



Leicester
City Council

**WARDS AFFECTED:
ABBEY WARD
BELGRAVE WARD**

**OVERVIEW & SCRUTINY MANAGEMENT BOARD
CABINET**

**4th March 2010 ||
8th March 2010**

Leicester Science Park Innovation Workspace

Report of the Strategic Director Development, Culture and Regeneration

1. Purpose of Report

- 1.1 Following Cabinet approval for the vision and initial project development actions in August 2009, this report now seeks approval to proceed with the implementation of the Leicester Science Park Innovation Workspace project.

2. Recommendations

- 2.1 The Cabinet is asked to approve the commencement of the Leicester Science Park Innovation Workspace project and:
- (i) Authorise the Strategic Director Development, Culture and Regeneration, in consultation with Cabinet Leads for Property and Regeneration, to
 - a. Agree the terms and sign relevant funding agreements as set out in the report.
 - b. Agree terms to acquire any freehold or leasehold land and thereafter enter into leases for the completed scheme as required to deliver and subsequently operate the Leicester Science Park Innovation Workspace.
 - (ii) Authorise the Director of Legal Services to execute all the necessary documentation to complete all property transactions including procurement and construction.
 - (iii) Approve the capital funding package as set out in the report, for which the Council will act as accountable body, and add the Leicester Science Park Innovation Workspace to the Council's Capital Programme.
 - (iv) Approve the plan for funding any revenue deficit that accrues before optimum occupancy is achieved, as outlined in the report.
 - (v) Note the project risks as set out in the report and Appendix B.

3. Summary

- 3.1 'One Leicester' makes a commitment to "complete the development of the Science Park around the National Space Centre and continue efforts to attract hi-tech businesses into the Leicester economy." There is also a commitment to improving business infrastructure and ensuring that there are enough suitable premises in Leicester for businesses at all stages of their lifecycle.
- 3.2 The economic downturn places greater emphasis on the need to invest in sectors of the economy that exhibit the greatest potential to drive economic growth. It is important that the city creates a climate for innovation and attracts employers with higher skill requirements. This will help to drive up wages and also contribute to graduate retention.
- 3.3 As part of the Comprehensive Area Assessment (CAA) feedback in 2009, the Audit Commission specifically recommended that the Council accelerate projects with clear regeneration benefits such as the Science Park.
- 3.4 The Leicester Innovation Workspace project will create new employment space to support business start up and growth, particularly to support new innovative business sectors and higher value jobs. The building will be of high design quality and achieve an 'excellent' rating for sustainability.
- 3.5 Following approval of the vision and early development stages of the project in August 2009, Cabinet is now asked to approve the commencement of this project, which is intended to kick-start the development of the wider Science Park.

4. Report

The vision and outcomes/benefits

- 4.1 The proposed Innovation Workspace will establish Leicester Science Park as a high quality location for knowledge-based businesses i.e. companies creating and using knowledge, information and high level skills to drive productivity and economic growth. The project will provide serviced accommodation to these knowledge-based businesses, including a mix of business incubation and grow on space, and a mix of office and workshop spaces.
- 4.2 The scheme is being developed in collaboration with Leicester and De Montfort universities, building on research strengths and related support programmes, and complementing plans for capital programmes on the respective campuses. The aim is to position the Innovation Workspace as a natural extension to the Universities spinout, commercialisation and business incubation activities.
- 4.3 There will be a focus on growing knowledge based sectors in which the city can develop a competitive advantage. Proposals are being focused on providing appropriate support to emerging science, innovation and technology sectors including low carbon/ environmental, space and biotechnology. The precise sectoral focus for the project is being refined with the input of key

external stakeholders, including De Montfort University and the University of Leicester.

- 4.4 Clients will need to access specialist scientific and technical support services, as well as more generic business support, and it is important that the Innovation Workspace can deliver business support services to help tenant companies to grow. Complementary business development programmes will be required to support the delivery of funding outputs to regeneration funders, delivered directly and in partnership, as follows:
- The funding package and revenue profile includes provision for the delivery of a base level business support through the Innovation Workspace to directly support the delivery of ERDF funding outputs to December 2012.
 - Work is underway to align existing support programmes being delivered by external partners, including De Montfort University and the University of Leicester, and explore how these can be facilitated by the project.
- 4.5 The development of an Innovation Workspace at Leicester Science Park (see attached location plan at Appendix A) will deliver the following regeneration benefits/outcomes:
- Create new employment space on a brownfield site
 - Create new, and in particular high value jobs
 - Support existing businesses in knowledge based sectors
 - Stimulate new business start ups, particularly those emerging from University research activity
 - Support graduate retention
 - Ensure that regeneration benefits flow to the adjacent community in Belgrave and Abbey Wards creating jobs, retaining generated wealth locally and raising confidence in the area as a business location
 - Kick-start the development of the wider Science Park
 - A separately funded project will create a cycle and pedestrian walkway to link the workspace to existing routes on the riverside and potentially the Wolsey Island housing site on completion of a proposed bridge.

Site Acquisition

- 4.6 It is proposed that the Council will purchase the long leasehold for the site from Emda at a peppercorn, as the scheme needs a large public subsidy to be developed. See Appendix A for a plan of the site.
- 4.7 Heads of Terms for the site acquisition have been agreed in principle. The following main terms are anticipated:
- The lease will be for a term of 150 years at no premium and a rent of £1-00 per annum
 - The City Council will undertake to procure the agreed building and other works on the site within an agreed period
 - The site must only be used for the delivery of an Innovation Centre
 - Uses will be restricted to the following planning classes: Class B1(b) - research and development of products or processes, and B1(a) and B1(c) – ancillary office and light industrial uses respectively. Ancillary uses are restricted to 20% of the total lettable floorspace

- Maximum lettings to any one occupier are 4 units/ 5000 square feet until break even occupancy achieved, and 4 units/ 2000 square feet thereafter.
- The City Council to ensure delivery of, or referral to, an agreed level of business support and on-site services which will include provision by a range of external organisations
- Sub-letting of the whole of the property to a body suitably equipped to manage the Innovation Centre will be permitted subject to prior consent being obtained.

4.8 Emda will retain the remainder of the Science Park site for development.

Project governance and delivery structure

4.9 The project is being developed in consultation with the following key external stakeholders: De Montfort University, University of Leicester, Prospect Leicestershire, National Space Centre and East Midlands Development Agency. The objective is to position the Innovation Workspace as a natural extension to the spinout, commercialisation and incubation activities of local Universities.

4.10 A project governance structure has been developed as follows:

- Project Board: as part of the City Council's project management framework, is an internal grouping, adopting a monitoring and mandating role, consistent with Prince 2 Methodology.
- Advisory Group: this is not a decision-making body but, via the Project Manager, will be highly influential in an "expert practitioner" role, and will feed into the Project Board with appropriate recommendations. This is the mechanism for external stakeholders to advise the development of the project.
- Delivery Team: this provides the day-to-day development and implementation of the project for the design and construction, as well as the management and operation.

Appointment of contractor and design team

4.11 The Cabinet at its meeting on 3rd August 2009 approved project design and development work at a cost of up to £500,000 funded through a grant. Costs of up to £200,000 will have been incurred prior to consideration of this report by Cabinet.

4.12 Willmott Dixon Ltd has been engaged to undertake initial feasibility work under the EMPA (East Midlands Property Alliance) framework agreement. Under this agreement Willmott Dixon undertake feasibility work, with no contractual commitment. This element of the project has recently been completed. Legal services are in the process of being instructed to engage with Willmott Dixon contractually subject to cabinet approval (see legal comments in paragraph 5.2.2).

- 4.13 Willmott Dixon has appointed Maber Architects to develop the design following a competitive interview, comparing their relevant experience, design approach and fee proposal. This process carried out by Willmott Dixon is in accordance with CABE (Commission for Architecture and the Built Environment) good practice advice on design procurement. The architects are now developing a range of scheme options for discussion with the Advisory Group to refine the brief and provide a viable project.

Design proposals

- 4.14 A design brief has been developed with project partners and potential end users. Given the need to establish confidence in Leicester Science Park as a business location, and its proximity to the National Space Centre, the quality and distinctiveness of the architecture will be important.
- 4.15 The design brief for the building includes the following requirements:
- To deliver an inspirational, progressive and confident design that sets the tone for the development of the rest of the Leicester Science Park.
 - To provide a “visible and inspirational exemplar of zero carbon construction”, in line with the aspirations of One Leicester. This includes achieving a BREEAM rating of ‘excellent’ (see paragraph 4.19 below).
 - To provide a total lettable area of up to 25,200 square feet
 - To incorporate a range of facilities appropriate to the needs of companies in target sectors, with a mix of incubation and grow on facilities, with flexible office and workshop spaces
 - To minimise the long-term maintenance, energy usage and asset management cost
 - To provide sufficient space to deliver funding outputs and ensure long term financial viability
 - To provide a core of common services, including reception, administration and meeting facilities and spaces to encourage both informal and formal networking, and the delivery of specialist training and support by partner organisations
 - To provide leading edge broadband and telephone services
 - To provide ‘Excellence Demonstrator’ spaces for the showcasing of new products and research outputs emerging from Leicester and De Montfort Universities.
 - To provide an integrated design with the adjacent pedestrian/ cycleway.
- 4.16 The Design Team for the project, with appropriate input from the Main Contractor (Willmott Dixon) are progressing development of the detailed design proposals for the Innovation Workspace and the adjacent pedestrian cycleway.
- 4.17 In order to ensure a high quality design involving input by the Advisory Group and Cabinet leads, the selected architect is developing up to three scheme options during February 2010, in response to the design brief. These will be subject to feasibility testing and consultation with the Advisory Group and Cabinet leads. Following this, a single preferred scheme will be developed by late March 2010, enabling the more detailed architectural work and supporting

material for a planning application to be made in May 2010. The completed design will form the basis for Willmott Dixon's tendering to sub contractors to price for the construction and fit out of the building.

- 4.18 The scheme will be presented to the East Midlands Regional Design Review Panel prior to the submission of a planning application. This is the process endorsed by CABE and by EMDA, and is a requirement of Emda funding.

Sustainability

- 4.19 The environmental design and operational requirements for the Innovation Workspace have been driven by the following criteria:

- The Council's design brief for the project required the design team to design a quality building with specific regard given to environmental and sustainable design issues
- Requirements to comply with the latest Building Regulations and specific planning guidance.
- Funder requirements to comply with Emda's Sustainable Physical Development Guidance. This specifically includes a requirement for the project to achieve a BREEAM¹ (Building Research Establishment Environmental Assessment Method) rating of 'Excellent'.

- 4.20 The sustainable engineering strategy includes a mix of passive and active measures to minimise the environmental impact of the development. Options currently being explored in the development of design options include:

Passive measures

- External solar shading to minimise over heating and solar glare
- Highly insulated fabric to building
- Consideration of workspace depth and ceiling heights to maximise natural light, therefore limiting the requirement for artificial lighting
- Locally sourced materials wherever possible
- Sourcing of native planting species to assist natural ecology and wildlife
- Facilities to encourage walking and cycling to work as a means of transport

Active measures

- Heat exchanger submerged into the adjacent River Soar to provide heat transfer and cooled water to the building
- Integrated Photovoltaic & Solar Water Heating panels
- Rainwater harvesting
- Electronic building management system and intelligent metering of building services, to facilitate energy monitoring and control

Programme

- 4.21 The proposed development timetable is as follows:

¹ BREEAM (Building Research Establishment Environmental Assessment Method) is an assessment model undertaken by an independent BREEAM Assessor which looks at good and best practice for buildings across a wide number of issues including management, energy, water, land use and ecology, health and wellbeing, transport, materials and pollution.

30 th March 2010	Client sign off Stage 'C' design
14 th April 2010	Scheme considered by East Midlands Design Review Panel
17 th May 2010	Planning application submission
4 th June 2010	Client sign off Stage 'D' design
9 th August 2010	Anticipated planning consent
19 th October 2010	Construction start on site
19 th October 2011	Anticipated completion date

Project Costs

- 4.22 Table 1 below sets out the indicative cost plan for the Innovation Workspace as follows:

Table 1: Indicative cost plan

	£
Build cost	4,128,681
Fees	635,319
External evaluation	25,000
Business support	25,000
Total Innovation Workspace budget	4,814,000

- 4.23 A working cost plan for the Innovation Workspace has been developed, based on published analysis from two buildings of similar size and function. This cost plan indicates broadly that the cost for construction including fees is £1,405 per sq m/ £131 per sq. ft. A process of design development will further refine the brief and cost plan.

Project Funding Summary

- 4.24 Table 2 below sets out the funding for the delivery of the Innovation Workspace:

Table 2: Funding package

Funding Source	£	Status
European Regional Development Fund (ERDF)	2,052,000	Approved
EMDA regional	1,128,000	Approved
EMDA sub regional	1,250,000	Approved
Working Neighbourhoods Fund - capital	384,000	Approved
Total Innovation Workspace Capital Funding	4,814,000	
Working Neighbourhoods Fund - revenue	366,000	Approved
Total Innovation Workspace Revenue Funding	366,000	

Project Funding – Revenue

- 4.25 All new workspace developments require a period before optimum occupancy levels are reached and financial sustainability is achieved. The scale of any revenue deficit that accrues up to this point is sensitive to both the rental levels that can be realised, and the time taken to achieve the target occupancy rate (assumed at 85%) to at least break even.

- 4.26 Revenue deficit calculations for the Innovation Workspace have been based on rental charges of £14 per square foot (psf), and a 'standard' occupancy profile of 0% on opening, 30% at the end of Year 1, 60% at the end of Year 2 and 85% at the end of Year 3.
- 4.27 The size of the revenue deficit is sensitive to any change in rental levels and any change in occupancy profile. As such, a sensitivity analysis has been completed that estimates the size of the revenue deficit under different scenarios: different rental levels of £14 per square foot, £15psf and £16psf, and different occupancy profiles, as follows:

Table 3: Revenue Deficit Sensitivity Analysis

	£14 per sq. ft.	£15 per sq. ft.	£16 per sq. ft.
Better occupancy profile (0% /40%/ 65%/ 85%)	£312,000	£293,000	£275,000
Standard occupancy profile (0%/ 30%/ 60%/ 85%)	£366,000	£340,000	£325,000
Worse occupancy profile (0%/ 10% /30%/ 50%/ 72.5%/ 85%)	£517,000	£490,000	£467,000

- 4.28 The standard occupancy profile at £14psf produces an estimated total revenue deficit, until sustainability is achieved, of up to **£366,000** over 4 years (2011/12 to 2013/14), not including any potential financing costs of this revenue deficit. Alternative scenarios result in different revenue deficit projections, and this could be up to £517,000 over four years.
- 4.29 £366,000 of WNF allocation will be used to underwrite the anticipated revenue deficit assuming the standard occupancy profile.
- 4.30 The key risks and control measures in relation to the revenue elements of the project are shown in the risk matrix in Appendix B:

Funding outputs

- 4.31 Project funding applications include a range of funding outputs over the life of the project. Delivery of the funding outputs, occupancy and financial targets is dependant on:
- A complementary delivery of a targeted business development and support programme, including alignment with existing programmes delivered by partner organisations (see paragraph 4.4 above).
 - An intensive Marketing Plan to commence 6 months before building opening with dedicated officer support to implement the plan. Marketing costs have been included within the operational revenue budget for the project.

- 4.32 Demand, particularly for new workspace schemes, is difficult to predict with certainty. This is further complicated by the uncertain impact of the recession on the demand for workspace. Current intelligence indicates that during the recession, companies are migrating to premises that offer good value accommodation alongside appropriate facilities and support.
- 4.33 Several studies have been undertaken in previous years in relation to the LSP Innovation Workspace, and these all provide useful evidence of potential demand for the scheme and to inform the definition and specification of the services and facilities.
- 4.34 The Risk Matrix in Appendix B refers to an approach to minimise the risk of not meeting occupancy targets.

Operational management

- 4.35 It is currently proposed that Leicester City Council will provide ongoing operational management of the completed scheme. Restrictions on the use of the building, and the risk of ERDF grant clawback if the scheme produces significant surpluses over the first 10 years of operation, preclude a private sector operator being able to generate a significant financial return from managing the Innovation Workspace.

5. FINANCIAL, LEGAL AND OTHER IMPLICATIONS

5.1. Financial Implications

The capital cost, funding package and revenue analyses are as follows:

5.1.1 Capital Cost

	£'000
Build cost	4,129
Fees	685
Total Innovation Workspace	4,814

Current plans provide an estimated workspace capital cost of £4.814m. More accurate costings will follow once the design has been completed. The scheme as it stands relies upon the actual capital cost being at or below the current estimates. No additional funding has currently been identified if the scheme costs are higher. Using prudential borrowing is not an option because of the additional financing costs.

5.1.2 Capital funding

Capital:	£'000
EMDA sub regional	1,250
EMDA regional	1,128
ERDF	2,052
WNF	384

Total	4,814
Revenue:	
WNF	366
Total	366

5.1.3 Revenue funding

5.1.3.1 Income and expenditure projections indicate that the workspace is sustainable provided the target normal occupancy level of between 80-85% is maintained using the current market rental of £14 per sq foot. This forecast level of occupancy is underpinned by demand research commissioned by Prospect and experience at LCB depot.

5.1.3.2 The level of cumulative revenue deficit incurred prior to achieving target occupancy varies dependant upon the early occupancy profile. A base profile indicates that cumulative losses will be approximately £366,000 built up over 4 years (2011/12 to 2013/14). Sensitivity analysis of the revenue deficit using a worse and better case profile is summarised in paragraph 4.25. The assumed worse case shows cumulative losses of £517,000, £151,000 worse than the base case.

5.1.3.3 The level of WNF funding available of £750,000 has been used to fund the anticipated revenue losses for the base case of £366,000, not the worse case, with the balance of the WNF being used to fund the capital build cost.

5.1.3.4 There is a risk that the losses will be worse case rather than the assumed base case leading to a potential £151,000 funding shortfall. In the absence of any additional funding, reducing the capital build cost would be an option to release more WNF to fund the higher revenue losses.

5.1.3.5 However the capital costs still need further refinement and are still only target costs at this stage. Once a more detailed design has been completed we can assess whether there is scope to release more WNF to cover prospective revenue losses.

5.1.4 Financial Risks

The financial risks related to accessing funding, delivery of the capital investment to budget and any ongoing revenue issues are included in the risk matrix attached as Appendix B.

Martin Judson, Financial Services Extn. 297390

5.2 Legal Implications

5.2.1 Property Legal Implications

5.2.1.1 The land was originally sold by the Council to EMDA in 2001. The Council will be taking the land on a long leasehold basis, which will contain obligations on use. There is the potential for clawback of the value of the

land by EMDA in the event that it is not used for the purpose for which the land is acquired by the Council. The Council will also be required to comply with the covenants contained in the Lease relating to use. These issues will need to be considered and advice provided to officers during any negotiation around the full terms of the proposed acquisition.

John McIvor: Extn. 297035

5.2.2 Legal Implications relating to Contracts and Procurement

5.2.2.1 As stated in the Cabinet report of 4th August 2009, since the Council will be the developer and proposed landowner, it will be the contracting authority in relation to any development and construction on the land.

5.2.2.2 This report identifies that the funding for this project will come from various streams and that with external funding, the Council will be expected to agree to such terms of funding, as the Accountable body. This requires Cabinet approval in accordance with the Constitution, subject to a de minimus level of £100,000. The majority of the funding outlined in paragraph 2.1 (iv) and (vi) is over the de minimus level. The Council has not received the details of the terms and conditions of any of the funding at the time of writing in order to appraise and advise Cabinet of the implications.

5.2.2.3 In relation to the development and construction work the Council should ensure compliance with Contract Procedure Rules and the Public Contracts Regulations 2006 and associated new regulations relating to remedies. Legal advice should be sought accordingly.

5.2.2.4 The report describes that the scheme is being developed in collaboration with other bodies, as stated in the report of 4th August 2009. Dependant upon the nature of such collaborative working, thought may need to be given as to whether this requires any formal agreement to regulate the relationship. Once officers have identified this aspect, legal advice may be taken to consider whether this needs to be formalised.

5.2.2.5 In relation to paragraphs 4.11 and 4.12, legal services have not been instructed as yet in relation to the initial engagement of Willmott Dixon Ltd. It is understood that their work at present is being carried out under a framework agreement which is available to the Council and is done so with no contractual commitment. Any actual procurement of works, supplies and services needs to be done in compliance with public procurement rules and officers are asked to seek early advice in this regard.

Beena Adatia: Extn. 296378

6. Other Implications

OTHER IMPLICATIONS	YES/NO	Paragraph Within the report	References
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Equal Opportunities	Yes	It is anticipated that the project when completed will provide employment opportunities in the Belgrave and Abbey Wards and will act as a catalyst for the development of new employment opportunities for local people on the remainder of the Science Park site. Procurement of the building is being carried out under the Council's Framework Contract.
Policy	No	
Sustainable and Environmental	Yes	A sustainable and environmentally acceptable design will be a major consideration in the selection of the preferred design option.
Crime and Disorder	Yes	The development will incorporate Secure by Design Principles.
Human Rights Act	No	
Elderly/People on Low Income	No	

7. Background Papers – Local Government Act 1972

Leicester Science Park Innovation Workspace, Cabinet 3rd August 2009

8. Consultations

Andrew Smith, Director, Planning and Economic Development
Mike Dalzell, Head of Economic Regeneration
Brendan McGarry, Acting Manager Regeneration Team, Resources
Bruce Hearfield, Principal Surveyor, Resources
John McIvor, Legal Services
Beena Adatia, Legal Services
Martin Judson, Head of Resources, Regeneration and Culture
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9. Report Author

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Key Decision	Yes
Reason	Is significant in terms of its effect on communities living or working in an area comprising more than one ward
Appeared in Forward Plan	Yes
Executive or Council Decision	Executive (Cabinet)

Appendix A: SITE PLAN

LEICESTER SCIENCE PARK - INCUBATOR SITE



BASED UPON THE ORDNANCE SURVEY MAP WITH THE SANCTION OF THE CONTROLLER OF H.M. STATIONERY OFFICE. CROWN COPYRIGHT RESERVED. LICENCE No. 100019264

DRAWN BYRE..... PLAN No ..Cttee.164 NOT TO
CHECKED BYBMG. DATE 19/06/2009 SCALE

LYNN CAVE, DIRECTOR OF STRATEGIC ASSET MANAGEMENT LEICESTER CITY COUNCIL

Appendix B: Key Project Risks Matrix

	Risk description and consequence	Financial Exposure	Control actions/Mitigation	Net Exposure	Likelihood after control L/M/H	Impact after control L/M/H
	Funding related					
1.	Failure to deliver against EMDA and/or ERDF funding spend profile, with fixed spend each year and no provision to move funding between years.	Up to £0.5m of Council funds.	Robust governance and project management practice to cover delivery programme meets funding spend targets;	Up to £0.1m	L	L
2.	Risk of capping of ERDF grant, or subsequent ERDF grant clawback, arising from generating net operational revenues above accepted levels. This is assessed prior to formal grant offer, during and at the end of the first 10 years of operation.	Up to £2,052k of ERDF funding.	City Council assessment shows that net revenues over relevant periods will not result in capping of ERDF grant or subsequent grant clawback. Awaiting final independent assessment requested by EMDA.	£nil	L	L
3.	Failure to comply with anticipated funding conditions (agree lease for site acquisition with Emda, agree scheme design with Emda, obtain planning consent)	Up to £0.5m of WNF funding.	- Heads of Terms for site acquisition already agreed. - Project can be abandoned, abortive design and feasibility costs are externally funded. - Design brief has been agreed with Emda. Any significant design amendments will be agreed with Emda. Emda is represented on the Advisory Group making recommendations to Project Board. - Scheme complies with local	£nil	L	L

	Risk description and consequence	Financial Exposure	Control actions/Mitigation	Net Exposure	Likelihood after control L/M/H	Impact after control L/M/H
			planning guidance, and early sharing of design options with planners has resulted in positive feedback.			
4.	Risk of Emda abolition before funding contracts signed or an inability of Emda to commit to full funding in 2011/12. Risk is therefore either (a) abortive costs incurred on fees of up to £0.5m (externally funded) if the project is halted, or (b) a shortfall in capital funding of up to £0.6m for 2011/12 which would have to be met by the Council.	(a) Up to £0.5m of WNF funding. (b) Up to £0.6m capital funding from Emda sub regional programme	Any post election Emda or Emda variant body likely to support this project. Assess terms and conditions and sign funding agreements as soon as possible with Emda. As far as possible bring forward spend of the £0.6m Emda sub regional funding to use the committed Emda 2010/11 sub regional allocation.	(a) Up to £0.5m of WNF funding. (b) Up to £0.3m required from City Council's own resources	L M	L M
5.	Failure to deliver funding outputs resulting in grant clawback	Up to £4.5m	- Output delivery based on experience of other related projects (LCB Depot). - Output variations subject to negotiation with funders - Develop effective partnerships with relevant support organisations, particularly Universities, and aligning the Innovation Workspace with any existing support programmes	£nil	L	L
	Capital delivery related					
8.	Detailed estimate of construction costs by framework contractor and or	Up to £0.6m of WNF funding	Existing cost estimate based on benchmark costs for similar	Up to £0.6m of WNF	M	L

	Risk description and consequence	Financial Exposure	Control actions/Mitigation	Net Exposure	Likelihood after control L/M/H	Impact after control L/M/H
	tendered price significantly exceeds the provisional estimate. Financial Exposure relates to abortive fee costs of up to £0.6m which will be externally funded.		schemes. Cost estimates of scheme options to inform selection of preferred design option. Cost estimates to be refined as detailed design progresses.	funding		
10.	Construction costs are exceeded after building contract entered into. LCC to bear cost over run.	Up to £0.5m	Agree design brief and implement an effective change control procedure. Ensure the effective management of construction related risks. Ensure sufficient contingency in budgeted cost.	£0.2m	L	M
	Operational delivery related					
11.	Cumulative losses in excess of available funding as a result of lower initial occupancy levels, ie worse case scenario as per para 4.25.	Up to £0.15m	Marketing, advance lettings. Request additional external funding (WNF) to fund any extra losses	£0.15m	M	M
12.	Ongoing revenue deficits as a result of occupancy levels less than target range of 80-85% or lower rental levels or higher operating costs.	Up to £0.1m pa at 50% occupancy	Marketing, past experience at LCB Depot in terms of occupancy and rental levels and operating costs. Demand assessment undertaken by Prospect Leicestershire indicates unsatisfied market demand commensurate with 80% occupancy levels.	£50k pa	L	L