

**Report to the Greater Birmingham and Solihull Supervisory Board**

**October 2016**

**STEAMhouse Phase 2**

**Purpose of the Report**

To update on the decision made by

Birmingham City University's STEAM Academy increasing the number of graduates in these areas and improving the university's links with firms in these areas. (2,316m<sup>2</sup>);

Space for new and growing firms in digital and creative areas including incubation, collaboration, "making" and innovation space. (6,211m<sup>2</sup>);

Commercial space to be rented at market terms to private firms. (4,616m<sup>2</sup>); and,

An area set aside as "grow on space" for SMEs. (1,695m<sup>2</sup>).

The business case proposes refurbishing and fitting out the former Typhoo factory at a cost of approximately £48.3m. The building is currently owned by Gooch Estates. The proposal is for Birmingham City University to fund the refurbishment costs and to then lease the building from Gooch Estates at a rent of £6.40/f per annum.

The key benefits highlighted within the scheme's Full Business Case include:

direct support for over 700 jobs (130 increased employment due to additional graduates, 392 jobs in the innovation space and 178 jobs in the commercial space), at a cost-per-job of £20,000 based on public sector intervention;

a further 210 indirect and induced jobs;

Projected 90% occupancy of 200 workspaces by 2021/22;

159 new students per annum ranging from HND to PhD;

A net uplift in land values of the Typhoo site of £4.7m.

In their report, AECOM found each of the constituent parts of the full business case to be sound and compliant with Green Book standards, noting in conclusion that the proposal "has the potential to be a highly attractive investment of public funds." Accordingly, the scheme was recommended for approval.

The GBSLEP Board approved the £14,000,000 of Government grant by written procedure on 17 October 2016.

## **Financial & Legal**

BEIS will allocate the grant under Section 31

