

APPENDIX A: EIF Project business case: Hungate public realm – a gateway to the city centre

EIF Ambition

Reinvigorate York

Proposal Summary: Outline the proposal for investment from the Economic Infrastructure Fund. Please outline the intended investment and the economic growth and employment benefits that this will provide.

Proposal summary

Background

The city centre area of Hungate has recently seen a gradual upturn in the investment and development of the area, including the decision by Hiscox to bring a Northern HQ to the area, the development of student residences for York St. John University, and progress of residential development in the area.

However, the area suffers from the quality of public realm that would contribute to its further development, and there is a genuine opportunity with the development of office and residential provision in the area to create a space that is an attractive gateway to the city for residents, visitors and business alike.

At the same time, there is a need to attract and support new footfall to the city centre at a time when high streets across the country are facing a transformation and traditional uses of the city centre are evolving from the high street model and being challenged by the steady increase in online shopping.

There is the potential for York's gateway streets to the transformation of the city centre to respond to these challenges, creating new opportunities to welcome visitors and residents to the centre, and to keep them in the city to the benefit of city centre trading, as was recognised in the New City Beautiful vision for the

city.

Strategic Need

Strategically, the investment to be made in this next phase of Reinvigorate York will be a critical step in potentially unlocking further such investment in the form of either increased visitors and/or business investment to the city centre.

Strategic impacts

The power of heritage and the distinctiveness of York city centre cannot be underestimated in the generation of economic growth for the city's future.

The city centre has the potential to attract increased numbers of businesses, residents and visitors. As Centre for Cities has found in its Making the Grade Office Report, small cities tend to have higher demand in the centre for office accommodation, but limited ability to accommodate that demand given current constraints on city centre space and capacity.

Equally, the city centre and particularly the heritage offer available in the city centre is a strong draw for international visitors to the UK. 40% of the 10 million holiday trips made by overseas visitors to the UK each year cite heritage as the primary motivation for their trip to the UK – more than any other single factor (Oxford Economics, 2009, [Heritage and the UK Tourism Economy](#)). At the moment, however, international visitors only make up 13% of overall visitors to the city (Fact 09, Visit York).

This is backed up by the research for *Heritage Counts*. 91% of survey respondents to the on-street survey considered that the historic environment was either important or very important in decisions on where to visit. It was also an important factor in deciding where people live (74%) and work (68%).

In addition, the attraction of greater footfall to the area can increase the turnover of indigenous businesses. According to

English Heritage, just over one in four of the businesses surveyed (26%) said that their turnover had directly increased as a result of the historic environment investments. The organisation also finds that investment of this kind generates a greater mix of business investment – greater diversity and likelihood of independent businesses to locate in city centre

The impact of investing in the historic public realm is estimated at £1.6 for every £1 invested over ten years.

Likely project impacts

The project thus has the potential to generate the following impacts:

- **Increased inward investment** from businesses locating or growing in the city centre
- **Increased return and new footfall from visitors**, and therefore, increased overall footfall year on year, measuring from 2011-2012 figures. Given 99% of visitors are likely to recommend the city to a friend, any increase in visits is likely to generate further multiplier effects in the number of visitor trips to the city.
- **Increased GVA** – overall impact at £1.6 for every £1 invested

Strategic Fit

The project supports Council Plan Priorities for Creating Jobs, Growing the Economy, Get York Moving, Protect the Environment and Protect Vulnerable People. It also supports Ambition 4 in the York Economic Strategy, that of a World Class Place.

Proposal

The project will see the development of a more pedestrian friendly and quality public realm in the Hungate area, creating a new pedestrian circuit in the city centre. It will link the new improved spaces and streets and also bring footfall to this currently

underutilised area of the centre.

The project would build on the Reinvigorate York programme of work currently underway across the city in bringing a refreshed urban landscape.

The project is part of a wider programme of activity emerging to create the York city centre of the future as a more competitive and distinctive USP in the York economy – capable of attracting new investment and generating growth in the existing business base, and attracting new visitors and residents.

To date, the Reinvigorate York programme has £3.3m programmed across a range of city centre sites. The package presented here provides the next phase of this programme, to be rolled out across Hungate as the city's main southeastern gateway to the centre. It can be matched with S106 investment into public realm from Hiscox and the residential development in the area.

The project would draw on the vision set out by the New City Beautiful work by Professor Alan Simpson, and would be supported by the new Streetscape Design Manual.

In this way, the project presented here is a key contributor to the **Council's Priority 1, Creating Jobs, Growing the Economy** and the **York Economic Strategy's Ambition 4, World Class Place**.

It represents the Council's further investment in the city centre as an economic asset, and has the potential in the context of the work being undertaken through an expanded Retail Strategy Group to become a York City Team to bring forward further investment from the private sector.

It is intended that plans developed for the site using EIF monies, if approved by Cabinet, will be subject to consultation and brought back to Cabinet in due course.

Outcomes/outputs: Outline the proposed outcomes and outputs, detailing contribution to CYC economic, social and environmental targets.

Outcomes	
<ul style="list-style-type: none"> • An increase in visitor numbers – most likely from repeat visits • An increase in business investment and diversity of that investment – either through growth of existing city centre businesses and/or the attraction of more new investment • An increase in GVA – initially this investment will provide £280K added value; more indirectly, this added value will increase on the back of further investments made by the private sector in the public realm 	
<i>Contribution to economic targets</i>	
Direct Economic Growth	See below
Indirect Economic Growth	£280K + additional investment from private sector to be determined
Direct jobs created	Jobs associated with projects
Indirect jobs created	TBC
<i>Contribution to social targets</i>	
The project will enable a more inclusive city centre environment through greater accessibility and a public realm that a greater range of residents and visitors alike can enjoy.	
<i>Contribution to environmental targets</i>	
The project will contribute directly to attracting greater economic activity and investment in the city centre – which by its very nature enables lower CO2 emissions through agglomeration effects (i.e. greater concentration in a smaller area of activity, thereby	

minimising the need for CO2-hungry transport modes and contributing to greater density of development).

Through encouraging greater investment in the city centre, the city will take pressure off otherwise less sustainable development outside the centre.

Timetable: Outline the proposed project timetable for the investment, including key milestones in the development, implementation and return stages.

Timetable
Works could be brought forward in collaboration with Hiscox building works if possible, and would need to take account of .

Financial Projection: Clarify the level of investment required along with the budget, per year, for the life of the proposal. Additional investment and income forecasts should be detailed, along with the amount of the investment that will be returned to the Fund.

Financial Projection	
Investment sought	£175K
Additional investments/income/funding	Matched with S106 commitments from development in the Hungate area
Recycled return on investment if any	N/A

Options: Outline the options explored and indicate the preferred option and how it was decided.

Options

(1) Status quo – no investment

The Council could choose not to invest in the proposed project, given budget pressures and other priorities. This option, whilst incurring no direct cost in the immediate term, would ultimately result in an indirect opportunity cost from the potential for lost investment and a loss in repeat visitors to the city as a result of a tired city centre environment.

(2) Investment by the Council in an initial package of projects – Preferred

The Council could stimulate investment in the city centre through investment through EIF and other resources (including officer time) to kickstart the evolution of the future of the city centre economy. Although an immediate cost of £175K and officer time, the project has the potential to unlock further investment in future – either through visitor spend, business investment, inward investment and the potential for generating interest in private sector-led initiatives like a business improvement district or some other mechanism.

Other funding sought: Outline other funding options explored and whether there is potential for matching EIF funding with other sources.

Other Funding sources

Core budget was explored for this project, but given budget pressures, it is necessary to look to EIF for investing in this project.

Whilst s106 funding will be used to invest in the project, the EIF monies will enable this investment to make a more significant contribution to the city centre as a whole by creating a new city centre circuit and world class gateway to the city centre.

Project Team: Please provide basic information about partner organisations and key project team members. Indicate whether partners are contributing investment, staffing or other resources to the proposal and how they will benefit from the investment (if at all) relating this back to the anticipated benefits of the proposal.

Project Team
The project team would be made up of a subset of Major Projects and Initiatives in CES and Economic Development Unit, as well as development management, culture and other relevant teams.

Lead project manager details: Please provide a named contact person for communication with regards to the proposal.

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Position: Head of EDU
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Confidentiality: Administration of the Fund will be carried out in an open and transparent fashion. Please indicate any aspects of your proposal that you believe to be commercially confidential.

Confidentiality statement
N/A

1. Biovale

**EIF Theme: Sustainable Economy
Project for May 2014 decision**

Title: BioVale Cluster Development

EIF Business Case Template

EIF Ambition
Sustainable Economy

Proposal Summary: Outline the proposal for investment from the Economic Infrastructure Fund. Please outline the intended investment and the economic growth and employment benefits that this will provide.

Proposal summary
Background
<p>There is a global paradigm shift from oil-based towards bio-based materials: the US, China and Europe have all declared the bio-economy a priority and put in place ambitious policies. Across Europe the bio-economy sectors have a reported worth of some € 2 trillion in annual turnover and employ over 22 million people or around 9% of the workforce.</p> <p>The emerging global bio-economy offers multi-billion pound opportunities for sustainable, low-carbon economic growth. York and the wider Yorkshire and the Humber region have a unique combination of industry, agriculture and a very strong knowledge base that will allow it to capitalise on these opportunities. This combination includes internationally recognised industrial biotechnology Research & Development at the University of York and agri-technology Research & Development at FERA, innovative chemicals-using industries, bio-fuel and bio-energy suppliers, forward-looking agricultural enterprises and the largest concentration of food and drink businesses in the UK.</p> <p>‘BioVale’ is proposed as an innovation cluster that will support the</p>

development and promotion of Yorkshire and the Humber as an international hub for the knowledge-based bio-economy. With a focus on high value chemicals, natural products, next generation bio-fuels and valorisation of bio-wastes, it will bridge the gap between the local knowledge base and industry, acting as a 'one-stop shop' on biorenewables for business from initial R&D through to commercial products. It will enable, Development of much needed business 'grow on' space, access to open access research, development and demonstration facilities, development of regional bio-based supply chains, provision of specialist business advice, training and exchange of skilled staff and it will act as a magnet for inward investment. 'BioVale' will also provide a key interface with policy makers at all levels.

Project development to date

BioVale is now gaining significant momentum as a Bio-economy Innovation Cluster for Yorkshire and Humber with a broad range of stakeholders expressing their support for the initiative. These include the Leeds City Region (LCR) and the York, North Yorkshire and East Riding (YNYER) Local Enterprise Partnerships, both of which have indicated future capital support (through their SEPs) to meet the infrastructure requirements associated with the project (i.e. provision of new grow on lab space). Consultation with small and large industry stakeholders, investors, and regional networking organisations, have also revealed strong support for the 'BioVale' concept.

In addition, the concept has received support and engagement from UKTI sector specialists in the biosciences sector team, and within the Technology Strategy Board.

To date, 'BioVale' has been developed in partnership using resource provided by the University of York, Biorenewables Development Centre, City of York Council, Science City York and the Food and Environment Research Agency (FERA) in the form of staff time and some financial input from the BDC. However, in order to maintain the momentum, and ensure that the foundations for the successful delivery of these activities are properly laid we now need to ensure

that in the short term the project is properly resourced.

A fuller explanation of the project is provided at the project website:
<http://www.biovale.org/>.

Proposal

Funding is being sought to provide support needed to drive forward the initiative in collaboration with resource being developed by the University.

Some of the activities of the 'BioVale' initiative that may need resource over the next 12 months include:

- Development of the '**BioHub**' project as a Bio-economy Innovation Hub for 'BioVale' on the Heslington East campus (The capital Infrastructure funding and future revenue support required is currently being sought through the LGF and EISF respectively)
- Establish and market a comprehensive and professional set of **communication** materials to regional, national and international audiences
- Engagement with a broad range of industry and public sector partners to develop collaborative interactions and begin to establish **new supply chains**.
- Production of a 'BioVale' **training** programme in collaboration with the region's HE and FE providers

The funding will support development of the sustainable business model for the cluster matching existing University, BDC and SCY resource going into the project to develop both hard and soft infrastructure required for the 'Biovale' cluster.

Strategic Need

Whilst the York economy has traditionally performed well, recent data indicates that productivity levels in the city have fallen. York has growing and significant levels of employment in retail, leisure and tourism related industry. Whilst these sectors are and will remain

vitaly important to the economy it is also important that the city also seeks to grow its employment base in high value sectors if it is to raise productivity and generate the growth it desires.

The 'Biovale' project will seed fund development of an innovation cluster helping to maximise the city's incredible skills and research base in the industrial biotechnology and related industries and position the city at the top of the value chain, which in turn will create the high value jobs and economic growth needed.

Strategic impacts

The project will help to position York and its wider hinterland at the forefront of a growing and emerging sector. The dedicated resource will help grow businesses, connect people to training, skills and employment, and encourage increased Inward Investment into the city from businesses looking to locate near the research expertise, novel open access facilities and other similar companies.

Project impacts

The project will directly support the creation of new positions that will help facilitate the following impacts:

- Increased Inward Investment
- Increased Jobs
- Improved Skills
- Increased GVA

Strategic Fit

The project directly supports Council Plan Priorities for Creating Jobs, Growing the Economy.

It also supports Ambition for Globally Connected and Locally Integrated Knowledge Base, and Ambition for Competitive Business Base in the York Economic Strategy,

Recent sector analysis as part of the work to develop the new Inward Investment Strategy for the city (endorsed by the YEP board) have

identified Industrial Biotechnology and Agri Technology as key sectors for the city. This project will directly support development in these sectors, helping to create high value jobs and growth.

Outcomes/outputs: Outline the proposed outcomes and outputs, detailing contribution to CYC economic, social and environmental targets.

Outcomes

- Increased Inward Investment
- Increased Jobs
- Improved Skills
- Increased GVA

Contribution to economic targets

Direct Economic Growth	See below
Indirect Economic Growth	Total impact of project will be £12bn by 2025
Direct jobs created	See below
Indirect jobs created	Total impact of project will be 40,000 jobs regionally by 2025

Contribution to social targets

By contributing to the development of high value jobs, the project will have supply chain impacts which will create employment opportunities indirectly throughout the city and sub-region.

Contribution to environmental targets

The project will provide a platform for innovation and enterprise in an industry which is at the forefront of developing low carbon solutions to energy and materials production. The industrial biotech and biorenewables industry offers the processing technologies required to turn bio-based inputs into products across

developed and developing economies.

Timetable: Outline the proposed project timetable for the investment, including key milestones in the development, implementation and return stages.

Timetable

The proposals will be implemented immediately. Funding will provide additional resources for up to 12 months, enabling momentum to be maintained ahead of other funding being drawn down.

Financial Projection: Clarify the level of investment required along with the budget, per year, for the life of the proposal. Additional investment and income forecasts should be detailed, along with the amount of the investment that will be returned to the Fund.

Financial Projection

Investment sought	£ 75,000
Additional investments/income/funding	Matching investment from the LEPs and University, as well as other partners
Recycled return on investment if any	N/A

Options: Outline the options explored and indicate the preferred option and how it was decided.

Options

(1) Status quo – no investment

The Council could choose not to invest in the proposed project, given budget pressures and other priorities. This option, whilst incurring no direct cost in the immediate term, would longer term result in an indirect opportunity cost from the potential lost investment BioVale will be able to generate.

(2) Investment in Biovale project via EIF as described above (Preferred Option)

The BDC have to date provided much of the staffing and financial input to the project. All existing work has been managed via their systems and processes with much success. They are experts within the field and have developed strong relationships with key businesses and organisations. They are in a strong position to effectively manage/lead the proposed activity and will be able to attract the best talent.

Other funding sought: Outline other funding options explored and whether there is potential for matching EIF funding with other sources.

Other Funding sources

Core budget was explored for this project, but given budget pressures, it is necessary to look to EIF for investing in this project.

The funding will match existing and planned commitments from the University of York, BDC and SCY. The funding will act as 'pump priming' and it is anticipated that substantial further public and private sector funding will be attracted to deliver longer term aspects of the project. This will include Local Growth Fund and European Structural Funds.

Project Team: Please provide basic information about partner organisations and key project team members. Indicate whether partners are contributing investment, staffing or other resources to the proposal

and how they will benefit from the investment (if at all) relating this back to the anticipated benefits of the proposal.

Project Team

Overall project activity has been led by the University of York and Biorenewables Development Centre, and has been developed through the 'BioVale' steering group made up of representatives from City of York Council, University of York, Biorenewables Development Centre , SCY, and FERA.

A project team for the proposed resource will be confirmed on submission of final business case.
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Lead project manager details: Please provide a named contact person for communication with regards to the proposal.

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