

Peterborough R & D Property Company Ltd - PropCo2

Business Plan

Appendix 1

December 2020



The purpose of the Peterborough R&D Property Company (PropCo2), will be to manage the University phase 2 property development, its finances including the delivery Funds and with it, procure the services of a commercial operating company from the private sector.

This business plan is designed to provide an overview and detail of the:

- Objectives
- Deliverability including timescales
- Economic appraisal
- The shareholders
- Governance
- Dependencies and risk
- Financial plan

The drivers for establishing the Peterborough R&D Property Company (PropCo2) are:

- To assist with delivering current and future objectives of the CPCA and the other shareholder in the company where those objectives align
- To manage the Getting Building Fund investment awarded by PropCo2
- To procure the commercial operator from the private sector who will then manage and market the phase 2 property

Benefits of the Peterborough R&D Property Company Ltd (PropCo2) are:

- Creating a Property Co will be a key part of providing a structure that will support and help to achieve the aims of the CPCA. Therefore, provides CPCA with a vehicle to assist the:
 - ❑ Development of a Low Carbon Economy and align with the Government's Net Zero aspirations.
 - ❑ Achievement of significant sector-cluster growth, based on technological innovation that will transform the knowledge intensity of products, services and jobs
 - ❑ Establishment of skills and learning in the very heart of the city, providing a platform for a high value manufacturing innovation ecosystem with a Technical University at its core.
 - ❑ Holding and management of the CPCA's investment
 - ❑ Manage the partnerships with the other shareholder and wider stakeholders
 - ❑ Provide more options for control of ownership and / or sale later

1 - Introduction

The Manufacturing and Materials Research & Development Centre will be a joint venture company owned by CPCA and Photocentric Ltd. The intention is to achieve significant sector-cluster growth, based on technological innovation that will transform the knowledge intensity of products, services and jobs, arresting four decades of decline in prosperity to reset Peterborough's potential rate of recovery.

The building, the second phase of the development of a new University in Peterborough, will link academia and industry to establish skills and learning in the

very heart of the city, providing a platform for a high value manufacturing innovation eco-system with a Technical University at its core.

The Centre will have a focus upon contributing towards the development of a Low Carbon Economy and align with the Government's Net Zero aspirations.

This Business Plan will be developed further by the shareholders of the R&D Centre (Photocentric and the CPCA) and the procured Commercial Operating Company following procurements.

2 - Objectives and Deliverability

2.1 - The Purpose

The new Centre will transform the local economy which has suffered from extremely low levels of R&D activity and a complete absence of any research and innovation eco-system. This will turn around the current erosion in productivity and high value knowledge industry, and will lead to new aspirations, opportunities, wage growth, increased well-being and beneficial health outcomes.

2.2 - Objectives of the Centre

This facility has two significant objectives: to create research which should contribute to technology which will allow for reduced carbon emissions for innovative businesses and to provide the students of the new University with access to tomorrow's manufacturing technologies.

The building will house established and start-up companies developing cutting edge manufacturing technologies linked to advanced manufacturing. This phase of the University will link academia and industry to establish skills and learning in the very heart of Peterborough, providing a platform for a high value manufacturing innovation eco-system with a Technical University at its core.

The partners are committed to establishing a research centre to position Peterborough at the core of a new Net Zero economy. The building will host development work that will create the new manufacturing techniques that will define a low-carbon Industry 4.0 model for tomorrow.

The research performed there will create a wide range of technologies, including new energy storage devices, specifically car batteries, manufacture new products using sustainable plastics and print industrial parts as opposed to moulding them. This will define the next generation of manufacturing methods making plastic, ceramic, metal and composite parts.

As the anchor tenant, Photocentric has had a core belief in innovating since its formation in Peterborough in 2002. Today they employ over 30 scientists working on creating better ways to manufacture products using innovative 3D printing concepts that they have invented. They have a world-class chemistry team that are the leading innovators in visible light photopolymerisation, an engineering team that designs the 3D printers in the sector they invented, technicians, software developers, metallurgists, ceramicists and electro-chemists working on the next generation of printed batteries. In 2020, their unique

patented process using LCD screens was proven, by making millions of items of PPE, and they are now validating this digital manufacturing process in a variety of applications as an alternative to traditional manufacturing techniques. They hold 8 granted patents with 23 pending and have 3 Queen's Awards, two for Innovation.

The hub, with a world-leading research and manufacturing company, at its heart, will encourage other companies to join the hub. It is hoped that the other hub members will locate their associated manufacturing facilities nearby as have Photocentric.

The vision for the innovation centre is to invest in research today to enable manufacture tomorrow. Specifically, this will be a facility enabling efficient low to medium volume of manufactured parts, bridging the gap between the prototype and mass manufacture volumes. This facility will speed up the design and launch of new products and be of strategic value to Peterborough's innovative manufacturing companies.

The vision to work with the University is a central part of the partner's beliefs that *they are stronger when they educate*. Encouraging education is one of the partner's goals and students of all ages will be able to access facilities and labs to learn about the applications for industry-leading technology. It is envisaged that the students who graduate from the University will have the best grounding possible, being inspired with the applications for their education and because they gained experience that was at the cutting edge, becoming highly desirable to employers.

3 – Vision

The project will transform the local economy having suffered from extremely low levels of R&D activity and a complete absence of any research and innovation ecosystem. This will turn around the current erosion in productivity and high value knowledge industry, and will lead to new aspirations, opportunities, wage growth, increased well-being and beneficial health outcomes.

4 - Economic appraisal

There are broadly two direct quantifiable benefits from the proposed options:

1. Increased employment as a direct result of the creation of the Manufacturing and Materials Research & Development Centre as staff are recruited.
2. Employment created in the wider economy as an indirect result.

Economic appraisals of the Recommended option has been conducted on the following basis:

- a. Direct staff employment assumed from the Net Internal Area floorspace created is 237 jobs (as shown on page (10) of this business plan).
- b. Indirect employment taken from the Full Business Case and anticipated to be ten times that of the direct employment.
- c. Average GVA per employee for direct and indirect jobs created estimated at £42,700.

The key Inputs for each option are summarised in the table below:

Input Costs (Fiscal Costs)	Recommended
Capital Investment	£15,320,000
Revenue Investment	£0
Total Fiscal Costs	£15,320,000

The key output from this appraisal is summarised in the table below:

Appraisal Outputs	Recommended
Total Net Present Benefits	£221,836,749
Total Net Present Costs	£15,092,500
Benefit Cost Ratio	14.7

Recommended option

This review confirms the recommended option delivers a Benefit Cost Ratio of **14.7** based on current costings and job numbers. This represents an exceptional return according to government guidance and benchmarks which defines the VfM category as:

- Poor VfM if the BCR is less than 1.0;
- Low VfM if the BCR is between 1.0 and 1.5;
- Medium VfM if the BCR is between 1.5 and 2.0;
- High VfM if the BCR is between 2.0 and 4.0; or
- Very high VfM if the BCR is greater than 4.0

However, reducing this project to a simple BCR number belies the fact that the success or failure of this investment in Peterborough, relies on many factors. Simply assuming that such a high BCR value assures its success can lead to a false sense of comfort.

Sensitivity analysis

In light of the risks outlined above, sensitivity testing has been carried out by adjusting key variables as follows:

- 33% reduction in Net Present Benefits.
- 50% reduction in Net Present Benefits.

The key outputs from these appraisals are summarised in the table below:

Sensitivity Tests	Recommended Baseline	Sensitivity to 33% drop in Net Present Benefits	Sensitivity to 50% drop in Net Present Benefits
Total Net Present Benefits	£221,836,749	£146,412,254	£110,918,374
Total Net Present Costs	£15,092,500	£15,092,500	£15,092,500
Benefit Cost Ratio	14.7	9.7	7.35

Even allowing for these significant risks, a high BCR is sustained. Therefore, there remains a strong economic case for investing in the recommended option to generate direct and indirect benefits for the region.

Further testing has been carried out to determine the impact of a substantial cost over-run on the construction of the Building. The outcomes from this appraisal, which tested a doubling of the construction costs, are set out in the table below:

Sensitivity Tests	Recommended Baseline	Sensitivity to Construction Costs Doubled	Sensitivity to Construction Costs Doubled with 50% drop in Net Present Benefits
Total Net Present Benefits	£221,836,749	£221,836,749	£110,918,374
Total Net Present Costs	£15,092,500	£30,185,000	£30,185,000
Benefit Cost Ratio	14.7	7.35	3.67

The benefits are not particularly sensitive to even very significant rises in the cost (although naturally any cost over-runs will challenge the basic affordability of the scheme).

A critical point to note is that the key benefits stem largely as function of the ambitious indirect job growth projections. Only this factor will generate a significant direct and positive economic impact.

5 – Timescales

5.1 - Deliverability

The construction of the R&D Centre will be delivered through the following methodology:

- Planning Consent: the site has been selected based on there being an overarching Masterplan for a university and more specifically this particular location, because the requisite surveys and provisions to address the utilities requirements have already been procured and resolved. This approach has been agreed with the Peterborough HE Property Company, (consisting of Anglia Ruskin University (ARU), PCC and CPCA) along with the key terms for the purchase of the site. In addition, we have the commitment of the Leader and CEO at PCC that they will expedite planning along with the provision of a full-time and dedicated PCC Planning project manager. Together, PCC & CPCA have commitment to achieving full planning permission by March 2021- our build commencement target.
- Project Management – the CPCA has, on behalf of the project, appointed MACE through a direct award off a Crown Commercial Framework. MACE

lead a multidisciplinary team which includes project management, programme management, design, and cost management by way of a team of 19 individuals. The decision to make a direct award was based on their winning a competitive process for Phase 1 and their effective, against programme delivery

- Construction: The Peterborough R&D Property Company, with CPCA as the majority shareholder is required to procure the construction works in accordance with the Public Contract Regulations 2015. However, having carried out a site logistics and Health & Safety assessment, along with a programme review with MACE and the Phase 1 contractor, it was determined that the safe delivery of the project required a single contractor delivering both Phases. The CPCA therefore, on behalf of the project published a Voluntary Ex-anti (VEAT) Notification setting out its intention to direct award under Regulation 32 (exclusive rights) Public Contract Regulations 2015. This has enabled early engagement with the contractor and their assurance that the build is achievable by end March 2022.
- Budget: MACE have, based on the specified floor area and the building usage requirements, through applying industry standard estimating practices, confirmed that the secured funding and private investment is sufficient in consideration of the site constraints and infrastructure requirements
- Programme: Following the decision to direct award the construction works to the Phase 1 contractor, MACE has confirmed that the programme timescales are realistic and deliverable.

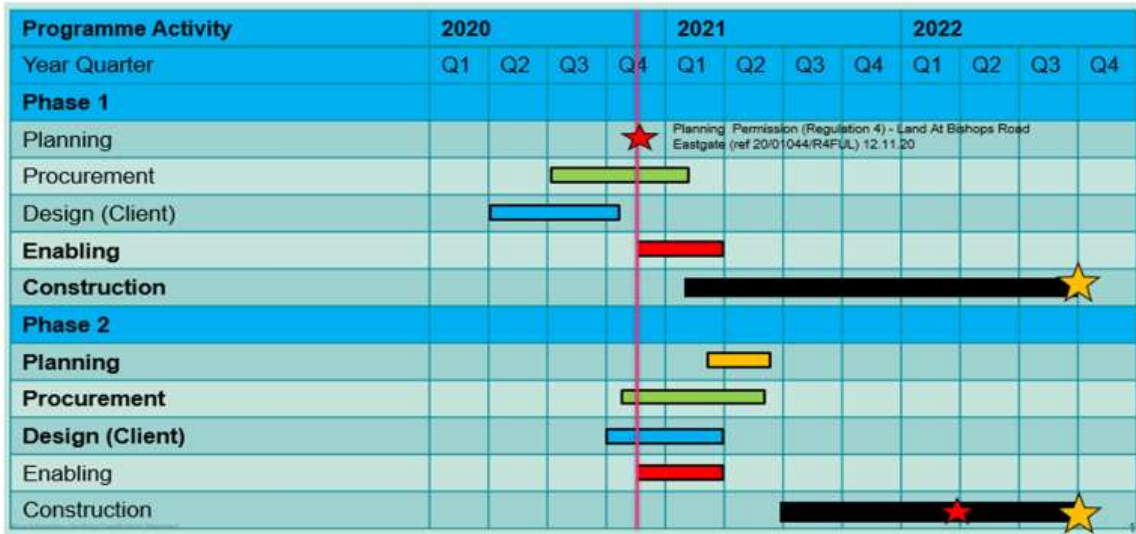
Post completion, in August 2022, the is the responsibility of the Commercial Operator to be taken up over the course of the following three years, which is made financially viable, through the CPCA's equity investment, allowing the operator to take up the lease on the building at zero cost for the first 3 years, rising to commercial rates over 10.

5.2 - Programme timeline

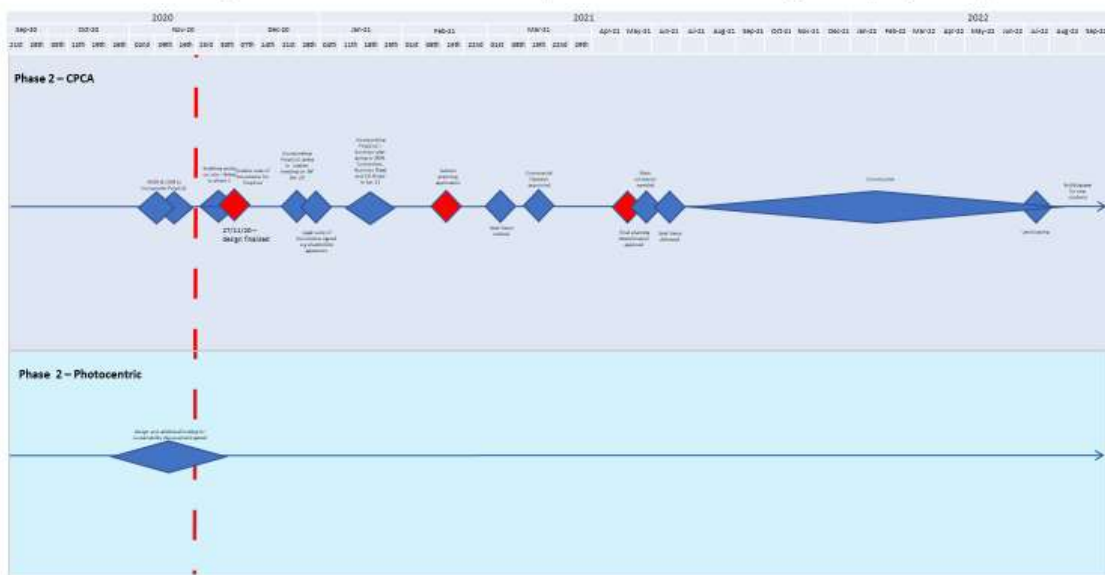
Below are the interphases between Phase 1 & 2 and the Phase 2 high level programme plan.

Phase 1 will establish a University Campus in Peterborough, intended for 2,000 students by September 2022, with a curriculum and delivery model that is designed to meet the skills needs that growth in the Greater Peterborough business base will generate. Phase 2 is the development of the Net Zero Manufacturing and Materials Research & Development Centre

Interfaces phase 1 & 2



Manufacturing and Materials Research & Development Centre Phase 2 – High level programme plan



6 - Legal position

The CPCA has already incorporated PropCo2 on 18th November 2020 via an Officer Decision Notice 222 -2020 as the Peterborough R &D Property Company Ltd. The Key Terms of Reference have fundamentally been agreed between the shareholders of Propco 2 and more holistically, between Propco 2 and Propco 1 who own the current university campus site of 5 acres, upon which the Research Building is proposed to be situated.

The shareholders of PropCo 1 will lay down the following conditions upon the operation of the Research Building, to ensure its activities align and add value to the development of a strong and successful University & Research Campus. These are:

Concerning the use of the building

The land (and any building upon it) may only be used for the purposes of operating a research and development and innovation centre for the purpose of facilitating the commercialisation of research and the growth of knowledge intensive start-up businesses, with ancillary use for proof of concept and small-scale manufacturing of individual products and connected administrative purposes, or as an educational facility. The conditions on use will be specified in the land transfer agreement between PropCo1 and PropCo2.

Concerning the use of the Business Board's investment in the building

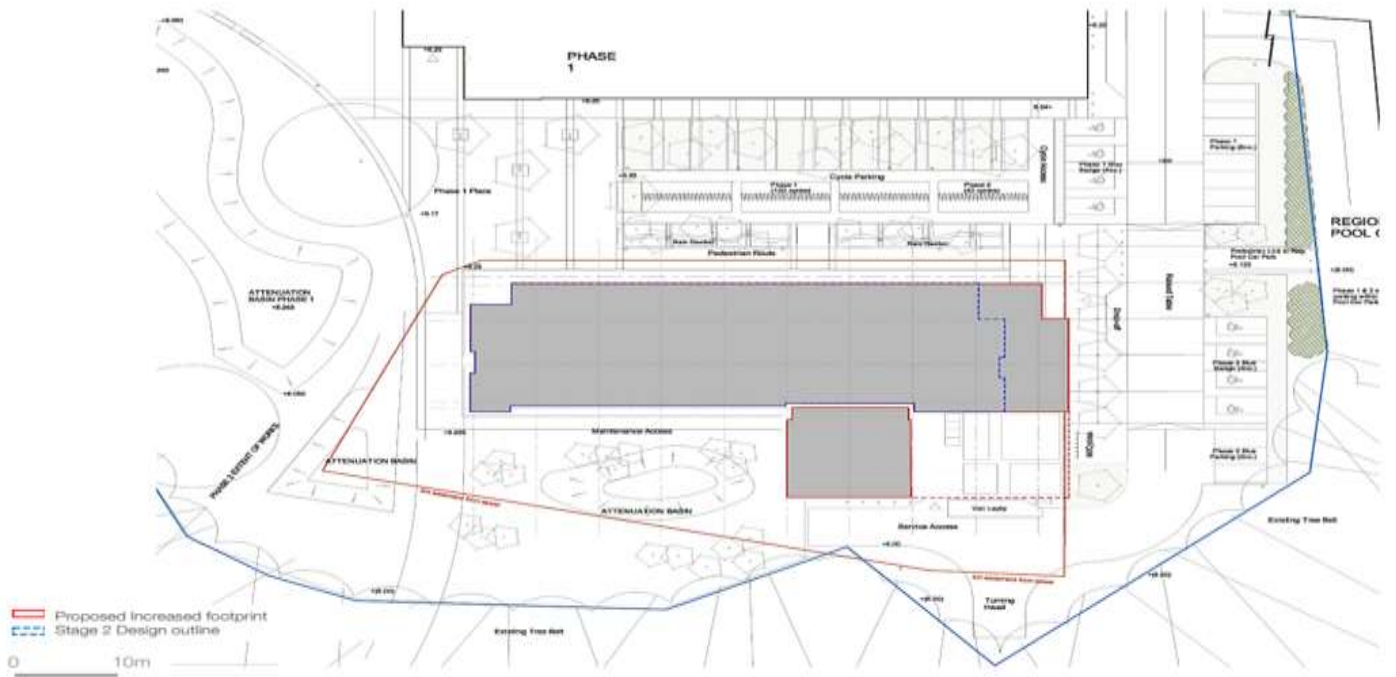
That the CPCA, as the original applicant for the Get Building Fund investment in the Research building, applies reasonable endeavours to make a case to the Business Board, for use of any recycled funding out of its investment in the building, for further expansion of the University & Research Campus.

The Key Terms of Reference will include the investment for shares from each shareholder. The allocation of shares in the company will be proportional to the financial investment made by each shareholder, in the creation of the Phase 2 Research Building. Photocentric's share allocation of 18% will be subject to the change request being approved.

Subscriber	Number of New Shares (proportionate to value subscribed)	Total subscription monies ('000)
CPCA through the Getting Building Fund	82% of Shares	£13,469
Photocentric	18% Shares	£3,000

An experienced and professional research building and incubator operator will be procured under a concession contract arrangement by way of a Competitive Procedure with Negotiation. This form of contract will provide the successful supplier with the right to exploit the property along with the responsibility for the sourcing of suitable tenants and the running of the building.

The building design has been developed to a RIBA 2 level of detail based on Category A design for Tenant and Landlord areas. This will be further developed to RIBA 3 for submission of planning at the end of January 2021



Ground Floor

- GIA 942 + 143 plant = 1085 sqm
- NIA 717 sqm
- Lettable 478 sqm
- Stage 2 Design outline

First Floor

- GIA 983 + 143 plant = 1126 sqm
- NIA 800 sqm
- Lettable 662 sqm

Second Floor

- GIA 1029 sqm
- NIA 865
- Lettable 763 sqm

The full suite of legal documents for CPCA and Photocentric including the Articles of Association and the Shareholder Agreement will be worked up by Pinsent Mason LLP over the first quarter of 2021.

7 - The Partners

7.1 - Photocentric

Photocentric are a profitable, rapidly growing, technology company operating at the intersection of innovative photopolymers, materials and engineering, based in Peterborough.

They have in-house chemical manufacturing, machining, design, engineering facilities and over 50 3D printers for making test parts and evaluating binders. R&D is carried out in a large open area devoted to photochemistry, software, engineering, and testing with over 30 scientists, 5 of which are PhDs. Recently Photocentric's core research has become focussed on new battery manufacturing techniques.

Photocentric forecasts growth of over 160% in 2020, from £8 million to over £21 million, with sales in 2021 forecasted to be more than £35 million.

They are currently leading three Innovate UK Government Innovate funded projects researching into new 3D printed battery technology, and work with the following catapults: WMG, APC, MTC and CPI. They co-research with several of the leading Universities around the world and have become the world's leading manufacturer of photocured objects.

In energy storage, they believe that they have created the world's most effective means of creating photocured objects in 3 dimensions and are now proving this can deliver better batteries. Their novel additive manufacturing techniques can create lighter, smaller batteries and thus deliver faster charging combined with increased power density, enabling an order of magnitude improvement in battery performance.

Photocentric and BASF have cooperated as both manufacturing and research partners in 3D printing chemistry - a testament to the strength of their chemistry division. The cornerstone of future developments will be to make all their products sustainably.

As anchor tenant, Photocentric will situate its entire research and senior managers within the building creating a significant amount of high value employees and International visitors. Photocentric has a core value of supporting education and will work with the University to inspire their students, giving them open access to learn under trained supervision.

7.2 - The CPCA

In 2017, the Cambridgeshire and Peterborough Combined Authority was established as a Mayoral Combined Authority for the Cambridgeshire and Peterborough area. The Combined Authority is made up of a directly elected Mayor and seven constituent authorities, with a representation from the Local Enterprise Partnership (Business Board) who is also the Chair of the Business Board. The Combined Authority works with local councils, the Business Board (Local Enterprise Partnership), local public services,

Government departments and agencies, universities and businesses to grow the local and national economy. The key ambitions for the Combined Authority include: doubling the size of the local economy, accelerating house building rates to meet local and UK need, delivering outstanding and much needed connectivity in terms of transport and digital links and transforming public service delivery to be much more seamless and responsive to local need.

This project is of high importance to the CPCA, as it will contribute significantly towards their objectives of;

- strengthening the UK's economic recovery from COVID-19;
- levelling-up of prosperity and opportunity for the "left behind" region of Peterborough and the Fens
- helping to make the UK a scientific superpower including leading in the development of technologies that will support the government's ambition to reach net zero carbon emissions by 2050
- strengthening the UK's place in the world.

8 - Operational Plan

8.1 - Centre Operational Management

A commercial operator for the building will be secured through a procurement; this management company will manage the day to day running of the building under a Concession contract, which will include a number of prerequisite clauses that offer subsidised rental arrangements for an initial period to companies within the building. Photocentric will lease a proportion of the building for their own Research and Development use based on their investment and other R&D tenants will be sourced to occupy the remaining space.

Fast-track procurement options are being explored for the procurement of the Building Operator. However, the current plan is to use a concession contract through which PropCo2 passes on, the commercial risk of operating the building as a research centre and incubator. In doing so, the contract transfers the operating risk to the commercial operator, and this involves real exposure to the vagaries of the market, and a potential for making a loss is not nominal or negligible. To balance this risk for the Operator, the concession contract will be offered at zero cost for the lease of the building for up to 5 years. The business model below, shows a breakeven at year 5 on this basis, with a modest profit by year 10. On the basis of this model, bidders will be required to tender, using their experience and capabilities to either or both, increase potential revenues and/or reduce potential costs, relative to the base business model. The business model has already undergone early-stage market validation through advice from Savills and will, during January be exposed to potential bidders. Officers are currently preparing a Prior Information Notice (PIN) to go out to the market. Legal advice has been sought from Pinsent Mason to confirm that the proposals for a rent-free lease period will be State Aid compliant.

The procured building operator will be required to provide a full range of 'soft' Facility Management and ICT services and resources required to operate the Research Building effectively and to deliver an excellent tenant experience. Such soft FM/ICT services to include cleaning, security, catering and reception services, network connectivity and infrastructure. It is anticipated that PropCo2 will deliver 'hard' FM

services, which are the physical building and land maintenance. The procured building operator will provide commit to working with the CPCA to establish an investment model to meet the initial start-up costs at low tenant occupation levels and fund/finance the working capital requirements; and to establish a viable business model and financial framework sufficient to indemnify PropCo2 against all maintenance and operating costs of the Research Building and can support any rental payment demands agreed through procurement for the lease of the building from PropCo2.

Building Operator Business Model - Draft for Consultation with Bidders

Year	1	2	3	4	5	6	7	8	9	10
INCOME										
Target Tenant Occupancy	33.00%	50.00%	66.00%	80.00%	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%
Car Park utilisation balancing remote learning with non-staff access	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%
Rent Charges to Tenants	£63,092	£95,595	£126,185	£152,951	£172,070	£172,070	£172,070	£172,070	£172,070	£172,070
Service Charge to tenants	£30,044	£45,521	£60,088	£72,834	£81,938	£81,938	£81,938	£81,938	£81,938	£81,938
Rates re-charged to Tenants at cost	£0	£0	£0	£0	£0	£45,521	£45,521	£45,521	£45,521	£45,521
Broadband Charges to tenants	£6,009	£9,104	£12,018	£14,567	£16,388	£16,388	£16,388	£16,388	£16,388	£16,388
Hot Desking	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Dedicated Desks	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Virtual Office	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Meeting room / meeting space	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Catering	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Post	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Utility recharge	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Car park income (100 slots x 240 days x £4 day)	£23,760	£36,000	£47,520	£57,600	£64,800	£64,800	£64,800	£64,800	£64,800	£64,800
Total Income	£122,906	£186,221	£245,812	£297,954	£335,198	£380,719	£380,719	£380,719	£380,719	£380,719
COSTS										
Rates paid to PCC - Under Negotiation & TBC	£0	£0	£0	£0	£0	£45,521	£45,521	£45,521	£45,521	£45,521
Lease paid to Propco	£0	£0	£0	£0	£0	£63,730	£63,730	£63,730	£63,730	£63,730
Car parking paid to PCC	£16,000	£16,000	£16,000	£16,000	£16,000	£16,000	£16,000	£16,000	£16,000	£16,000
Broadband	£8,000	£8,000	£8,000	£8,000	£8,000	£8,000	£8,000	£8,000	£8,000	£8,000
Insurance (Building)	£21,850	£21,850	£21,850	£21,850	£21,850	£21,850	£21,850	£21,850	£21,850	£21,850
Maintenance	£30,727	£40,969	£54,626	£72,834	£72,834	£72,834	£72,834	£72,834	£72,834	£72,834
Security	£9,104	£9,104	£9,104	£9,104	£9,104	£9,104	£9,104	£9,104	£9,104	£9,104
Energy	£40,059	£40,059	£40,059	£40,059	£40,059	£40,059	£40,059	£40,059	£40,059	£40,059
Water and Sewerage	£5,463	£5,463	£5,463	£5,463	£5,463	£5,463	£5,463	£5,463	£5,463	£5,463
Waste	£5,463	£5,463	£5,463	£5,463	£5,463	£5,463	£5,463	£5,463	£5,463	£5,463
Reception	£21,850	£21,850	£21,850	£21,850	£21,850	£21,850	£21,850	£21,850	£21,850	£21,850
Management	£54,626	£54,626	£54,626	£54,626	£54,626	£54,626	£54,626	£54,626	£54,626	£54,626
Total Costs	£213,141	£223,383	£237,039	£255,248	£255,248	£364,499	£364,499	£364,499	£364,499	£364,499
Profit/Loss	-£90,234	-£37,162	£8,773	£42,706	£79,950	£16,220	£16,220	£16,220	£16,220	£16,220
					<i>Profit at year 5</i>	<i>£4,032</i>			<i>Profit at year 5</i>	<i>£81,101</i>
Offer to Operator										
Contract for all maintaining & operating costs of building estimated at	£1,184,059	over 5 years as a COST to operator								
Rates per sqft - discounted free for 5 yrs passed on to SME tenants	£0	over 5 years as a BENEFIT to operator								
tenants	£318,549	over 5 years as a BENEFIT to operator								
<i>Intervential rate on offer to operator 27%</i>										

The table above is purely an example.

CPCA has already clarified the above is State Aid compliant for the Commercial Operator and any tenants – email from Pinsent Masons dated 08th December 2020. It will also ensure it is for CPCA and Photocentric.

CPCA is working with Savills on the commercial aspects of the financial table above.

9 – Governance

Strong governance arrangements are in place that mimic the successful Phase 1 university project processes. This involves the formation of a Research Centre Property Company (PropCo2) which will include Photocentric and the CPCA. This will be established using similar Article of Association and Shareholder Agreements to the Higher Education Property Company, involving ARU, PCC and CPCA (PropCo1). A Collaboration Agreement between PropCo1 and PropCo2 has been drafted, as will the sale agreement for the land, from PropCo1 to PropCo2.

The directors will consist of two positions from CPCA, one being John T Hill - Chief Officer Business Board and Director Business & Skills and the other Robert Emery - Business Board S73 & CPCA Deputy S73, and one position for Paul Holt of Photocentric.

This is an interim measure, and it will be reviewed to ensure the directors both fit culturally with the company and who are best placed so that conflicts of interest are managed appropriately

The chair will be a rotating role between the 3 directors

No less than 3 directors will be sufficient for quoracy of Board decisions.

Expectations of the directors, which are statutory duties owed by each director to the company:

1. A director must act within their powers under the company's constitution
2. A director is to promote the success of the company
3. A director must exercise independent judgement
4. A director must exercise reasonable skill, care and diligence in their role
5. A director must avoid or manage conflicts of interest which may affect their objectivity
6. A director must not to accept benefits from third parties
7. A director must declare interest in proposed transactions or arrangements

Directors will be legally responsible for the running of the company including filing responsibilities to Companies House. A company secretary will also be appointed.

10 - Dependencies and Risk

Completion of the Centre will require;

- i.* Successful development of the University of Peterborough Phase 1. This project is already underway and the established joint project management and building programmes for the two Phases will ensure optimum delivery of both.

- ii. Securing the required match funding, which has now been guaranteed by Photocentric and Peterborough City Council as indicated in the budget forecasts.
- iii. Achieving planning by March 2021; mitigated through the special arrangements and high-level commitments, afforded to this project by PCC.
- iv. Procurement of the site from PropCo1 by January 2021; mitigated through agreement of Key Terms Reference on the sale of the land to PropCo 2, by PropCo 1 shareholders.
- v. Procurement of a build contractor by January 2021; addressed in 'Deliverability' above.
- vi. Procurement of an expert and experienced R&D centre operator by July 2021 mitigated through early engagement with the market.
- vii. Appropriate car parking provision; a Project Initiation Document for a proposed decked car park, to be built upon the currently surface facility at Peterborough Regional Pool has been produced.
- viii. Although not decedent upon the next phase of development of the University; Phase 2 will be inexorably linked to Phase 3; the establishment of a new scientific equipment and capability building, that will expand the Cambridge innovation eco-system into Peterborough. This Net Zero Hub will expand and build upon the existing TWI (the lead partner) extensive technology, research and innovation network and form a closely linked knowledge sharing and research excellence cluster around Peterborough and into Fenland.
- ix. A risk register has been developed and will be regularly revised throughout the project. The current register is attached as annex 1.

11 - Marketing

The commercial operator will be responsible for all marketing activity

12 - Financial Plan

12.1 - Funding Streams

Funding	Total investment £'000
CPCA topslice (GBF)	304
CPCA equity investment (GBF)	13,469
Photocentric equity investment	3,000
Total	16,773

To minimise the risk to the funds, the CPCA will subscribe to the total value of their shares upon the shareholder agreement being signed. Then will pay them up to Peterborough R&D Property Company Ltd (i.e. make the actual cash transfer) as the company requires over the course of delivery to meet the costs of the project. The funding streams shown in the above table are for the two shareholders, one being CPCA the other Photocentric.

12.2 - Expenditure and Cash flow

The draft table below sets out the expected cashflow for the SPV over the delivery phase of the project. The expense streams are those worked up by MACE on the provision that the additional funding from Photocentric (£3m in total) is approved. Should this not be the case, then a revised plan will be drafted by MACE. This number also includes a £300k top-slice for CPCA costs

	FY 20/21	FY 21/22	FY 22/23	FY 23/24	Total
Income	£,000	£,000	£,000	£,000	£,000
GBF Investment drawdown	-2,000	-9,200	-2,573	-	-13,773
Photocentric Investment	-190	-	-2,625	-185	-3,000
Total	-2,190	-9,200	-5,198	-185	-16,773
Expenditure					
Sustainability extras			300		
Land purchase	190				190
Construction Works	92	8,482	4,003	189	12,766
Fees & Surveys	886	714	209	-	1,809
Client Direct Costs	-	-	250	-	250
Contingency	-	911	547	-	1,458
Totals	1,168	10,107	5,309	189	16,773
Opening Balance	-	-1,022	-114	-3	N/A
Total Income	-2,190	-9,200	-5,198	-185	-16,773
Total Expenditure	1,168	10,107	5,309	189	16,773
Closing Balance	-1,022	-115	-3	-	N/A

Annex 1 – Risk register

Risk Identification											
ID	Title / Description (Cause)	Effect	Category	Risk Owner	Likelihood	Cost Effect	Time Effect	Quality	Assessment	Management Plan	Action Owner
001	Expectations of the R&D commercial operator cannot be accommodated in building design	Redesign or building that cannot be used by R&D operator as business case isn't sustainable in space provided	15. Operational	CPCA	4	5	5	5	100	CPCA to ensure that as far as reasonably practicable the R&D Tenants' requirements are considered in the business case.	Alan Downton CPCA
002	Sustainability accreditation - Expectations of Photocentric are unclear and their financial contribution to a sustainable agenda cannot be agreed for RIBA 2	Delays to planning and design to incorporate their potential sustainability requirements. Requirements could be realised too late so sustainability agenda won't be met.	6. Design	CPCA	4	4	3	5	100	Qualify assumptions in the RIBA 2 report. Engagement with Photocentric to understand their requirements and highlight options available to meet a sustainable agenda. Review sustainability approach with the project team (MCW / CPW).	Photocentric
003	Assumptions made to enable the contractor to submit their initial costs are different to those agreed at the end of stage 2.	Price received from contractor may not allow for all of the design elements	8. Procurement	CPCA	5	3	4	3	80	Continual engagement with B&K throughout the pricing process.	Project Team
004	Overlap of operational requirements between Phase 1 and 2 not understood	Cause dispute between stakeholders	15. Operational	CPCA	4	4	3	2	64	Liaise and agree with B+K on award and agree with Photocentric and ARU regarding design proposals	ARU
005	Parking strategy doesn't accord with Phase 2 timeline for planning	If parking strategy isn't agreed, it could cause delays to planning application	4. Programme	CPCA	4	4	4	2	64	Agree strategy early prior to submission of planning	PCC
006	Planning determination not secured by required date	Delay to construction commencement	4. Programme	CPCA	4	4	4	2	64	Continual engagement with PCC through the application process.	PCC
007	Transport modelling assessment - not instructed by PCC	Will delay determination of planning - which is on the critical path	4. Programme	CPCA	2	4	5	2	50	Evidence of instruction from PCC subcontractor Skanska required	PCC
008	Lack of brief from end users could lead to undefined spacial requirements	Assumptions need to be made, possibly causing late changes during the design and construction phase which will cause delay to programme and increased cost.	6. Design	CPCA	2	5	3	3	50	Qualify assumptions in the RIBA 2 report and seek advice from CPCA and or commercail operator as to the viability of the space being provided	CPCA
009	Anglian water could object to building too close to their sewer	Could lead to the need for a large change to the design or decreasing the size of the building	7. Surveys and Site conditions	CPCA	2	4	5	3	50	Liaise with Anglian Water to understand expectations	Smith and Walwork
010	Electrical supply capacity. Peterborough Football Club may be looking to a reserve large electrical capacity in the area.	Risk of the building not being operational as it contains a lot of machinery dependant on electrical supply. Could prevent the electrical supply to future phases	9. Construction/ Logistics	CPCA	2	5	4	5	50	CPW to submit applications to relevant utility providers in due course to gain an understanding of the current supply and capacity (takes up to 35 working days for a response).	CPW
011	Ground contamination not as expected in phase 1	Increase project cost above budget; increase construction duration. Removal of contaminated material from site causing increased costs and programme.	11. Environmental	CPCA	3	4	3	3	48	Review phase 2 site GI and trenching by Main Contractor	Main Contractor