CENTRAL RESEARCH LABORATORY BRIGHTON

FULL BUSINESS CASE

OCT 2014

cathedral

part of the Development Securities Group

University of Brighton

Brighton & Hove City Council

CONTENTS

APPENDICES

1. EXECUTIVE SUMMARY

Vision for the Central Research Laboratory (CRL)

Brighton has already made its mark on the world stage as a hub of creative talent. Increasingly, it is also being seen as a great place to start and grow a business. The CRL's goal is to help cement Brighton's position as one of the best places in the world to be an entrepreneur and an inventor.

If we are to achieve that goal, Brighton needs to continue on the path of innovation that is has been on for the past decade. The City has successfully supported the development of the Creative, Digital and Information Technology (CDIT) sector. But there are still opportunities for growth. Brighton needs to support not only those entrepreneurs dealing with digital products and services, but also those making physical products.

This group is diverse – ranging from artisan crafts to complex electronics – but 'makers' of all shapes and sizes need certain types of support:

Space + Prototyping Technologies

They need space in which to design, experiment and prototype. Sometimes that space is just a quiet office or studio, sometimes it's a messy workshop and sometimes it's a sophisticated prototyping lab. At present, nowhere in Brighton provides entrepreneurial makers, engineers and product designers with that diversity of workspaces.

The CRL will fill that gap, providing diverse workspace for a wide range of creative businesses, all with access to a shared prototyping lab. This space will be spread across a 50,000 sqft. campus at the heart of the Preston Barracks site.

Business Support + Investment

Workspace and facilities alone, however, will not unlock the potential of Brighton's maker-entrepreneurs. They also need a wider offer of business support.

For the most inexperienced that support will come in the form of one-to-one mentoring. For others it might be technical advice on specific issues, like intellectual property and R&D tax credits. The CRL will create a neighborhood of support through partnerships with professional services firms and a network of mentors, which will provide access to this wide variety of expertise. This is in addition to running our on-site Pitch School; an in-depth programme of support targeted at helping entrepreneurs understand how to present their business plans to investors.

Even with the right workspace and expertise in place, access to finance is still one of the biggest barriers to growth. For that reason, the CRL will act as a match making service; helping entrepreneurs and investors (be they banks, business angels or venture funds) find one another. Moreover, as the CRL community grows, we will aim to leverage the profile and attractiveness of our user-base to establish a CRL-specific investment fund.

Networking + Community

The glue that holds all of this together is the community of like-minded people, organisations and businesses that we will start to cultivate from day one. In addition to the benefits that CRL users will derive from space, technology, support and investment, a huge amount of the value the CRL will add will be derived from membership of this community. The City of Brighton & Hove thrives on the free exchange of ideas between creatives, innovators and inventors; the CRL's goal is to increase the number of those exchanges and help focus them towards the goal of business growth and job creation.

Strategic Alignment with the C2C SEP

The design of the CRL project aligns perfectly with the Coast to Capital LEP's Strategic Economic Plan. We both aim to deliver jobs. We both recognise the need for improved and more diverse workspaces. We both want to see Brighton's small business community thrive.

Specifically, we project that over the first ten years of the CRL's operation, our joint investment will deliver:

- 4,645m² of employment space, targeted at industries in which Brighton has a competitive advantage
- 854 real, new jobs
- £112.6m in additional economic output

Together, we can make a real impact.

Our investment

To make our vision for the CRL a reality, we require a contribution from the LEP of £7.7m.

Commercially Sensitive Information

The investment required, and key cost areas are summarised in the table below:

Commercially Sensitive Information

We believe that the funding requested from the LEP all constitutes investment in the creation of the capital assets of the CRL.

Commercially Sensitive Information

Catalysing the transformation of Preston Barracks

In order to understand the real impact of the CRL project, it is necessary to view it in context. Projects like the CRL are required if sites like Preston Barracks are to become vibrant, exciting places to live and work. They have that special ability to spark the growth of a vibrant and creative community that people want to be a part of.

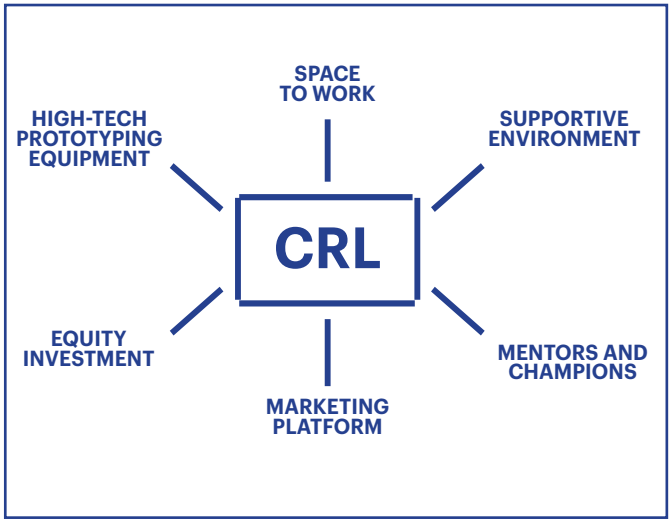
Ultimately, that is what regeneration is about - not filling spaces with buildings or facilities, but bringing them to life as places, rich with culture, community and opportunity.

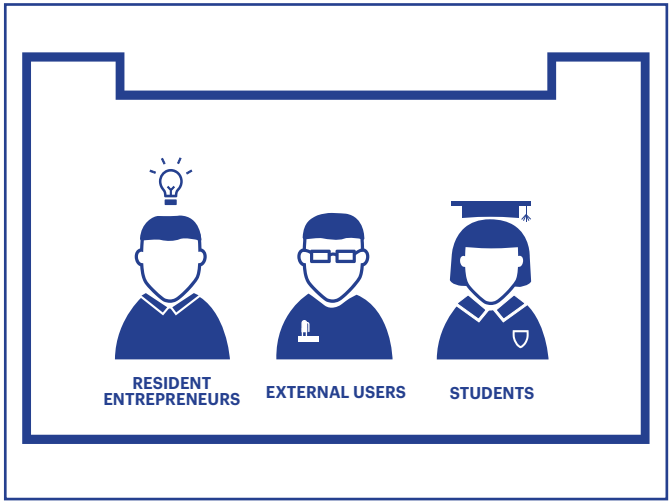
The CRL, therefore, is not a standalone enterprise, but the cornerstone of our investment in the regeneration of Preston Barracks.

Given its location at the heart of a major university campus, one of the key communities will be students and staff of the University of Brighton. We are exploring ways in which they can be an integral part of the CRL development. One proposition actively being pursued is to house The Institute for Developing Enterprise (TIDE) within both the pilot and final stages of the CRL.

The university has prepared a business case for this proposal and is in the process of securing funding. Further details are provided in Appendix 9, however the key aim of the institute is to link student projects and enterprise to the CRL's resident businesses, the soon to be established Automotive Engineering Centre and to the work the university does in the CDIT sector. Both CRL and TIDE will also benefit from their proximity to the Brighton Business School.

Together, the University of Brighton and Cathedral Group are transforming the area, creating 350 new homes, over 1000 student bedrooms and [redacted] of high quality retail space. So whilst we are asking for a £7.7m contribution from the LEP to part-fund the [redacted] cost of the CRL, this should be seen in light of the £150m scheme of which this investment is a key part.





2. STRATEGIC CASE

2.1. Business Need

What problem are we solving & what is the gap in the market?

The CRL Brighton project is responding to a very real need in the city. That is, the need for workspace, technical infrastructure and business support tailored to the needs of individuals and businesses designing and making physical products.

To date, Brighton's entrepreneurship ecosystem has primarily focused on offering low-cost flexible workspace, facilitating networking between start-ups and providing general business and skills training. Organizations such as Wired Sussex and facilities like The Skiff, The Werks and Workflow Studios are increasingly meeting the needs of the city's entrepreneurs and, in doing so, are supporting job creation.

A particular success, extensively documented by The Brighton Fuse research project, has been in facilitating the interaction of 'fused' businesses; those that involve creative, digital and technological practices, rather than sitting within one discipline.

Examples of fused business might include software developers, computer game designers and advertising agencies. Yet despite this promising outlook, there is a gap in the current market, one that the CRL will bridge.

Currently, Brighton lacks facilities that systematically meet the needs of companies that design and make physical products. The CRL will ensure that makers of all shapes and sizes are provided with the workspace, business support, equipment and community they need in order to grow successful businesses and create jobs. In doing so, the CRL will help to bridge the gap between makers and the marketplace. In short, that is our vision.

Market failures

The experience of Brighton is, unfortunately, not a unique one. Across the country, entrepreneurial makers are underserved by workspace providers and the potential of these businesses goes unrealised. This constitutes a market failure, created by the perception that hardware businesses represent a disproportionately high-risk investment.

The perception is that they are inherently prone to long, pre-revenue gestation periods and have a greater chance of failing due to the issues of managing complex supply chains and dealing with overseas manufacturers. Whilst it is true that hardware businesses can be more difficult to get off the ground, much of this is not an inherent problem, but rather a product of the lack of facilities and support available for these types of businesses.

During the course of our research we have engaged with and visited the world's leading providers of workspace and business support to young, hardware-focused businesses. Their insights, along with an increasingly large body of research, suggest that in order to support the growth of creative, hardware businesses, we need to increase access to the following:

i. Workspace: Hardware companies have different requirements when it comes to workspace. Whilst they can easily work side-by-side with software and services businesses, landlords and workspace managers need to offer them the flexibility and diversity of workspaces that their working practices demand.

ii. Digital manufacturing equipment: The new generation of 3D Printers, laser cutters, CNC machines and robotically controlled tools enable entrepreneurs to design and prototype their products quicker than ever. This reduces the cost of R&D, reduces risk for investors and leads to more innovative and ultimately more commercially successful hardware businesses.

iii. Investment and training: Some of the most innovative, high potential hardware businesses struggle to articulate their proposition in a compelling way and reassure investors that their money is in safe hands. More hardware-focused investment funds are required and more training is required to help get maker entrepreneurs ready to pitch and ready to grow when they receive investment.

The model we have developed for the CRL over the past 18 months is designed to bridge the gaps in current market provision by providing workspace, training, access to finance and digital manufacturing equipment under one roof. Having flexible, affordable access to these services and facilities can go a long way to rectifying the market failures that undervalue and underutilise the potential of entrepreneurial makers. Correcting this failure in Brighton has the potential to unlock growth and jobs.

A list of relevant facilities, organizations and individuals we have engaged with during the course of researching the CRL program and this specific intervention in Brighton is provided at Appendix 1. The appendix also details the market research exercises we have undertaken and the experts engaged in the project.

Strategic alignment of the CRL project with the C2C Strategic Economic Plan

The design of the CRL project aligns very closely with the Coast to Capital (C2C) Local Enterprise Partnership's (LEP) Strategic Economic Plan (SEP). In particular, the plan stresses the importance of improving provision in five key areas that the CRL will directly address:

1. Improving the range and quality of business premises
2. Delivering comprehensive business support utilising services from the public, private and third sectors
3. Creating 2000 new jobs and 15,000 m2 of employment space by backing investment and development in areas of competitive advantage footnote 1
4. Promoting inwards investment in the region footnote 2
5. Creating links between university expertise and innovative businesses in order to increase the employability of graduate talent

Quantifying the CRL's contribution to the C2C SEP objectives

The CRL will make a significant contribution towards delivering these goals. It will provide 4,645 m2 of employment space (31% of the LEP's target), focused specifically on expanding provision for the creative and technology industries in which Brighton has a competitive advantage. In doing so, it is projected that over the lifespan of the project, the CRL will generate 854 new, additional jobs on site.

As well as delivering results against these hard economic metrics, the CRL will make a significant contribution to improving the network of business support, advice and guidance

ARTISTS IMPRESSION OF PRESTON BARRACKS

available to the City's entrepreneurs.
Not only will the CRL increase the general level of access to business mentoring and coaching, but it will also aim to fill a conspicuous gap in the current provision of these services. By offering support in specialist, hardware-specific areas such as design for manufacture, supply chain management and manufacturing logistics, the CRL will develop an offer tailored to the needs of Brighton's maker economy.

The CRL's Pitch School will be focused on promoting inwards investment in the City's creative and technology industries, by better enabling young businesses to pitch to investors and by signposting investment bodies to CRL members.

The employment figures outlined above are explained in greater detail in the Economic Case for the investment below.

What happens if we don't do it?

There is no doubt that Brighton is doing well. Entrepreneurship is flourishing and the city is generating real value through the strength of its creative, digital and technology sectors. Most promisingly, the city has created a vibrant ecosystem, which will to some extent feed its own future growth.

However, this success has been hard won through the dedication of those who have continued to make Brighton a great place to start and grow a business. We cannot stand still. If Brighton is to continue to be a beacon of innovation, entrepreneurship and creativity, new opportunities to improve provision for new types of business need to be sought.

Without continued innovation and ambitious new developments new opportunities to support the growth of these sectors may be lost and in particular the potential of those businesses that design and make physical products will continue to be undervalued.

1. Coast to Capital Strategic Economic Plan, Executive Summary, P4.
2. Coast to Capital Strategic Economic Plan, At a Glance

2.2. Project Overview

Description

Our vision is that the CRL at Preston Barracks will be a truly place making project. It will drive the regeneration of the site and cement it as a vibrant, innovative gateway to the city.
Once the permanent building has been constructed, hundreds of entrepreneurs will work side-by-side to develop innovative new products and services. They will benefit from access and proximity to the University of Brighton's world-class research base and from the CRL's high specification prototyping lab.
Put simply, the CRL will be a factory for jobs and innovation.

In order to achieve this vision, the CRL will have four key components:

High quality, flexible, collaborative workspace

First and foremost, the CRL will act as a large scale, highly flexible workspace facility. In partnership with multi-award winning architects Alford Hall Monaghan Morris (AHMM), we have developed an approach to designing workspaces that have the flexibility and diversity required by young creative and technology businesses. Our aim is to apply that learning to the CRL in Brighton.

We intend to provide a mixed economy of workspaces, including:

- Hot desking areas for freelancers;
- Fixed, open plan clusters of desks for start-up businesses;
- Lockable studios for more established or fast-growing companies;
- High specification office space for SMEs in the creative and technology sectors;
- A wide range of formal and informal meeting spaces; and
- Space for university students and researchers to engage with the public and CRL businesses; and
- Shared relaxation, dining and breakout spaces to encourage collaboration between CRL members

We will provide a greater diversity of different types of workspace than is currently available in the city and will offer highly flexible terms. This will enable CRL residents to alter the amount and type of space they rent as the nature of their business changes.

Those businesses that are attracted to the CRL because of its unique, parallel offer of shared access to prototyping facilities will have the added advantage of being able to drop in and out of the digital workshop space.

Design, prototyping and experimentation facilities

Perhaps most uniquely, our shared access facilities will include a digital fabrication space. This will take the form of an actively managed, shared workshop area containing a mixture of traditional and digital manufacturing tools. The facility is likely to offer access to the latest 3D printers, laser cutters and CNC machines as well as the technicians, software packages and computers required to use them effectively. This will enable businesses to conceive of an idea, prototype it and sell it all on the CRL site.

This is the kind of innovation required if Brighton is to remain competitive and innovative, not only on a regional stage, but on a world stage. Other cities that share Brighton's strength in the creative, design and technological industries are making significant progress in increasing access to these technologies and are seeing the positive impact of doing so. San Francisco, Boston and closer to home, Glasgow and Manchester are all investing in this area.

Community

The lesson we have learned from the successes and failures of co-working and studio space providers in Brighton (and elsewhere) highlight the importance of creating a vibrant and collaborative community of likeminded individuals.

Workspace and facilities alone do not generate the level of collaboration required for true innovation to take hold; that occurs as a result of the cross-pollination of ideas and cultures. It happens when companies from different sectors and industries work together, share experiences and collaborate in the sprit of experimentation. This is a culture that Brighton is famous for and one that the CRL will nurture.

Well before the permanent facility opens, the CRL team will be on-site, proactively engaging with a wide cross-section of the city's creative and technology businesses in order to involve them in the design of the space and equipment offer.

This process will be led by Professor Daniel Charny, who has been heavily involved in developing the CRL concept since its inception and is the Founding Director of our facility in Hayes, in addition to holding a professorship in design at Kingston University and positions at the V&A and Design Museum. Daniel has a rich experience of curating communities, events and exhibitions in the field of design and making.

His exhibition at the V&A, The Power of Making, attracted over 320,000 visitors. He has already worked with a wider team of advisors to develop a costed plan for a two year CRL development program which will build the CRL community, define the services and facilities required in greater detail and inform the design and fit out of the permanent facility.

This will mean that, on opening, the CRL will already have identified its early adopters, pre-let space to a range of tenants, cultivated a committed community of future users and designed the space in a way that precisely fits the needs of its community.

Business support and investment

Finally, the CRL will act as a hub for tailored, high quality business support. In addition to dedicated, on-site coaches and mentors, we intend to work alongside other organizations in the city, such as Wired Sussex, and our development partners The University of Brighton, to ensure CRL businesses are given the advice, guidance and mentoring they need.

At the heart of the CRL will be The Pitch School, a dedicated investment readiness program, aimed at helping technically and creatively minded entrepreneurs to understand the decision metrics used by different types of investor. The Pitch School will not only focus on traditional forms of investment – such as business angels and venture capital – but also on crowd funding; an increasingly popular route for small, creative businesses.

Objectives

The objectives of the CRL program can be summarised as follows:

Objective 1: Business start-up & growth

The CRL will aim to increase business start-up activity and enhance business growth by incubating young creative and technology businesses on the site. Its primary purpose will be to remove any and all barriers to growth, in particular for businesses designing and making physical products.

The key barriers to growth that the CRL aims to remove are:

- Lack of access to…

  Affordable workspace for very early stage businesses (e.g. hot-desking and subsidized shared office accommodation);

  'Grow-up' space for businesses making the transition from home working and hot-desking to taking more permanent small office and studio spaces; and

  Flexible accommodation for more established SMEs, who wish to benefit from proximity to prototyping equipment and a vibrant community of like-minded entrepreneurs;

- Lack of access to start-up capital;

- Lack of access to sophisticated prototyping and shared workshop equipment; and

- Lack of business support tailored to the needs of hardware and product design businesses.

Objective 2: Job creation

In addition to supporting the regional economy by acting as a catalyst for business start-up and growth, in doing so the CRL will create new highly skilled jobs. This is a vitally important objective for the project and for the regeneration of the Preston Barracks development.

Our objective is that the vast majority of the 854 jobs we intend to create over the life of the project will meet the following criteria:

They will be…

• Focused on the creative and high-tech industries in which Brighton has a competitive advantage;

• Sustainable, with an average persistence of 3 years or more;

• Skilled, with 80% or more of the CRL's users being employed in crafts, trades or professions; and

• Genuinely new, meaning not simply displaced from other areas.

Objective 3: Promoting inwards investment

The CRL project has been devised in order to remove the barriers to growth faced by creative and technology-focused businesses in the city. A key barrier is the difficulty of identifying and accessing sources of early stage investment. A key objective of the CRL is therefore to act as an effective signpost for investors seeking opportunities to support early stage businesses in the city and to increase the chances of successful investment by providing entrepreneurs with bespoke readiness for investment services.

Specifically, the CRL's objectives in this area can be summarised as follows:

• Increasing the visibility of young creative and tech businesses in Brighton to prospective investors;

• Providing increased opportunities for CRL members to pitch their businesses to prospective investors;

• Increasing the investment raised by CRL

3. Relevant reference organizations in San Francisco include: TechShop San Francisco, Lemnos Labs and Autodesk Pier 9. Relevant facilities in Boston include Greentown Labs, MIT's Center for Bits and Atoms and Bolt. Manchester developed the UK's first Fabrication Lab, FabLab Manchester, which has proved to be highly successful. Glasgow's MakLab facility has become a flagship case study and has quickly become a core component of the city's entrepreneurship ecosystem – providing a wide range of businesses with vital prototyping and small scale manufacturing tools.

4. NESTA, Incubation for Growth, 2011; Supporting Places of Work: Incubators, Accelerators and Co-Working Spaces, URS for London Enterprise Panel, 2014

members by providing bespoke training and support; and

• Subject to demand, developing a network of investors specifically focused on supporting CRL businesses.

Objective 4: Diversifying workspace provision for the creative, digital and technology sectors

A second barrier that the CRL project has been designed to remove is that of the insufficient provision of certain types of workspace across Brighton. The CRL's response to this issue, however, is not simply to increase the provision of office accommodation. Rather, the CRL will aim also to increase the diversity of workspaces available to the City's entrepreneurs.

Therefore, the objectives of the CRL are to provide:

• Increased access to prototyping and experimentation space for businesses designing and making physical products;

• Opportunities for start-up businesses to take high quality, low-cost, flexible workspace within close proximity to the wide range of services and amenities available in the City Centre; and

• Opportunities for fast growing businesses to expand from micro-businesses employing just 1 or 2 people to well established small businesses with up to 50 employees, without going through the complex and costly process of relocating.

Benefits

The objectives above outline the key categories of benefits that the CRL project will lead to. The table right attempts to quantify these benefits:

BENEFIT	PROJECTION OVER THE LIFE OF THE PROJECT
JOB CREATION. New jobs created by the CRL program, assuming a 33% additionality weighting.	854
JOB CREATION Additional employment years, assuming a 33% additionality weighting and 3 years average persistence.	2293
WORKSPACE PROVISION Additional square meters of space developed to support small businesses	4645
WORKSPACE PROVISION Approximate number of FTEs accommodated by the additional employment space at full capacity (assuming 107.6 sqft, or 10sqm, per FTE)	464
ECONOMIC OUTPUT Gross Value Added (GVA) to the local economy, based on assumed job creation rates and discounted to present value at 3.5%	£112.6m
COST BENEFIT RATIO Ratio of government investment to GVA (discounted to NPV) over the lifetime of the project	1 : 14.6

CENTRAL RESEARCH LABORATORY INTERIOR

CENTRAL RESEARCH LABORATORY INTERIOR

Stakeholders

The CRL project will be a product of partnerships: with industry bodies, between delivery partners and with the future users of the CRL facility. Whilst the core delivery team is already in place, our intention is to build a network of outstanding delivery partners over the coming two years in order to build the perfect team to support Brighton's entrepreneurial community.

Currently, the key stakeholder groups involved in the project can be identified as follows:

Design and construction partners

Assembling the best possible team of architects, construction experts and technical consultants will be key to the successful delivery of the CRL.

Once funding for the CRL is confirmed, the appointment of design and technical teams will commence immediately. In recognition of the need to secure value for money for the LEP's investment in the CRL, each of these appointments will be made following a rigorous and competitive process, compliant with the rules and conventions of public procurement, but also designed so as to attract creative and innovative proposals.

Once the design and technical teams have been appointed, we will commence regular Design Team Meetings (DTMs), organized and chaired by Cathedral Group's dedicated project manager. It is our intention that representatives from each of our key partner organisations will have the opportunity to input into the design briefs provided to the CRL architects, including our development partners the University of Brighton. In addition we will consult closely with local industry organizations, such as Wired Sussex, to ensure that everything we do is designed to serve the needs of Brighton's small business community.

Partners in developing the CRL proposition

Whilst the research and development work that has gone into designing the CRL proposition to date has created a clear and sustainable model for its operation, there is still work to do to tailor the CRL's services and facilities for future users. This work will include specifying in greater detail the balance of different types of workspace and prototyping equipment that will add most value to CRL members and ensuring the events and community engagement program is attractive and relevant.

In order to ensure that all key stakeholders are able to influence this process, we will establish a CRL Steering Group. The Steering Group will meet regularly and will include representatives from the University of Brighton, Brighton & Hove City Council, Cathedral's expert advisors (including Professor Daniel Charny) and long-standing partner organisations such as Glasgow-based prototyping facility MakLab.

CRL users

Engagement with future CRL users will start on day one.

During the first phase of the project, which will run from Q1 2015 to Q1 2017, we have commissioned the support of expert consultants From Now On (FNO) to design and manage all on-site CRL activities. They have provided us with a costed proposal for an initial two year project, focused on engaging future members of the CRL. Their team includes specialists in the areas of product design, prototyping and business support as well as bringing significant expertise in exhibition and event management.

FNO's program will act as a vibrant, high profile, on-site pilot project. It will include bringing a pop-up prototyping lab and workspace onto the Preston Barracks site and, in doing so, will help to cement the CRL as Brighton's home of innovation in product design.

This process will not only create valuable marketing opportunities for the CRL, but will also directly contribute to the delivery of the ultimate site.

Our experience tells us that facilities like the CRL fail if they are not co-designed in close collaboration with their ultimate users. Having a pilot program run on-site in tandem with the design and specification of the permanent site gives us a unique opportunity to do just that.

This process will ensure that the CRL is able to unlock the potential of the businesses that ultimately make it their home by delivering a facility tailored precisely to their businesses' needs.

The detailed FNO proposal is provided as at Appendix 2.

Local and national industry partners

In addition to those directly involved in the development and delivery of the CRL project, a range of local and national industry bodies will act as important stakeholders in the project. Their level of interest may vary from wishing to be involved in the specification of the facility to researching its impact on the local economy.

The table overleaf outlines the key industry bodies that we believe will be interested in the CRL and how we intend to engage with them:

Key industry bodies that we believe will be interested in the CRL and how we intend to engage with them:

ORGANISATION	KEY CONTACT	METHOD OF ENGAGEMENT
University of Brighton	Chris Baker, Director of Economic and Social Engagement	A key partner in both the Preston Barracks regeneration scheme and in the CRL project. We are actively working with the university to secure funding for joint programmes on the site and, specifically, are reviewing the possibility of housing The Institute for Developing Enterprise within the CRL facility.
Royal Society of Arts	Nat Hunter, Director of Design	Have been involved in the development of the CRL concept to date and are very supportive. The CRL team are discussing opportunities to collaborate with the RSA as a base for their Great Recovery research program, which explores closed loop design.
Royal College of Arts	Dr Sharon Baurley, Head of Design Products James Tooze, Senior Tutor, Design Products	Have been involved in the development of the CRL concept to date and are very supportive. The CRL team is working with the RCA on action research programs related to digital manufacturing and will continue to find ways to involve the RCA in on-site activities.
Design Council	Mat Hunter, Chief Design Officer Haidee Bell, Head of Design Programmes	Are aware of the CRL program and its vision and are very supportive. We are in very early discussions with the Design Council as to how the CRL can support their work in the area of investing in product design businesses.
NESTA	Kathleen Stokes, Senior Researcher (managing the maker space mapping project)	The CRL team are supporting NESTA's work on mapping maker spaces and prototyping facilities across the UK. The program is being co-delivered between BIS, NESTA and the RSA.
Wired Sussex	Phil Jones, Managing Director	Aware of the CRL project and its aspirations and has connected the CRL team to useful contacts in Brighton. The CRL team will keep Wired Sussex informed as the project progresses, utilize their network of local contacts and explore opportunities to collaborate in the provision of business support to CRL members.

Long-term financial sustainability

The CRL's long-term financial sustainability will be secured by the revenue it generates from providing entrepreneurs and small businesses with workspace and prototyping services. Over the past 18 months our team has spent a great deal of time developing a sustainable CRL business model, the results of which are outlined below.

Income

The CRL's key sources of revenue will be as follows:

• Membership fees from micro-businesses and individual entrepreneurs, paying for access to flexible workspace;

• Membership fees from businesses utilising the CRL's product design and prototyping facilities;

• Rental income from SMEs and the university;

• Sponsorship (from corporates interested in supporting entrepreneurial activity and gaining access to future customers) and grants (to support research and business support activities); and

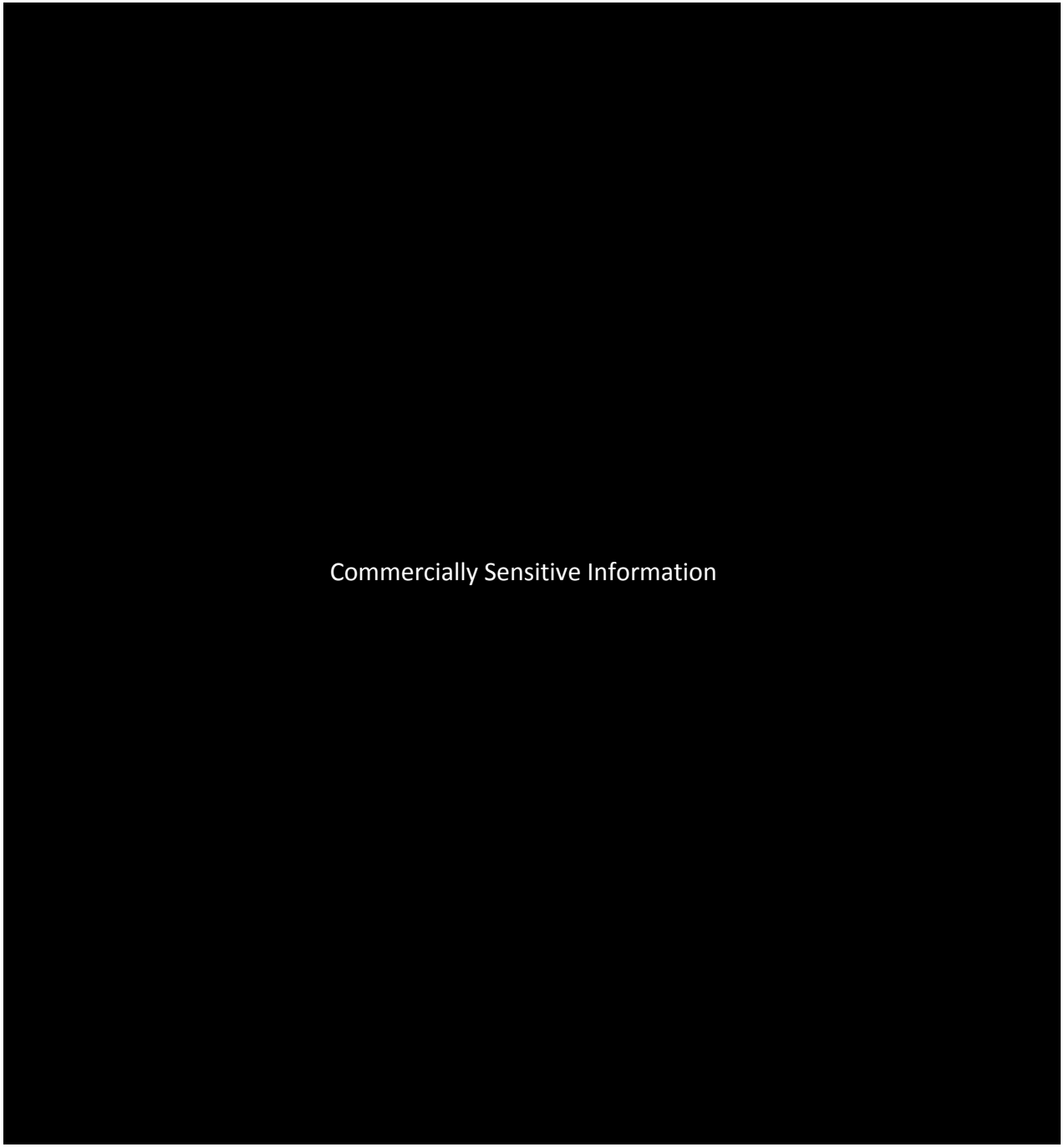
• Income from selling ancillary services, including workshops, training courses, meeting rooms and events.

Table 1.0 breaks down the income we expect the CRL to generate from each of these sources over the first five years of its operation.

In order to arrive at these revenue projections, the following key assumptions have been made in Table 2.0.

1.0

2.0



Costs

The CRL has three key cost drivers; facilities, staffing and general management costs. The table to the right provide a breakdown of the assumptions underlying our estimates of the CRL's staffing costs.

This is the level of staffing that we have estimated would be required in order to provide CRL members and tenants with a high quality of service and intensive day-to-day support from CRL staff.

The table bottom right provides a high level breakdown of our expected facilities costs.

The rental payment from the CRL Operating Company to the Property Company in which the building would sit and be managed has been set deliberately low in order to support the financial sustainability of the CRL. By Year 5 the CRL would be paying a rent equivalent to £6 psf.

Rates and service charges have been estimated based on similar facilities we are managing. The service charge is estimated to be circa £6.75 psf and the total cost has been extrapolated from that figure based on the floor area under management and assumed intensity of use.

Other areas of cost have been estimated based on our team's research, discussions with operators of similar facilities and examinations of the accounts of facilities where available.

Indicative staffing requirements in Years 1-5

Position	FTEs Year 1	FTEs Year 2	FTEs Year 3	FTEs Year 4	FTEs Year 5
Director	1	1	1	1	1
Incubator + Business Support Manager	0.5	0.75	1	1	1
Community + Events Manager	0	0.5	0.5	1	1
Prototyping Lab Manager	1	1	1	1	1
Receptionist/ Admin/ Interns	2	2.5	2.5	2.5	2.5
Total FTEs	**4.5**	**5.75**	**6**	**6.5**	**6.5**

Indicative salary ranges

Position	Base Salary	On-costs %	Total cost
Director	60000	15%	69000
Incubator + Business Support Manager	35000	15%	40250
Community + Events Manager	30000	15%	34500
Prototyping Lab Technician	30000	15%	34500
Receptionist/ Admin/ Interns	24000	15%	27600

Profile of staffing cost in Years 1-5

Position	Cost Year 1	Cost Year 2	Cost Year 3	Cost Year 4	Cost Year 5
Director	69,000	69,000	69,000	69,000	69,000
Incubator + Business Support Manager	20,125	30,188	40,250	40,250	40,250
Community manager	-	17,250	17,250	34,500	34,500
Prototyping Lab Manager	34,500	34,500	34,500	34,500	34,500
Receptionist/ Admin	55,200	69,000	69,000	69,000	69,000
Total cost	**178,825**	**219,938**	**230,000**	**247,250**	**247,250**

Commercially Sensitive Information

The bottom line

Based on the projections provided above, it is thought that the CRL will become profitable in Year 3 and will be self-sustaining from that point forwards. See table below:

Commercially Sensitive Information

Working capital requirements

It is projected that the CRL will require some working capital support in the first two years of its operation. As a result, and to support the CRL's in-year cash flow requirements, [redacted] has been earmarked for working capital in Years 1-3.

3. ECONOMIC CASE

3.1. Summary and Key Goals

The Preston Barracks development will be a driver for economic growth in this part of Brighton and Sussex. Its goal is to create a vibrant, mixed-use community in which people work, live and socialize, comprised of approximately 350 residential units, 1000 student beds, 25,000 sqft of high quality retail space, restaurants and leisure facilities and a brand new department of the University of Brighton. Our vision is that Preston Barracks will become known as a national focal point for innovation and creativity.

At the center of the development, the CRL will generate commercial activity, economic output and jobs by turning ideas, inventions and world-class research into successful commercial ventures.

This will be realized through four key functions of the CRL:

• Accelerating the growth of high-tech, creative businesses;

• Connecting entrepreneurs, academics and investors in a hub of business start-up activity;

• Providing Brighton's successful small businesses with a place to mature and grow; and

• Offering prototyping equipment to SMEs and entrepreneurs across the city.

Each of these functions will fuel the creation of real, new jobs for Brighton and will drive the economic regeneration of the area.

3.2. Cost Benefit Analysis

Headline economic benefits

We have estimated that as a result of these activities, over a life of 10 years, the following headline results will be achieved:

Economic Metric	Impact of the CRL	Key Assumptions
Additional jobs created	854	• 33% additionally • 3 years average persistence • 10sq/m of employment space per FTE
Increased economic output	£112.6m	• £40,257 GVA per filled job • Indirect benefits 0.5 times direct benefits • Discounted to NPV at a discount rate of 3.5% over 10 years
Cost Benefit Ratio	1 : 14.6	• Ratio of LEP investment to additional economic output generated

Wider social and economic benefits

Whilst the hard economic metrics make a compelling case for investment in the CRL in their own right, they do not tell the whole story. Underlying these figures is a much richer array of social, cultural and economic benefits that the CRL will generate. These wider benefits will start to accrue from the moment investment in the project is secured, as we commence the work of building the CRL community, activating the site and building the networks of innovation that will make it a success.

Specifically, our vision for the CRL is that it will provide Brighton and Sussex with the following wider economic benefits:

A more connected economy

The CRL will contribute to a more connected economy, whereby businesses manufacturing hardware and producing digital products and services interact in close quarters, providing greater opportunities for innovation and the cross-fertilization of ideas and approaches between sectors. Brighton's growth as a digital and technology hub has been achieved off the back of the 'fusing' of the creative and digital technology sectors; the CRL aims to further enhance that fusion and become a place where collaboration is pro-actively encouraged.

5. This is a conservative estimate based on the findings of NESTA's report Incubation for Growth, 2011, p9, which suggests that the indirect impacts of incubating start-up businesses in terms of jobs and wealth generation are between 0.48 and 1.5 times the direct impacts. Additionally estimates based on EP Additionally Guide https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/191511/Additionality_Guide_0.pdf

Unlocking the regeneration of the Preston Barracks site

It should not be forgotten that a key function of the CRL is to unlock the wider economic and social regeneration of the Preston Barracks development. Cathedral Group are experts in place making and in helping people to realise the untapped potential of sites like this one. Cathedral's transformative schemes in Clapham and Deptford have clearly demonstrated that by brining vibrancy and innovation to a place you can generate demand for both commercial and residential space which otherwise would not have existed. Projects like the CRL are required if areas like Preston Barracks are to thrive.

Commercially Sensitive Information

Increased business start-up rates and accelerated business growth

The CRL will reduce the barriers of entry for those wanting to start a business. In the first instance, it will do so by providing affordable and highly flexible access to workspace. However, this is just the start. Once entrepreneurs are through the door, the CRL will significantly increase the efficiency of their business start-up journey: signposting opportunities for investment; providing reduced cost professional services; acting as a match-maker between experienced mentors and inexperienced founders and speeding up the product development cycle by providing access to rapid prototyping technologies.

Although these wider economic benefits are more difficult to quantify in terms of their impact on jobs and growth, examples of similar facilities in the UK and USA suggest that they can be substantial.

Capital costs

The capital costs of the project are summarised in the following table:

Commercially Sensitive Information

A more detailed program of expenditure and suggested drawdown milestones is provided in Section 5, the Financial Case.

Risk analysis

The key, quantifiable benefits of the CRL project will be delivered if we are successful in attracting innovative companies to the site. Therefore, the biggest risk to the realisation of these benefits is that the uptake of workspace on the site is not forthcoming.

There are several reasons that this risk could materialise, including the following:

• The workspace element of the CRL may not be delivered with the correct specification, reducing demand from small business and SME tenants

• The requirement for small business workspace may have been overestimated, meaning that there is insufficient demand for commercial space

• The business support, prototyping and incubation services that we believe will be attractive to Brighton's entrepreneurial community may not be sufficient to change perception of the area as a place to do business.

The mitigating activities required to prevent these risks from threatening the realisation of the project's benefits have already been planned and costed and our approach to delivering the project will be designed in order to minimise each of them.

Market research

Specifically, we have already undertaken detailed research into the current provision of creative workspaces and prototyping facilities in the City. James Tooze (Brighton resident, experienced product design professional, Senior Tutor at the RCA and advisor to the CRL project) has reviewed the current provision and helped us to set our strategy for filling the gaps in the current market.

A summary of our research into the creative workspace and prototyping market in Brighton is provided at Appendix 3. It suggests that there is significant potential for the CRL to plug a conspicuous gap in current provision, in particular: access to digital manufacturing equipment, business support for people who design and make physical products and workspace tailored to the needs of product design focused businesses.

We have also discussed the project, and our strategy for delivering it, extensively with our partners at the University of Brighton and Brighton & Hove City Council, in order to ensure that it fits with their understanding of the demand for workspace and workshop facilities in the city.

However, this is just the start of the in-depth research and user engagement we intend to do. Our suggested program of activities includes a two year process of iteratively engaging the designer, maker and entrepreneurial communities across the city in order to specify

exactly the services the CRL should provide.

Whilst we are confident that the broad business model we have established will be a sustainable one, this further work is required in order to develop the detailed content of the CRL proposition.

Flexible by design

The CRL will be designed so as to be flexible and reactive to changes in the market. We have started with a clear hypothesis as to the workspace, facilities and business support needs of our target user base, but this will need to be continually refined and revisited in order to ensure the CRL continues to be relevant. The specification of the building will inherently lend itself to flexibility and reconfiguration; allowing us to refocus on different sizes and types of business as required.

Moreover, during the design and construction period, we will utilise the on-site pilot CRL program as a means to design our facility in collaboration with future users. Our proposal for doing this has been costed and is attached at Appendix 2.

As we have done with our project in Hayes, we will ensure our ability to alter and reconfigure workspaces in the future, by holding back an amount of our design and construction investment specifically for this purpose.

These mitigating activities will go a long way to reducing the risk that the facility lacks relevance or fails to meet the needs of future users.

A more detailed risk register, covering delivery risks as well as risks to the realisation of economic benefits, is provided at Appendix 4.

6. The Brighton Fuse, 2013
7. The Centre for Cities, Size Matters, 2012 report recognizes the importance of low-cost, flexible workspace to early stage start-ups and SMEs
8. In depth and accessible research on the impact of digital manufacturing technologies can be found in Chris Anderson's Makers: The New Industrial Revolution, Crown Business, 2012 and Lipson and Kurman's Fabricated, The New World of 3D Printing, Wiley, 2013
9. TechShop Inc., Bolt, Lemnos Labs, MakLab and the FabLab Network are all highly relevant examples. See Appendix 1.
Additionally, our advisor Daniel Charny is the author of the book, The Power of Making, which was published by the V&A in 2011. The book, and the exhibition from which it is derived, explores the importance of making as a way of thinking, a way of acquiring skills and as a way of developing innovative new ideas and approaches.

4. DELIVERY CASE

4.1. Project Management

Overview of Project Management Approach

The CRL project management structure has been detailed more comprehensively in Section 6, however an overview is provided below.

Cathedral's Development Team will be responsible for the overseeing the design and construction elements of the project. Their principle role will be to:

- Ensure the quality and integrity of design;
- Manage design team;
- Engage and manage key stakeholders; and
- Secure relevant planning consents to deliver the proposals.

Working under the management of the Development Team, our Delivery Team will be responsible for the management of the contractual side of the project. Their role will be to:

- Manage tender processes;
- Appoint the main contractor;
- Manage the main contractor; and
- Ensure successful delivery of the building, working to the CRL Operating Company as their 'client'.

We intend to appoint RLF in January 2015 to assist Cathedral with management of the construction project. Having made this appointment, RLF would be responsible for:

- Implementing and maintaining project governance procedures;
- Working alongside Cathedral to provide comprehensive stakeholder management; and
- Risk identification and management.

4.2. Procurement Strategy

Overview

It is proposed that the CRL works be tendered under a single stage, lump-sum, fixed-price Design & Build contract, such as JCT 2011 with Amendments.

Advantages

The prinicple benefits offered by this approach include:

- Maximum competition: The full scope of works will be priced in competition with other bidders. This results in a commercial pressure to secure cost reductions that may be unviable in any other scenario.

- Greater cost certainity: Cost certainty during design and construction through the implementation of a fixed price lump sum contract. This results in an avoidance of cost escalation during second-stage tendering; the contractor is not given the opportunity to revisit pricing.

- Easy administration & visbility: Simplified (& cost effective) bidding process. Ability to relate the Employer Requirements package to the contractors commercial offer, resulting in less amiguity and mitigating paper trail issues.

- Collaborative working: Complete design pack provides a clear demarcation of design and construction responisbiities.

- Speed: Shorter timescales & less opportunity for extended negiotiations.

- Creative control: Design is complete before contractor is appointed.

Risks

- Price: Price will only be as good as the tender information is. Heavy reliance on detailed design information.

- Changes: Any changes which are to be made post contract can undermine price certainty and may leave client exposed to non-change related issues.

- Provisional Sums: The inclusion of a large number of provisional items within the tender, could give the contractor the opportunity to revist pricing.

- Value Engineering: Receipt of tenders above the budget sum could delay the project due to need for redesign/value engineering.

To mitigate the majority of the above it is crucial that the project does not proceed to tender with unresolved design issues, and that the tender documentation issued for contractors' pricing is sufficiently detailed and robust.

Both Cathedral and RLF will be responsible for interigating all contract design information to ensure that the tender package is at a suitably detailed level for the contractors to price accurately.

Selecting the Contractor

It is proposed that initially, 15-20 contractors, who are understood to offer the full capabilities and expertise needed for the entire works, be invited to tender. Following an evaluation of their responses a shortlist of 3 or 4 contractors will be established.

These contractors will be invited to tender interviews with Cathedral. Retaining a smaller number of contractors would signifiantly increase the chances of competitive returns if the contractors believe they have a significantly increased chance of winning the tender.

Commercially Sensitive Information

Tender Process

The tender process could be thought of in the following 7 steps:

Step 1: Issue mailshot with link to online pre-qualification questionaire. E-tendering ensures managed circulation of all information effectively.

Step 2: Evaluate returns and shortlist

Step 3: Hold pre-tender briefing with shortlisted contractors

Step 4: Issue Invitation to Tender to shortlisted contractors

Step 5: Hold mid-tender consultations to en sure they fully uderstand what they are pricing, discuss risks and opportunities

Step 6: Review and evaluate tender returns

Step 7: Appoint successful contractor

Commercially Sensitive Information

5. Financial Case

5.1. Budget Profile

We have provided an indicative budget profile, including suggested drawdown timescales, for FY 15/16. Additionally, we have provided quarterly budget projections for FY 16/17. These documents can be found at Appendix 6.

Build cost estimates have been provided by our construction surveyors, PH Warr, based on prudent assumptions as to inflation, the level of fit out required and the likely price expectations of contractors. Their full cost plan is provided at Appendix 8.

A summary of the overall budget profile for the project is provided in the Table 1.0 below:

Commercially Sensitive Information

1.0

A summary of the current sources of funding for the overall project budget are provided in Table 2.0 below:

5.2. Budget Arrangements

Commercially Sensitive Information

Commercially Sensitive Information

2.0

5.3. Rational for Public Sector Investment

We believe there to be a clear rational for public sector investment in the CRL for two key reasons:

Firstly, private sector lenders will not fund the speculative development of this type of development outside a prime, city center location. Such investors are required purely to look at the financial case for the investment, and not the social and economic benefits it creates. Secondly, there is an imbalance between the capital costs of the CRL's buildings and facilities in the short term and the ability of a business of this kind to deliver proportionate returns for a private sector investor in the future.

Whilst we are confident that the CRL will generate a surplus from the third year of its operation, we believe that profits are unlikely to exceed 10-12% of revenues. This is mainly a result of the inherent running costs of the building and the number of management staff required to provide a high level of support to tenant businesses.

At that level of profitability, a private sector party could simply not justify meeting the full capital cost of the project without a public sector partner.

With the LEP's support, the CRL becomes a viable means of generating real growth and real jobs for this area. Over the lifetime of the project, this initial investment will return benefits to the local economy that far exceed the up front capital cost.

Commercially Sensitive Information

3.0

6. MANAGEMENT CASE
6.1. PROJECT DEPENDENCIES

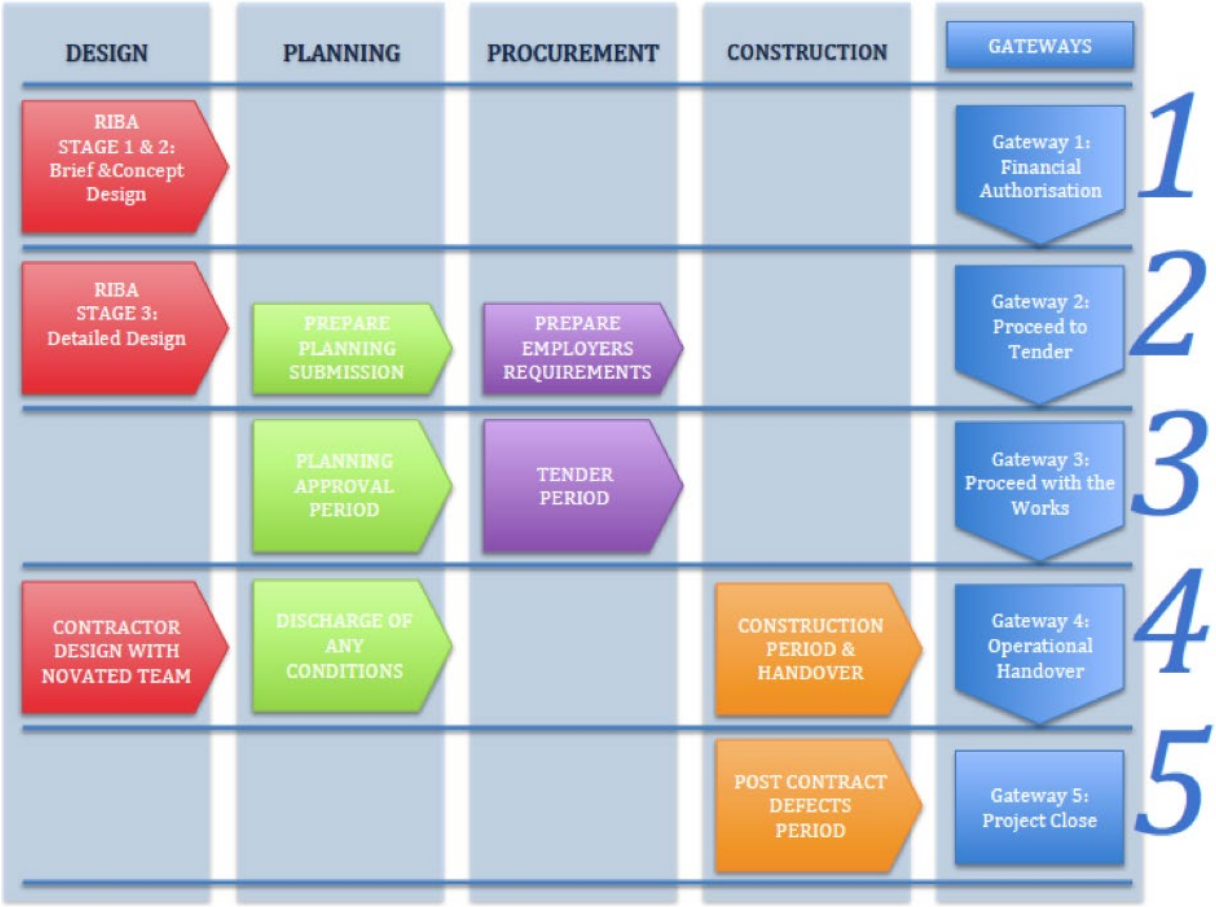
Process Overview

The proposed process for the delivery of the Preston Barracks CRL has been summarised into 5 distinct consecutive stages with project gateways at the end of each stage, as illustrated below:

Project Delivery & Gateways

Preston Barracks is currently positioned at Gateway 1. Preliminary design work has begun to understand heights, massing and general form for all elements of the Preston Barracks masterplan, including the CRL.

Commercially Sensitive Information



The purpose of the five individual gateways is multi-faceted:

- The gateway model seeks to ensure that the project remains on its agreed course;
- The model ensures that the project does not commit to unnecessary capital cost expenditure with out appropriate stakeholder sign-off;
- The model ensures all appropriate information has been established before proceeding to the next stage and risk has been mitigated as far as possible;
- The model ensures key stakeholders understand any implications and commitments associated with proceeding to the next stage;
- Provides an opportunity to ensure external stakeholder concerns are being addressed

Gateway 1: Financial Authorisation

Commercially Sensitive Information

Gateway 2: Proceed to Tender

The completeness of design and tender information is imperative at this stage in order to ensure high-quality tender returns are received. Deliverables could be, but are not limited to, the following:

Design Information complete to RIBA Stage 3;

- Employer's Requirements & Employer's Contract Documentation;
- Pre-tender Estimate / Financial Summary; and
- Pre-construction Health & Safety Plan

Gateway 3: Proceed with the Works

Following receipt and review of tender returns, the recommended contractor is to be appointed and, at this time, a number of key documents must be in place prior to signing of contract and works proceeding. Documentation could be but are not limited to the following:

- Tender Recommendation;
- Board/Exec. Team approval to award contract;
- Letter of Intent;
- Written confirmation from the CDMC that the Construction Stage Plan is sufficiently complete to enable a start of site; and
- Pre-start meeting minutes

Gateway 4: Operational Handover

Following completion of the works, the Contractor and Team must provide necessary documentation in order to ensure a smooth handover. Documentation could be but are not limited to the following:

- Certificate of Practical Completion;
- Final snag list signed-off as complete;
- Live Safety and operational documentation complete and signed-off; and
- Operation and Maintenance Manuals in place.

Gateway 5: Project Close

The defects period through which the contractor is responsible to address defects which arise associated with their works is typically 12 months. In the 12th month and before this period expires, a defect inspection will be undertaken with the Contractor to give the opportunity to address issues/items raised. After these have been sufficiently cleared, the retention monies withheld under the contract are to be released by the client and final certificate issued by the Employers Agent.
Documentation could be but are not limited to the following:

- Defects schedule with all defects completed & signed-off;
- End of Defects Certificate (to be issued by the Employer's Agent); and
- Final Valuation Certificate

Commercially Sensitive Information

Commercially Sensitive Information

Commercially Sensitive Information

Commercially Sensitive Information

6.3. Communications and Stakeholder Management

Cathedral and RLF will be responsible for all stakeholder management associated with the delivery of the CRL building. In order to successfully engage and manage the key stakeholder groups the following steps will be taken:

- Initial stakeholder identification workshop will take place in October 2014;
- Completion of a stakeholder management plan in December 2014, ahead of team engagement in [redacted]
- Establish initial stakeholder engagement activities;
- Develop coordination strategy with key stakeholders (University of Brighton, Brighton and Hove City Council); and
- Obtain agreement from third parties on deliverables and constraints.

6.4. Project/Programme Reporting

The Preston Barracks master programme has been included within this submission at Appendix 6.

We intend to appoint RLF to provide and implement key Project Management governance procedures.

RLF will work alongside Cathedral to ensure that the key programme target dates are being met. To facilitate this RLF will be responsible to ensuring a comprehensive governance procedure is in place to allow for regular programme reviews. This will enable Cathedral to benchmark progress against the master programme.

Regular Design Team Meetings will be diarised to give the whole project team an opportunity to report on progress and for key agenda items to be discussed.

6.5 Risk Management

We will adopt a proactive approach to risk management, which will be a standing item on the agenda of the CRL Steering Group and Design Team Meetings.

Risk management responsibilities will be divided into two primary categories: design and construction and business delivery.

Rob Sloper, Cathedral's dedicated Projects Director for Preston Barracks, will be accountable for managing design and construction related risks. He will report both to the Design Team and Steering Group on risks in this area, in addition to following Cathedral Group's stringent internal risk management procedures. The latter include regular reports on cost and timescales of delivery and the oversight of our Group Finance Director and Development Director.

Similarly, James Nettleton, Cathedral's CRL Programme Director, will take overall responsibility for business delivery risk management, with the oversight and support of John O'Reilly, Cathedral's Finance Director. James will report to the Steering Group and will maintain a detailed risk register and delivery programme, which will be shared with the LEP and Council representatives periodically or on request. James' remit covers the development of the CRL proposition, managing strategic partnerships and developing a sustainable business model.

The attached **Risk and Issues Register,** which can be found at Appendix 4, provides a high level overview of what we currently consider to be the key project risks and our intended mitigation and contingency strategies.

6.6 Monitoring and project Evaluation

The purpose of **monitoring** is to ensure the C2C LEP and the Greater Economic Board has an up to date view as to the performance of the CRL against key metrics. Monitoring will primarily relate to the CRL as an organisation and the extent to which it is achieving its performance targets.

The purpose of **evaluation** is also to assess the performance of the CRL, but from the perspective of the social and economic benefits the project is projected to create. Based on the information gathered during the monitoring phase, the evaluation will seek to assess the impact the CRL has had on job creation, economic growth and the success of resident businesses.

The following key issues will be addressed in turn:

1. Identifying and recording the key benefits the CRL is projected to create
2. Selecting key performance indicators (KPIs) against which benefit realisation might be measured
3. Approach to reporting
4. Evaluation timescales

Monitoring

Key benefits

The nature of the CRL is that it generates a rich array of social, cultural and economic benefits to its immediate community, the City of Brighton & Hove and the academic and business communities of the UK as a whole. However, at its core the CRL focuses on generating employment and business growth opportunities

It is suggested that these core benefits are the focus of monitoring activities.

Specifically, the core benefits to Brighton entrepreneurs and businesses can be summarised as follows:

- Job creation
- Accelerated business growth
- Access to finance
- Facilitating entrepreneurs' access to academic research
- Increased access to digital manufacturing technologies and business support services

In addition to these core benefits, there are also wider benefits to the economy as follows:

- Increased connectivity between research, finance and entrepreneurs
- Increased and continuing innovation in digital manufacturing
- Increases in the volume of intellectual property produced by resident businesses

It is important that the monitoring process captures key data relating to each core benefit. In order to do this, it is necessary to set out the CRL's KPIs.

Key performance indicators

The delivery of benefits will need to be measured and appropriate data will need to be captured, both in order to inform monitoring and evaluation activities and to facilitate the management of the CRL's business operations.

The table on the right outlines each core benefit category and the KPIs against which their delivery might be measured.

Benefit	Key Performance Indicator(s)
Job Growth	Number of people working on the CRL site
Accelerated business growth	Number of start-up businesses created on site Number of start-up business moving from pre-revenue to revenue-generating stages of their lifecycle whilst at the CRL Number of small businesses reporting greater than projected revenue growth whilst being members of the CRL
Access to finance	Number of businesses accessing seed funding through CRL sources or signposting Number of businesses accessing a second round of funding through CRL sources or signposting
Increased access to rapid prototyping technologies and business support	Number of small businesses or individuals benefitting from access to the CRL's digital manufacturing technologies Number of small businesses receiving mentoring and business support from the CRL and its partners
Increased access to affordable work-space	Number of people and businesses accessing CRL workspaces

The intention is to establish the CRL's core management information systems in a way that captures this information as a matter of routine. It will be important to ensure that data collection and reporting are designed in a way that does not detract from the CRL's daily operations, but rather produces a mutually beneficial dataset; enabling the LEP to track the impact of their investment and CRL management to understand their customer relationships.

Reporting

In order to ensure the LEP has an up to date view as to the performance of the CRL against projected benefits, regular reports will be provided to the officer with responsibility for monitoring the project.

The following reports are suggested:

Quarterly KPI Report

These will provide a regular means of understanding how the CRL's performance is progressing against the projected benefits, by outlining key membership data.

Content will include:

- Current user numbers, set out by category (e.g. resident, studio, prototyping lab, SME)
- Change in user numbers since last quarter
- Financial position

This report will be designed in a manner that requires relatively little additional data analysis and can therefore be produced and reviewed without significant management effort. All key data should be available via the CRM or finance system.

Annual Performance Report

The annual performance report will set out in more detail the overall performance of the CRL over the course of the year.

Content will include:

- Access to finance report (e.g. number of recipient and total amount of investment to date)
- Report on the CRL's success in enabling start-ups to generate sustainable revenues from their businesses
- Current user numbers, set out by category (member, start-up, SSP user, anchor tenants etc.)
- Change in user numbers since last quarter
- Number of individual members using CRL technologies
- Number of individual members using CRL business support services
- Report on user origins and destinations – e.g. how many have come from university partners or who have direct relationships with University partners, and where have tenants gone post-graduation?
- Report on public engagement and events

The CRL Director will be expected to present this report to the LEP and to provide a comprehensive overview of the business' performance.

Evaluation

Evaluation timescales

The LEP has indicated its intention to undertake an evaluation of their investment in the CRL project. It is suggested that this should take place towards the end of the third year of the CRL's operation, at which point it is projected to reach maturity from the perspective of generating sustainable financial returns.

To facilitate the accuracy and efficiency of the evaluation process, it is suggested that the LEP and the CRL's management agree an approach to capturing data and monitoring the performance of the CRL prior to its formal opening. This will ensure that, when the evaluation phase commences, sufficient information is in place to facilitate this.

The Annual Performance Reports from the first three years of the CRL's operation will provide the key information required in order to undertake the evaluation. Additionally, if the evaluation team requires further information, CRL management will facilitate access to this.