

Levelling Up Fund Application Form

This form is for bidding entities, applying for funding from the Levelling Up Fund (LUF) across the UK. Prior to completing the application form, applicants should read the [LUF Technical Note](#).

The Levelling Up Fund Prospectus is available [here](#).

The level of detail you provide in the Application Form should be in proportion to the amount of funding that you are requesting. For example, bids for more than £10m should provide considerably more information than bids for less than £10m.

Specifically, for larger transport projects requesting between £20m and £50m, bidding entities may submit the Application Form or if available an Outline Business Case (OBC) or Full Business Case (FBC). Further detail on requirements for larger transport projects is provided in the [Technical Note](#).

One application form should be completed per bid.

Applicant & Bid Information

Local authority name / Applicant name(s)*: [Leicester City Council](#)

**If the bid is a joint bid, please enter the names of all participating local authorities / organisations and specify the lead authority*

Bid Manager Name and position: [Mike Dalzell - Director, Tourism, Culture and Investment](#)

Name and position of officer with day-to-day responsibility for delivering the proposed scheme.

Contact telephone number: [01164542951](#) **Email address:**
mike.dalzell@leicester.gov.uk

Postal address: [Leicester City Council, City Hall, 115 Charles Street, Leicester LE1 1FZ](#)

Nominated Local Authority Single Point of Contact: [Mike Dalzell](#)

Senior Responsible Officer contact details: [Richard Sword 0116 454 1628](#)

Chief Finance Officer contact details: Alison Greenhill, Chief Operating Officer & Section 151 Officer, Tel 0116 454 4001. Email alison.greenhill@leicester.gov.uk

Country:

England

Scotland

Wales

Northern Ireland

Please provide the name of any consultancy companies involved in the preparation of the bid:

Cambridge Econometrics, Tom Fleming, Tech 4i2

For bids from **Northern Ireland applicants** please confirm type of organisation

Northern Ireland Executive

Third Sector

Public Sector Body

Private Sector

District Council

Other (please state)

PART 1 GATEWAY CRITERIA

Failure to meet the criteria below will result in an application not being taken forward in this funding round

1a Gateway Criteria for **all bids**

Please tick the box to confirm that your bid includes plans for some LUF expenditure in 2021-22

Please ensure that you evidenced this in the financial case / profile.

Yes

No

1b Gateway Criteria for private and third sector organisations in **Northern Ireland bids only**

(i) Please confirm that you have attached last two years of audited accounts.

Yes

No

(ii) **Northern Ireland bids only** Please provide evidence of the delivery team having experience of delivering two capital projects of similar size and scale in the last five years. (Limit 250 words)

PART 2 EQUALITY AND DIVERSITY ANALYSIS

2a Please describe how equalities impacts of your proposal have been considered, the relevant affected groups based on protected characteristics, and any measures you propose to implement in response to these impacts. (500 words)

Leicester has a rich and unique diversity with a wide variety of people from different backgrounds living and working together. We are proud of, and celebrate, our city's diversity. Leicester City Council is committed to equality of opportunity, elimination of discrimination and promotion of good relations between all people, regardless of age, disability, race, colour, ethnic or national origin, gender, gender identity, religion and belief, sexual orientation, marital or civil partnership status.

The needs of target groups will be addressed at an operational level by the project in terms of the building and service delivery:

- Physical accessibility to and within the site location.
- Terms and conditions of occupation
- Safety, security and accessibility to and within the site
- Availability of support services to under-represented groups
- Business support services

The complex will meet Part M of the building regulations, which deal with the ease of access to, and use of, buildings, including facilities for disabled visitors or occupants, and the ability to move through a building easily including to toilets and bathrooms. Design will resolve current access barriers such as levels differences such that the entire complex will be accessible for all users.

All workspaces will have 24/7 access arrangements for tenants, enabling individuals to work when it is suitable for them. This helps particularly to facilitate flexible working that can more easily accommodate other responsibilities e.g. caring for dependents.

The project will engage with business support programmes that encourage local people to start new businesses and proactive measures will be appropriately targeted at both women and ethnic communities.

The purpose of the bid is to refurbish commercial workspace to serve all sections of the city's diverse population. We expect business occupants and their workforces at the complex to be representative of our diverse population and will measure if this is the case but obviously at this stage we don't know who they will be.

De Montfort University is a key partner and an important strand for this project is to support graduate retention through provision of space and support for new graduate start up businesses. It is notable that more than 50% of DMU students are from BAME backgrounds and we would expect that to be reflected at the complex.

This project is in the city centre, is well served by public transport and is accessible via dedicated cycling and walking routes, enabling the potential workforce to easily access the opportunities created.

Equalities considerations at the council are embedded. In order to assess equalities implications, the council uses standard Equality Impact Assessment templates to ensure consistency in approach. An equality impact assessments will be carried out for the proposed development to ensure that any potential disproportionate negative impacts on any particular protected characteristic/s are identified and mitigated and to ensure that the schemes are inclusive of individuals and groups with different protected characteristics.

When authorities submit a bid for funding to the UKG, as part of the Government's commitment to greater openness in the public sector under the Freedom of Information Act 2000 and the Environmental Information Regulations 2004, they must also publish a version excluding any commercially sensitive information on their own website within five working days of the announcement of successful bids by UKG. UKG reserves the right to deem the bid as non-compliant if this is not adhered to.

Please specify the weblink where this bid will be published:

<https://www.leicester.gov.uk/your-council/policies-plans-and-strategies/planning-and-development/>

PART 3 BID SUMMARY

3a Please specify the type of bid you are submitting

Single Bid (one project)

3b Please provide an overview of the bid proposal. Where bids have multiple components (package bids) you should clearly explain how the component elements are aligned with each other and represent a coherent set of interventions (Limit 500 words).

This project will tackle two key challenges and build on an important opportunity. The first challenge is to create more job roles that attract highly skilled staff and support graduate retention as the city economy underperforms on both. The second is to regenerate a part of the city centre that has suffered disproportionately from loss of footfall and economic activity.

The opportunity is to build the successful, but relatively invisible, creative design cluster in the city through a 60,000sq ft workspace complex with design and creative industry at its heart. The project will refurbish a group of architecturally significant but currently dilapidated heritage buildings to create a highly visible landmark 'destination', a source of pride for Leicester, a hive of activity throughout the day and evening.

It will support training and skills development, including higher education programmes, meetings and events. It will be a permanent base for businesses of varying sizes from graduate start-ups to established firms with growth ambitions and of varying types including craft makers and design practises, a mixed complex of office and industrial space users.

The need for new workspaces of all types in Leicester is well evidenced and a long standing challenge. Little to no new workspace has been developed in the past 20 years by the private sector so there is a critical need for public intervention. Increasing workspace supply was a central theme of the City Mayor's 2016-2020 economic action plan. Pilot House was identified as an underperforming council asset with potential several years ago and this proposal is the outcome of considerable research, planning and partner engagement.

Leicester has been subject to a longer lockdown than any other place in the UK and the economy has been consequently damaged. It needs help to bounce back. Leicester Covid-19 caseloads per residents were 54.1% higher than the UK average and at its peak, 50,900, or 21.7% of Leicester's population was furloughed (Coronavirus Jobs Retention Scheme) in June 2020 (UK=22.5%). Claimant unemployment rose from 3.4% (8,020 claimants) in March 2020 to 7.4% in June 2020 (17,405 claimants) – with total claimants increasing by 218%. The unemployment claimant count peaked in Leicester at 7.4% in August 2020 (UK=6.4%) and stood at 7.2% in January 2021 (UK=6.2%).

This £11.4m project contributes directly to the Levelling Up Fund ambitions for regeneration and through refurbishing 6,000 sq mtrs of redundant factory buildings will directly create high quality accommodation that can support circa 250 quality jobs and a £52.5m GVA contribution to the city economy.

The project will build on the extensive track record of the city council in delivering high quality workspace schemes that spur wider regeneration. It will be delivered by a highly qualified team of construction specialists and be operated by the team currently operating the successful LCB Depot workspace in Leicester’s Cultural Quarter. It draws on considerable partnership working with De Montfort University and a host of existing creative businesses and networks.

A planning submission for the scheme is anticipated in autumn 2021. Survey works are already underway. The overall programme shows project completion at Jan 2024 and is detailed at Table E.

The city council has committed £2.856m towards the scheme which represents 25% of the total £11.423m The funding request is for the balancing 75% i.e. £8.567m.

3c Please set out the value of capital grant being requested from UK Government (UKG) (£). This should align with the financial case:		£8,567,318
3d Please specify the proportion of funding requested for each of the Fund’s three investment themes	Regeneration and town centre	100%
	Cultural	%
	Transport	%

PART 4 STRATEGIC FIT

4.1 Member of Parliament Endorsement (GB Only)

See technical note section 5 for Role of MP in bidding and Table 1 for further guidance.

4.1a Have any MPs formally endorsed this bid? If so confirm name and constituency. Please ensure you have attached the MP’s endorsement letter.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
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Jon Ashworth MP – Leicester South

Letter attached

4.2 Stakeholder Engagement and Support

See technical note Table 1 for further guidance.

4.2a Describe what engagement you have undertaken with local stakeholders and the community (communities, civic society, private sector and local businesses) to inform your bid and what support you have from them. (Limit 500 words)

As noted above, this project proposal has been several years in gestation. During that time we have undertaken extensive research, both desk based and via soft market testing including showing many potential occupants around the complex. There has been almost universal enthusiasm and excitement regarding the potential of the spaces available and their unique characters. More recently we have organised several virtual presentations with circa 80 city stakeholders and secured strong endorsement for the project.

The complex lends itself perfectly as a home for a community of creative individuals and organisations that have their own working and learning spaces but who also share high quality communal spaces that can be flexibly used. We have amassed a great deal of feedback from potential occupants. Much of this work has been led by the manager of our existing creative workspace (the LCB Depot) which is based in the Cultural Quarter. This highly successful workspace is approximately 50% of the size of Pilot House and it has been obvious for a long time that the demand for space from creative organisations and individuals far outstripped our capacity at LCB and this has hindered growth.

The opportunity at Pilot House has been presented to a series of key stakeholders and businesses including both universities with de Montfort University in particular keen to play an active role in the complex including occupying space itself for education and teaching (circa 2,000 sq ft). Though slightly closer to DMU than Leicester University, Pilot House is in an excellent position to draw on students from both as it lies off an important route to the city centre from both campuses.

The opportunity has also been presented and discussed with the East Midlands Chamber of Commerce, the Leicester Business Improvement District company (BID) and to local business support umbrella bodies such Leicester Business Voice. All have been enthusiastic supporters and offered letters of support.

LCB's strategic partnership with De Montfort University is creating a world class business start up offer. This relationship brings together new talent, creative industry businesses and networks to foster entrepreneurialism and indicates a need for flexible workspace to support.

Since 2016 LCB has convened creative sector networks in Design, Film, Architecture, Fashion, Crafts and the Maker Economy and the digital economy enabling great insights and ensuring new initiatives are relevant to business. One example is Design Season - now in its 3rd year and an award winning design festival. All networks have been involved in developing ideas for Pilot House following discussion and visits and indicate demand & enthusiasm for workspace from their sub-sectors. Some specific comments and endorsements from key creative sector professionals and businesses are attached.

4.2b Are any aspects of your proposal controversial or not supported by the whole community? Please provide a brief summary, including any campaigns or particular groups in support or opposition? (Limit 250 words)

There is no opposition to the proposal. It is not controversial.	
4.2c Where the bidding local authority does not have the statutory responsibility for the delivery of projects, have you appended a letter from the responsible authority or body confirming their support?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A
For Northern Ireland transport bids, have you appended a letter of support from the relevant district council	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A
4.3 The Case for Investment	
See technical note Table 1 for further guidance.	
4.3a Please provide evidence of the local challenges/barriers to growth and context that the bid is seeking to respond to. (Limit 500 words)	
<p>The challenge is to generate well paid employment opportunities offering skills progression and earnings growth that boosts economic performance, particularly for Leicester's growing, young population. Leicester's population growth (source: Mid-year Population Estimates, ONS) was 23.9% between 1999 and 2019 (GB=13.9%). Leicester has a much younger age profile than nationally, with 39.1% of the population aged under-25 (GB=30.5%), and high ethnic diversity, as 51.6% of the Adult (16+) population is BAME (GB=12.7%).</p> <p>Jobs growth is needed to address the pay and skills gap. Gross weekly pay of FT workers, at £481.60 in Leicester (2020) is far below the GB average of £587.10. 28.5% of Leicester's workers earn less than the Living Wage (GB=20.1%), 16.9% of residents are unskilled (GB=7.7%), and 19.0% of working-age residents in Leicester have no qualifications (Leicestershire: 4.8%; England: 7.8%). 36.3% of working-age residents hold NVQ4+ qualifications compared to 43.1% for GB. A lower share of jobs are in high-skill occupational categories, representing 38.1% of jobs in Leicester compared to 50.2% for GB.</p> <p>Cambridge Econometrics Spring 2021 Economic Forecasts suggest Leicester and Leicestershire's employment in Professional and financial services will increase by 10,000 jobs between 2020 and 2040, the ICT sector by 4,000 jobs.</p> <p>We need suitable sites and accommodation for this growth, jobs that meet environmental sustainability i.e. within reasonable travel distance by public or sustainable transport and jobs that better link to Leicester graduates. De Montfort University exports circa 2,000 graduates pr yr in creative economy disciplines.</p> <p>This part of the city needs economic activity that creates jobs and footfall. The economic focus for the city centre shifted north and west with the Highcross shopping centre. Combined with the loss of employment uses this has resulted in high vacancy rates.</p>	

Pilot House can help address this. Workspace interventions have proved economically successful, running at virtually full occupancy. Even through COVID demand remains high. Success isn't simply occupancy. The objective is to build communities of like-minded businesses that add value by networking and peer support; supply information and inspiration; create opportunities for social interaction; are a platform for business support that is entrepreneur led; drive innovation and new business partnerships.

Pilot House will create circa 250 jobs for graduates and others in creative occupations. Spaces will support start ups and expansion. Ground floor areas can host diverse meetings and events for business and leisure. Currently dilapidated but 150 yards away from Leicester's New Walk promenade, close to both universities and the city centre Pilot House is perfectly positioned. The demand study (April 2020) noted the council was dealing with 60 live enquiries from creative businesses for circa 40,000 sq ft of space.

4.3b Explain why Government investment is needed (what is the market failure)? (Limit 250 words)

The failure is the inability of the market to provide sufficient supply of new accommodation to support growth. Partly due to issues of viability and partly preference for other forms of development, notably residential. Long-term trends since 2000 highlight declines in industrial and office floorspace far greater in Leicester than other cities in the region.

Supply of office accommodation (analysed between November 2018 to November 2019 as the number of properties advertised as a proportion of VOA properties) is considerably lower (Leicester 21 %, Nottingham 24 %, Derby 35 %).

Availability of office accommodation (years of supply defined as current availability divided by 10-year average take-up) is also lower for Leicester. In 2019 Leicester supply on this measure was just over 1.5 yrs, Nottingham was more than 2 years and Derby was more than 2.5 yrs.

The supply of industrial property is equally constrained (similarly analysed between November 2018 to November 2019 as the number of properties advertised as a proportion of VOA properties) and is considerably lower in Leicester at 2 per cent, Nottingham 4.3 per cent, Derby 12.3 per cent.

Structural changes in the region and Leicester, combined with growth in the number of smaller businesses, have decreased the average size of industrial and office accommodation. In Leicester the average size of office accommodation has fallen by a third - from 3,440 sq ft. in 2000 to 2,338 sq ft in 2019. Development of Pilot House will help in the transition from large unit sizes to smaller accommodation.

4.3c Please set out a clear explanation on what you are proposing to invest in and why the proposed interventions in the bid will address those challenges and barriers

with evidence to support that explanation. As part of this, we would expect to understand the rationale for the location. (Limit 500 words)

Pilot House is located on King Street, just south of the City Centre, and comprises of a complex of six buildings which are all interlinked. The existing accommodation areas total 7,811 sq mtrs and are either entirely vacant or used for low grade storage. The project will substantially refurbish five of the six buildings totalling circa 6,000 sq mtrs, creating a flexible mix of spaces for office and industrial use which will be actively managed by the council's economic regeneration service.

The complex has been identified as suitable for refurbishment to support creative businesses in particular. The council has extensive experience of similar interventions. The refurbishment of the old city bus depot in Rutland St to become the LCB Depot housing almost 60 creative businesses across 25,000 sq ft was the catalyst for the growth of Leicester's Cultural Quarter in 2004. The subsequent refurbishment of a dilapidated hosiery factory, also in Rutland St, to create 10,000 sq ft of new space for designer makers in 2012 (now known as Makers Yard) is a further example. Both have been permanently occupied since opening and the lack of grow-on space and the first hand experience of dealing with many companies in this sector have been drivers to create Pilot House.

The location is perfect for contributing to regeneration of a part of the city that has suffered economically from the loss of employment space and footfall. It also lies in an excellent location for access from both universities, is immediately accessible from the primary New Walk promenade, close to public transport routes and with car parking immediately adjacent at Welford Rd. It is a prominent and highly visible site on the edge of the city centre. The following is extracted from the design brief for the scheme

Project objectives:

- Create a business community hub at a key location in the city centre
- Address a shortage of accommodation for creative/design businesses
- Support growth, talent retention and visibility of the creative design sector
- Support regeneration of lower New Walk / Belvoir St and Market Street area
- Support city ambitions as a destination for inward investment
- Provide flexible workspace in response to changing attitudes and behaviours.
- Accommodate new ideas and early stage incubation businesses
- Create skills and learning activities with De Montfort Uni in particular
- Generate revenues from a currently loss-making Council asset

Design objectives:

- To both inspire and respond to the needs of target businesses and encourage business community growth.
- To create a unique and innovative entrance-reception-café zone which will be a design statement, create interest, communicate ambition, facilitate mixing, co-working and a sense of business and creative community.
- To minimise long term maintenance, energy use and asset management cost

Sustainability in Design

- Sustainability will be a key consideration in design, construction and operation and will be guided by a Sustainability Impact Assessment.

4.3d For Transport Bids: Have you provided an Option Assessment Report (OAR) Yes No

4.3e Please explain how you will deliver the outputs and confirm how results are likely to flow from the interventions. This should be demonstrated through a well-evidenced *Theory of Change*. Further guidance on producing a Theory of Change can be found within [HM Treasury's Magenta Book](#) (page 24, section 2.2.1) and [MHCLG's appraisal guidance](#). (Limit 500 words)

The table below sets out in summary form the inputs, outputs etc that are expected from this project. The main input is the capital resource required to create the flexible spaces that will support the economic activity. The council has extensive experience of managing substantial capital projects. Further details are provided later. The project has been subject to detailed design development (currently at RIBA 2).

The project is based on input from experienced workspace managers who understand both the operational needs of the complex and what commercial tenants want by way of building spec, service, look and feel. The teams are experienced in developing and supporting clusters of creative companies, providing landlord services but also engendering partnerships with business support providers, HE institutions, commercial partners etc.

This project model has been tried and tested and proved to work. The catalyst for the regeneration of the Waterside area of the city (now benefiting from £300m + investment from the private sector) was the refurbishment of the dilapidated Friars Mill building as a managed workspace, now occupied by the Chamber of Commerce amongst others. The catalyst for the Space Park developments now being led by Leicester University was the council creating the first DOCK workspace in 2013. Until that point the Space Park was just an ambition.

Inputs	Outputs	Outcomes	Impacts
Capital Investment (£11.43m)	High quality refurbished space circa 6,000 sq mtrs Circa 250 new jobs Circa 20-30 creative businesses housed that create new 'community' New space for events, meetings,	Workspaces in demand /occupied Redundant heritage buildings creating economic value More opportunities for creative collaboration and innovation	Longer term growth in the creative industries part of the knowledge economy £52.5m GVA over 10 yr period More career opportunities for graduates / highly skilled staff

	leisure activities including quality café / bar space	More graduates retained / skilled staff attracted Businesses supported to grow and / or start More footfall in immediate area throughout day and evening	Reduced vacancy levels in Market St / Belvoir St areas Enhanced property values / rental levels
Partnership / Sector Development Expertise and experience	New collaborations and specific projects e.g. for skills / student learning / business support / seminars / conferences / exhibitions / private parties and performances	Other resources attracted Broader range of businesses and groups engaged / benefiting (beyond occupiers)	Raised profile for the city's creative design sector regionally and nationally More 'in migration' of senior staff More visitors to city
Imaginative design	New collaboration spaces 'Destination' entrance courtyard with flexibility for daytime / evening use	High quality spaces that celebrate and showcase the heritage of the site A popular space and community to work in that people and businesses want to be part of Spaces that respond to new behaviours and requirements post pandemic	Complex becomes a well known and celebrated landmark destination Complex engenders pride for city residents and stakeholders

4.4 Alignment with the local and national context

See technical note Table 1 for further guidance.

4.4a Explain how your bid aligns to and supports relevant local strategies (such as Local Plans, local economic strategies or Local Transport Plans) and local objectives for investment, improving infrastructure and levelling up. (Limit 500 words)

Strategy	Alignment
<p>Leicester : Great City Economic Action Plan 2016 - 2020</p>	<p>The Pilot House project responds to the objectives of the City Mayor's second economic action plan for the city. Enterprising Leicester Action EL5 from that Plan is to 'Increase availability of new workspace for growing businesses – at least 90,000 sq ft'.</p> <p>A new City Growth Strategy covering the period 2021 – 2030 is now in preparation. It too will emphasise the importance of generating new employment workspace.</p>
<p>Leicester Local Plan</p>	<p>Pilot House falls within a designated office area (Professional Office Area) in the current Local Plan, as well as within the City Centre; where offices in general are encouraged and where the policy set out below applies.</p> <ul style="list-style-type: none"> • Within the existing professional office area between New Walk and the Cathedral, small Class B1(a) offices between 100 and 1,000 sqm and Class D1 uses (except places of worship) will be acceptable. <p>Core Strategy 2014 CS POLICY 10. EMPLOYMENT OPPORTUNITIES The City Council will work with partners to ensure that Leicester has a thriving and diverse business community that attracts jobs and investment to the City.</p>
<p>Creative Industries Sector Growth Plan</p>	<p>Identified : 'design' as the second most important sub sector in creative economy of the city (second only to I.T.)</p> <p>Concluded : Dedicated creative workspaces and support programmes have played an important role in nurturing and supporting the growth of the creative sector. There is a lack of growth on workspace across the city and county.</p> <p>In addition, more and better quality co-working spaces with environments and spaces for collaboration and meeting are needed to facilitate the networks and support outlined.</p> <p>Identified opportunity : Building capacity, scale, connectivity and visibility – via stronger hubs, clusters and networks.</p>
<p>Leicester and Leicestershire Enterprise Partnership Economic growth Strategy</p>	<p>One of 4 priorities to increase Productivity and GVA is to create world class business locations and that includes 'Renew existing employment sites and premises where there is demand'</p>

2021 – 2030 (draft)	and 'Reinventing and renewing town centres and place-shaping'
Leicester and Leicestershire Enterprise Partnership Local Industrial Strategy (draft)	Objectives to improve the environment for business included 'Improve the supply of employment land and commercial premises for businesses to meet the needs of our growth sectors and attract inward investment' Objectives to include the promotion of Place included 'Support the enhancement of Leicester city centre and the regeneration and development of town centres to create attractive and productive places that people want to work, study and invest in'
The Leicester & Leicestershire LEP Strategic Economic Plan (2014-2020)	Key Issues included Lower share of knowledge-intensive employment (33%) compared to nationally (38%) Priority for start-up support and SME growth

4.4b Explain how the bid aligns to and supports the UK Government policy objectives, legal and statutory commitments, such as delivering Net Zero carbon emissions and improving air quality. Bids for transport projects in particular should clearly explain their carbon benefits. (Limit 250 words)

This project aligns to the government's Build Back Better strategy. It will drive innovation, boost productivity, create new intellectual partnerships and products, drive demand for high skilled roles in the knowledge economy, make better linkages between HE providers, business support agencies and SMEs.

It will help level up current inequalities. As noted Leicester average pay is below national levels. So are resident qualification levels and graduate retention rates. It will create new office and industrial space that is currently underprovided compared to peer cities, which hinders economic growth and restricts career opportunities.

It will improve 'place', helping turn around an area of the city centre currently struggling and bringing to life redundant heritage buildings, creating a sense of pride.

As per the Levelling Up Fund prospectus, it will have a visible, tangible impact on people and place and support economic recovery. It addresses the priority of regeneration and town centre investment, which refers to 'upgrade eyesore buildings and dated infrastructure, acquire and regenerate brownfield sites'.

Supporting the Climate Emergency declared by the council, Pilot House will illustrate the potential for renovating Leicester's building stock. Within the scope of the existing building fabric, it will achieve the lowest possible lifetime carbon emissions by including energy efficient low carbon heating, cooling and hot water supply, maximising on site generation of renewable energy (solar), minimising lifecycle carbon footprint and environmental impacts from construction materials and waste, ensuring sustainable low/zero carbon travel and transport through e-connectivity, pedestrian and cycle facilities and EV charging.

4.4c Where applicable explain how the bid complements / or aligns to and supports other investments from different funding streams. (Limit 250 words)

This initiative complements another key project intended to support the regeneration of the Market St / Belvoir St / New Walk area. That is the comprehensive refurbishment of the old Fenwick Department store to be a 110 aparthotel known as the Gresham. That is being led by private sector developer Aimrok and will be operational in Autumn 2021. The scheme is supported by a £4m loan from the Leicester and Leicestershire Enterprise Partnership as part of an overall £16m+ financing package. It sits 200 yards away from Pilot House.

The scheme has circa 20,000 sq ft of commercial space alongside the aparthotel areas and the city council has also invested £450k and taken a lease of 11,000 sq ft to operated as a managed workspace. That will offer a mix of highly flexible spaces for small offices (2-3 people), fixed desk workstations and hot desks. The scheme will be targeted at the professional and business service sector and will especially suit freelancers and businesses that want touch down space.

The area has also benefited from considerable council investment via the City Mayor's multi million pound 'Connecting Leicester' programme that has substantially upgraded the public realm, footways and created new and secure cycling routes in the areas immediately adjacent Pilot House including Welford Rd, Belvoir St, Pocklington's Walk etc.

4.4d Please explain how the bid aligns to and supports the Government's expectation that all local road projects will deliver or improve cycling and walking infrastructure and include bus priority measures (unless it can be shown that there is little or no need to do so). Cycling elements of proposals should follow the Government's cycling design guidance which sets out the standards required. (Limit 250 words)

n/a

PART 5 VALUE FOR MONEY

5.1 Appropriateness of data sources and evidence

See technical note Annex B and Table 1 for further guidance.

All costs and benefits must be compliant or in line with [HMT's Green Book](#), [DfT Transport Analysis Guidance](#) and [MHCLG Appraisal Guidance](#).

5.1a Please use up to date evidence to demonstrate the scale and significance of local problems and issues. (Limit 250 words)

As discussed earlier:

- Need to provide jobs for a growing population and young workforce. Leicester population growth (source: Mid-year Population Estimates, ONS) of 23.9% growth between 1999 and 2019 (GB=13.9%). Much younger age profile, 39.1% of the population under-25 (GB=30.5%), high degree of ethnic diversity, 51.6% of the Adult (16+) population is BAME (GB=12.7%) (Source: Annual Population Survey, ONS).
- Supply of office accommodation in Leicester is low. Between November 2018 to November 2019 the number of properties advertised as a proportion of VOA properties is Leicester 21 %, Nottingham 24 %, Derby 35 %. (Source: Tech4i2 Pilot House Demand Study).
- Availability of office accommodation also lower. Years of supply defined as current availability divided by 10-year average take-up for Leicester in 2019 was just over 1.5 yrs, Nottingham was over 2 years, Derby more than 2.5 yrs. (Tech 4i2 study)
- Supply of industrial property is constrained. Between November 2018 to November 2019 the number of properties advertised as a proportion of VOA properties considerably lower in Leicester 2%, than Nottingham 4.3 %, Derby 12.3 %. (Tech 4i2 study)
- There is a need to ensure jobs growth can address the pay and skills gap faced by Leicester workers. Gross weekly pay of FT workers, at £481.60 in Leicester (2020) is far below the GB average of £587.10 (source: Annual Survey of Hours and Earnings, ONS).
- Leicester has suffered from the longest Covid-19 lockdown period of any city in the UK.

5.1b Bids should demonstrate the quality assurance of data analysis and evidence for explaining the scale and significance of local problems and issues. Please demonstrate how any data, surveys and evidence is robust, up to date and unbiased. (Limit 500 words)

Most of the statistics quoted are from official (Office for National Statistics) sources including the Annual Population Survey (employment, unemployment, labour market participation), Business Register and Employment Survey (employee jobs), Subregional GVA estimates (economic output/ GVA), Claimant Count (claimant unemployment), Mid-year Population Estimates (demographics), and UK Business Demography (business population).

Economic forecast data is sourced from Cambridge Econometrics's UK MDM economic model (<https://www.camecon.com/how/mdm-e3-model>), which has been established for 20 years and is updated annually, with the latest forecasts sourced from the Spring 2021 revision. This is an objective economic model based on Office for Budget Responsibility GVA projections, official statistics, and econometric formulas and calculations.

Covid-impact data and insights have been provided from analysis conducted by Cambridge Econometrics for Leicester and Leicestershire LEP.

Data and analysis has been quality assured by Cambridge Econometrics, whose quality management system for economic modelling and consultancy has been approved as complying with the international standard ISO 9001:2015 (LRQA number 10260702).

Data for analysing and comparing availability of office accommodation by years of supply was drawn by Tech 4i2 from published Midlands Property Market reviews for 2019 by commercial agent Lambert Smith Hampton.

Data for comparing supply of office and industrial property was the result of statistical methods developed by Tech4i2 to robustly answer the question – “Where is there over- and under-supply of commercial property in different localities?”. The method uses ONS and VOA statistics to estimate the potential number of businesses in a locality that might require different types of property¹. This ‘stock’ of businesses can then be compared with the ‘supply’ of each type and size of accommodation on the commercial property market.

The Pilot House study (received April 2020) uses data collected by Tech4i2 about property advertised ‘to let’ to examine supply. The research examined more than three years and 30,000 records about the ‘supply’ of different types of property at six digit postcode level in the East Midlands. The focus of analysis for the section cited is the last year of supply records from November 2018 to November 2019 to provide up-to-date insights for Leicester, Derby and Nottingham.

Data about occupancy and vacancy rates are based on direct observations by the city council.

5.1c Please demonstrate that data and evidence chosen is appropriate to the area of influence of the interventions. (Limit 250 words)

Data for Leicester City Council area is quoted, and other comparators (Leicestershire, East Midlands, Derby, Nottingham) where this provides useful insights.

All of the data relates to socioeconomic characteristics and dynamics directly relating to the economic challenges and opportunities facing Leicester and the development site proposed.

Data on employment trends and forecasts by industrial sector have been provided – as these directly help to understand future employment demand, and demand for future employment sites and premises.

The data on occupancy in the Market St / Belvoir St area is relevant to illustrate the extent of vacancies that have emerged in this area and that are causing it to struggle. Unit occupancy is a standard measure to gauge the health or otherwise of town centres and offers useful comparison both for different areas within city centres and between them.

The comparison schemes cited in this bid to demonstrate the effectiveness of previous, similar interventions are appropriate. The schemes referred to have also been developed by the council, have prompted regeneration in their surrounding areas and most are based on the refurbishment of previously derelict industrial space like this project.

5.2 Effectiveness of proposal in addressing problems

5.2a Please provide analysis and evidence to demonstrate how the proposal will address existing or anticipated future problems. Quantifiable impacts should usually be forecasted using a suitable model. (Limit 500 words)

Economic forecasts suggest that there will be an additional 14,000 jobs in professional, scientific and technical, ICT, finance and business services industries in Leicester and Leicestershire by 2040. Design jobs that will be prioritised by this project fall under this category.

The overall economic prognosis is of significant jobs growth in knowledge-based industries. The property market analysis concludes that demand is high, but the supply of quality premises is very constrained. This high level analysis is supported by local intelligence, data held by the council for property enquiries, data from commercial agents etc which shows demand that is currently unmet.

The proposed net internal area floorspace for the proposed developments and sites have been allocated as 2,557 m² of Office based accommodation, and 675 m² of Mixed B class studio and light industrial / mixed accommodation.

Homes and Community Agency floorspace densities (from guidance 3rd edition) have been applied (12 m² per job for Office based accommodation, and 20 m² per job for Mixed B class studio and light industrial, and the proposed developments would accommodate 247 jobs overall, comprising 213 office-based jobs and 34 Mixed B class studio and light industrial / mixed jobs. This would help to meet some of the future demand for office and light industrial / mixed accommodation.

Tech 4i2 have carried out a detailed demand study for Pilot House. This demonstrates strong demand for the scheme including a pipeline (at that time April 2020) of 60 creative businesses looking for 40,000 sq ft of space. It also analysed and recommended prices per sq ft that should be achievable for the development that have been used to drive revenue forecasts.

As mentioned elsewhere the flexibility of the managed workspace offer is attractive for occupiers and has maintained high occupancy across the council's managed workspace portfolio even during COVID. The flexibility of the spaces at Pilot House create scope to respond effectively to new ways of working post pandemic.

5.2b Please describe the robustness of the forecast assumptions, methodology and model outputs. Key factors to be covered include the quality of the analysis or model (in terms of its accuracy and functionality) (Limit 500 words)

The economic forecasts which project jobs by sector and help to frame the context around demand for premises, are sourced from Cambridge Econometrics's UK MDM-E3 forecasting model, which is capable of forecasting employment and GVA by 45 sector definitions for the UK, regions and local areas. As one of Cambridge Econometrics's E3 (environment-economy-energy) models, MDM-E3 is maintained and developed by Cambridge Econometrics (CE) as a framework for generating forecasts and alternative scenarios, analysing changes in economic structure and assessing energy-environment-economy (E3) issues and other policies. MDM-E3 provides a one-model approach in which the detailed industry and regional analysis is consistent with the macroeconomic analysis: in MDM-E3, the key indicators are modelled separately for each industry sector, and for each region, yielding the results for the UK as a whole. MDM-E3 is one of a family of models which share the same framework, general design, methodology and supporting software; the scope of the E3ME model is European; that of E3MG is global. Cambridge Econometrics's quality management system for economic modelling and consultancy has been approved as complying with the international standard ISO 9001:2000. The certifying body is Lloyd's Register Quality Assurance, who re-assess CE every nine months. The certificate number is LRQ 4002030.

The economic impact model uses a standard approach, that has a track record in use by many consultants for local economic impact appraisal.

The floorspace densities used are from a standardised Homes and Communities Agency (HCA) guidance document. NIA floorspace has been calculated from architects concept drawings of the proposed developments on the sites proposed.

The GVA per job is sourced from ONS statistics of productivity by industrial sector.

The rate of inflation applied is 2%, as specified by MHCLG Appraisal Guidance.

The calculation of additionality uses HCA and MHCLG appraisal guidance benchmarks and practice.

5.3 Economic costs of proposal

5.3a Please explain the economic costs of the bid. Costs should be consistent with the costs in the financial case, but adjusted for the economic case. This should include but not be limited to providing evidence of costs having been adjusted to an appropriate base year and that inflation has been included or taken into account. In addition, please provide detail that cost risks and uncertainty have been considered and adequately quantified. Optimism bias must also be included in the cost estimates in the economic case. (Limit 500 words)

All costs have had the HM Treasury discount rate of 3.5% per annum applied, as per MHCLG Appraisal guidance. The present value of costs has had this discount rate applied annually.

The costs of the bid have been derived from quantity survey estimates, and inflation assumptions have been applied.

A summary of the cost plan for the scheme is attached which includes an elemental breakdown and a RIBA stage breakdown of costs. It also clearly identifies relevant sums for contingency and risk that are also explained in more detail below.

The information in the spreadsheet tables show how these figures have been allocated across financial years and how they have been adjusted to create the economic case.

5.4 Analysis of monetised costs and benefits

5.4a Please describe how the economic benefits have been estimated. These must be categorised according to different impact. Depending on the nature of intervention, there could be land value uplift, air quality benefits, reduce journey times, support economic growth, support employment, or reduce carbon emissions. (Limit 750 words)

The economic benefits, apart from the land value uplift, have been calculated using jobs densities derived from Homes and Community Agency Guidance (3rd edition). The net internal area (NIA) for each of the sites has been estimated from architectural plans; which has been used to estimate total jobs – detailed as follows: 675 m² of Mixed B class studio light industrial / mixed use (20 m² per job); and 2557 m² of Managed workspace (12 m² per job).

The phasing of each building plot completion was factored into calculations of how many jobs would be accommodated on each site in each year, and assumptions have been made about occupancy rates – as presented in **Table 5.4a1** below. Calculating jobs densities – total jobs by use class are presented in **Table 5.4a2**. - These are the jobs resulting from the permanent occupation of the sites and premises redeveloped.

Table 5.4a1: Phasing of completion of net internal area on funded sites

	21/2 2 m2	22/2 3 m2	23/2 4 m2	24/2 5 m2	25/2 6 m2	26/2 7 m2	27/2 8 m2	28/29 onward s m2
Pilot House								
Mixed B class	0	675	675	675	675	675	675	675
Managed workspace	0	2557	2557	2557	2557	2557	2557	2557
Occupancy rates								
Mixed B class	0%	30%	50%	65%	80%	90%	90%	90%
Managed workspace	0%	15%	40%	58%	73%	85%	90%	90%

Table 5.4a2: Phasing of gross jobs (additionality rate not applied) occupied on each site

	21/2 2 jobs	22/2 3 jobs	23/2 4 jobs	24/2 5 jobs	25/2 6 jobs	26/2 7 jobs	27/2 8 jobs	28/29 onward s jobs
Pilot House								
Office-based	0.0	10.1	16.9	21.9	27.0	30.4	30.4	30.4
Mixed B class	0.0	32.0	85.2	122.5	154.5	181.1	191.8	191.8
Total	0	42.1	102.1	144.5	181.5	211.5	222.2	222.2

GVA per job at the East Midlands geography has been derived from ONS NUTS2 productivity estimates, and uprated to 2021/22 values by applying GVA growth estimates of 2% as per MHCLG appraisal guidance. The best fit between buildings and industry occupiers was made in terms of standard industrial classifications. A GVA per job per annum of £44,585 (the average for the Professional, scientific and technical industrial sector) was applied to Mixed B class studio light industrial / mixed use jobs and managed workspace jobs.

GVA calculations are detailed in **Table 5.4a3**.

Table 5.4a3: Phasing of gross GVA (additionality rate not applied) generated by jobs occupied on each site

Year ending	21/2 2 £m	22/2 3 £m	23/2 4 £m	24/2 5 £m	25/2 6 £m	26/2 7 £m	27/2 8 £m	28/29 onward s £m
Pilot House								
Office-based	0.0	0.5	0.8	1.0	1.2	1.4	1.4	1.4
Mixed B class	0.0	1.4	3.8	5.5	6.9	8.1	8.6	8.6

Total	0.0	1.9	4.6	6.4	8.1	9.4	9.9	9.9
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A discounted value model over 10-, and 20- year benefits was then derived, estimating total jobs and GVA impacts in 2021/22 values. Net additionality rates have been calculated, using MHCLG guidance, as 75% additionality at the local level, 50% additionality at regional (East Midlands), and 25% at national (UK) level. Deadweight, Leakage, Displacement, and Substitution values were taken from similar project categories from the Homes and Communities Agency 2014 Additionality Guide. Multiplier (type I) values are from ONS SUT tables analysis. The combined additionality factor was rounded up to 75%. HCA and MHCLG guidance was used to assume 50% regional and 25% national additionality rates. No inflationary assumptions have been applied to GVA benefits, so therefore no discounting has been applied to calculate the net present value of GVA benefits. This leads to the following estimate of net local economic impacts of the project:

- 166.6 new jobs
- £52.5 million GVA over 10-year period 2021/22-2030/31
- £126.8 million GVA over 20-year period 2021/22-2040/41

5.4b Please complete Tab A and B on the **appended excel spreadsheet** to demonstrate your:

Tab A - Discounted total costs by funding source (£m)
 Tab B – Discounted benefits by category (£m)

Details have been entered to the relevant spreadsheet tables

5.5 Value for money of proposal

5.5a Please provide a summary of the overall Value for Money of the proposal. This should include reporting of Benefit Cost Ratios. If a Benefit Cost Ratio (BCR) has been estimated there should be a clear explanation of how this is estimated ie a methodology note. Benefit Cost Ratios should be calculated in a way that is consistent with [HMT’s Green Book](#). For non-transport bids it should be consistent with [MHCLG’s appraisal guidance](#). For bids requesting funding for transport projects this should be consistent with [DfT Transport Analysis Guidance](#). (Limit 500 words)

In current values, the project expenditure over 4 years between 2021/22 and 2024/25 will be a Local Authority contribution of £8,567,318, LUF grant contribution of £2,855,773, with no other third party or private sector contribution – with the total public costs (current) of £11,423,090.

Utilising a discount ratio of 3.5% per annum on public costs, the net present costs over 10-, 20- and 30- years have been calculated below. The net present benefits (GVA in 2021/22 values) has also been calculated. This allows us to calculate the benefit-cost ratios.

Over 10 years, with net present benefits of £52.5m in GVA and net present public costs of £10.9m, the overall 10-year public cost BCR is 4.83. The LUF grant BCR (calculated on the NPV of LUF funding only) is 19.32.

	10-year 2021/22- 2030/31	20-year 2021/22- 2040/41	30-year 2021/22- 2050/51
Net present benefits and costs			
Net Present Benefits (Total Benefits x 75% additionality rate) GVA	52,506,779	126,790,962	201,075,145
Net present public costs (LUF + LA)	10,870,135	10,870,135	10,870,135
Net present grant costs	2,717,534	2,717,534	2,717,534
All public costs			
BCR: Net present benefits / net present public costs	4.83	11.66	18.50
Levelling-up fund grant			
BCR: LUF grant only	19.32	46.66	73.99

5.5b Please describe what other non-monetised impacts the bid will have, and provide a summary of how these have been assessed. (Limit 250 words)

The completed scheme will have a significant visual impact on a primary circulation route in the city and in particular the treatment of the old loading bay area that is being carefully designed to create impact and be the shop window / entrance for the complex.

The physical nature and shapes of the current buildings lend themselves to high quality refurbishment that can showcase natural light, retain old features, expose brick surfaces, create flexible spaces etc. Based on our experience and research to date we know this will appeal to creatives and will support events that can attract others including from outside the city to a new 'destination'.

The focus of the project is to build, celebrate and reinforce the importance of the creative design sector in the city. Though that can be measured in part (by numbers of businesses, relevant events, jobs etc) the longer term impact will be the extent to which it helps 'position' the city and reinforce its identity as a progressive, interesting place to study, live and work.

As noted elsewhere other important measures will include the generation of footfall throughout the day and evening to this part of the city and the impacts that will be tracked on vacancy rates in the key city centre streets surrounding Pilot House. Impact on graduate retention will be tracked through university data and management information systems at the complex. Successful regeneration in the

area should also have a positive impact on property values and rental levels and these will also be tracked.

5.5c Please provide a summary assessment of risks and uncertainties that could affect the overall Value for Money of the bid. (Limit 250 words)

Any redevelopment project carries risk. For Pilot House, whilst work in the ground is limited, there is also uncertainty around existing building materials such as asbestos, structural condition, planning constraints for new materials such as windows, capacity and condition of mechanical & electrical systems. Based on early survey work and pre application consultations, we have developed our scheme to RIBA stage 2, including clear strategies, e.g. removing all existing M & E systems. Using this information, and experience from redeveloping similar buildings the Project QS has developed our detailed cost plan for the scheme.

The project team has undertaken a comprehensive risk review including a mitigation strategy and / or a monetary allowance forming the risk pot. Several risks are being mitigated by further detailed surveys and consultations to inform the RIBA Stage 3 design. Remaining key risks and uncertainties include:

- Inflation – we have made allowances outside the risk pot for price increases due to inflation.
- Tender – our strategy is single stage lump sum, should the market decline, there are time and cost implications of two stage.
- Pressurisation to meet the demands of the market e.g. technology changes

The above relate to the build project. The scheme outputs are creating jobs and supporting businesses so if the building were to remain vacant it would obviously impact value for money. Our mitigation is based on extensive market research that underpins demand, the specification of finishes and the flexibility of spaces that will meet future tenant needs.

5.5d For transport bids, we would expect the [Appraisal Summary Table](#), to be completed to enable a full range of transport impacts to be considered. Other material supporting the assessment of the scheme described in this section should be appended to your bid.

PART 6 DELIVERABILITY

6.1 Financial

See technical note Table 1 for further guidance.

6.1a Please summarise below your financial ask of the LUF, and what if any local and third party contributions have been secured (please note that a minimum local (public or private sector) contribution of 10% of the bid costs is encouraged). Please also note that a contribution will be expected from private sector stakeholders, such as developers, if they stand to benefit from a specific bid (Limit 250 words)

The total capital cost of the project is estimated at £11,423,090 (RIBA 2 design cost plan). A simple summary of the cost plan is attached to this bid.

The request of the Levelling Up Fund is for 75% of that figure i.e. £8,567,318. The remaining 25% i.e. £2,855,773 will be provided by Leicester city council as match funding. This sum has been budgeted and is available.

6.1b Please also complete Tabs C and D in the **appended excel spreadsheet**, setting out details of the costs and spend profile at the project and bid level in the format requested within the excel sheet. The funding detail should be as accurate as possible as it will form the basis for funding agreements. Please note that we would expect all funding provided from the Fund to be spent by 31 March 2024, and, exceptionally, into 2024-25 for larger schemes.

Detail has been provided in the spreadsheet

6.1c Please confirm if the bid will be part funded through other third-party funding (public or private sector). If so, please include evidence (i.e. letters, contractual commitments) to show how any third-party contributions are being secured, the level of commitment and when they will become available. The UKG may accept the provision of land from third parties as part of the local contribution towards scheme costs. Where relevant, bidders should provide evidence in the form of an attached letter from an independent valuer to verify the true market value of the land.

N/A

6.1d Please explain what if any funding gaps there are, or what further work needs to be done to secure third party funding contributions. (Limit 250 words)

N/A

6.1e Please list any other funding applications you have made for this scheme or variants thereof and the outcome of these applications, including any reasons for rejection. (Limit 250 words)

N/A

6.1f Please provide information on margins and contingencies that have been allowed for and the rationale behind them. (Limit 250 words)

Our detailed cost plan for the redevelopment of Pilot House has been developed based on our RIBA Stage 2 designs by MRICS Accredited Quantity Surveyors using industry standard rates together with real commercial experience of projects similar to Pilot House. Rates used are therefore commercial. In addition, our cost plan includes for a number of contingencies;

- Design Risk Reserve and Construction Contingency – this reflects that the design is currently at RIBA Stage 2. This is calculated at approximately 5% of the build cost and will become utilised as the design develops up to around 2.5% with the remaining 2.5% becoming Main Contractors Risk as part of the contracted works.
- Tender Price Indices future inflation to Q3/22 – covering future market increased associated with prelims, overheads and profit. This has been calculated at 1.22% of the build cost in line with current BCIS forecasts. .
- BCI Future inflation to Q3/22 – covering Plant, Labour and Materials costs increases in line with BCIS forecasts. This has been calculated at 3.25% of the build cost.
- Client side retained contingencies – this has been calculated by qualifying the risks within the risk register.

6.1g Please set out below, what the main financial risks are and how they will be mitigated, including how cost overruns will be dealt with and shared between non-UKG funding partners. (you should cross refer to the Risk Register). (Limit 500 words)

Once funding has been secured for the project, the main financial risks have been captured in our risk register (attached) which covers all workstreams to completion of the project and includes a risk owner for each risk.

Our detailed risk register identifies 33 open risks, with appropriate grading and risk mitigation action leading to an overall allocation of funding, £632k, in addition to the current contingencies identified.

Risk owners are responsible for implementation of mitigation measures, monitoring risks and updating the register. Risks are reviewed monthly in line with the Project Board and significant risks are reported to the Board, allowing cross workstream risk management.

Where relevant, risks have been quantified to form the client-side 'risk pot'. This 'pot' will be held by our internal Cost Manager. Expenditure against the pot will be carefully managed through formal change control processes which are authorised by the Project Board.

The main financial risks listed in the risk register fall under the construction workstream, and a number are related to the existing building such as its structural stability, the presence of asbestos or protected species and building condition. These are already being mitigated by undertaking of detailed / intrusive surveys which will inform the RIBA Stage 3 design or, in the case of asbestos, once the building is empty and prior to construction works commencing. In addition, early consultation with statutory and legal bodies will also be undertaken during RIBA Stage 3. Some risks, such as those relating to building control will be mitigated by the design team during their design development and risk mitigation and monitoring will form part of the design team meetings.

In addition to these building / construction related risks, the most significant financial risks are:

- Inflation – we have made allowances outside of the risk pot for price increases due to inflation.
- Pressurisation to meet the demands of the market e.g. technology changes
- Tender – our strategy is single stage lump sum, should the market decline, there are time and cost implications of two stage.

Furthermore, whilst we are confident in our cost plan, until tenders are received, the build cost remains a risk.

We are procuring an external QS to form part of the multidisciplinary design team pre-tender. This consultant will provide an updated cost plan following the revisit of RIBA Stage 2 and again at RIBA Stage 3. These cost plans will provide further opportunity to test the build cost and if necessary, to undertake a comprehensive value engineering exercise, attended by relevant stakeholders and the design team, to ensure the scheme remains in budget before going to tender.

Our Cost Manager will provide a monthly financial report throughout the project to the Board. This will provide all parties with detailed cost information to monitor the cost and expenditure against budget and ensure that should there be any risk of financial overruns, these are identified early to allow mitigation action to be taken (value engineering exercise) However, given the appropriate governance set out, it is not envisaged that cost overruns beyond the overall budget will occur.

6.2 Commercial

See technical note Section 4 and Table 1 for further guidance.

6.2a Please summarise your commercial structure, risk allocation and procurement strategy which sets out the rationale for the strategy selected and other options considered and discounted. The procurement route should also be set out with an explanation as to why it is appropriate for a bid of the scale and nature submitted.

Please note - all procurements must be made in accordance with all relevant legal requirements. Applicants must describe their approach to ensuring full compliance in order to discharge their legal duties. (Limit 500 words)

The attached organogram sets out our structure for managing the project including the membership of the project board and illustrates how we will manage the various appointments and procurement exercises referred to below.

Consultants:

Procurement of the required professional services require for the project will be via the Councils in house legal and procurement teams, using a call off process from legal and OJEU compliant frameworks, likely being the Built Environment Consultancy Services (BECS) framework established by SCAPE or the Council's own Construction Services Framework (ref. PAN1069) with Arcadis.

Contractors:

When selecting a procurement route for a main contractor our focus has been on value for money and assurance of deliverability of the project. Options which have been considered are as follows:

- **Single tender action**, this option does not demonstrate value for money and there a number of contractors who can deliver a project of this nature,
- **Open Market tender**, two stage. It has been assessed that this route is likely to add around 7 weeks to the overall programme, and would not add intrinsic value to the project from both a capital, programme and value for money perspective,
- **Framework**, we have existing frameworks who have established contractor who have a credible history of delivering project of this scale and nature. All frameworks have competitive rates, dialogue and are legally compliant,

Following a procurement options analysis it was concluded that the work should be procured via the Councils in house legal and procurement teams, via call off from a legal and OJEU compliant framework agreement, such as CCS RM 6088 or the Council's own construction framework (ref. PAN1068). This procurement route provides value for money contractor, legal compliance and is appropriate for a bid/project of this scale and nature.

6.3 Management

See technical note Section 4 and Table 1 for further guidance

Delivery Plan: Places are asked to submit a delivery plan which demonstrates:

- Clear milestones, key dependencies and interfaces, resource requirements, task durations and contingency.
- An understanding of the roles and responsibilities, skills, capability, or capacity needed.
- Arrangements for managing any delivery partners and the plan for benefits realisation.
- Engagement of developers/ occupiers (where needed)
- The strategy for managing stakeholders and considering their interests and influences.
- Confirmation of any powers or consents needed, and statutory approvals eg Planning permission and details of information of ownership or agreements of land/ assets needed to deliver the bid with evidence
- Please also list any powers / consents etc needed/ obtained, details of date acquired, challenge period (if applicable) and date of expiry of powers and conditions attached to them.

6.3a Please summarise the delivery plan, with reference to the above (Limit 500 words)

Our Project's Delivery Plan is our Project Execution Plan (PEP). This document sets out how the project will be delivered and is disseminated to all parties involved with the project. It is a working document that is developed throughout the duration of the project and our current PEP (attached) reflects the status of our project now.

Key dates are included, the programme sets out proposed key milestones, dependencies, resources and task durations. To ensure deliverability in line with Levelling Up Fund timescales, we have already commenced with early activities and our planned completion date is end Jan 2024. This provides a 2-month contingency period for any delays prior to the LUF deadline.

Using resource forecasts, the Project Board previously considered roles and responsibilities and availability of skills and capacity to deliver our project. Given the availability of in-house qualified cost and construction project managers, RIBA Architect and IT and FM teams, the Board agreed in house resources for cost and project management and assurance. External resources for surveys, multi-disciplinary design team and Main contractor.

Pilot house contains a number of existing tenants (occupying less than 10-% of the available floor space). The accommodation workstream lead manages the process of decanting the building. Most external tenants have already vacated but work is now progressing with the few remaining internal tenants to identify alternative locations. This is a critical path item which must be completed before demolition works can start and is being monitored by the Project Board so that any constraints can be resolved. There are no developers involved.

Our Stakeholder Management plan and associated power interest grid identifies key stakeholders and their interest in the project along with who is responsible for managing the relevant stakeholder. The Project Board are responsible to ensure that additional stakeholders are identified and engaged as necessary throughout the Project, and the Board Chair is responsible for engaging with the Project Sponsor and City Mayor.

Relevant Approvals:

- Planning Permission is required for the change of use, demolitions and new build. A pre app has previously been undertaken for the scheme with a positive outcome however a formal application will be made to LCC Planning Department during the design.
- Building Control consent is also required. LCC Building control can be appointed for this and an application will be made during the design.
- The requirements of the Party Wall Act are not expected to apply but will be explored during the design stage.

The site is wholly owned by LCC, therefore no formal Freeholder consents are required. There are no other powers or consents etc needed or already obtained.

The project funding tables show that the project anticipates spending circa £570,000 in this financial year 2021/22.

The LCB Depot manager will be responsible for developing marketing strategy, partnership working and creative sector networking and will lead on delivering the outputs. That workstream will also be reported to and monitored by the Project board and a specific stakeholder engagement plan will be created that will have a separate risk register and mitigation strategy.

Once the workspace is open project impacts will continue to be monitored via regular management information systems reports, bespoke surveys etc and this will include periodic reporting to the City Mayor and his executive team colleagues as ultimate sponsor of the project.

6.3b Has a delivery plan been appended to your bid?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
6.3c Can you demonstrate ability to begin delivery on the ground in 2021-22?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

6.3e Risk Management: Places are asked to set out a detailed risk assessment which sets out (word limit 500 words not including the risk register):

- the barriers and level of risk to the delivery of your bid
- appropriate and effective arrangements for managing and mitigating these risk
- a clear understanding on roles / responsibilities for risk

The risk register clearly demonstrates the risk to the bid and has a focus on the capital build. Likelihood of a risk occurring is scored from 1-6 and then scored again 1-6 in terms of cost and time impact. These scores are combined to provide an overall level of risk. There are no High risk items, the majority being Medium or Low.

Our risk register which covers all workstreams to completion of the project and includes a risk owner for each risk.

Risk owners are responsible for implementation of mitigation, monitoring risks and updating the register including adding and closing out risks. Most of these risks are owned by the relevant work stream owners who are all members of the Project Board. The risk register will be updated at least monthly in line with the Project Board and significant risks are reported to the Board, allowing cross Workstream risk management.

Where relevant, risks have been quantified to form the client-side 'risk pot'. This 'pot' will be held by our internal Cost Manager. Expenditure against the pot will be carefully managed through formal change control processes authorised by the Project Board.

During the works the Main Contractor will also hold a risk register with mitigation measures and this will be reviewed at monthly contractor progress meetings to ensure risks are mitigated and closed out.

The overall Project Risk Register is owned by the Project Board and risks are allocated to members of the project board who are work stream leads albeit that some construction related risks are subsequently to be allocated to other parties such as the design team or Main Contractor.

The risk register clearly sets out the roles and responsibilities for managing the risks listed which focus on project inputs. When new risks are added, the relevant workstream lead on the Project Board will be allocated to ensure the risk is mitigated until closed out. Where risks are to be passed to other parties these will be communicated in contract terms or appointments.

Risk that the project might not deliver the desired outputs and outcomes lies largely outside the remit of the construction process, though clearly appropriate design to ensure the workspaces created are appropriate and attractive and that the building specification is fit for purpose will be critical.

The workstream around operations will be led by the LCB Depot manager who will be responsible for developing marketing strategy, partnership working and creative sector networking and will lead on delivering the outputs. That workstream will also be reported to and monitored by the Project board and a specific stakeholder engagement plan will be created that will have a separate risk register and mitigation strategy.

Once the workspace is open the project impacts will continue to be monitored via regular management information systems reports, bespoke surveys etc and this will include periodic reporting to the City Mayor and his executive team colleagues as ultimate sponsor of the project.

A copy of the project risk register is attached.

6.3f Has a risk register been appended to your bid? Yes
 No

6.3g Please evidence your track record and past experience of delivering schemes of a similar scale and type (Limit 250 words)

The City Council has a very good track record of delivering new commercial workspaces that are both economically successful and that drive wider regeneration benefits. The attached 'Plans and Photos' document includes examples of the comparable schemes that are referred to below.

In particular the council has a track record of delivering large scale refurbishment of redundant factory units, similar to Pilot House, in order to create managed workspaces. Friars Mill, a fire-damaged and vacant factory on the edge of the river was purchased by the council and completely refurbished as a 20,000 sq ft workspace that opened in 2019. Prior to that in the Cultural Qtr a vacant hosiery factory was refurbished to create 10,000 sq ft of 'designer/ maker' studio spaces in 2012 and before that the 25,000 sq ft LCB Depot was created from the shell of the old Leicester City Bus depot in 2004.

The LCC internal construction management team for this project have over 20 years of experience each of construction new build & refurbishment projects, within private sector and public sector organisations including for LCC. This internal Multi-disciplinary team comprises of 2 RICS Quantity Surveyors; a Technical Project Manager ICIQB; and an RIBA Architect. External Multi-disciplinary professional service consultancies will support the LCC team during this project.

The Bid manager has extensive experience of leading major capital projects including workspace schemes such as DOCK, Makers Yard and the Leicester Food Park and regeneration projects such as in the Leicester Market conservation area.

6.3h Assurance: We will require Chief Financial Officer confirmation that adequate assurance systems are in place.

For larger transport projects (between £20m - £50m) please provide evidence of an integrated assurance and approval plan. This should include details around planned health checks or gateway reviews. (Limit 250 words)

In accordance with the Chief Finance Officers declaration at 7.2 the council confirms it has adequate assurance systems in place.

The City Mayor will have ultimate responsibility and accountability for the delivery of the project and the realisation of benefits.

Responsibility for overseeing delivery of the project will be delegated to a specific council project board which will be chaired by the Director of Tourism, Culture and Investment and include senior finance officer representation along with the scheme project manager, QS etc. An organogram is attached that illustrates the make up of the board and the various work streams it will lead.

The Board will meet every four weeks and receive and consider regular reports that will include scheme progress reports, cost updates, risk and programme reviews etc. Those reports during the build phase will be informed by monthly (at least) contractor review meetings to assess progress and generate the above reports for review / decision.

At key Gateway decision points the City Mayor will chair a Gateway review to confirm the scheme can progress (or not) to the next stage. In line with the delivery plan that has been attached these will include

Gateway	Date
Sign Off RIBA 3 designs	27 Jan 2022
Start Tender process for Contractor	27 May 2022
Finalise contractor appointment	16 Sept 2022

6.4 Monitoring and Evaluation

See technical note Section 4 and Table 1 for further guidance.

6.4a Monitoring and Evaluation Plan: Please set out proportionate plans for M&E which should include (1000 word limit):

- Bid level M&E objectives and research questions
- Outline of bid level M&E approach
- Overview of key metrics for M&E (covering inputs, outputs, outcomes and impacts), informed by bid objectives and Theory of Change. Please complete Tabs E and F on the **appended excel spreadsheet**
- Resourcing and governance arrangements for bid level M&E

The framework for the monitoring and evaluation of the project will be drawn from a combination of the project objectives at section 4.3c and from the outputs / outcomes etc table at section 4.3e.

The responsibility for the construction phase will lie with the internal project board charged with developing and delivering the scheme. The specific arrangements for that board are described in more detail above. The starting point will be to confirm whether the project is delivered as per agreed budget and programme. This will be

monitored carefully throughout the period of the construction project. The board are also responsible for determining whether the resources committed have resulted in the effective refurbishment of the spaces to the required specification.

Lead responsibility for determining the achievement of output targets will lie with the operational team responsible for operating the complex. That team will regularly track and reporting on occupancy levels, the number and nature of businesses occupying the space, the numbers of jobs being supported on site, tenant satisfaction, the number and nature of partnership arrangements, the levels of other resources attracted, the extent and patterns of use of communal facilities, numbers of seminars supported, numbers of people on site at various times of the day and evening etc. Much of this is already embedded as practise across the portfolio of managed workspaces.

By establishing the right management information systems at the outset of the project it will be possible for this information to be tracked and reported on an ongoing basis, much of it monthly, some of it quarterly. The internal project board will establish a work stream to plan for and set up these systems drawing on external stakeholders and others for advice and support.

Marketing and promotional collateral will be planned to complement policies for developing and reporting on the preferred tenancy mix, including issues such as the categorisation of businesses (by SIC code etc) that will enable us to track if we are indeed building a community of creative, design focused businesses. Some outcome measures can also be generated through an ongoing MIS, e.g. whether there is demand for the spaces by way of enquiry / waiting lists etc.

Tracking and reporting on the achievement of other outcome and impact measures will require a different approach. Much of this information will need to be generated by more specific interventions. Some areas could be led by the operational management team or externally commissioned reviewers. For example, the generation of feedback from occupiers and stakeholders as to their views on whether or not the complex is or isn't creating opportunities for creative collaboration and innovation.

Tracking job numbers and reviewing job roles within the various business occupiers will establish the extent to which the complex is or isn't supporting graduate level roles and has or hasn't helped with graduate retention. It will also establish further details of the supported workforces (e.g. by residential location / ethnicity) so we know who they are and why they choose their roles. Such research would also and track whether businesses are or aren't growing, developing new partnerships, feel value is being generated from communal activities and from the information and business support provided etc. It is anticipated much of this analysis would be created on an annual basis and separately commissioned from a third party evaluator rather than be generated by the operational management teams.

Other outcome and impact measures will require an evaluation process that draws on information and data external to the day to day operation of the complex. For example, perception data will be needed to evaluate the extent to which the

complex has or hasn't raised the profile of the creative design sector in the city and that will need to engage external stakeholders and be reviewed over a period of several years before any sensible judgement can be made.

It will be relatively easy to measure whether the wider area is or isn't recovering through footfall counts, property values and occupation data, though again that is required over several years in order to be meaningful. It will be more difficult however to determine the extent to which the complex has or hasn't significantly contributed to that outcome. That will also require a more bespoke intervention and probably the commissioning of other independent research. That might establish for example the extent to which occupiers of the complex do or don't spend time and money in the immediate area. It will also include periodic reviews of property values and rental levels.

The outcomes of the various monitoring and evaluation exercises will be shared within the internal governance arrangements of the council and reported to the City Mayor, other executive members and the council's own scrutiny commissions. We would also expect to share the analysis with partner organisations (such as DMU), key stakeholders such as the Leicester BID, and other business umbrella bodies such as Leicester Business Voice and more bespoke creative and design sector networks.

Tab F on the appended spreadsheet shows how the overall monitoring and evaluation framework will be applied in more granular detail. Specific resources will be budgeted to support the implementation of the monitoring and evaluation framework.

PART 7 DECLARATIONS

7.1 Senior Responsible Owner Declaration

As Senior Responsible Owner for Pilot House I hereby submit this request for approval to UKG on behalf of Leicester City Council and confirm that I have the necessary authority to do so.

I confirm that Leicester City Council will have all the necessary statutory powers and other relevant consents in place to ensure the planned timescales in the application can be realised.

Name: Richard Sword Strategic Director, City Development and Neighbourhoods Leicester City Council	Signed:
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7.2 Chief Finance Officer Declaration

As Chief Finance Officer for Leicester City Council I declare that the scheme cost estimates quoted in this bid are accurate to the best of my knowledge and that Leicester City Council

- has allocated sufficient budget to deliver this scheme on the basis of its proposed funding contribution
- accepts responsibility for meeting any costs over and above the UKG contribution requested, including potential cost overruns and the underwriting of any funding contributions expected from third parties
- accepts responsibility for meeting any ongoing revenue requirements in relation to the scheme
- accepts that no further increase in UKG funding will be considered beyond the maximum contribution requested and that no UKG funding will be provided after 2024-25
- confirm that the authority commits to ensure successful bids will deliver value for money or best value.
- confirms that the authority has the necessary governance / assurance arrangements in place and that all legal and other statutory obligations and consents will be adhered to.
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Name: Alison Greenhill	Signed:
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7.3 Data Protection

Please note that the The Ministry of Housing, Communities and Local Government (MHCLG) is a data controller for all Levelling Up Fund related personal data collected with the relevant forms submitted to MHCLG, and the control and processing of Personal Data.

The Department, and its contractors where relevant, may process the Personal Data that it collects from you, and use the information provided as part of the application to the Department for funding from the Levelling Up Fund, as well as in accordance with its privacy policies. For the purposes of assessing your bid the Department may need to share your Personal Data with other Government departments and departments in the Devolved Administrations and by submitting this form you are agreeing to your Personal Data being used in this way.

Any information you provide will be kept securely and destroyed within 7 years of the application process completing.

You can find more information about how the Department deals with your data [here](#).

ANNEX D - Check List Great Britain Local Authorities

Questions	Y/N	Comments
4.1a Member of Parliament support		
MPs have the option of providing formal written support for one bid which they see as a priority. Have you appended a letter from the MP to support this case?	Y	
Part 4.2 Stakeholder Engagement and Support		
Where the bidding local authority does not have responsibility for the delivery of projects, have you appended a letter from the responsible authority or body confirming their support?		N/A
Part 4.3 The Case for Investment		
For Transport Bids: Have you provided an Option Assessment Report (OAR)		N/A
Part 6.1 Financial		
Have you appended copies of confirmed match funding?	Y	
The UKG may accept the provision of land from third parties as part of the local contribution towards scheme costs. Please provide evidence in the form of a letter from an independent valuer to verify the true market value of the land. Have you appended a letter to support this case?		N/A
Part 6.3 Management		
Has a delivery plan been appended to your bid?		
Has a letter relating to land acquisition been appended?		N/A
Have you attached a copy of your Risk Register?		