

# GFirst Local Enterprise Partnership

## Board Paper – 14th February 2017

1. **Agenda Item 5.3** Growth Hub Expansion expenditure adjustment
2. **What is this item for:**
  - a. To make the Board aware of the extra costs identified by The University of Gloucestershire related to the Growth Hub Expansion investment
  - b. To inform the Board of the decision of the Growth Hub sub group to approve the inclusion of these costs in the funding agreement
3. **Background:**

The University of Gloucestershire (UoG) has identified extra costs associated with the delivery of the Growth Hub Expansion project. These were not itemised in the due diligence process, and therefore it has been necessary for the LEP to consider whether they are reasonable, and should be included in the funding agreement.

Of the £2,127,380 identified, the UoG has attributed £411,917 to the Growth Hub.

	Total	UoG	Growth Hub
Hard Landscaping around building & site clearance	362,440	264,807	97,633
Cycle and car parking	598,240	598,240	
Site planting & landscaping	266,700	194,857	71,843
Fibre Optics	450,000	328,780	121,220
Highways road junction	450,000	328,780	121,220
	2,127,380	1,715,463	411,917

In the due diligence assessment, the Growth Hub element of the costs included contingency items: £455,185 for ‘other development costs’ and £201,000 for ‘project risks’.

Camille Stallard (UoG Director of Finance and Planning) provided details of the extra costs, an explanation to support their inclusion in the Growth Deal funding, and confirmation that they are within the contingency amounts included in due diligence. This was considered by LEP staff and the Growth Hub sub group (Steve Jordan, Roman Cooper).

It was noted that the due diligence report did include the ‘project risks’ contingency to the level stated. The proposition that the costs associated with highways raised by planning appear to be a reasonable fit within this. The ongoing work on the funding agreement ensures that the project will deliver everything that has been committed including the 5,250m<sup>2</sup> area for the Expansion project with the Growth Hub element at 1,469 m<sup>2</sup>, without any compromise in the space, fit and finish. As these additional funds are all within the contingency items, there should be no reduction in the investment in the build. It was noted that the pro rata allocation of funds for the extra facilitation

### Agenda Item 5.3

costs has been done in a way that is acceptable, and in particular that the cycle and parking element is entirely down to UoG with the rest being the standard 73:27 split.

The sub group agreed that these costs should be accepted, as there is a need to get the project moving. However, they would want to be consulted should there be any further changes proposed, and in particular anything that would diminish the Growth Hub facilities.

#### 4. **Risks / Issues:**

The funding agreement for the Expansion has been delayed considerably, due to the complexities involved, including the interdependencies with the Growth Hub Network investment. If these costs are not approved, there would be further delays which would cause considerable difficulties to the UoG, and could jeopardise the full funding package for the development.

#### 5. **Recommendations:**

The Board is asked to:

1. Note the detail of the extra costs identified by the University of Gloucestershire, and the amount they propose to be apportioned to the Growth Hub element of the investment.
2. Note the decision by the sub group to accept this proposal, and so to instruct the accountable body to this effect.
3. Note that the University of Gloucestershire would consult with the LEP Board if there are any significant future changes proposed with the potential to have a significant impact on the project, and in particular, that would diminish the Growth Hub facilities.

#### 6. **Further information:**

For further information points raised in this Board paper, please contact Mally Findlater [mally.findlater@gfirstlep.com](mailto:mally.findlater@gfirstlep.com)