

## **Policy Group – 18 May 2016**

### **Proposed Digital Hub Innovation Centre on Quadrant Site at Dorset Green**

#### **1. Purpose of report**

To consider proposals for a digital hub innovation centre at Dorset Green and agree capital budget and external funding requirements and actions.

#### **2. Key issues**

- 2.1 In February 2015, Council approved expenditure of £0.927m for the purchase of 6.2 hectares of land at Dorset Green and to progress with the development of workspace units as phase 1, in partnership with the County Council (Min 209.14/15). This project has been stalled by title issues which have now been resolved. The site is part of the designated Enterprise Zone commencing in April 2017.
- 2.2 A second phase of development is proposed for the partnership site to comprise a Digital Hub Innovation Centre with conference, meeting and catering facilities. The project is an unapproved capital programme item which is estimated to involve a projected £1.5m of Council funding towards a £7m project. The details of the scheme, in terms of concept design and costing, are being worked up by external consultants in consultation with businesses, officers of the District and County Councils and the Economy and Infrastructure Spokesperson and Deputy. It is anticipated that a draft agreed design and costing will be available for Council approval on 14 June 2016. An early agreement on the principles of the project and budgets is necessary to enable a bid to be made for Local Enterprise Partnership (LEP) Growth Deal funding by the end of June 2016 deadline and for bids to be made for funding support from the Magnox socio economic fund and the County Council's capital budget. All of the funding will need to be in place before the project can progress to the build phase which will be completed as concurrent contracts for build and fit out. An outline business case has been prepared and submitted to the LEP a copy of which is attached as **Appendix 1**.

#### **3. Recommendation**

Policy Group recommends a report be submitted to Council requesting:

- (1) Council approves the release of a budget of up to £1.5m, as per the unapproved capital programme, towards the funding of the Dorset Green Innovation Centre project once all of the match funding has been secured; and
- (2) In the event that all required funding is secured, Council authorises the Chief Executive to submit a planning application under Regulation 3 of the Town and Country Planning General regulations 1992 and to apply for any other necessary consents for the proposed Innovation Centre.

## 4. Policy issues

### 4.1 How will this affect the environment, social issues and the local economy?

This proposal would, if agreed, contribute to the corporate priorities of improving the local economy and infrastructure and of being an efficient and effective council.

### 4.2 Implications

#### 4.2.1 Resources

Consultants are currently working on draft designs and scheme budgets and it is hoped that these can be presented verbally to Policy Group at the meeting and be included in the report to Council on 22 June 2016. The approximate costs of the proposal are as follows:

<b>Expenditure</b>	<b>£m</b>
Construction of Innovation centre	5
Externals and services	1
Consultants' fees and consents	0.5
Contingency	0.5
<b>Total</b>	<b>£7m</b>

<b>Income</b>	<b>£m</b>
Purbeck District Council (unapproved capital item)	1.5
Dorset County Council (TBC)	1
Magnox Socio Economic Fund	1
LEP Growth Deal three	3
HCA	0.5
<b>Total</b>	<b>£7m</b>

Officers have carried out a range of financial modelling based on lowest case, best case and expected scenarios. These show that in the expected scenario, the proposal would develop a small surplus by year 20 after the investment. The details of the expected scenarios are in **Appendix 4**.

The following table summarises the potential deficit / surplus in the three modelled scenarios after 20 years for the development. The assumptions for these scenarios are set out in Appendix 3. This is based on net present values at 3.5% of present values and a partnership investment of £2.5m (external grant of £4.5m):

	Lowest	Expected	Best
Year 20 DCF	£-1.515m	£0.046m	£1.481m

## 4.2.2 Revenue implications

The revenue implication as are asset out at Appendix 4.

## 4.2.3 Equalities

No equalities issues have been identified at this time.

## 5. Further information

- 5.1 The proposal will form the hub of the recently announced Enterprise Zone at Dorset Green and form an iconic statement near the site's entrance focusing on promoting innovation and business growth, building on the site's advanced engineering strengths in marine, defence and energy. This project addresses the site's deficiencies in terms of high quality workspace and office space together with digital connectivity, conference, meeting rooms and catering facilities. The building concept is one with a shared reception, meeting and conference facilities for hire and accessible to the wider site users. Since the project was developed as a unapproved capital project, ultrafast broadband funding has been secured for the site and it is believed that the delivery of ultrafast to the site could be integrated with this project to create a digital hub and data centre providing terabit access to digital networks. The building will be staffed and have access to in house mentoring facilities.
- 5.2 The location of the building is as indicated on the attached plan (**Appendix 2**) close to the entrance to the site and adjacent to the entrance of the Atlas Elektronik building, on land soon to be jointly owned by the District and County Councils. Initial draft layout plans for the proposed development are attached as **Appendix 3** these will be developed and costed in more detail prior to Council considering the project on 14 June 2016.
- 5.3 The building will accommodate 160 jobs and over the twenty year period of the Enterprise Zone enable 400 spin out jobs to be created on site. The development would accommodate an estimated 25 new businesses at any one time. Over the planned 20 year life of the Enterprise Zone it is estimated that the proposal will facilitate the development of 80 new businesses many of which will develop on site either as supply chain or standalone technology based companies.
- 5.4 There is significant support from on site businesses for conference and meeting room facilities to accommodate up to 330 people with potential to subdivide into 3 smaller spaces. On site businesses have indicated that they would support the development of conference space which can also be used for staff training and for the extension of business led apprenticeship programmes.

## **Appendices:**

- 1 - Dorset Growth Deal - Outline Business case**
- 2 - Plan showing proposed Dorset Green Enterprise Zone**
- 3 – Initial draft layout plans**
- 4 - Net present value assessments**

For further information contact:-

Richard Wilson, Environmental Design Manager

### **DORSET GROWTH DEAL – OUTLINE BUSINESS CASE**

<b>Project Name:</b>	Dorset Green – Phase 2 –Digital Hub Innovation Centre,
<b>Lead Organisation:</b>	Purbeck District Council
<b>Date:</b>	28 <sup>th</sup> April 2016

#### **Executive Summary**

*Highlight key points, including important benefits and ROI*

An opportunity to develop an exemplar Digital Hub Innovation Centre at Dorset Green now presents itself that will stimulate regeneration that will increase jobs and enable housing growth in the locality subject to Local growth funding and the imminent partial review of the local plan. The facility will form the hub of the recently announced Enterprise Zone at Dorset Green and form an iconic statement near the sites entrance focusing on promoting innovation and business growth building on the site's advanced engineering strengths in marine, defence and energy.

Dorset Green is a 50 hectare (123 acre) strategic employment site, and is the second largest strategic site in Dorset and has been identified as a high priority for the Dorset Local Enterprise Partnership (LEP). The LEP priority focus is for intervention to unlock the site's significant potential following 8 years of neglect in the hands of a private operator who in 2014 went into liquidation. Notwithstanding the decline the site is host to two world class advanced engineering marine sector defence companies Atlas Elektronik and QinetiQ

In November 2015 the site was granted Enterprise Zone status which will come into effect on 1<sup>st</sup> April 2017. Since this announcement the Homes & Communities Agency (HCA) has commenced a programme of demolition to clear redundant predominantly 1950s office buildings from the site.

Additionally Superfast Dorset, the County's Broadband Partnership, has secured £4m of public funding to progress the installation of Ultrafast Broadband (100mb speeds and above) to strategic employment sites in the County including the EnterpriseZone at Dorset Green. Working with Superfast Dorset and Broadband Delivery UK (BDUK) to future proof the investment at the Enterprise Zone, it is proposed that the Innovation Centre should incorporate a Digital Hub and data centre. Through this innovative approach (which has previously been successfully implemented in Brighton) terabit connectivity for the site can be achieved in partnership with the private sector.

This project is the second phase of a three part project for which Growth Deal II (GDII) funding has been secured for phase 1. This project addresses the site's deficiencies in terms of high quality workspace and office space together with conference, meeting rooms and catering facilities in the location indicated on the attached plan. The building concept is one with a shared reception, meeting and

conference facilities lettable and accessible to the wider site users. The building will be staffed and have access to in house mentoring facilities. The project facility will be the subject of a tendering exercise to select an established managing agent and designed to accommodate their specific requirements, in the light of the sites potential as an advanced engineering centre of excellence and a Digital Hub.

The location of the building is as indicated on the attached plan in a location at the heart of the proposed Enterprise Zone site, adjacent to the entrance of the Atlas Elektronik building, on land soon to be jointly owned by the District and County Councils.

The building will accommodate 160 jobs and over the twenty year period of the Enterprise Zone enable 400 spin out indirect jobs to be created on site. The development would accommodate an estimated 25 new businesses at any one time. Over the planned 20 year life of the Enterprise Zone it is proposed that the building will facilitate the development of 80 new businesses many of which will develop on site either as supply chain or standalone technology based companies.

There is significant support from on site businesses for conference facilities to accommodate up to 330 people with potential to subdivide into 3 smaller spaces to accommodate alongside a arrange of smaller meeting spaces to accommodate the known needs of existing in situ companies. This will free up space in these companies to accommodate growth within these companies as well as forming a showcase opportunity for supply chain companies to identify on site opportunities for relocation. It is estimated that the facility will create a minimum of 40 indirect jobs and a further 10 new businesses. The conference facility will also be used for on site and new business staff training purposes and facilitate business led apprenticeship schemes to be further developed on site.

The value of a business cluster approach on the site will meet the objectives of the Strategic Economic Plan in skills and training development and also enable business to gain increased productivity resulting from synergies with other companies on the emerging occupied site.

#### Projected Budget and income sources

EXPENDITURE:- (awaiting consultants detailed breakdown)	
Build Cost	£5.0m
Externals and services	£1.0m
Consultants Fees & consents	£0.5m
Contingency	£0.5m
<b>Totals</b>	<b>£7m</b>

<b>INCOME</b>		
Purbeck District Council (14 Jun Council)	£1.5m	
Dorset County Council (TBC)	£1 m	
Magnox Socio Economic Fund	£1 m	
LEP Growth Deal three	£3.0m	
HCA (in principle)	£0.5 m	
<b>Total</b>	<b>£7m</b>	
<b>Outputs</b>		
Direct jobs	160	
Indirect jobs created (20 year lifetime of EZ)	400	
<b>Total</b>	<b>560</b>	
<b>New Business Creation</b>		
Accommodated	25	
Indirect (20 year lifetime of EZ)	80	
<b>Businesses</b>	<b>105</b>	

### Strategic Fit

*Reasons why project is being undertaken, how will the project enable the achievement of the strategic objectives as outlined in Dorset's Strategic Economic Plan*

Dorset Green is identified as a high priority project in the LEP's Strategic Economic Vision for Dorset - February 2016.

In particular:- In the overarching vision which states:-

*“ • Rural Dorset and the market towns will contribute to increasing competitiveness in Dorset and growth in the key sectors, particularly via the Dorset Enterprise Zone”*

Detailed vision as follows:-

*“Para 1.5 Our vision is for an economy with a productive, competitive, sustainable and resilient sector mix.*

*The sector mix in our economy will drive our future growth and increased productivity. We have a diverse sector mix, which has delivered past growth in the economy and will contribute to future growth. There are three types of sectors that are important to the future growth of our economy: Sectors which are already an important part of the economy and create high quality jobs: such as Advanced Manufacturing and Financial Services & Insurance. We will nurture these sectors, supporting both their growth and increasing competitiveness”*

*1.7 accessible to markets*

*Our vision is for high quality telecommunications connectivity across Dorset. We want to see broadband coverage to all homes and businesses in Dorset, ultrafast to key sites including Bournemouth Airport and Dorset Green, and pervasive state of the art mobile connectivity, allowing residents and businesses to work flexibly, and trade globally using the internet.*

*Our vision is for sufficient and suitable sites to be available to accommodate our growth. We want to maximise the potential of major strategic employment sites such as Bournemouth Airport, the Port of Poole and the Dorset Green Enterprise Zone. This means investing in the infrastructure to unlock these and other strategic sites and ensure sustainable travel and access to them.*

Designation of the Enterprise Zone (EZ) at Dorset Green has been a trigger for BDUK to allocate £2m of its Ultrafast budget for the south west to the 4 strategic employment sites in Dorset including Dorset Green for which match funding of £2m has been agreed by Dorset LEP.

It also supports planned Actions in the LEP Strategic Economic Vision as follows:-

• **Para 2.1 – A High Productivity Economy** - Support businesses to increase their R & D activity –

the Innovation centre focuses on delivering support to the research and development activity of Atlas Elektronik and QinetiQ and their supply chain businesses (letters of support provided with full project proposal)

**Para 2.2 – Affordable housing for the economically active population** – Encourage the allocation of affordable new housing in sustainable locations, through the local plans.

The evolving partial review of the Purbeck Local plan preferred options will be considered by Council on 10<sup>th</sup> May 2016 the recommendation is to consult on an additional 1000 dwellings in Wool (including a minimum of 400 affordable houses) based in part on the availability of high quality employment opportunities at Dorset Green nearby. The development of an innovation centre as the centrepiece of the new Enterprise Zone will be critical to the success of the EZ and vital to the sustainable allocation of houses in Wool (subject to detailed consultation through the local plan process).

### **2.3 A growing Business population**

*Unlocking the potential of the county's strategic employment sites, notably Bournemouth Airport and the Dorset Enterprise Zone. Ensure our Towns have a robust offer with the right mix.*

### **2.6 Accessible to markets**

*"support growth of the airport, Dorset Green And the Port of Poole*

### **2.7 Delivering growth across Dorset**

*"Support growth in the rural and urban areas"*



<b>Business Options</b> <i>analysis and reasoned recommendation against options</i>	
<b>Do nothing</b>	<p>This would involve allowing the private sector to lead on the future of the entire site of 40 hectare (50 hectares post decommissioning) of allocated employment land, through the HCA land sale/liquidation process. This would:-</p> <ul style="list-style-type: none"> <li>• Continue with poor use of the site in the short term</li> <li>• See an uncertain future for the provision of employment land and loss of a major inward investment opportunity</li> <li>• Adversely affect the retention of business and recruitment of staff for existing business now and in the foreseeable future, thus little or no training/ apprenticeship engagement with local businesses</li> </ul>
<b>Do the minimum</b>	<p>The minimum would involve the implementation of phase 1 (growth deal II) Acquire and service 6.2 hectares of strategic employment land this would:-</p> <ul style="list-style-type: none"> <li>• enable the public sector to have some control over the regeneration of (15%) of the site and</li> <li>• will provide vital jobs, and enterprise opportunities as well as enhancing confidence in the site for inward investors and existing businesses.</li> <li>• help PDC achieve its corporate objective of realising the potential of part of the Dorset Green site.</li> </ul> <p>But, phase 1 (GDII) project on its own will only be sufficient to restore confidence in the site. It will not allow a comprehensive commercial heart that is required for the development of a cluster in advanced engineering and centre of excellence in training</p>
<b>Do something</b>	<p>This option involves implementing phase 2 of the three phase scheme Phase 2, the do something option addresses the sites deficiencies in terms of high quality workspace and office space together with a Digital Hub, conference and catering facilities as indicated on the attached plan. It would</p> <ul style="list-style-type: none"> <li>• allow a comprehensive commercial heart that is required for the development of a cluster in advanced engineering and centre of excellence in training</li> <li>• provide a focus for the site's advanced engineering research and development future.</li> <li>• provide a strong foundation on which to base private sector investment for existing businesses (see letter of support and</li> <li>• help to facilitate the release of the remainder of the 40 hectare strategic employment site (see plan 1) for employment use.</li> <li>• Support the existing large engineering businesses by providing units for fledgling and spin out businesses that will support the supply chain</li> </ul>

	<ul style="list-style-type: none"> <li>• Build on the ethos of innovation in skills and productivity development through exemplar training and mentoring</li> <li>• Facilitate space for collaborative working between small businesses within the cluster</li> </ul>
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<b>Costs</b>			
<i>Summary of costs, taken from Project Plan</i>			
<b>Expenditure Item</b>		<b>Cost (£)</b>	
Build costs		5.0	
Externals and services		1.0m	
Fees & consents @ 10%		0.5m	
Contingency		0.5m	
<b>Total</b>		<b>7m</b>	

<b>Expected benefits</b>	
<i>Expressed in measurable terms against the situation as it exists prior to the project (baseline). Can be qualitative and quantitative. Should be aligned to LEP strategic priorities and should include tolerances</i>	
<ul style="list-style-type: none"> <li>• A flagship centre of excellence for advanced engineering start up, growth ready and research and development companies, capable of linking across the LEP area the urban hubs of Hurn Airport and Portland Port with rural Dorset</li> <li>• A state of the art innovation centre and Digital Hub providing 33 lettable units accommodating 160 jobs and allowing for 25 businesses (noting capacity for flexible occupation by merging or taking multiple units)</li> <li>• A state of the art innovation centre that is a prerequisite of a cluster approach for business to develop by raising employee productivity</li> <li>• A conference centre and catering facility providing for the needs of on site businesses, Dorset Police HQ (adjoining site) the MOD (Bovington Camp 1.5 km to the north of the site) and the local community for functions and events (letters of support are attached). This will replace the much valued facility closed and mothballed by ZBV (Winfrith) just prior to their going into receivership.</li> <li>• Investment of this nature will provide a focus for the site's advanced engineering research and development future. Together with the Digital Hub this will provide a strong foundation on which to base private sector investment for existing businesses and facilitate the release for employment purposes of the remainder of the site. This may involve the acquisition of the site with a dowry by the District and County Council in partnership with the LEP (if it agrees this approach and becomes an incorporated body) and is the subject to a further Growth Deal III submission.</li> </ul>	

<b>Expected dis-benefits</b>
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*Potential outcomes perceived as negative by one or more stakeholders, which would arise as actual consequences (not risks) of carrying out project*

No disbenefits that we are aware of. The project would not proceed without public sector support due to current viability considerations for innovation facilities.

### Investment Appraisal

*Compare aggregated benefits and dis-benefits to project costs using ROI measure*

N/A as there will be no ongoing disbenefits

### Timescale

*Length of project and major milestones to completion. Include period over which benefits will be realised*

**Total length of project:** Planned life of facility 50 years – Discounted cash flow information attached for first 20 years.

Milestone activity:	Completed by:
EOI for growth deal III funding	28 <sup>th</sup> August 2015
Report to PDC Policy Group and Council to formalise match funding support	18 May 2016 & 14 June 2016 Council
Concept design and costing scheme	May 2016
Secure DCC agreement to partnership project and budget	Mar 2017
Approval of Magnox Socio Economic fund for project	April 2017
Confirmation of LEP funding GDIII	Nov 2016
Tendering for Innovation Centre managing agent	Dec 2016
Appointment of consultants for design and implementation of scheme – concept scheme revised in light of requirements of managing agents	Apr 2017
Planning consent for innovation facility	Jun 2017
Completion of build on site	Aug 2018

<b>Major risks</b> <i>Summary of key risks, including indication of likelihood and impact of each risk</i>									
Description of risk	Initial risk			Description of likely impact and consequences if risk occurs	Risk response(s)	Risk following response			Current status
	Prob.	Impact	Score			Prob	Impact	Score	
LEP gap funding for the scheme Phase 2 is not forthcoming and timetable and timescale slips	3	5	15	The risk of not securing funding will prevent the innovation project from proceeding this year, it will add to uncertainty in terms of possible sale to private sector partner for HCA	Resubmit GDIII with additional feasibility work	1	5	5	Awaiting project appraisal by the LEP in the light of other priorities
Build costs exceeds budget	3	2	6	At this pre feasibility design stage - risk	Construction works will be	1	2	2	Until there is reasonable

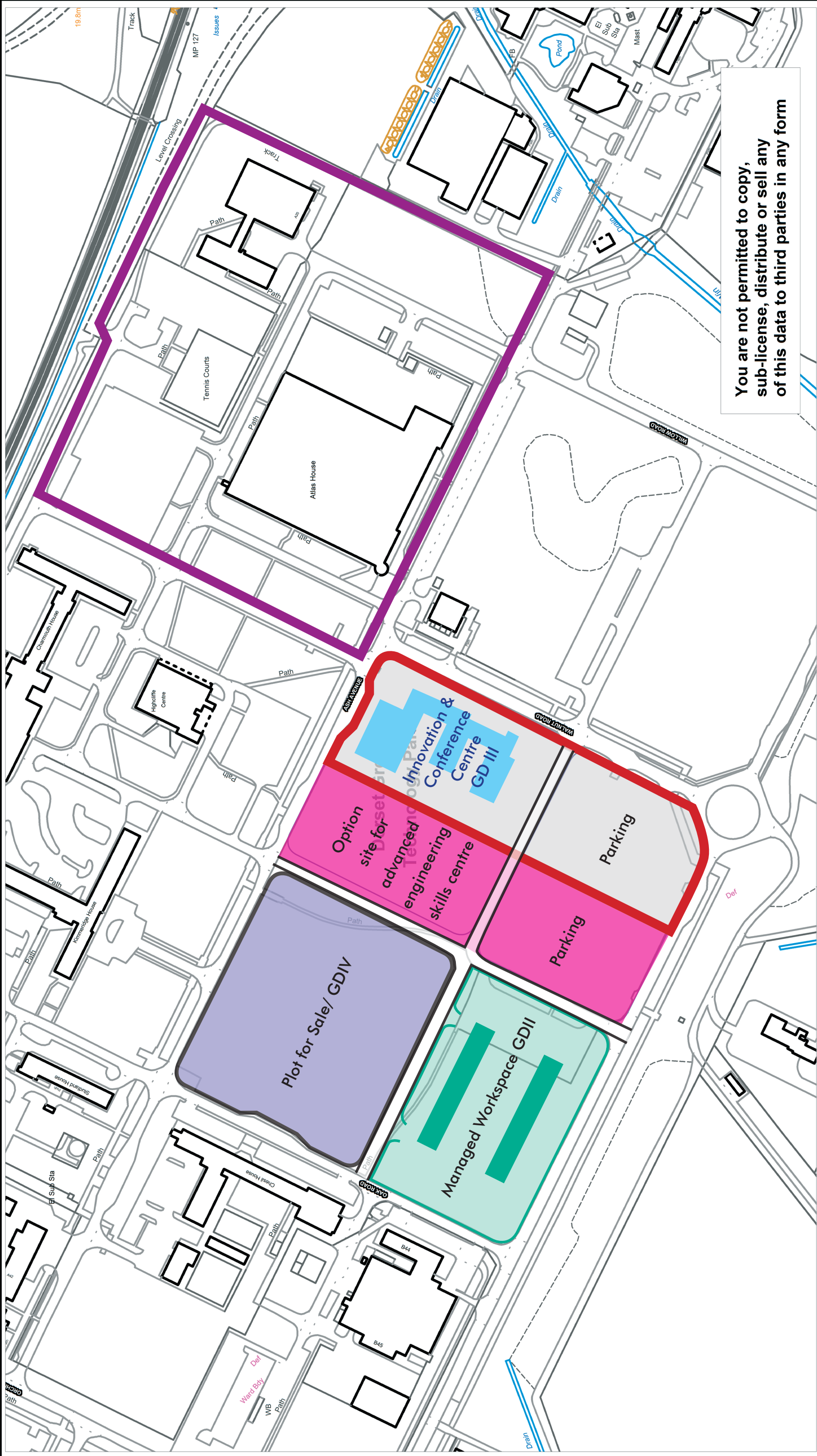
				medium. A comparable facility was recently constructed on the Daedalus Enterprise Zone for a £5m budget although that facility had no conference suite.	competitively tendered and suitable contingency will be incorporated. In the event that budget is exceeded the project will be value engineered down and/or additional partners will be sought including Dorset County Council and the private sector				prospect of this project being funded it will be difficult to justify expending significant resources on feasibility work.
Unable to secure match funding from Dorset County Council	2	4	4	Discussions have taken place with officers throughout the process including match funding the feasibility work	Alternative partners will be sought including on site businesses who would value the conference and catering facilities provided				Officers awaiting feasibility study outputs before making a report to DCC cabinet
Unable to secure match funding from HCA	2	4	4	Discussions have taken place with HCA throughout the process they see a clear benefit in providing an	Alternative partners will be sought including on site businesses who would value the conference				Officers awaiting feasibility study outputs and costings

				innovation centre and digital hub on the site. Additionally it will increase revenue to assist in site security / management costs	and catering facilities provided				before formalising the request for match funding
Unable to secure all Magnox funding	2	4	8	Discussions with Magnox have agreed feasibility funding and the project is a good fit with its strategic plans and the outputs represent good value. The greatest risk is not being able to secure all of the funding sought, due to unknown other priorities they may have	Alternative partners will be sought including on site businesses who would value the conference and catering facilities provided.	1	4	4	Officers will be in continuing dialogue with Magnox in order to progress this grant funding, emphasising the role of the site in being the first decommissioned site in the country

**Guidance on completing Major Risks:**

- ✓ Impact and probability ("prob") to be recorded on a scale of 1-5, where 5 is high.
- ✓ The risk score is calculated by multiplying the risk probability ("prob") and the risk impact.
- ✓ Highlight the current status of the risk - "active" or "closed".





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Scale 1:XXXX  
Ref:

Purbeck District Council

Thriving communities in balance  
with the natural environment



Dorset Green  
Partnership Site

For Identification Purposes Only









INNOVATION, CONFERENCE AND CATERING CENTRE  
Sensitivity: Best INNOVATION CENTRE Revenue  
Discounted cashflow for Innovation Facilities - Phase 2 Dorset Green DCF

Land investment & sales		Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
Time	Year 1 18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34	34/35	35/36	36/37	37/38
Investment PDC/DCC																				
Site based service charge		-26904	-26904	-26904	-26904	-26904	-26904	-26904	-26904	-26904	-26904	-26904	-26904	-26904	-26904	-26904	-26904	-26904	-26904	-26904
Sinking fund					-10000	-10000	-10000	-10000	-10000	-10000	-10000	-10000	-10000	-10000	-10000	-10000	-10000	-10000	-10000	-10000
Operational costs		-200,000	-200,000	-200,000	-200,000	-200,000	-200,000	-200,000	-200,000	-200,000	-200,000	-200,000	-200,000	-200,000	-200,000	-200,000	-200,000	-200,000	-200,000	-200,000
empty business rates							-12,000	-12,000	-12,000	-12,000	-12,000	-12,000	-12,000	-12,000	-12,000	-12,000	-12,000	-12,000	-12,000	-12,000
sub total investment	-2,500,000	-226,904	-226,904	-226,904	-236,904	-236,904	-248,904	-248,904	-248,904	-248,904	-248,904	-248,904	-248,904	-248,904	-248,904	-248,904	-248,904	-248,904	-248,904	-248,904

Rental income office and workspace		173,478	£ 289,130																	
Rental income café		10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Rental income conference																				
@20%/30%/60% occupancy																				
net receipts		27,000	36000	45000	45000	45000	45000	45000	45000	45000	45000	45000	45000	45000	45000	45000	45000	45000	45000	45000
PV factor @3.5%	1	0.96618357	0.9335107	0.90194271	0.871442	0.8419732	0.813501	0.785991	0.75941	0.733731	0.708919	0.684946	0.661783	0.6394042	0.6177818	0.596891	0.576706	0.557204	0.538361	0.52016
Discounted cash flow		-2,500,000	-15,871	101,030	314,354	295,009	285,033	265,632	256,650	247,971	239,585	231,483	223,655	216,092	208,785	201,724	194,903	188,312	181,944	175,791
Net present value (NPV)		£1,481,929																		

Assumptions

Project cost £6m of which £3m funded by GDIII and £1.0m funded by NDA balance £2.5 payable by PDC and DCC

Site service charge @ £1.00 per sq ft per annum

Conference and meeting space 30% yr 1, 40% yr 2, 50% yr 3 and thereafter

Business space yr1 occupancy @ 30% yr 2 occupancy @ 50% occupancy thereafter at 90% occupancy

Operational costs including staffing, cleaning, heating lighting and electricity - flat fee £200,000 per annum

Fully inclusive rentals at £20 per sq ft workspace, £35 per sq ft office, based on Daedalus, Fareham rentals now 100% occuoied with waiting list.

Lettable floor space 13,000 sq ft office 6,163 sq ft workspace

Discount Factor @3.5% 0.96618357

Best rental income	
13000sq ft @ £35 per sq ft	455000
6163sq ft @ £20 per sq ft	123260
Total @100%	578260
Total @ 90%	520434
Total @85%	491521
Total @80%	462608
Total at 50 %	289130
Total at 30 %	173478
Total at 20%	115652

net receipts

Mgmt profit @15%

30665.6	130482.59	259651.092	259651.5	259651.49	243651.5	243651.5	243651.5	243651.49	243651.5	243651.5	243651.5	243651.5	243651.5	243651.5	243651.5	243651.5	243651.5	243651.5	243651.5	243651
-4600	-19572	-38948	-38948	-38948	-38948	-36548	-36548	-36548	-36548	-36548	-36548	-36548	-36548	-36548	-36548	-36548	-36548	-36548	-36548	-36548

Conference facility & meeting rooms

Total @100%	£90,000
Total @ 90%	£81,000
Total @80%	£72,000
Total at 50 %	£45,000
Total @ 40%	£36,000
Total at 30 %	£27,000
Total at 20%	£18,000

Discount factor 3.5%

1	0.96618357	0.9335107	0.90194271	0.871442	0.8419732	0.813501	0.785991	0.75941	0.733731	0.708919	0.684946	0.661783	0.6394042	0.6177818	0.596891	0.576706	0.557204	0.538361	0.52016
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INNOVATION, CONFERENCE AND CATERING CENTRE  
Sensitivity: Low Income Scenario DCF  
Discounted cashflow for Innovation Facilities - Phase 2 Dorset Green DCF

Land investment & sales

Time	Year 1 18/19	Year 2 19/20	Year 3 20/21	Year 4 21/22	Year 5 22/23	Year 6 23/24	Year 7 24/25	Year 8 25/26	Year 9 26/27	Year 10 27/28	Year 11 28/29	Year 12 29/30	Year 13 30/31	Year 14 31/32	Year 15 32/33	Year 16 33/34	Year 17 34/35	Year 18 35/36	Year 19 36/37	Year 20 37/38
Investment PDC/DCC	-2,500,000																			
Site based service charge		-25000	-25000	-25000	-25000	-25000	-25000	-25000	-25000	-25000	-25000	-25000	-25000	-25000	-25000	-25000	-25000	-25000	-25000	-25000
Sinking fund					-10000	-10000	-10000	-10000	-10000	-10000	-10000	-10000	-10000	-10000	-10000	-10000	-10000	-10000	-10000	-10000
Operational costs		-250,000	-250,000	-250,000	-250,000	-250,000	-250,000	-250,000	-250,000	-250,000	-250,000	-250,000	-250,000	-250,000	-250,000	-250,000	-250,000	-250,000	-250,000	-250,000
empty business rates							-16,000	-16,000	-16,000	-16,000	-16,000	-16,000	-16,000	-16,000	-16,000	-16,000	-16,000	-16,000	-16,000	-16,000
sub total investment	-2,500,000	-275,000	-275,000	-275,000	-285,000	-285,000	-301,000	-301,000	-301,000	-301,000	-301,000	-301,000	-301,000	-301,000	-301,000	-301,000	-301,000	-301,000	-301,000	-301,000

Rental income office and workspace		87,186	217967	348,747	348,747	348,747	348,747	348,747	348,747	348,747	348,747	348,747	348,747	348,747	348,747	348,747	348,747	348,747	348,747	348,747
Rental income café		10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
income conference @20%/30%/60% occupancy																				
net receipts	-2,500,000	-159,814	-20,033	119,747	109,747	109,747	93,747	93,747	93,747	93,747	93,747	93,747	93,747	93,747	93,747	93,747	93,747	93,747	93,747	93,747
PV factor @3.5%	1	0.9661836	0.9335107	0.90194271	0.871442	0.8419732	0.813501	0.785991	0.75941	0.733731	0.708919	0.684946	0.661783	0.6394042	0.6177818	0.596891	0.576706	0.557204	0.538361	0.52016
Discounted cash flow	-2,500,000	-154,410	-18,701	108,005	95,638	92,404	76,263	73,684	71,193	68,785	66,459	64,212	62,040	59,942	57,915	55,957	54,064	52,236	50,470	48,763
Net present value (NPV)	-£1,515,080																			

Assumptions

Lettable floor space 13,000 sq ft office 6,163 sq ft workspace  
Project cost £6m of which £3m funded by GDIII and £1.0m funded by NDA balance £2.5 payable by PDC and DCC  
Site service charge @ £1.20 per sq ft per annum  
Conference and meeting space at £20 per s ft per annum - 20% yr 1, 30% yr 2, 40% yr 3 and thereafter (as per exepcted scenario)  
Business space yr1 occupancy @ 20% yr 2 occupancy @ 50% occupancy thereafter at 80%  
Operational costs including staffing, cleaning, heating lighting and electricity - flat fee £250,000 per annum  
Fully inclusive rentals at £18 per sq ft workspace, £25 per sq ft office.  
Business rates based on £80,000 occupied business rates payable (NB bno charge for first five years of initial unit occupation based on Enterprise Zone discount  
Discount Factor @3.5%  
0.9661836

Business units income	
13000sq ft @ £25 per sq ft	325000
6163sq ft @ £18 per sq ft	110934
Total @100%	435934
Total @ 90%	392340.6
Total @80%	348747.2
Total at 50 %	217967
Total at 30 %	130780.2
Total at 20%	87186.8

Conference facility & meeting rooms

Total @100%	£90,000
Total @ 90%	£81,000
Total @80%	£72,000
Total at 50 %	£45,000
Total @ 40%	£36,000
Total at 30 %	£27,000
Total at 20%	£18,000

INNOVATION, CONFERENCE AND CATERING CENTRE - DCF EXPECTED  
Sensitivity: Expected INNOVATION CENTRE Revenue  
Discounted cashflow for Innovation Facilities - Phase 2 Dorset Green DCF

Land investment & sales

Time	Year 1 18/19	Year 2 19/20	Year 3 20/21	Year 4 21/22	Year 5 22/23	Year 6 23/24	Year 7 24/25	Year 8 25/26	Year 9 26/27	Year 10 27/28	Year 11 28/29	Year 12 29/30	Year 13 30/31	Year 14 31/32	Year 15 32/33	Year 16 33/34	Year 17 34/35	Year 18 35/36	Year 19 36/37	Year 20 37/38
Investment PDC/DCC	-2,500,000																			
Site based service charge		-32285	-32285	-32285	-32285	-32285	-32285	-32285	-32285	-32285	-32285	-32285	-32285	-32285	-32285	-32285	-32285	-32285	-32285	-32285
Sinking fund		-32285	-32285	-32285	-32285	-32285	-32285	-32285	-32285	-32285	-32285	-32285	-32285	-32285	-32285	-32285	-32285	-32285	-32285	-32285
Operational costs		-225,000	-225,000	-225,000	-225,000	-225,000	-225,000	-225,000	-225,000	-225,000	-225,000	-225,000	-225,000	-225,000	-225,000	-225,000	-225,000	-225,000	-225,000	-225,000
empty business rates							-12,000	-12,000	-12,000	-12,000	-12,000	-12,000	-12,000	-12,000	-12,000	-12,000	-12,000	-12,000	-12,000	-12,000
sub total investment	-2,500,000	-257,285	-257,285	-257,285	-267,285	-267,285	-279,285	-279,285	-279,285	-279,285	-279,285	-279,285	-279,285	-279,285	-279,285	-279,285	-279,285	-279,285	-279,285	-279,285

Rental income office and workspace		104,019	260,049	442,082	442,082	442,082	442,082	442,082	442,082	442,082	442,082	442,082	442,082	442,082	442,082	442,082	442,082	442,082	442,082	442,082
Rental income café		10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000

income conference @20%/30%/60% occupancy																				
		27,000	36000	45000	45000	45000	45000	45000	45000	45000	45000	45000	45000	45000	45000	45000	45000	45000	45000	45000
net receipts	-2,500,000	-116,266	48,764	239,797	229,797	229,797	217,797	217,797	217,797	217,797	217,797	217,797	217,797	217,797	217,797	217,797	217,797	217,797	217,797	217,797
PV factor @3.5%	1	0.9661836	0.9335107	0.90194271	0.871442	0.8419732	0.813501	0.785991	0.75941	0.733731	0.708919	0.684946	0.661783	0.6394042	0.6177818	0.596891	0.576706	0.557204	0.538361	0.52016
Discounted cash flow	-2,500,000	-112,334	45,522	216,283	200,255	193,483	177,178	171,187	165,398	159,805	154,401	149,179	144,135	139,260	134,551	130,001	125,605	121,357	117,254	113,288
Net present value (NPV)	£45,808																			

Assumptions

Lettable floor space 13,000 sq ft office 6,163 sq ft workspace  
Project cost £6m of which £3m funded by GDIII and £1.0m funded by NDA balance £2.5 payable by PDC and DCC  
Site service charge @ £1.20 per sq ft per annum  
Conference and meeting space @ £20 per sf ft per annum 30% yr 1, 40% yr 2, 50% yr 3 and thereafter  
business space yr1 occupancy @ 20% yr 2 occupancy @ 50% occupancy thereafter at 85%  
Operational costs including staffing, cleaning, heating lighting and electricity - flat fee £225,000 per annum  
Fully inclusive rentals at £31 per sq ft office, £19 per sq ft workspace based on Daedalus rentals

Discount Factor @3.5% 0.9661836

Business units income	
13000sq ft @ £31 per sq ft	403000
6163sq ft @ £19 per sq ft	117097
Total @100%	£ 520,097
Total @ 90%	£ 468,087
Total @ 85%	£ 442,082
Total @80%	£ 416,078
Total at 50 %	£ 260,049
Total at 30 %	£ 156,029
Total at 20%	£ 104,019

net receipts

Mgmt profit @15%

30665.6	130482.59	259651.092	259651.5	259651.49	243651.5	243651.49	243651.49	243651.49	243651.49	243651.5	243651.5	243651.5	243651.5	243651.5	243651.5	243651.5	243651.5	243651.5	243651.5	243651
-4600	-19572	-38948	-38948	-38948	-36548	-36548	-36548	-36548	-36548	-36548	-36548	-36548	-36548	-36548	-36548	-36548	-36548	-36548	-36548	-36548

Conference facility & meeting rooms

Total @100%	£90,000
Total @ 90%	£81,000
Total @80%	£72,000
Total at 50 %	£45,000
Total @ 40%	£36,000
Total at 30 %	£27,000
Total at 20%	£18,000

Discount factor 3.5%

1	0.9661836	0.9335107	0.90194271	0.871442	0.8419732	0.813501	0.785991	0.75941	0.733731	0.708919	0.684946	0.661783	0.6394042	0.6177818	0.596891	0.576706	0.557204	0.538361	0.52016
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