

Appendix 1

Business Case - Cheltenham Cyber Park Cheltenham Cyber Business Park infrastructure & site preparation



Business Case - Cheltenham Cyber Park

The Proposal

This bid is about accelerating the release of 45 ha of much needed employment land, which will house the GCHQ backed cyber Innovation Centre and as a result assist in the long term retention of GCHQ, the creation of around 10,000 quality jobs, and at least 500 housing units too. The £20m funds the necessary road infrastructure to deliver the ambition.

All outputs reflect the key tenets in the GFirst Local Enterprise Partnership Strategic Economic Plan (SEP) viz. skills (massive opportunity for apprentice and higher level growth with an FE college within a mile radius); promotion (putting the skills of GCHQ and its supply chain on the map); and connection (utilising a 45 hectare site close to the motorway corridor).

Strategic context

Cheltenham is already a national centre of expertise in cyber security, and clearly one of Gloucestershire's economic assets, ripe for further exploitation. Additionally Cheltenham already has an established financial and services sector, which aligns well with the cyber security theme as financial security is of upmost prominence. A fact recognised by the GFirst SEP and the independent Athey consulting report prepared for the future economic development of Cheltenham Borough.

Since 2011 and the development of the Malvern cyber security cluster, the Severn Valley region (stretching from Malvern in the north down the River Severn through Cheltenham, Gloucester and Bristol and across to Newport and Cardiff) has become a focus for the wider UK cyber security forum, with c500 small companies working in cyber security across 17 clusters similar to Malvern. Companies within both the clusters and wider forum co-operate on a range of initiatives focussing upon growth, improving cyber security for local enterprises,

lobbying government, securing funding eg £500,000 Technology Strategy Board investment in innovative R&D, and raising awareness of cyber security amongst young people.

Cheltenham is clearly central to the Severn Valley and has the additional bonus of GCHQ with the potential to capitalise on that organisations' national standing and the potential to support economic growth in the County and wider region by building on pre-existing capacity, and cross LEP collaboration. The lobbying ability and growth potential of these SME clusters, many backed by major industry players such as Airbus, Raytheon, QinetiQ along with their links to GCHQ may well have contributed to the national cyber innovation centre proposal announced by the Chancellor autumn 2015.

A key development site is available at West Cheltenham via the Joint Core Strategy – JCS (strategic development plan for the economic region of Gloucester, Cheltenham and Tewkesbury) which aligns with the GFirst SEP M5 growth corridor and would form a flagship initiative for the County. Given the complexities of bringing major sites forward viz. the National Planning Policy Framework, public consultation etc the bid promoters (Cheltenham Borough Council (CBC) and Task Force) are working closely and in association with all the established partners - GCHQ, GFirst LEP, JCS, GCC highways, and critically the consortium of landowners. This combination of players with an already developed land consortium creates the environment for deliverability.

It is proposed to deliver the highways infrastructure necessary to meet the expectations of the Highways Agency and GCC highways, associated with the promotion of the cyber business park. Likely elements include improvements to M5 J10/11/11a; Arle Court roundabout; traffic management; public transport and potential contribution to the link road if adds value to the wider network. The estimated cost of this package is £20m, subject to further assessment through the SATURN traffic model.

Business Case - Cheltenham Cyber Park

This 45ha land release will result in a honeypot location for the GCHQ Innovation Centre and critically land available for its supply chain and technology related businesses to expand.

Key outputs

This proposal will secure and accelerate the delivery of the GCHQ Innovation Centre, part of the National Cyber Security Centre, within this important (45ha) employment site ; itself enabling growth of the wider supply chain. Drawing on the strength and importance of Cheltenham's pivotal strategic location for cyber security, it will assist GCHQ as the catalyst to develop a full Cyber Business Park, offering physical capacity and networks to support the development and incubation of cyber related business, and it clearly builds upon the "cyber valley" concept running down the Severn Valley, which itself benefits from the scale of the GCHQ supply chain. Equally, this proposal builds upon existing LEP investment decisions in growth deal rounds 1 & 2, with £3m for the implementation of a cyber security training & conference centre at Berkeley and £2m for STEM (Science, Technology, Engineering & Maths) centres at local colleges.

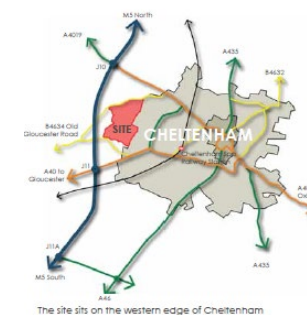
The Innovation Centre will be delivered by partners at GCHQ and will focus upon technology applications and commercialisation in the supply chain, knowledge transfer and intellectual property; with the creation of high value employment and companies with export potential. The Innovation Centre will build on the innovation trialling activities currently taking place in existing Cheltenham facilities, reflecting the position espoused by Matt Hancock, Minister for the Cabinet Office May 2016 when promoting the prospectus for the National Cyber Security Centre, that government is funding test labs where cyber start-ups can refine their prototypes and established players can scale-up their delivery. This will be delivered through £1.9bn government investment in cyber security over the next 5 years.

Whilst clearly only at conceptual stage there is a vision emerging of a practical tiered workspace that through effective site location and extensive glazing provides a modern, airy and inviting space. A destination that exudes attractiveness and acts as the honeypot to which other organisations and development will be drawn. Internally it will have workspaces of varying types and be supported by a lecture theatre, conference area and usual ancillary services (dining, meeting etc).

We seek £20 million capital to invest in accelerating access to the site for subsequent development on commercial terms. The land owners (Northern Trust and Barberry Cheltenham Ltd) are already in an active consortium engaged in discussions with the local planning authority. The unlocking of this 45ha employment site would allow for full exploitation of the planned and government funded GCHQ Innovation Centre.

The outputs would include existing and new companies supported in an environment based upon cyber and high-tech synergies, and cross County/cross LEP area fertilisation of ideas; thus creating new jobs growth and the potential for fledgling businesses to thrive in a high GVA growth environment. The unlocking of the west Cheltenham proposed employment site will also bring in the future

- housing (at least 500 units) as part of the wider development
- Skills development through established GCHQ links with local and regional higher education institutions (Uni of Gloucestershire, Warwick, Bristol, and UWE)
- A further impetus to address wider sub-regional transport challenges such as Junction 10 of the M5



Business Case - Cheltenham Cyber Park



Site location map showing proximity of West Cheltenham cyber business park (phase 1 in diagram) to GCHQ and junction 11

Demand

Cyber security is a rapidly expanding component of the wider technology sector, creating large market opportunities for new and existing companies to develop technologies, applications, products and services. Both the JCS and emerging Cheltenham Plan identify cyber security as a growth sector for Cheltenham, supporting the wider supply chain and economy of Gloucestershire. This is based upon the CBC commissioned research by Athey consulting (<http://www.mylocaleconomy.org/>) who carried out independent consultations with key business leaders/sectors and concluded that a strategic priority for CBC was to promote a cyber security business initiative/cluster. Gloucestershire's SEP prioritises (i) building on the County's economic strengths and (ii) promoting growth in high skill/knowledge/innovation sectors. This project meets both imperatives.

There is clearly an appetite, locally and nationally to exploit the capacity and potential of the knowledge base embodied in GCHQ and its supply chain. This was demonstrated unequivocally by the autumn 2015 statement by the Chancellor confirming that there will be a cyber innovation centre in Cheltenham, endorsed by the independent Athey report commissioned by CBC, and by support from the local MP.

A recent report for BIS reported that in Gloucestershire, GCHQ serves as both a magnet for cyber security suppliers wanting to sell their products and services, as well as a source of expertise that has gone on to set up cyber security businesses in the surrounding area. The likes of BAE Systems Detica and Cassidian both have a major presence in the area, but the cluster extends beyond the boundaries of Gloucestershire proper. (Competitive analysis of the UK cyber security sector- A study by Pierre Audoin Consultants for the Department for Business, Innovation and Skills, Version 1, July 29th, 2013).

Business Case - Cheltenham Cyber Park

The report further anticipates the cyber security market to grow from 2.7 billion to 3.4 billion by 2017. The share to Gloucestershire of this is crudely close to £210 million. The key growth areas are SME and consumer followed by large enterprises.

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/259500/bis-13-1231-competitive-analysis-of-the-uk-cyber-security-sector.pdf

An existing constraint for GCHQ is that its supply chain is forced to accept secondary accommodation both in terms of location and quality. Their ambition is to be able to grow that supply chain through agglomeration economies and West Cheltenham is the only site that meets GCHQ's requirements, and is recognised by the Joint Core Strategy (JCS) Inspector in her interim findings; viz. interim recommendation to bring forward 45 hectares for hi-tech employment land. The JCS is the strategic development plan for the three core district councils in this area – Cheltenham Borough Council (CBC), Tewkesbury Borough Council (TBC) and Gloucester City Council (GCC). There is a risk that if this proposal is not approved, the complexity and scale of the infrastructure investments needs will add time to the delivery of the west Cheltenham site. As a consequence GCHQ may be forced to locate the Innovation Centre (government funded) elsewhere i.e. to a much smaller site – with limited growth benefits to the wider economy. Further evidence to support the demand is reflected in letters of support from Worcestershire LEP, GCHQ and the developer consortium.

Rationale for intervention

As a funded government initiative, there is a clear commitment to the GCHQ innovation centre. Without a clear strategic land allocation to suitably connected local infrastructure, delivery remains a risk.

This bid will considerably improve the speed, ease and certainty of that delivery of this important project. GCHQ Innovation centre trials are already being undertaken locally to beta test concepts but in buildings and sites that may fall short of our predicted ambitions for growth in the cyber security innovation arena.

The GCHQ Innovation Centre will encourage both private sector start-ups and university spin-offs to operate on a level playing field with larger organisations with stronger financial credentials. There is a complementary proposal by the University of Gloucestershire.

We must seize the opportunity to create an environment that utilises the GCHQ Innovation Centre as a true catalyst for the County's and regions focus on cyber technologies.

The timing of the JCS and ability for West Cheltenham to be bought forward as hi-tech employment land is perfectly aligned with the National Cyber Security Centre / Innovation Centre commitments made by Government, and the timescale for this Growth Bid.

This is a once-only opportunity to transform this West Cheltenham employment land into a full cyber business park with first class accessibility and connectivity by securing the expedient delivery of government commitments to this important sector through the GCHQ Innovation Centre.

If this scheme was left entirely to market forces the level and nature of the employment land would be at risk (i.e. more housing / warehousing uses – huge loss of opportunity) along with the timing of delivery. There is a great transformational impact that can be achieved, however this will only be secured with grant funding in the short term.

Business Case - Cheltenham Cyber Park

Options appraisal

The options under consideration are limited given that the government commitment is to a cyber innovation centre specifically in Cheltenham. Providing certainty and accelerating delivery are important considerations.

On this basis the analysis of options has been linked to sites with long term growth potential. Cheltenham suffers from limited employment site opportunities so the only real options are those already being pursued through the JCS strategic land allocation process. This distils down to two key sites (i) NW Cheltenham or (ii) land at West Cheltenham at Fiddlers Green.

GCHQ through the JCS examination in public process have identified West Cheltenham as a preferred location of any future growth associated with cyber security. This is not surprising given the proximity to the existing GCHQ facility at Benhall.

The GCHQ Innovation Centre is funded directly by government, and the land at West Cheltenham is controlled by a commercial consortium. This bid will unlock the connectivity and timeline for that site to become available for development, given that the scale of this employment allocation could have ramifications for other SEP priorities such as J10 of the M5 (linked to a DfT Large Local Major Schemes Fund bid). The development consortium will deliver the infrastructure within the development site – this includes general access roads, utilities (including works to the Hayden Lane treatment works), and serviced plots – however, this particular location whilst ideal for GCHQ, given its proximity, is also likely to carry some super-normal infrastructure costs due to its location close to an existing congested part of the highway network along the A40 and M5 corridor, and anticipated demands for the early delivery of highways mitigation measures.

Strategic Growth

Gloucestershire's SEP prioritises (i) building on the County's economic strengths and (ii) promoting growth in high skill/knowledge/innovation sectors. This project meets both imperatives.

The delivery partners will be CBC, with its arm length delivery arm – the Development Task Force; they will focus upon delivery of the land, through the planning process and on-going negotiations with the consortium promoting the release of the strategic land at West Cheltenham. GCHQ along with its supply chain will lead the development of the innovation centre itself.

Whilst the strategic partners and supporters include

- GCHQ and their supply chain
- GFirst LEP
- land consortium consisting of Northern Trust (Severn Trent Water) and Barberry Cheltenham Ltd
- Alex Chalk MP
- CBC
- The JCS partners
- Cheltenham Chamber of Commerce
- Through GCHQ, University of Gloucestershire and other higher education institutions including Warwick, Bristol and UWE
- Gloucestershire County Council highways
- Worcestershire LEP

it is important to recognise that these include the strategic bodies that can assist with the delivery of this ambition through their roles in strategic and local planning, land ownership, funding support and highways modelling.

Letters of support provided by GCHQ, the land consortium and Worcestershire LEP.

Business Case - Cheltenham Cyber Park

Context: Local

The local context is driven by 4 significant factors

1. The LEP SEP setting out the nature of growth to be pursued and its location which can be distilled down to high GVA jobs growth on the M5 corridor
2. Central government commitment to fund a cyber innovation centre in Cheltenham
3. The JCS with its commitment to identify and deliver strategic land allocations up to 2031 across Cheltenham, Tewkesbury & Gloucester. West Cheltenham is one component of that wider plan.
4. Existing GFirst LEP funding commitments.

With the cyber innovation centre having already secured a funding commitment, our aim is to ensure not only that it is located to maximise the wider economic benefit, but also that its delivery is accelerated.

The GCHQ Innovation Centre will provide the environment for all organisations, irrespective of scale to benefit from the co-locating and agglomeration economies that we seek. The objective being to create a honeypot environment for these specialist industries that can benefit from the wider intellectual and commercial buzz created.

The site is targeted to deliver jobs in high growth industries, which could provide the single largest boost for the LEP SEP. If all 45 hectares deliver over the coming years, this could provide in excess of 10,000 jobs of a calibre similar to the c5,500 already employed at GCHQ. It is intended that this would be a platform to run as a Digital Catapult (see link <https://digital.catapult.org.uk>). The Innovation Centre will provide embryonic business opportunities around cyber and high tech specialisms, which may be incubated within the innovation centre within a survive and thrive environment through a significant network

of expertise and contacts to bolster business support.

GFirst LEP already have funding commitments through Growth Deal 1 & 2 to the growth hub network (an established £10m business support mechanism enjoying significant success with high growth SME's and start-ups, which would be readily available to the many businesses that will be attracted to West Cheltenham) and to cyber training (£3m for the implementation of a training and conference centre at Berkeley) and £2m for STEM centres (Science, Technology, Engineering & Maths centres at local colleges).

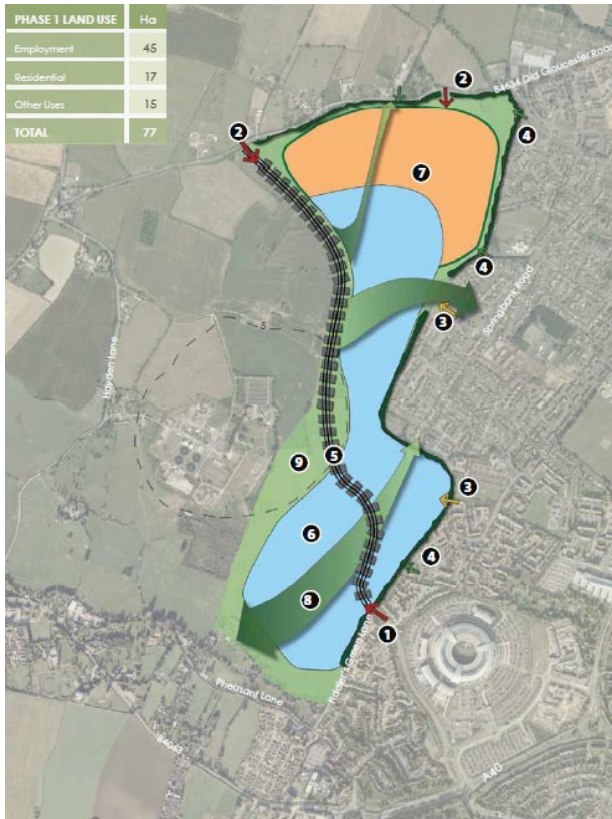
The release of land at West Cheltenham aims to provide 45 hectares of employment and at least 500 housing units in phase 1. Both contributing to local and national targets.

Other growth deal funding already agreed or being considered will assist in the wider context eg upgrades to Cheltenham Spa station given the importance of London connectivity; A40 Benhall bus lane which subject to traffic impact assessments may be a useful addition to bringing forward West Cheltenham.

The composite concept masterplan for West Cheltenham is noted below. It is worth recognising that this will be refined in light of the JCS inspectors positive interim comments, published late May 2016, and pre-application negotiations with CBC as planning authority and with GCC as the local highway authority but it is anticipated to deliver 45 hectares of employment land (shaded blue) and at least 500 homes (shaded orange) The potential link road may also assist with wider connectivity and network challenges.

The key points to note are the currently proposed connections to the existing highway network and from the proposal diagram above, the proximity to junction 11 of the M5.

Business Case - Cheltenham Cyber Park



- ACCESS**
- 1: Access from Fiddler's Green Lane roundabout
 - 2: Access off the B4634 Old Gloucester Road
 - 3: Potential bus only access points to encourage sustainable transport
 - 4: Foot/cycle access points to improve connectivity
 - 5: Primary route within an attractive landscape corridor and accommodating bus priority measures
- DEVELOPMENT**
- 6: New employment areas to deliver a technology park with many new job opportunities
 - 7: Development to provide a balance of uses promoting a strong degree of self-containment helping to minimise journey lengths
- LANDSCAPE**
- 8: Multi-functional green infrastructure with foot/cycle paths including ProWs, play areas, informal spaces and drainage features, a biodiversity area, and new and retained planting
 - 9: Landscape buffer between development and the sewage works to provide an offset and screening

Context : Regional / National

The release of employment land at West Cheltenham for a cyber business park, with the GCHQ Innovation Centre as a catalyst, provides significant scope for additional local, regional and national growth as sought by central government. A strategic land release with a focus on employment but with some ancillary housing use accords with the national context for promoting economic growth, by providing the environment for development to flourish.

Cyber security is a significant government priority and is a key strand in the wider national security agenda. GCHQ has for decades played a significant national defence role; one that has seemingly expanded in recent years with the fight against terrorism and the growing sophistication of terrorist attacks. The direct response to this has been the erection of a temporary 50,000ft² building at Benhall within the security perimeter.

This all links to the wider national security strategy promoted by central government with a corresponding development in London, along with an emerging re-alignment of the various strands of defence & intelligence. Cheltenham has a key strategic role to play in this context.

The next steps are to further expand and cross fertilise ideas and concepts with industry and academia to both create commercial opportunities but also promote innovation. This development is at the forefront of that campaign.

Business Case - Cheltenham Cyber Park

Outputs

For further discussion

Category	Description	Year 1	Year 2	Year 3	Year 4	Year 5
Jobs (direct)	Cyber business park including GCHQ supply chain & agglomeration.	540	960	1140	2400	2400
	[Cyber innovation centre	180	240	60	0	0]
Housing units		0	50	50	100	100
Business Starts		0	5			
Qualifications	Higher apprenticeships	36	60	60	120	120
Infrastructure/ Transport	Improved connectivity with existing highways network	x	x			
Land (in Ha)		3	5	5	10	10
Other						
Other						

The GCHQ Innovation Centre is clearly not a direct output of this proposal, but it is listed as critically it is the catalyst for the wider employment led growth on the 45 ha site. As an employment led scheme it is anticipated that the associated housing release (at least 500 units) will be timed after the release and delivery of the first phase of employment land, and assumed that it will run in parallel with further phases of employment land release. This approach will keep the focus upon the employment need and avoid the scheme securing a housing focus. The indirect output of construction jobs and qualifications is noted in outcomes below.

Outputs are anticipated to continue beyond year 5 as there would remain a further 12 hectares of employment land and 200 housing units to be brought forward. This may be accelerated by demand.

The funding will trigger the highways connectivity and junction upgrades that allow the employment land to be released in a timeframe that can capitalise upon the GCHQ Innovation Centre.

All outputs reflect the key tenets in the GFirst SEP viz. skills (massive opportunity for apprentice and higher level growth with an FE college within a mile radius); promotion (putting the skills of GCHQ and its supply chain on the map); and connection (utilising a 45 hectare site close to the motorway corridor).

Business Case - Cheltenham Cyber Park

Outcomes

Category	Description	Year 1	Year 2	Year 3	Year 4	Year 5
Jobs (indirect)	Construction	200	400	500	800	800
Housing units		0	50	50	100	100
Skills	Construction apprenticeships	20	40	50	80	80
Infrastructure	Potential wider network upgrade eg J10				x	
Land (in Ha)		3	5	5	10	10

The original investment is to accelerate the unlocking of the site through sustainable interventions with the transport network allowing the GCHQ backed cyber innovation centre to locate. Once established this will attract further investment directly through the land ownership consortium.

Once the business park gains traction and the cyber innovation centre as the anchor tenant is established, it is likely that the housing numbers will also be developed in parallel.

The number of jobs is based upon the following assumptions. c12,500ft² of net usable development per acre which on average usage would generate c100 jobs; this then translates to 240 jobs per hectare of land released. These numbers include direct and indirect jobs created through the honeypot / anchor role created by the Innovation, Incubation and Growth centres and associated partners such as Digital Catapult.

Higher apprenticeships are estimated at 5% of the total workforce but additionally the scale of construction activity creates significant social and economic benefit through apprenticeships linked to Gloucestershire College (less than a mile away), estimated at 10% of the engaged workforce.

Financial: Capital and Revenue

At this stage costs are estimated with input from GCC as strategic highways partner. The key is the full transport impact assessment for West Cheltenham, but this awaits release of the updated GCC SATURN model, anticipated summer 2016.

The site has not been assessed as part of the JCS traffic modelling undertaken to date as it is not currently included as a site for inclusion in the JCS by 2031. This position is anticipated to change, and the JCS anticipate including it in any modifications to the JCS plan including an additional strategic allocation. As a result it will be included within the next stage of the JCS traffic modelling and transport strategy development work later in 2016.

However, given the current capacity issues associated with Arle Court it would be prudent to assume that the release of 45 hectares of employment land and at least 500 housing units will create further stress for this junction and some form of intervention will be necessary. An assessment of mitigation measures will be required, to cover the area of influence affected by the development. It is likely that a package of measures will consider and possibly include:

- Improvements to Arle Court roundabout
- Arle Court park and ride
- Traffic management improvements including signals
- Cycle facility improvements
- Parking management in surrounding areas
- Public transport improvements in terms of service and infrastructure enhancements
- Potential contribution to the link road crossing the site as benefit will be much wider than purely site access
- Improvements to M5 Junction 10/11/11a. However it is recognised

Business Case - Cheltenham Cyber Park

that Gloucestershire County Council and GFirst LEP are producing a funding bid to submit to the Department for Transport's (DfT) Large Local Major Schemes Fund, seeking funding to develop a business case for an all movements Junction 10 on the M5.

At this stage the package of measures is unknown, but could be between £10-£30m. At this stage the middle of the range is assumed. No revenue expenditure anticipated with infrastructure.

Funding request for Growth Deal 3

We seek £20m to accelerate the unlocking of the potential of West Cheltenham. The release of 45 hectares is potentially the single largest employment land release for decades. The alignment of the JCS interim findings and Growth Deal 3 makes this ambition a reality.

The opportunity to generate over 10,000 new jobs in high GVA growth, hi-tech cyber industries will transform this area and have impacts far beyond the County boundary. It offers GFirst LEP an opportunity to deliver approximately 1/3 of its SEP jobs growth target through a single project, whilst unlocking the latent potential embodied in key assets such as GCHQ.

Financial: Capital and / or Revenue leveraged in to the project

The requested investment has the potential to lever in significant funding through a collaborative approach. The privately owned site which through the auspices of the JCS now has a positive planning status for 45 hectares of employment will be actively promoted by the land consortium that will leverage a minimum £50m private investment.

By securing already declared investment – the government backed GCHQ Innovation Centre (c£30m) – as the catalyst for the site, will attract further investment in buildings, plant, production and research facilities, and critically create massive employment opportunities, through the existing GCHQ supply chain and wider agglomeration economies associated with hi-tech specialisms.

Project viability with reduced funding

The delivery of the funded cyber innovation centre by partners at GCHQ will happen, however, if built in a location without expansion space for the GCHQ supply chain and associated organisations, then its development potential will be severely restricted. As a consequence it is likely that spin-off benefits such as skills development, intellectual property and new start-ups will be compromised.

The level of funding will also have an impact on the ability to impact the certainty and timing of delivery for this project that has benefits on the regional economy and national security. The project still may be deliverable but the benefits and speed of delivery may be diluted.

The inability to deliver the expansion space deemed necessary may well impact upon the longer term viability of GCHQ within Cheltenham. The original PFI project that delivered the Benhall “doughnut” reaches its 2/3 life soon and a critical factor will be the options moving forward for building upon that legacy. A failure to create an environment with growth potential will no doubt be a factor in any decision over the long term home of such facilities.

Business Case - Cheltenham Cyber Park

Sustainability

The infrastructure acceleration project requires no revenue funding beyond the resources of staff already allocated to deliver the growth and who are funded for the next 3 years by CBC.

Beyond that specific elements such as detailed planning applications will be dealt with and funded as usual. Any highways works will be subject to legally binding agreements with the County Council (and with Highways England if improvements works are required to the Strategic Road Network), bonded and conditioned in the normal way, such that the (Section 38 and 278) works only become adopted by the relevant highways authority once a defect and liability period has elapsed. Once adopted the highways authority will accept long term responsibility for the upkeep.

Once capacity is assessed and connectivity to the site delivered, future expansion will be determined by the demand for space by high tech and cyber industries. The pace of build-out will be managed by the development consortium but potentially incentivised by the additional housing allocation (at least 500 units) identified by the JCS inspector interim findings.

See Demand above - Competitive analysis of the UK cyber security sector- the cyber security market is anticipated to grow from £2.7billion to £3.4 billion by 2017. The share to Gloucestershire of this is crudely close to £210million.

Financial Summary

Key: C - Capital R - Revenue

	2017 /18		2018 /19		2019 /20		2020 /21		Total
	C	R	C	R	C	R	C	R	
Growth Deal 3	£1m	n/a	£2m	n/a	£12m	n/a	£5m0	n/a	£20m
Total Private match funding	£2m	0	£6m	0	£12m	0	£30m		£50m
Total other public funding	[£1m Innovation Centre]	0	[£12m Innovation Centre]	0	[£17m innovation centre]		0		£30m
Other									
Totals	£6m	0	£30m	0	£34m	0	£30m		£100m

Financial: Follow on investment

The purpose of any investment is to capitalise upon the 45ha release of employment land by utilising the already announced GCHQ government funded Innovation Centre, as the catalyst. The Innovation Centre is listed here purely for contextualisation, as it is separately funded; however it provides the attractor for the GCHQ supply chain within the wider 45 ha site. Unlocking the infrastructure in order to provide a home for the central government funded GCHQ cyber innovation centre would boost confidence in the market. As a result it would drive growth through agglomeration of the existing supply chain as well as entice new entrants to the market. This would be led by the private sector that in turn would no doubt pursue further growth as any phase 1 development progresses.

Business Case - Cheltenham Cyber Park

If supported there may be a much larger phase 2 release of c140 hectares, subject to JCS approval and the ability to relocate the Hayden sewerage works in the longer term.

Other investment that may well be triggered links to other strategic projects already under consideration such as an all-ways junction 10 of the M5, linked to a Department for Transport's (DfT) Large Local Major Schemes Fund bid.

Timeline

	Start	End
Refining Business Case	Q2 2016	Q2 2016
Project Planning & Development		
Due Diligence and LEP Board Approval	Q4 2016	Q2 2017
Capital Investment	Q1 2018	Q3 2019
Implementation / Delivery	Q1 2018	Q3 2019
Project Completed		

Risks

Risks Description	Owner	Probability	Impact	Mitigation
Failure to secure JCS strategic land allocation	CBC	Low as inspector has indicated support in her interim findings May 2016	Potential long delays through appeal process	On-going liaison with all parties and Councils. Timetable established for next stage of JCS adoption
Highway modelling outcomes demand greater interventions than anticipated	CBC / GCC	Unknown at this stage	Would require further modelling of options or cost creep	Work closely with partners at GCC to explore options
Failure to secure Growth Fund 3	CBC	Unknown at this stage	If land released will require major investment by consortium which will challenge viability	Work with LEP to provide appropriate and timely information
GCHQ change of strategy	GCHQ	Unlikely given autumn 2015 statement	Without the GCHQ catalyst it will be more difficult to deliver the wider cyber business park	Maintain dialogue with GCHQ and react accordingly
Land assembly and planning problems	Consortium	Assembly minimal as over 90% of land already in control of the consortium under an equalisation deal	Assembly negligible. Planning dialogue has already started and is moving towards formalised pre-application stage	CBC will continue to work with the consortium to maintain a tight delivery timetable potentially including a planning performance agreement
Inability to control odour from Severn Trent facility	Severn Trent	Early modelling identifies the cordon sanitaire as a historic legacy so very limited risk	Any failure to control the odour will reduce the site potential and capacity	Continue to work with the consortium and ST in particular over the odour modelling and impact

Business Case - Cheltenham Cyber Park

Procurement and State Aid

As promoter CBC will take legal advice concerning state aid through its usual channels. CBC and CDTF have extensive experience of delivery major infrastructure projects with third parties / external partners so clearly understand the issues relating to state aid. That said the working assumption is that the role of CBC and the funding being sought is to facilitate defined investment already agreed with GCHQ, which in turn acts as the catalyst for private sector investment through the land-owning consortium and GCHQ supply chain.

The objective of funding is to accelerate the delivery of the site for development by dealing with any abnormal or super costs associated with demands from Highways England (given proximity to M5) and GCC as the local highway authority.

Governance and delivery arrangements

The overall development of the site is a complex, multi-stranded and long term programme. It would need its own governance oversight arrangements. The specific components within this project would be led by CBC in respect of the site access works, in tandem with GCC; and GCHQ in respect of the cyber innovation centre. It is anticipated that a partnership board be established which would also include the development consortium and the key players such as GCHQ, GCC highways, the Highways Agency, LEP and commercial representation. Further linkages may be achieved with the complementary University of Gloucestershire bid.

The CBC team has extensive experience in delivering large infrastructure projects and working closely with GCC / Highways agency and other agencies / bodies. Establishing the appropriate project boards and installing strict programme and project management protocols are normal business practices.

Acronyms

CBC	Cheltenham Borough Council
CDTF	Cheltenham Development Task Force
DfT	Department for Transport
GCC	Gloucestershire County Council
GCHQ	Government Communications Head Quarters
Ha	hectare
JCS	Joint Core Strategy
LEP	Local Enterprise Partnership
R&D	Research and Development
SATURN	Simulation and Assignment of Traffic to Urban
Road Network	
SEP	Strategic Economic Plan
SME	Small and Medium Enterprises
STEM	Science, Technology, Engineering & Maths
UWE	University of the West of England

Appendices

Where there are appendices referenced but not included in this document, they are available on request from GFirst LEP.