

THE HIVE PROJECT: A MAJOR PROJECT DELIVERING LOW CARBON ECONOMIC ENTERPRISE AND GROWTH.

To: **Cabinet**

Date: **15 December 2009**

From: **Executive Director: Environment Services**

Electoral division(s): **All**

Forward Plan ref: **2009/055** *Key decision:* **Yes**

Purpose: **To advise Cabinet of the principal features of The Hive and the opportunity for the Council in leading it as a flagship partnership project. To seek Cabinet approval to proceed with the project and to agree the outline Partnership Agreement in principle.**

Recommendation: **Cabinet is asked to approve the County Council's involvement in the Hive project and to delegate to the Cabinet Member for Economy and the Environment in consultation with the Executive Director: Environment Services the authority to sign the Partnering Agreement on behalf of the Council.**

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1. PURPOSE

- 1.1 To advise Cabinet of the principal features of the Hive project and the opportunity for the Council in leading it as a flagship intervention in tackling climate change, managing sustainable growth and generating a low carbon economy through the development of green skills, jobs and enterprise for Cambridgeshire. To seek Cabinet approval to proceed with the project and to agree the outline Partnership Agreement in principle.

2. BACKGROUND AND DEFINITION

- 2.1 The Hive is an education and enterprise park for the low carbon economy. It comprises eco-excellent facilities that will deliver low carbon new skills, education and training, business advice and partnership, SME development and incubation, and social enterprises. These activities will focus on the sustainable built environment. The Hive is located on King's Hedges Road, next to the electricity sub-station building, and is bounded on two sides by the Guided Busway.
- 2.2 The idea has been developed by the Innovation and Partnerships Service in the Environment and Regulation Directorate. The idea was formed in response to the imperative for action on climate change and the opportunities of developing a low carbon economy. It became clear that a physical hub with a strong identity and sense of place will attract education, industry, business and government to combine initiatives in a practical and focused way. There is an acknowledged gap in the public/private "infrastructure" to facilitate change and a latent market potential to exploit. The project will build on the successful SmartLIFE initiative (which focused on sustainable construction and training).

Partnership and facilities

- 2.3 The Hive is the umbrella identity for the site and the collective activities of the partnership comprising
- **Cambridgeshire County Council (CCC)** as lead overall for The Hive, responsible for the procurement of the SmartLIFE Low Carbon training centre, joint project manager and co-owner of this building with CRC and joint business developer with CRC ;
 - **Cambridge Regional College (CRC)** is a partner, landowner and co-owner of SmartLIFE Low Carbon, joint project manager (with CCC) and main deliverer of the vocational training part and joint business developer with CCC;
 - **Citylife** (a leading social enterprise) is a partner, co-constructor on the Hive site and delivers environmental and social enterprise;
 - **Cambridgeshire Horizons (CH)** is a funding stakeholder and partner in activity development;
 - **East of England Development Agency (EEDA)** is a funding stakeholder and partner in activity development;

- **Building Research Establishment (BRE)** is a partner and operator of the collocated SmartLIFE Eco-homes Innovation Park.
- 2.4 The current CCC partnership with the Building Research Establishment (BRE) will develop an extension of the BRE Innovation Park in Watford that showcases green homes. The Eco-homes Innovation Park at the Hive will show “off-the-peg” ready-to-buy new homes and associated products and services for these or retrofitting to existing homes. This will demonstrate the availability of these solutions, and it is hoped will stimulate local investment in them.
- 2.5 The County Council’s “SmartLIFE” trademark will be used to brand the CCC/CRC/BRE facilities and activities at the Hive. This comprises
- SmartLIFE Low Carbon – a training centre for low carbon vocational skills and business advice and partnership
 - SmartLIFE Eco-Homes – a innovation park showcasing sustainable homes and technologies (featuring new build and existing homes)
- 2.6 Citylife will complement this at their “The Good Business Centre” by including low carbon social enterprises and SMEs in their purpose-built workshops and offices. A strong link with the local community will be maintained through public information displays and demonstrations. It is hoped that as part of the Citylife social enterprise centre that a coffee shop/meeting place will be offered.
- 2.7 The Hive will be a single place that will nurture low carbon ventures, business partnerships and education pathways. It will be a unique hub connecting sectors and other initiatives in Cambridgeshire, the region and the UK.

Governance and approval process

- 2.8 A Programme Board oversees the Hive project. The Board comprises of representatives of each of the partners organisations. Reporting to this is a Project Management team supported by working groups of partners. The BRE activities are managed through an existing partnering agreement between CCC and BRE.
- 2.9 The attached outline Partnering Agreement (appendix 1) is for the construction of the Hive site on behalf of all partners and will cover the period from December 2009 until July 2012. Subsequently under this agreement there will be lease agreements and business operation plans to be established. CCC Legal Services are advising and the latest position and advice will be reported verbally to Cabinet.
- 2.10 Cambridgeshire Horizons will consider the approval of the funding agreement for Housing Growth Fund contribution to the Hive at their 9 December Board.

Funding

- 2.11 Innovation and Partnerships developed the idea alongside applications to external funding bodies, tuning into and aligning with their different criteria. In summary, early funds from EEDA matched by Housing Growth Fund (HGF) enabled feasibility work to progress over the last 18 months. Cambridge Regional College purchased the land from Cambridge City Council and have contributed some additional match funding to the building. It is emphasised that progress depends on HGF approval and spend against the planned profile.
- 2.12 The business partnership and operation model is being defined in accordance with the scale and scope of the site and buildings. Meanwhile Innovation and Partnerships have secured some revenue funding as part of a regional European Regional Development Fund (ERDF) project to progress renewable energy business development. This will fund early and parallel activities during 2009-2012 in preparation for take-up at the Hive in 2012.
- 2.13 Now that the amount and timescale of the funding is known, other major EU funding is being sought as matched-funding to bring on activities that can be self-sustaining at the Hive. The running costs of SmartLIFE Low Carbon will be met by CRC, who will manage it as part of their estate. The core training will be supported by government funding to CRC. Additional training provision, such as 14-19 Construction and Built Environment enrichment, and other business activity will be grant supported and / or self-sustaining. There will be no one-off or ongoing funding requirement from CCC.

Budget and contributors

	£M
<u>SmartLIFE Low Carbon Centre</u>	
CRC land purchase	0.75
CRC capital	0.30
Cambridgeshire Horizons (HGF)	2.30
<u>The Good Business Centre</u>	
Citylife land purchase (EEDA funded)	0.75
Citylife capital	4.00 (minimum)
<u>SmartLIFE Eco Homes</u>	
BRE innovation park (commercial sponsorship)	1.60 (minimum)
<u>TOTAL</u>	9.70

2.14 Timescale

- 2.15 The Hive buildings will be designed and built over the period late 2009-2011. Opening is anticipated by summer 2012.

Communications

- 2.16 An integrated communication and marketing plan is underway. The communications are led by CCC and being coordinated across the Hive partners. The Hive website will be launched today if Cabinet give their approval for the project to progress. Early in the New Year a small event will launch the project. This event will invite a network of partners, key influencers, and other stakeholders.

3. IMPLICATIONS

3.1 Resources And Performance

The following bullet points set out details of significant implications identified by officers

- CCC is the accountable body for the HGF funding and the procurement of the SmartLIFE Low Carbon building.
- CCC and CRC are working on a design brief to bring forward a building in shared ownership. CCC and CRC property and legal officers are engaged to work up the land and building lease arrangements.
- There will be no ongoing CCC financial undertaking in the operation of the Hive. In future years any surplus income from business activities will be considered in a revenue sharing arrangement by the Hive Board. CCC has secured ERDF revenue funding to develop low carbon business activities. Further and future external revenue funds will resource activities.
- A strategic risk register is kept by CCC and is regularly considered by the Hive Programme Management Team and the Hive Board.

3.2 Climate Change

This is a major contribution to climate change mitigation and adaptation through building knowledge, skills, jobs, entrepreneurship, and business capacities for our low carbon society.

3.3 Statutory Requirements and Partnership Working

The SmartLIFE Low Carbon building will apply for planning permission to CCC under Regulation 3. Cambridge City Council has been consulted during the evolution of the project and has responded positively to date.

Source Documents	Location
None	

Appendix 1

Draft (as at 2 December 2009)

Outline Partnership Agreement for the Hive

Aims of the agreement

To maximise the effectiveness and efficiency of the partners delivering activities at the Hive (CCC, CRC and Citylife).

To oversee and coordinate

- (a) infrastructure development on the CRC and Citylife owned sites that comprise the Hive education and enterprise park, and
- (b) opportunities for business development, in order to maximise mutual benefits and delivery of the Hive.

It is noted that BRE activity is overseen as part of the existing CCC/BRE SmartLIFE partnering agreement.

Partners in the agreement

There are four partners in the development and delivery of the Hive:
Cambridgeshire County Council
Cambridge Regional College
Citylife
BRE

Cambridgeshire Horizons and EEDA are amongst the funders and advise on the project without being signatories to the Hive OPA.

CCC has an existing partnering agreement with BRE for the delivery and management of shared SmartLIFE activities. BRE will collaborate with the Hive to deliver the SmartLIFE Eco-Homes Innovation Park through the existing agreement. The Partners will refer to CCC/BRE SmartLIFE agreement in the Hive partnering agreement without BRE being a signatory in the Hive OPA.

1. Background

The idea for the Hive came through the existing SmartLIFE partnership work between CCC and CRC. It was acknowledged that the sustainable growth aims for Cambridgeshire and the region needed capacity building of skills and education for a sustainable built environment, building on the Innovative Methods of Construction (IMC) promoted in SmartLIFE but expanding into renewable energy and other environmental technologies. Soundings with industry and business gave support to create a place that connects education and training with the wider benefits of economic development and enterprise.

An opportunity came about for CRC to purchase land from the Cambridge City Council. Citylife's plans to build a new social enterprise centre coincided with the land availability and with the support of EEDA were able to purchase one half of the site from CRC. The social enterprise and SME development accommodation provided by the Citylife centre meets the aims of Hive.

CCC, CRC and Citylife are committed to sustainable development aims and specification in the construction and operation of their buildings.

CCC has secured HGF funding and is the accountable body for its spend. CCC will procure the SmartLIFE Low Carbon (SLLC) Building. The SLLC building will be jointly owned with the majority of space given to training by CRC. CRC will manage and maintain the SLLC building as part of their estate. Citylife will procure, manage and maintain the Good Business Centre independently of CCC/CRC.

CCC/CRC will develop a joint business plan to manage and share income from activities in order to support ongoing business development. CCC has achieved matched revenue funding from the regional ERDF programme to establish business seminars and marketing activities for 2009-2012.

2. Definition of terms

Terms	
The Hive	An education and enterprise park, comprising: SmartLIFE Low Carbon Centre, the Good Business Centre, and SmartLIFE Eco Home Innovation Park
SmartLIFE	CCC owned trademark
SmartLIFE Low Carbon	A training and business centre for a sustainable built environment owned and operated by CCC and CRC
Good Business Centre	An enterprise hub owned and operated by Citylife supporting charities, social enterprises and companies developing products that result in social or environment benefit
SmartLIFE Eco Homes Innovation Park	Demonstration eco homes located at the Hive. Commercial showcase homes of different worldclass eco standards that are available to the public. BRE managed and operated under the SmartLIFE CCC/BRE partnering agreement

Hive Project Board	CCC/CRC/Citylife/ Cambridgeshire Horizons board representatives steering the Hive development
Hive Programme Management Team	CCC/CRC/Citylife officers managing the programme

3. Compliance with grant offers

CCC has secured EEDA funding for feasibility stage work and some technical areas for development. A portion of this money is matched by HGF. Outputs include the feasibility study, outline analysis of low carbon markets, and a contribution to legal costs.

CCC has secured HGF funding and is the accountable body for its spend. CCC has achieved matched revenue funding from the regional ERDF programme. This project commenced this month for a three-year period and will be seeking outputs covering SME engagement in renewables business take-up and use. Outputs include working with 250 SMEs through business seminars and workshops, and building the awareness of supply chain opportunities for jobs and business activity in Cambridgeshire and the region. This prepares the ground in readiness for the Hive facilities opening in 2012.

Citylife has received a grant from EEDA for the purchase of the site for the purpose of developing the Good Business Centre. The development of which must be started by March 2011.

Grant offer documentation will be appended to this OPA.

CCC is the receiving and accountable body for the HGF grant. CCC will administer the procurement of the SmartLIFE Low Carbon building. CRC will be responsible for providing the land and capital funds detailed in Note 1 attached.

Citylife is responsible for procuring and delivering the Good Business Centre as their part of the Hive development.

4. Duration of the agreement

This OPA will operate for the duration of the procurement, design and build phase for the component parts of the Hive, that is from December 2009 until July 2012. This agreement shall be reviewed annually on 1 December or as required by agreement of all the partners. This duration can be changed by mutual agreement of the signatories.

From July 2012 the opening of the Hive facilities will require an operation agreement to cover shared use, common interest, and other matters such as the avoidance of harm. This will be supported by the lease agreements. Partners will work to develop these.

Prior to opening the Hive facilities the Hive Board will consider business plan(s) between all or some combination of partners that would seek to bring added value and agree income sharing / investment.

At this time (July 2012) a revised Partnering Agreement will be considered that accurately describes and oversees the final set of facilities at the time of opening.

[Note 1: the CCC/BRE SmartLIFE agreement is for 13 years, 2005 to 2018.]

5. Assignment – the main part for partner responsibilities in the collaboration

For all the following areas of partnership working the Hive Board will oversee and decide on actions and resolve issues.

Financial contribution: This OPA does not detail funding agreements. Income sharing arrangements will be established outside this agreement.

Management of the programme: The Hive Board oversees the Hive programme. The Hive Programme Management Team manages the partnership activities.

Communications / reputation: The Hive and SmartLIFE branded communication will be directed by CCC in close cooperation with CRC and Citylife, and with reference to Cambridgeshire Horizons and EEDA. At all times the sensitive handling of information and press/media will be paramount and the responsibility of all the partners.

Buildings & site management: CCC will project manage the procurement of the SmartLIFE Low Carbon building and which will secure substantial VAT savings. A joint project management arrangement between CCC and CRC will manage the design process and the building development on site. Citylife will procure the Good Business Centre and project manage the building site development. BRE will project manage the SmartLIFE Eco Homes Innovation Park.

Activities programming and project management: The Hive Programme Management Team will oversee this work.

6. Intellectual Property

The intellectual property right of the brand “the Hive” and the associated logo will be owned by the partnership. The learning from the activities from joint work at the Hive will be owned by the partnership and disseminated in the public domain as appropriate.

CCC owns the SmartLIFE trademark.

7. Property / location

CCC and CRC will have land and building lease agreements for the SmartLIFE Low Carbon centre.

CRC and Citylife will draw up a common land and communal facilities agreement for the Hive site. CCC will be party to this as a joint owner of the

SmartLIFE Low Carbon centre and will set out arrangements with CRC and Citylife for the BRE/CCC SmartLIFE Eco Homes Innovation Park as temporary buildings across the site.

An arrangement for site/land access for BRE to develop the SmartLIFE Eco-Homes Innovation Park at the Hive site.

8. Termination

No Party shall terminate the agreement without the consent of the other parties.

9. Dispute resolution

to be agreed

10. Arrangement for amendments to the agreement

Amendments or changes to this agreement shall be valid only if made in writing and signed by an authorised signatory of the parties.

Note 1

Financial undertaking

	£M
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<u>TOTAL</u>	9.70

Signatures

Cllr Tony Orgee

Signed for Cambridgeshire County Council

Tbd

Signed for Cambridge Regional College

tbd

Signed for Citylife