

Activity	Delivery Date
Design team appointments	30th June 2016
Submission of planning application	18th November 2016
Tender issued	29th August 2017
Tender submissions received	27th October 2017
Delivery contractor (s) appointed	18th December 2018
Construction completed and signed-off by Wiltshire Council	30th November 2018
Building available for use (assumes 1 month fit-out)	1st January 2019

4.10 Contractor Appointment

4.11   The design team were appointed through Wiltshire Council's Professional Services Framework after a mini-competition. David Kent Architects (DKA) were appointed as lead designer ensuring that the design have been developed in line with the brief and within the budget.

4.12   Following a competitive tender, Penny Demolition were appointed to carry out the demolition of the vacated library and strip out of redundant mechanical and electrical services in the Mansion House. This was carried out after Planning Permission was received. These works are complete.

4.13   Alongside the design team, DKA prepared a tender pack for the main refurbishment and extension works which were uploaded onto the Supplying The South West Procurement Portal (pro-contract). This was an open tender so any interested contractors were permitted to bid for the work. 5 tenders were returned and evaluated in terms of price and quality (technical ability questions asked as part of the submission). Wiltshire Council is now in Contract with Beard Construction Ltd following this open competitive tender route. Beard are servicing this project from their head office in Swindon. The works remain in budget and will be completed in the Autumn 2018.

4.14   Beard's scope of works includes construction of the new-build extension to accommodate a new main entrance; rentable office space; larger open breakout space on the ground floor; external deck area; lift and link between the new-build and the existing Mansion House. The new-build extension allows for mobility impaired tenants or visitors to access Level 1 of the Mansion House as well as the new-build extension.

4.15   Refurbishment of the historic Mansion includes creation of rentable office units; co-workers space; meeting rooms; break-out space; seminar room; board room and ancillary space such as WCs, kitchenettes, IT room, cleaners store and plant room.

5. The Financial Case

5.1 Project Costs

5.1.1   In preparing this business case, a thorough estimate of the costs for implementing the scheme has been carried out. The detailed design and costing was taken forward by DKA Architects, Hydrock, Atkins and Turner & Townsend.

5.1.2   The project costs have been calculated as £2.5m. This cost includes all elements of detailed design, planning and architectural services, existing building refurbishment and modernisation including utilities services and communications infrastructure included within the scope of the design briefs, demolition and rebuild costs, decorating and landscaping. It excludes the cost of the building which is owned by Wiltshire Council and valued at £1.50m.

5.1.3   A summary of the cost breakdown is provided below.

Table 13: Project Costs

Item	Costs (£ in Q4 2017)
Enabling works - library demolition and internal mansion house strip-out	£ 85,200.00
New build cost allowances	£ 506,200.00
Refurbishment cost allowances	£ 550,000.00
External Works	£ 212,000.00
Contractor preliminaries, Overheads and profits (contractor staffing costs, plant hire, cabin hire, and profits)	£ 510,000.00
Professional fees and surveys	£ 442,000.00
IT and Office Equipment	£ 30,000.00
Project contingency	£ 164,600.00
Inflation N/A as current prices	£ -
Sub-total of project costs	*£ 2,500,000.00*
Building valuation	£ 1,500,000.00
Total project cost and building valuation	**£ 4,000,000.00**

5.1.4   Contingency for the capital construction costs and operating costs have been included within the programme budget. This contingency fund is in place to provide financial cover for risks and uncertainties relating to cost overruns. A total contingency budget of £164K has been included which is approximately 9% of the construction value which is considered a realistic contingency figure.

5.1.5   To ensure that the programme costs were accurately estimated, the detailed design and costing was taken forward by DKA Architects, Hydrock, Atkins and Turner & Townsend. As part of this they took into account the current state of the building, the implications of removing asbestos from the building as part of the demolition, and other remedial actions such as making the building watertight.

5.1.6   The table below presents the assumed spend profile for 2015/16 through to 2018/19. This covers the capital costs for the project.

Table 14: Capital Spend Profile

	2015/16	2016/17	2017/18	2018/19	2019/20
Local Growth Fund (£)	31,000	158,000	873,000	1,391,000	47,000
Wiltshire Council (£)	1,500,000	-	-	-	-

5.2 Funding

5.2.1 Wiltshire Council currently owns the Mansion House property and will enable the building to be used as part of the project. The existing property has been valued on the open market at £1.5m. Collectively the existing asset and the investment required to deliver the project concept brings the total project cost to a maximum of £4.0m.

5.3 Support for the Project

5.3.1 The project has been given full support by the Leader and Cabinet of Wiltshire Council and is considered a strategic priority project.

5.3.2 The project also has the support of the Swindon and Wiltshire Local Enterprise Partnership Board and Commissioning Group who have positioned the project as a strategic priority in the delivery of their Strategic Economic Plan and ambition to deliver the programme.

6. The Management Case

6.1 Introduction

6.1.1 The Management Case sets out the processes and controls that are in place to successfully manage the implementation of the scheme and realise the forecast benefits. This chapter describes how the scheme will be delivered using project management best practice, confirms the project is deliverable within the timescales identified, and demonstrates an appropriate governance structure and assurance framework to oversee the project.

6.2 Swindon and Wiltshire Local Enterprise Partnership Growth Deal Programme Management

6.2.1 The Swindon and Wiltshire Local Enterprise Partnership has established a robust system of governance for overseeing the Growth Deal programme which utilises the resources of each of the two Local Authorities within the local geography. This collective programme management forms the Swindon and Wiltshire Local Enterprise Partnership Delivery and Performance Team which oversees and records the delivery, monitoring and reporting of Swindon and Wiltshire Local Enterprise Partnership Growth Deal programme projects. This system is illustrated in the figure below.

Figure 4 – SWLEP Governance
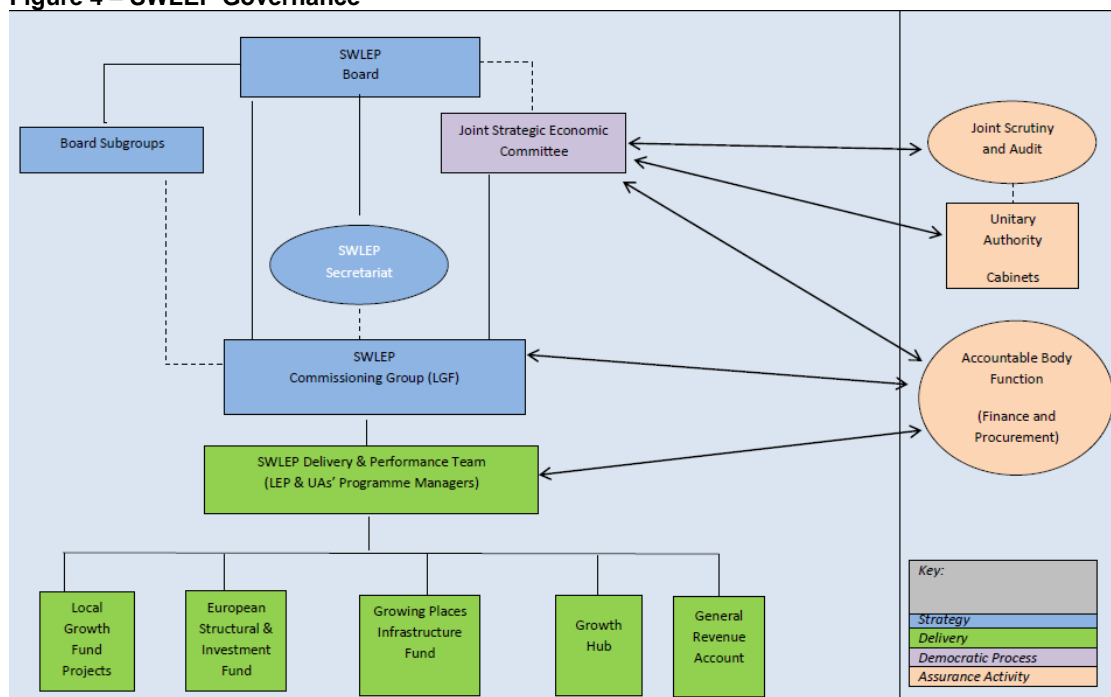
6.2.2 The Delivery and Performance Team will ensure that an efficient process of project management is implemented within all Growth Deal project deliveries and monitoring and reporting continues through to benefits realisation once the project delivery has completed.

6.2.3 The Delivery and Performance Team forms the link between lead project delivery partners and the Swindon and Wiltshire Local Enterprise Partnership governance process.

6.3 Lead Partner Project Management Arrangements

6.3.1 The project will be led by Wiltshire Council though its in-house project management systems, modelled on best practice and PRINCE2 methodology. This will be supplemented by external support where required, such as professional construction site project management consultancy. Wiltshire Council has a strong track record of delivering multiple award winning high cost, high specification capital build programmes on cost, on time and of the highest quality.

6.3.2 The council will appoint cost consultants and other external advisers as required to provide the necessary support project management assistance and contract administration to ensure the project is delivered to programme and value for money is achieved. External contractors have been procured to construct the initial building works and related infrastructure. All procurement has been carried out in accordance with Wiltshire Council's Procurement and Contract Rules.

6.4 Project Planning

6.4.1 An indicative timeline below summarises the key milestones.

Table 15: Project milestones

Activity	Delivery Date
LGF submission	3rd December 2014
Funding secured	29th January 2015
Design team appointments	30th June 2016
Submission of planning application	18th November 2016
Planning approval granted	19th July 2017
Tender issued	29th August 2017
Tender submissions received	27th October 2017
Delivery contractor (s) appointed	18th December 2018
Construction completed and signed-off by Wiltshire Council	30th November 2018
Building available for use (assumes 1 month fit-out)	1st January 2019

6.5 Change Management

6.5.1 Wiltshire Council as lead delivery partner will be responsible for the monitoring and reporting of changes to project scope, scale and cost. This will be recorded in a Change Register. The Swindon and Wiltshire Local Enterprise Partnership Delivery and Performance Team have developed a process of change management based on best practice methodology and PRINCE2 project management processes.

6.5.2 As part of the Project Initiation Document required by the Swindon and Wiltshire Local Enterprise Partnership Growth Deal Programme Management process, a series of risk based project tolerances will be agreed between the project management team and the Accountable Body for the Swindon and Wiltshire Local Enterprise Partnership. Any breach of these tolerances will require an action from the lead delivery partner to report the nature of project change, impacts of the change on the delivery of the project and

suggested actions to manage the change to the Swindon and Wiltshire Local Enterprise Partnership Commissioning Group for review.

6.6 Benefits Realisation

6.6.1 Wiltshire Council as lead delivery partner will be responsible for monitoring and recording the benefits of the project with support and guidance from the Wiltshire Council Corporate Procurement Unit. A table of indicative outcomes/KPIs (see Strategic Case) has been developed as part of this business case. Additional benefits will be identified and planned and will be captured within the procurement process prior to initiating project delivery. Benefits will be reported to the SWLEP regularly.

6.7 Risk Management

6.7.1 As lead delivery partner, Wiltshire Council will be responsible for the identification, management and mitigation of all risks associated with the project. The Wiltshire Council Risk Management Strategy outlines the processes and responsibilities that the organisation upholds when delivering projects and/or services, whether these be threats to delivery or opportunities to improve delivery. Wiltshire Council has an excellent track record of delivering capital projects of a similar scope and scale as well as significantly larger and is therefore experienced at managing risk and the transfer of risk in project delivery.

6.7.2 As part of this outline business case a risk register has been identified. The Risk Register will, in accordance with Wiltshire Council Corporate Policy, be monitored and updated on a regular basis throughout project development and delivery.

6.8 Evidence of similar projects

6.8.1 Wiltshire Council has a proven track record of scheme delivery using the project management processes set out in this chapter. A selection of key relevant schemes is described below, summarising the scope of works, timescales, and procurement strategies employed. Opportunities will be taken to learn lessons from these projects to improve delivery and project management processes.

Table 16 – Evidence of similar projects

Project	Description	Works Date	Means of Delivery	Value	Project Delivered Successfully
Porton Science Park	First phase of construction of Science Park, comprising 42,500 sq. ft. of laboratory and office space and related infrastructure.	October 2016 – December 2017	Contract managed by Wiltshire Council Strategic Property Services	£10.1m	Yes Completed December 2017
The Enterprise Network	A £5.2m initiative led by Wiltshire Council with		Multi-stakeholder project	£5.2m	Yes

	Government and EU funding, aimed at nurturing new and growing small and micro businesses in Swindon and Wiltshire.		led by Wiltshire Council – including SWLEP, Enterprise Wiltshire, Swindon Borough Council, Military Civilian Integration Partnership and Wessex Chambers of Commerce.		
Springfield Community Campus	Redevelopment and extension of the Springfield Sports Centre to form a new Springfield Community Campus including; library, café, neighbourhood policing team, meeting rooms, climbing wall and leisure facilities. The project was developed with extensive involvement of representatives of the local community through a community operations board.	2012 - 2015	Contract managed by Wiltshire Council Strategic Property Services	£11m	Yes

6.9 Communications and stakeholder management

6.9.1 A Communications and Stakeholder Management Plan has been developed for the project. Significant stakeholder engagement has taken place to date throughout each stage of the project. Ongoing dialogue and open communication has taken place with key stakeholders and local residents to ensure that they are engaged and aware of the proposals.

6.10 Monitoring and Evaluation

6.10.1 The Swindon and Wiltshire Local Enterprise Partnership has engaged with the two Unitary Authorities in the area to develop a process of project monitoring, reporting and evaluation for each of the Growth Deal projects which utilises accepted best practice and PRINCE2 methodology. A base line assessment for each project is captured in a Project Initiation Document. This is then reviewed and updated on a

monthly basis alongside monthly highlight reports, detailing progress, risk management, expenditure, change management and benefits realisation. These reports provide a constant and consistent method of report and monitoring the project between programme management and the SWLEP governance process.

6.11 Building Operation

6.11.1 Operation of the Mansion House will initially be carried out by Wiltshire Council, which will include the following activities to support digital enterprises:

- Start-ups and entrepreneurs will be offered the opportunity to get advice and guidance from mentors (normally experienced entrepreneurs) as their business evolves.
- Seminars and workshops provide formal teaching to participating start-ups in business development and growth.
- Funding advice will be offered where start-ups require further investment to continue to the next stage of growth.
- Demo days are an opportunity for businesses to pitch to other entrepreneurs and investors.
- Access to connections, including experts, customers, potential collaborators and investors, for start-ups / businesses. Networking may be in the form of organised events.
- Training provided may encompass entrepreneurial training, as well as technical training to aide in business and product development. Links to skills training such as Serco and Higher Futures.
- Legal / Accountancy support can be important to young businesses when they are focused predominantly on product and business development, it also encompasses intellectual property which is crucial when considering innovative ideas and / or products.
- Direct funding advice will be offered to businesses.
- Investment readiness is a service often provided to support businesses that require further financial investment to grow.
- Access to experts or expertise refers to the opportunity to be advised by specialists in the start-ups sector.
- Tech support, like legal and accountancy support, offers start-ups a service they may not be structured to organise themselves, in some cases it also involves support in product or service development.

6.11.2 Following establishment of the Mansion House and the initial operation by Wiltshire Council, the project will look to attract and work with a partner (or range of partners) going forward who can:

- Educate/stimulate digital businesses.
- Run events and seminars.
- Provide support to businesses.
- Animate the building and the LEP Digital Strategy.
- This could be done alongside the activities included in 6.11.1.