



Driving prosperity in the M3 corridor

Enterprise M3 Board Meeting

29 March 2018

RHS Wisley: National Centre of Excellence for Horticultural Science and Learning – Item 7a

Board members are asked to:

AGREE that expenditure from the Local Growth Fund (LGF) of £1.010m is approved to fund the development of the National Centre of Excellence for Horticultural Science and Learning at RHS Wisley.

1 Background

- 1.1. The National Centre of Excellence for Horticultural Science and Learning (Centre) will be a landmark investment in modern scientific laboratories and learning facilities.
- 1.2. The Centre forms part of a wider 5-year £72.4m programme at RHS Wisley that includes new visitor welcome building, transformation of existing Grade II listed laboratory building, landscaping at the garden entrance, and much improved car parking facilities.
- 1.3. The programme includes investment in Wisley Village to provide housing resource for staff who are key workers in the gardens, and for students and apprentices learning at Wisley.
- 1.4. Worth noting that Horticulture is worth an estimated £13 billion each year to the UK economy and employs over 300,000 people across a range of industries.
- 1.5. 85% of the sector is managed within small and medium-sized enterprises, with a high proportion being micro-businesses.
- 1.6. Despite its value to the UK economy, a horticultural skills shortage has been identified, which threatens our economy, environment, food security and culture.
- 1.7. The Project, included in our Growth Deal¹ proposal submitted to government last year, is one of the projects selected by the board to form part of our £71.1m allocation.
- 1.8. The Board agreed that the Project supported the objectives of the LEPs Strategic Economic Plan which I have as set out under the background of paper on page 1 and 2, but specifically key scientific work, new jobs, high level STEM skills
 - Supporting vital scientific work and ongoing research to investigate the unique role that plants, gardens and gardening play in safeguarding human and environmental health;
 - Creating 37.5 new direct FTE jobs with over 200 jobs created during the building construction & landscaping phase;

¹ Enterprise M3 Growth Deal: Ambitious for Growth July 2016: <https://www.enterprisem3.org.uk/growth-deal-3-ambitious-growth>

- Supporting high level STEM skills leading to training opportunities for MSc/PhD students and apprenticeships;
- Creating a positive economic impact to our visitor economy with an anticipated additional 356,000 visitor per year by 2024/25 that will support the hospitality industry, travel companies, tour operators, and other visitor attractions and tourist industry partners across the LEP area;
- Involves digital innovation at the heart of the new Centre;
- Creating a collective hub of scientific knowledge and learning that will inspire the next generation of horticulturalists and scientists;
- Construction is expected to start in January 2019 with an expected opening date in summer 2020;
- Has potential to collaborate with the animal health project with its research and through links with the Animal and Plant Health Agency (APHA);
- Unlocks significant private sector match funding;
- Has potential to lead to the release of land for housing development on land adjacent to the Wisley Village.

2 Details of the Project

- 2.1. RHS Wisley has requested LGF grant of £1.010m to part fund a £25.6m project to develop a new National Centre of Excellence for Horticultural Science and Learning (Centre) and its associated elements. The outline business case for the project and the AECOM due diligence report are available to PMG members on request. Please contact chris.quintana@enterprisem3.org.uk
- 2.2. The 5,243 sqm Centre will be a landmark building located at RHS Garden, Wisley, located in Surrey between Cobham and Guildford close to the junction between the M25 and A3. It is one of four gardens run by the RHS and is recognised as the second most visited 'paid entry' garden after the Royal Botanic Gardens at Kew.
- 2.3. The Project cost comprises of an investment in modern scientific laboratories and teaching facilities for horticultural science (the Centre), and includes associated infrastructure, a temporary marque, digitization, interpretation and irrecoverable VAT.
 - (Note: the temporary marque will be used to ensure business continuity for events during construction phase since an existing building that currently hosts events will be demolished).
- 2.4. Wisley have set up an organisational structure to manage both the wider programme and the Project. This includes a dedicated site-based programme manager and a project manager, the latter appointed specifically in connection with the Project.
- 2.5. A grant of £1.010m will help to unlock £24.6m from several sources including income and confirmed pledges from trusts and foundations, statutory bodies and individual donors.
- 2.6. Funding breakdown at March 2018 is as follows:

- External sources: £6.2m against a target of £11.3m for the Centre. This equates to 54% raised from external sources but excludes LEP funding;
 - The RHS contribution: £13.4m with a total cost of £25.593;
 - The combined position is 76.6% of the total cost of the build.
- 2.7. RHS have set an 80% funding threshold to be reached before 1st October 2018 which triggers the 'commitment to build'.
- 2.8. This combined position illustrates how important the LEP funding is to the project since LEP investment would take the combined position to 80.4%, thereby exceeding the threshold.
- 2.9. Full construction phase will begin in early 2019, with the Project completed and opened to the public in June 2020.
- (Note: The latest date development can begin (as per planning application) is 29th September 2019)
- 2.10. The Centre, which received Planning Permission on 30 September 2016, will provide the following key components of the Centre include:-
- a. **Modern laboratories:** important scientific work will be undertaken to investigate plant pests and diseases and climate change mitigation, ***providing critical advice for the horticultural industry, government bodies and gardeners;***
 - b. **Bespoke learning studios:** to support student (secondary school, further/higher education and research) development of horticultural and employability skills within an interactive and experiential learning environment, ***helping to address current horticultural skills gap towards future sustainability of sector;***
 - c. **Adapted spaces:** to preserve herbarium of plant specimens and associated data used for scientific study, an entomology collection (insects), library, botanical illustrations and archive, ***to conserve nationally important historic collections in correct conditions and shared with the public;***
 - d. **Visitor engagement space:** large atrium showcasing how plants play a vital role in improving human and environmental health, ***inspiring people to act to protect the natural environment within their own gardens and communities;***
 - e. **Digitisation** of the extensive historic and science collections including unique herbarium, ***creating a priceless resource that will be shared with the public, gardeners, researchers and educationalists throughout the nation;***
 - f. **Site-wide connected interpretation:** linked digital engagement programmes and enhanced accessibility throughout the site, ***ensuring visitors are better able to engage with horticulture, collections and their science and advisory work;***
 - g. **Auditorium:** to host conferences and seminars with national/international industry and research partners ***to foster innovation, and promote greater collaboration amongst the horticultural science and learning sectors;***
 - h. **Outdoor teaching space:** three experimental 'living laboratory' gardens themed around the important issues of food security, health and wellbeing, and protecting

biodiversity, **demonstrating practical ways in which people can maximise these benefits within their own gardens and green spaces;**

- i. **New commercial opportunities** including enhanced retail and catering spaces;
- j. **New office accommodation** for staff.

2.11. Development of the Centre will deliver the following **economic outputs:**

- Creation of **37.5 new FTE jobs** including an additional 11 catering jobs;
- **81 indirect new jobs** supported in the wider economy through the scheme;
- 200 volunteer opportunities;
- **Up to 300 jobs** created during the construction period. These jobs will be a mix of direct labour as well as sub-contractors and supply chain partners;
- **Increase in secondary school student** provision from 2,000 to 10,000 students to offer STEM related learning for local schools linked to national curriculum topics through the experiential learning environment Wisley offers, including better provision for Special Educational Needs (SEN) students;
- Facilitate the delivery of **8 graduate** work placements, **23 collaborative PhDs** and **10 MSc programmes** with local and national universities by the end of 2024;
- **6 Level 2 Horticultural Apprentices.**

2.12. RHS Wisley commissioned Counterculture Partnership LLP in May 2017 to establish additionality calculated through an Economic Impact Study focusing on employee, operational, construction and visitor spend for the wider Wisley capital investment programme, and also that which is associated directly with this Project.

2.13. The study concluded that the economic impact of the Project is £349m across all geographic areas (local £153m, regional £175m, national £349). ***The combined economic impact of the programme is over a billion pounds.***

- (Note: regional impact is based on 60 min peak drive time to Wisley and includes local area)

3 Independent Scrutiny and Assurance

3.1. The Project was presented to the Enterprise & Innovation action group in October 2017. Feedback from the group suggested that the project was strong with good economic impact at a local, regional and national level. However, the presentation lacked emphasis on the science and innovation elements of the project such as climate change, plant pests and disease control. These have been addressed in the business case.

3.2. AECOM were instructed to carry out due diligence on the Project to test the robustness of this scheme and value for money. They concluded that the Project appears viable and that the 17 month programme is reasonable.

3.3. AECOM did raise a few points that required further examination prior to any funding decisions being awarded and each of these were addressed to the satisfaction of PMG.

4 Conclusion and Recommendations

- 4.1 PMG discussed the proposal and agreed that it was a good project with a good level of match-funding. However, the group wanted further clarification of what digital and low carbon elements were included in the programme, alongside further clarity of the additional fund raising required to meet the shortfall in the total project cost, and how any cost overruns would be addressed.
- 4.2 RHS has responded to this request and note the following:

Digital Elements:

- a. A **Digital Engagement Programme** is under development:
 - Forms an integral part of the **Interpretation Master Plan**;
 - Will enable RHS to share significant items within their living and heritage collections with the public;
 - Provides critical information for specialist plant scientists, the education/ skills sector and horticultural industry.
 - **New jobs** linked to this programme include Project Archivist, Digital Engagement Officer and Digital Images Assistant;
- b. Programme is key to connecting the pre visit and post visit experience enabling visitors to access information and collections before, during and after their visit;
- c. Programme is linked to a wider (national) **Campaign for School Gardening**² where online resources provide children with gardening opportunities to enhance their skills and boost their development.

Low Carbon Features:

- a. RHS Wisley has developed a **Green Travel Plan** that aims to reduce the use of single occupancy car travel. The plan has several key objectives:
 - Reduce the number of staff travelling to Wisley by car;
 - Decrease the proportion of journeys in single occupancy vehicles;
 - Proactively manage visitor travel patterns particularly during peak periods;
 - Increase awareness about the environmental and health implications of travel mode choice.
- b. RHS are adding 6 additional electric car charging points within the car park as part of a wider improvements to the car parks;
- c. 78 cycle racks will be created;
- d. In addition two electric charging points for internal vehicle use at the Centre of Excellence and the staff central office.
- e. RHS Wisley are upgrading their central processing and distribution and collection yard and in collaboration with the catering provider they are in the process of conducting a site wide waste management review which will improve recycling,

² The RHS Campaign for School Gardening: <https://schoolgardening.rhs.org.uk/home>

coordinate collection and processing of waste and divert from landfill, glass, cardboard, and plastics;

- f. Low carbon features have been built into the new Centre to help achieve a BREEAM rating of Very Good. RHS continue to work with MLM engineering BREEAM consultant who maintains a planning tracker to ensure that they are meeting the commitment and targeted rating;
- g. RHS Wisley have a good track record for low carbon initiatives showcasing best practice to help inspire visitors to engage with such programmes through their Greening Grey Britain Campaign³.

Cost Overrun Approach:

- a. Further, RHS are working through a Value Engineering exercise to target £1m saving from the Stage 4 cost plan through reduction or use of alternative methods/materials.
- b. RHS have provided a cost reduction schedule which confirms £670k worth of savings has been accepted by the RHS, £104k has been rejected and a further £422k has been recommended for consideration by the RHS executive team.
- c. This exercise has been undertaken with an understanding that changes must not affect planning or present any other form of risk to the project. This is an integral part of the VE process and currently only one element was identified as having a potential Planning implication – this element was rejected.
- d. Industry standard rates have been applied to project contingency and inflationary factors.

Fundraising Information:

- a. RHS have a comprehensive fundraising strategy across all income streams to help mitigate any risks associated with this. They are in discussion with other major donors to secure the remaining funds required and are confident in securing funds from a number of prospects;
- b. The public phase of their Wisley Fundraising Appeal will launch on 2nd May with special events at Wisley;
- c. Following the PMG meeting held on 15 March, RHS Wisley have confirmed that at a meeting of the Trustees of the Mohn Westlake Foundation held on Friday 16 March, a decision has been made to donate £1m specifically to fund the Learning Studios at the new Centre;
- d. On 19 March RHS received a further pledge in the sum of £400k towards the new Centre. GDPR regulations mean that they are unable to share any further details as these donors have specifically requested anonymity;
- e. Once the 80% funding threshold has been reached, RHS confirm that they will underwrite any shortfall in funding from their own reserves and operating surplus;

³ <https://www.rhs.org.uk/get-involved/greening-grey-britain/why>

- f. RHS Wisley understand that the Legal Agreement gives the LEP the right to claw back the LGF grant if delivery was not achieved by a specific deadline.
- 4.3 The project has been through a thorough due diligence process which raised a few points that required further examination prior to any funding decisions being awarded. Each of these were addressed to the satisfaction of PMG.
- 4.4 PMG members required further clarification of what digital and low carbon elements were included in the programme, alongside cost overruns might be addressed. These have been outlined above.
- 4.5 Both Nabarro LLP (on behalf of RHS Wisley) and HCC Legal (on behalf of EM3) have advised that LGF can be authorised under Article 53, GBER providing the clearest mechanism for compliance with EU State Aid rules.
- 4.6 Based on the information set out in this paper, Board members are asked to AGREE that expenditure from the Local Growth Fund (LGF) of £1.0m is approved to fund the development of the National Centre of Excellence for Horticultural Science and Learning at RHS Wisley.

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20 March 2018