ERDF Summative Assessment of the Centre of Technology and Innovation Excellence (Cotie)

Final Report

October 2020

Executive Summary

This Summative Assessment is an evaluation of the establishment of the Centre of Technology Innovation Excellence (Cotie). It has been developed on the main Barnstaple campus of Petroc. The Summative Assessment was undertaken over a 15-month period, structured as four quarterly reports tracking progress through the capital phase of the project and its early operational period.

The aim was this final Summative Assessment report would provide independent comment on the early indications of interest and use by the targeted business community. However, the Centre was only open for 5 weeks before it was required to close due to the Covid-19 pandemic. The initial 5-week period was already being affected by the social restrictions being put in place. The Centre subsequently reopened in September 2020 but continues to be affected by the reluctance of individuals and businesses to utilise shared space in the context of the continuing pandemic.

Due to the significant and unforeseen impact of Covid-19 it is difficult to draw too many substantive conclusions from the project in terms of its operational phase and progress against intended objectives. The evaluation activity has not been able to be undertaken as originally envisaged.

The evaluation has found that Petroc has approached the difficulties associated with the enforced closure diligently and flexibly. It continues to underwrite the operation of the Centre. The ongoing business model has been clearly disrupted due to the absence of tenant revenue, and it is needing to look at other avenues to diversity income streams. Petroc continues to display financial commitment to the project in difficult circumstances.

However, it is important to also highlight that in the context of ERDF investment, the main deliverable was the refurbishment of a previously redundant building into a high-quality facility. ERDF support was in the form of capital investment. The refurbishment project commenced in June 2019 and was completed in December 2019 (slightly in advance of the target practical completion date). It initially opened on the 7th February, prior to its enforced closure.

This evaluation has found that the capital phase of the project progressed according to plan. Fundamentally, the refurbishment project was completed on time and on budget. This should be viewed as a commendable achievement for the overall project team and the main contractors. Petroc, as the client and delivery body, were highly satisfied with the capital project. In that sense, the capital phase of the project fully met the objectives as defined in the original ERDF Funding Application and reflected in the Grant Funding Agreement. The expenditure corresponded to the expected profile. It is our view that it was a well-managed process, benefiting from a broad range of expertise from across Petroc on the project steering group.

At the time of writing, the Centre was still experiencing difficulties in rebuilding interest and use from prospective users from within the target SME community. The ongoing effects of the pandemic – both in terms of restrictions and changed ways of working – still act as a significant barrier to it achieving its intended objectives. These circumstances remain outside of Petroc's control. The hope is that restrictions will ease and, importantly, sentiment will change over time. The expectation now is that the expected timeframe for positive impacts to be realised is longer than originally envisaged at the time of the Cotie concept being developed.

1. Introduction

Petroc has a requirement to undertake a Summative Assessment of the development of the Centre of Technology and Innovation Excellence (herewith referred to as 'Cotie' or the 'Centre') that provides an independent and objective assessment of whether the project has met its contractual targets, milestones and obligations. ERDF grant funding agreement places a requirement on all grant recipients to undertake a summative assessment.

The Summative Assessment was undertaken over a 15-month period, based on a staged approach that included four quarterly reports (October 19, January 20, April 20, July 20) and this final report. The summative assessment activity covered the period of the construction of the Cotie building – the capital phase – and the subsequent operation after its opening at the end of February. The intention was that this would allow the evaluation to capture some of the early indications of how the Centre was being received and used by the targeted business community.

However, the important context is provided by the fact that the Centre was only open for a period of 5 weeks after its opening on the 7th February 2020 before it was closed for all users on the 20th March due to the Covid-19 pandemic. It remained close for several months, reopening in early September. However, the ongoing restrictions and impact on business sentiment has meant that use of the Centre is expected to only grow slowly over time.

Consequently, the Summative Assessment largely considers whether the project successfully met its core ERDF target of completing the capital project, with a further consideration of the difficulties that have been experienced through the early stages of the operational phase due to the significant ongoing impact of Covid-19.

Given the significant impact of Covid-19 on the business community, the project steering group did not feel it appropriate to undertake consultation activity at the time of the evaluation, particularly as the impact on the Centre was relatively evident. It may be appropriate for some further limited evaluation activity to take place in the future when the Centre is able to function more as intended – although the timing of this is obviously uncertain at this time. This is beyond the timeframe of this Summative Assessment.

1.1 Project Description:

Cotie is partly funded by the ERDF with the intention of creating a technology-based research and innovation facility, centred on the strong manufacturing SME sector of Northern Devon. The project aims to address Priority 1a within the HotSW European Structural & Investment Fund (ESIF):

- Enhancing research and innovation (R&I) infrastructure and capacities to develop R&I excellence, and promoting centres of competence

It has been developed on the main Barnstaple campus of Petroc (a general Further Education College). Petroc was the applicant and accountable body for the project, and now also acts as the direct operator of the Centre. The intention – as stated in the original ERDF application – is to facilitate and encourage knowledge exchange between industry and the knowledge base within the area, through the provision of shared-use laboratories and facilities. There is a wider aim of encouraging links with Petroc's HE partners.

The specific aim of the ERDF project was to create a new facility to provide 4,961 net usable sq. ft of redeveloped space (6,383 sq. ft Gross Internal Area – 593m^2) within a two-storey section of the building that was previously known as 'G Block'. The building will be securely sectioned off from the remainder of

the building and acts as a separate facility within the overall Petroc campus. Secure client-dedicated 24hr access is provided. The facility houses a clean room and proof of concept/prototyping labs on the ground floor to include a variety of 3d printing facilities, and design facilities including high specification iMacs and desktops on the first floor, together with a small flexible conference/office space for presentations/pitches and meetings. The facility benefits from secure IT infrastructure, again separate from the main Petroc infrastructure.

Cotie is aimed at local start-ups and SMEs, predominantly from the North Devon and Torridge areas (although eligible businesses from further afield will not be excluded). It is designed to appeal to enterprises in sectors including pharmaceuticals, advanced manufacturing, electronics, food processing and agri-tech. The benefits include access to equipment and facilities to facilitate proof-of-concept and the development of new products and services, supporting SMEs to diversify and respond more effectively to changes in their relevant markets. The overall impact of the project is to improve business productivity and facilitate growth.

The total project cost was £1.2mn as reflected in the ERDF Grant Funding Agreement, funded through £720,000 from ERDF and £480,000 as matched funding provided by Petroc – constituted of £120,000 in in-kind support and £360,000 cash support. The expenditure profile as set out in the Grant Fund Agreement is shown in later sections.

In terms of ERDF output targets, Petroc was contracted to deliver against one ERDF output target (as shown below), demonstrating that the contractual requirements of the project were tightly defined, focusing on the project's capital phase.

- P2 – Public or commercial buildings built or renovated – 593m^2

There were a set of wider objectives and intended impacts once the Centre was to be operational, but Petroc had no reporting obligations against these as part of its ERDF Funding Agreement. As stated, the intention was early indications of whether the Centre is progressing towards these positive wider impacts were to be captured through this Summative Assessment. However, that has now been significantly disrupted by the Covid-19 related restrictions.

There was an intention for the building to achieve BREEAM 'very good' status and this is commented later in this evaluation. Procurement of suppliers was required to meet ESIF procurement regulations, and Petroc provided a Procurement Plan as part of its ERDF funding application. This was based on the College's Procurement Strategy.

2. Project context, relevance and consistency

This section reviews the overall project context, and whether any changes to that context have impacted on the need and/or justification for the project.

The original ERDF application – and reflected in the project logic model – sets out the strategic context in a comprehensive manner. It is not intended to revisit the original justification for the project, rather this section focuses on what subsequent developments have been made from a strategic economic policy perspective, and whether this has impacted on that original justification for investment.

Early in 2020 the Northern Devon Futures Partnership was working on a 2050 Vision for the area – North Devon Futures – when the Covid-19 pandemic occurred. North Devon and Torridge District Councils were also developing a new economic strategy – replacing Northern Devon Economic Strategy 2014-2020 which framed many of the objectives included in the original Cotie ERDF application.

The Draft 2030 vision for Northern Devon relates to three high-level objectives:

- A sustainable, inclusive economy
- A net zero carbon society, biodiversity gain and environmental improvement
- The health and wellbeing of its communities

Within the Heart of South West (HotSW) Local Enterprise Partnership, the two key economic policy developments over the past few years have been through the HotSW Productivity Strategy (2018) and the HotSW Local Industrial Strategy. The latter remains in draft form and awaiting Government sign-off.

It is our interpretation that the HotSW Productivity Strategy broadly confirms, and indeed strengthens, the justification for the type of activity that Cotie intends to support. Included in its high-level aims are to 'significantly improve the productivity of existing businesses in both urban and rural areas' and to 'create vibrant places that are attractive to skilled people and new investment, with infrastructure to support productivity and inclusive growth'.

The HotSW Productivity Strategy looks at the five foundations of productivity and results in a focus on:

- Ideas – developing new and better ways of doing things
- People – developing skills for good jobs and greater earning power for all
- Infrastructure – investing in enabling infrastructure
- Business environment – helping businesses to grow
- Places – improving prosperity for all its communities

Again, our interpretation is that these five aspects all closely relate to the Cotie objectives. It recognises that Northern Devon has a recognised specialism in advanced engineering – based on evidence from the SW England & SE Wales Science & Innovation Audit (2017).

As part of the underlying evidence for the Productivity Strategy, it recognises that the HotSW LEP area performs relatively poorly in terms of the various measures of innovation. In response, the Strategy aims to increase overall innovation activity through increasing the potential of its knowledge and research assets – with a particular focus on advanced engineering and digital innovation.

This emphasis was largely reinforced in the draft HotSW Local Industrial Strategy (HotSW LIS). The 'Command Paper' that underpinned the subsequent development of the HotSW LIS noted that the HotSW performs poorly in terms of export engagement and competitiveness and research, development and innovation. It notes that by supporting wider technological and process innovation, it is likely to increase the 'stickiness' of local manufacturers supply chains.

At a national level, the UK Government's Industrial Strategy recognised the importance of manufacturing to the health of the UK economy. Manufacturing still contributes c10% of output, c50% of UK exports and accounts for 70% of business-led R&D. The UK Industrial Strategy confirms a commitment for 'industry-led' innovation.

Therefore, the review of the economic policy environment confirms that the Cotie objectives remain highly relevant. The 'productivity gap' that exists in the HotSW area, and in particular its rural areas, remains and indeed has grown since the Cotie concept was developed. One of the explanations for this persistent productivity gap is relatively lower levels of innovation. Promoting business-led innovation remains cited as a key objective from an economic strategy perspective.

In our view, there has been no changes in the overall policy context which questions the original justification for investment. Indeed, it is our view that this justification has strengthened over time.

3. Progress against contractual targets

This section reviews outputs and spend against contracted targets.

3.1 Meeting output targets

This subsection sets out the output targets that the project is contracted to deliver and how they are being measured.

The project was contracted to only deliver one ERDF output target as previously defined:

- P2 – Public or commercial buildings built or renovated – 593m^2

This output was successfully achieved on completion of the renovation project at the end of December 2019. The project – as commented elsewhere – was completed on schedule and budget and the renovated building has been completed to a high standard. Therefore, the project fully delivered its ERDF output target – as illustrated in the below RAG table.

Table 1: Cotie - performance against contracted ERDF output targets

Output	Achieved	Target	To achieve	Percentage achieved against target
P2 – Public or commercial buildings built or renovated (m^2)	593	593	0	100%

3.2 Meeting expenditure targets

The total project cost is £1.2mn as reflected in the Grant Funding Agreement, funded through £720,000 from ERDF and £480,000 as matched funding provided by Petroc – constituted of £120,000 in in-kind support and £360,000 cash support. The expenditure profile as set out in the Grant Fund Agreement is contained in Table 1.

Table 2: Cotie - performance against contracted expenditure targets

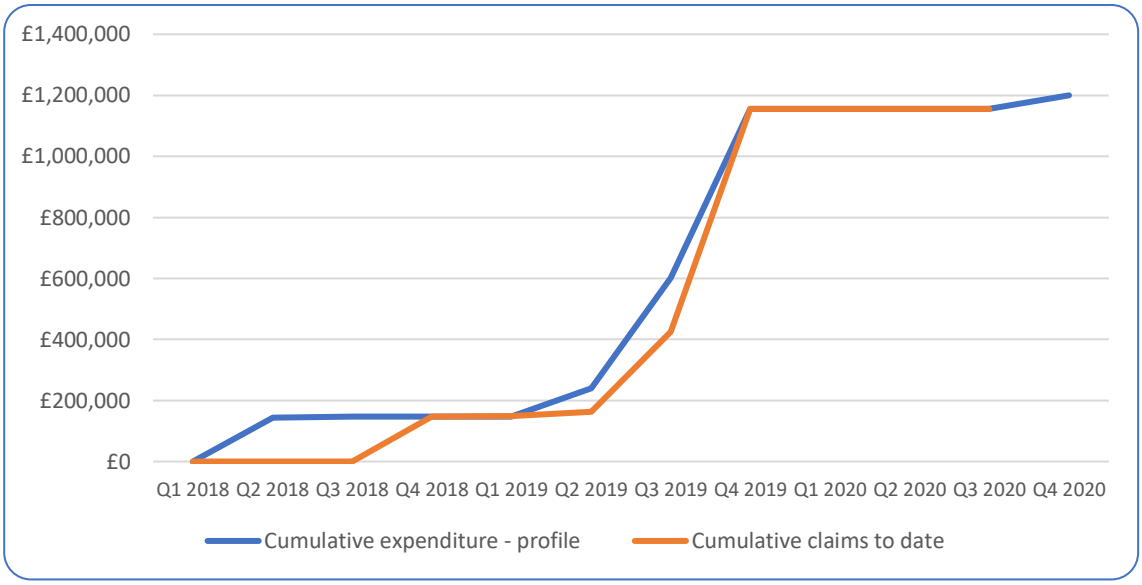
	Building and construction	Equipment	Fees	Other Capital	Total
2018					
Q1					
Q2		£23,340	£120,000		£143,340
Q3		£3,474			£3,474
Q4					
2018 – Total					**£146,814**
2019					
Q1					
Q2	£73,383		£20,180		£93,571
Q3	£242,428				£361,235
Q4	£218,185	£239,837	£96,837		£554,859
2019 – Total					**£1,009,665**
2020					
Q1					
Q2					
Q3					
Q4	£13,692		£29,829		£43,521
2020 – Total					**£43,521**
TOTAL					**£1,200,000**

As shown in Table 2, the expected overall project cost is expected to be £1.2mn with most costs incurred during the refurbishment and equipment installation phase during the second half of 2019. The expenditure/claim profile is set out against the financial claims submitted by Petroc to date (covering the claims to end of September 2020).

It is important to note that the financial claim to date (end of Q3 2020) remains the same as in December 2019 when the capital works was completed. This also reflects the expenditure profile – as shown in Chart 1. There is no expectation for any further claims to be made until the closure/completion of the ERDF funding period, when a small allowance has been made to cover any additional expenditure that may be required in the post-retention period.

This shows that the financial claims are matching the expected claim profile. The latest claim (Q3 2020) remains on profile. The previous view expressed in the Quarter 3 Report remains - **our view is that the project has been managed well from a financial perspective and is projected to meet the expenditure and ERDF grant profile, as detailed in the Grant Funding Agreement.**

Chart 1: Cotie – cumulative ERDF claims to date against claim profile (GFA)



The monitoring that took place for this Summative Assessment independently concluded that the capital phase of the project progressed according to plan – including the management of the project budget. The refurbishment of the buildings was completed before the end of December 2019 (slightly in advance of the target practical completion date).

Fundamentally, the refurbishment project was completed in time and on budget. This should be viewed as a commendable achievement for the overall project team and the contractors. Petroc as the client and delivery body were highly satisfied with the capital phase of the project. In that sense, the capital phase of the project fully met the objectives as defined in the original ERDF Funding Application and reflected in the Grant Funding Agreement. The expenditure and ERDF claims have consistently corresponded to the expected ERDF profile.

4. Delivery and management

This section responds to the Summative Assessment questions in relation to:

- Was the project well managed with the right governance and management structures?
- Has it delivered to a high standard?
- Could delivery have been improved?
- Did it select and engage with the right beneficiaries?
- What are beneficiary and stakeholder perceptions of project activities?
- The extent to which horizontal principles are integrated into and shaping delivery?

However, it is important to note that due to the disruption caused by the Covid-19 outbreak throughout the operational phase of the centre to date, it is difficult to address some of these questions – particularly in

terms of beneficiary engagement. The success of the project in terms of those aspects will only be better understood when the Centre is able to function as intended.

Therefore, the assessment of the delivery and management of the Centre focuses on two phases – the capital phase and the early operational phase.

4.1 Capital phase – delivery and management:

The capital phase of the project largely covered a six-month period from June to December 2019, during which Summative Assessment activity tracked progress.

4.1.1 Procurement:

Prior to the commencement of the renovation work, the requirements were tendered. The primary works to refurbish the 'G Block' was advertised on the public procurement site Contracts Finder[1] on 1st April 2019, effectively an open tender. The contract was awarded to Pearce Construction. The award notice was posted on the 21st May 2019, with a contract start date of 3rd June 2019 and a contract end date of 12th December 2019. The contract value was stated as £617,000. This open procurement was acceptable and conformed to ERDF procurement requirements.

4.1.2 Refurbishment/capital phase:

At an operational level, the project was delivered in line with PRINCE2 principles by Petroc's Estates Manager who was responsible for implementing the refurbishment work, supported by a Procurement Co-ordinator within Petroc. Overall, the project was led by the Petroc's Vice Principal, Finance & Resources.

The refurbishment was directed by a programme plan, and this was updated accordingly if any changes in the project timeline occurred. The plan outlines that the start date for the refurbishment was June 2019, with construction completion targeted for 31st December 2019. Delivery and installation of equipment was targeted to commence on the 1st October 2019, with completion by 4th December 2019.

Progress against the project timelines was monitored by Petroc's Estate Manager, working closely with the main contractor – Pearce Construction. A monthly progress meeting was held, facilitated by the Estate Manager and attended by the main contractor, project architect, as well as sustainability and cost consultants. The minutes of these meetings were reviewed during this evaluation, with the key highlights being captured through the quarterly reports. The summary of the issues as they arose during the construction phase – and evidenced in the site meeting minutes - are set out in Appendix 2.

The overall review of the project progress meeting minutes, alongside the programme plan shows that the project progressed well and in line with expectations. Whilst there had been some small expected deviations, this had not affected the overall project timeline and/or budget – as demonstrated above.

This review of site meeting minuters was also supplemented by:

- Attendance at the Cotie project board meeting on the 8th January 2020 (including a site visit)

[1] https://www.gov.uk/contracts-finder

- Telephone discussion with Petroc's Estate Manager

The discussions held at the project board meeting, and the subsequent discussion with the Estate Manager confirmed that Petroc – as the client and delivery body – had been satisfied with the progress and quality of the build project. The Estates Manager had commented that when set against other capital projects he had overseen, Cotie had progressed well and with fewer associated problems. The working relationship with the main contractor had been open and had worked well. At the project board meeting, there had also been broad satisfaction with how the capital project had progressed and the quality of the final building.

It was noted that practical completion (handover of the building) had occurred slightly earlier than the end December 2019 target date. Performance against milestones are set out in Table 3. It is important to note that the start dates for the milestones are as stated in the original ERDF application. However, the project commenced later than intended once the approval process was completed. The completion dates reflect when those project milestones were achieved.

Table 3: Cotie - performance against key project milestones (refurbishment)

Milestone	Start Date (ERDF application)	Completion Date
Establish Stakeholder Steering Group	15/05/18	17/05/19
Planning Permission for Staircase Secured	09/07/18	04/09/18
Capital Works Commenced	03/06/19	24/06/19
Refurbishment & Access Work Completed	03/06/19	21/12/19
Delivery and Installation of Equipment Completed	01/10/19	04/12/19

Therefore, this independent review of the available evidence and supplemented by limited discussions concludes that the capital phase of the project was managed and delivered successfully and fully in-line with the expectations set out in the ERDF Grant Fund Agreement.

The view of Petroc – as the client and organisation responsible for delivery – was that there were no significant issues that affected the successful completion of the building. The site visit undertaken in early January 2020 confirmed that the ERDF funding has supported the delivery of a high-quality space, alongside associated capital equipment.

4.1.3 BREEAM achievement:

The intention - as stated in the ERDF application – was that the refurbished building would achieve a BREEAM 'Very Good' status.

A BREEAM pre-assessment was undertaken on behalf of Petroc by AES Sustainability Consultants Ltd. This pre-assessment was undertaken in March 2018. A BREEAM pre-assessment was undertaken to outline the strategy to achieve BREEAM 'Very Good' for the refurbishment of the building for Cotie purposes. It contained a number of actions required to achieve this target.

At the pre-assessment stage the targeted score was 60.42%. This score exceeded the required 'Very Good' benchmark of 55% with sufficient contingency above the benchmark +5% in order to secure the BREEAM target. The minutes of the site meeting indicate that BREEAM requirements had formed part of the ongoing discussions and activities through the build project.

The intention was for Petroc to receive the final BREEAM post-completion assessment towards the end of 2020. This has now been completed. The final assessment – completed in August 2020 by AES Sustainability Consultants Ltd – was that the building has achieved a BREEAM score of 55.6% - therefore, achieving its intended 'Very Good' status.

4.1.4 Operational Phase:

As stated previously, it was intended to capture some of the initial aspects of the operational phase of the Centre in this final Summative Assessment, given that Cotie was officially opened at the start of February 2020. However, this has been significantly impacted by the restrictions that have been put in place because of the Covid-19 pandemic. Therefore, it is difficult to evaluate aspects such as the delivery and management of the centre because it has been severely curtailed to date.

This section outlines the delivery activity both pre and post Centre opening to highlight how Petroc prepared for the operational phase, and how it has subsequently had to react to the significant restrictions in place.

In terms of the preparatory activity leading up to the February launch, the activities included:

- The Cotie website was developed and tested and a live version was released at the end of January 20 (https://www.cotie.co.uk/). The website has booking functionality and details the range of facilities available. Social media accounts have also been set-up for the centre which will be used for ongoing promotional and marketing activity e.g. (https://twitter.com/cotie_launchpad) and (https://www.facebook.com/CotieLaunchpad/)
- A rate card was developed to illustrate the charges for utlising the Centre. The project team undertook market research (of similar centres elsewhere in the UK) to inform centre charges.
- A 'soft' launch was held on the 15th January 2020 where partners and stakeholders were invited to view facilities and hear more about the Centre
- Information and flyers were developed to market the Centre. This utilises the Cotie brand which has also been developed. The social media channels were used for PR activity for the launch events
- A Memorandum of Understanding was developed with the HotSW Growth Hub
- The Centre Coordinator position was advertised and recruited. The Coordinator role was filled in early February, prior to the public launch

Much of this activity was in preparation for the 'hard launch' of the Centre which took place on the 7th February. This was opened to interested businesses and was well attended by a range of businesses. The event was attended by c40 businesses, representing a range of sectors. The event had representation from 5 linked/partner organisations – the HotSW Growth Hub, Serco (promoting the ESF funded Skills Support for the Workforce programme), North Devon+, STEM Graduates into business (University of Plymouth), and

the Environmental Futures & Big Data Impact Lab. There was also marketing stands promoting apprenticeships and the newly formed South West Institute of Technology.

Subsequent promotional/media activity was developed to advertise the opening of the Centre (https://www.cotie.co.uk/post/cotie-is-now-open). Therefore, the Centre is now in place to move into its next important phase – attracting businesses to use its facilities.

Our view is that the marketing and promotion activity developed alongside the physical build was of a high quality. The website and marketing materials are simple and easy-to-understand, setting out the available facilities and the process for booking.

Petroc's project steering group managed the process well moving into Centre opening, with representation from an operational, estate, communications and finance perspective.

As stated, the Centre officially opened on the 7th February 2020. However, the initial phase encapsulated a period of exceptional circumstances. The Covid-19 outbreak and the associated significant social and economic restrictions put in place to limit the spread of the virus had a highly significant impact on the early stages of the Centre's operations. In effect, the Centre was only open for a period of 5 weeks before it was closed for all uses on the 20th March. Even before that closure, the Centre's use was being affected – with some users becoming nervous of using shared workspace.

Therefore, the summative assessment activity that took place through 2020 has largely needed to focus on three different aspects:

- The early indications of interest and use in the Centre – albeit covering a 5-week period (some of which covers a period when the evolving implications on social restrictions were already being felt i.e. pre full lockdown)
- Activities undertaken during lockdown to help the Centre prepare for its eventual opening
- Subsequent activities since the reopening of the Centre in early September

In terms of **early interest and use** it had recruited its Centre Coordinator who was in post. In the first few weeks the interest in the Centre had slowly been gaining momentum. It had recruited 3 businesses as members. Early use had mostly focused on use of the design pods, with more limited use of the development space.

As the potential impact of the Covid-19 outbreak became clearer, the Centre Coordinator reported that the early users were becoming more nervous of working in a shared space and had already been reducing the time spent in the Centre before its total closure.

Enquiries had been received by approximately 10-12 businesses before Centre closure, covering a range of possible uses. These businesses were involved in electronics, manufacturing etc. Early and ongoing discussions were being held with some of these interested businesses. Some businesses had visited the Centre to look at the facilities, whilst there had also been some interest from early members also promoting the Centre to others i.e. word of mouth. One of the members had held meetings (with external attendees) using the meeting rooms.

Therefore, the first few weeks of Centre operation had seen interest slowly building. However, it is difficult to fully comment on whether this was meeting expectations given the exceptional circumstances. The demand projections that were included in the original ERDF application show that expectations were for use to build slowly over time. The original first quarter (which would encapsulate c12 weeks of operation) demand projections are shown below for reference. However, it is simply not possible to compare to outturn, particularly given the impact of the Covid-19 outbreak was already being felt before full closure.

Table 4: Original demand projections – Cotie – ERDF application

	1st Quarter – demand projections (ERDF application)
Clean Room Bookings	0
3D Printing Bookings	1
Design Area Bookings	2
Meeting/Networking/Office Space Bookings	3
Total Business Use Bookings per Quarter	**6**
Total Individual Business Users per Quarter	**2**

As with any project, the very early stages of the Centre's operation had begun to highlight possible areas of focus to improve interest and use levels. For example, there had been little interest in the Clean Room facilities before closure. In the small number of discussions that the Centre Coordinator had held with businesses, it was felt that awareness of what the Clean Room offers and can do was low. Some businesses were not aware of how it differed to other similar facilities (in terms of specification) and exactly how the facilities could help their own activities. Before closure the Centre Coordinator had begun to develop ideas about whether an 'educational element' may need to be developed to better explain the functionality and potential practical use that the facilities could offer to relevant businesses.

Moving into the **period of Centre closure due to the national lockdown**, it became apparent that the **Centre could not function as intended. It could not (and cannot) meet its objectives as defined in the ERDF application.** These circumstances are completely out of the control of Petroc.

Therefore, Petroc had to focus on activities which were aimed at keeping the Centre visible to the business community, so that when reopening occurred the hope would be that demand would quickly rebuild. The initial activities in the early part of lockdown (in the period late March to end of April) focused on three broad categories:

- **Marketing –** During this period the Centre was still active in terms of marketing and communication, despite its closure. There was great effort in keeping the social media channels active with information about the Centre itself, as well as signposting to other relevant information such as support available to businesses. The Cotie website was live (https://www.cotie.co.uk/) and was used to post updated information i.e. blogs. Similarly, its social media accounts (https://twitter.com/cotie_launchpad), (https://www.facebook.com/CotieLaunchpad/) and

(https://www.linkedin.com/in/cotie-innovation-launchpad/) were being used actively to keep a sense of momentum going with regards to the Centre and other associated activities. The social media channels were used to ensure that local businesses were aware of all the support that was available as the lockdown commenced.

- **Partner discussions –** The closure period allowed discussions to take place which focused on services which may be offered in partnership with the Centre – either online or in the future when face-to-face contact allowed. For example, the Centre entered discussions with Cosmic to act as the host facility for its Digital Advantage programme which is available to SMEs in North Devon. Discussions focused on whether Cotie could be a location for physical workshop sessions to be held when practically possible. Other discussions have been held with other potential partners with regards to how the Centre could be used to deliver important services, with a focus on community and economic recovery.

- **Data collection** – The closure period also allowed the Centre Coordinator to focus on developing the Centre's processes so that they were ready to be implemented when the Centre reopens. For example, the Coordinator worked on how data could be collected and reported which will help highlight use and interest in the Centre when reopened.

However, as the lockdown period was extended sustaining this activity became more difficult. The ability to maintain momentum and interest in the period was somewhat further compromised by the need for Petroc to place the Centre Coordinator on the Government's job retention scheme (furlough) at the end of April. This meant that for several months (May through to August) there was no dedicated resource in place. This had been a necessary action for Petroc to protect its financial position, given the centre was not generating any revenues.

Alongside this, as the lockdown period extended with no certainty of an easing of restrictions, Petroc were also wary of continuing marketing activity in the absence of a confirmed date for reopening. They were wary of creating 'communication fatigue' and promising any false dawns which may have affected ongoing perception and reputation. As a result, marketing and communication activity was deliberately kept minimal and focused - mostly signposting to other forms of available support through the Centre's Twitter account.

Petroc have been successful in an application to the European Social Fund for a project called Big Benefits for Small Businesses. The aim of the project – which will run from August 2020 to July 2023 - is to identify and engage with SMEs in North Devon and Torridge in local priority sectors to improve the relevance of skills provision and maximise innovation and improve competitiveness. Whilst the ESF project is not specifically designed to drive business into Cotie, Petroc recognises that there are synergies to be exploited. The lockdown period allowed these synergies and linkages to be fully considered.

These potential wider linkages have been pursued further as the Centre was finally **reopened for use in September**, following an easing of Covid-19 restrictions and part of wider plans by Petroc to commence with the new academic year.

The Centre Coordinator continues to develop links with other organisations who offer services – whilst still concentrating on the core need to build interest in the Centre from potential business users. However, this

is proving difficult and slower than hoped (as discussed in more in the next section). Therefore, building relationship with other support providers appears a sensible and pragmatic approach in lieu of the rebuilding of business confidence.

The Centre continues to work with organisations such as the Universities of Plymouth and Exeter, Cosmic the HotSW Growth Hub and others; investigating the potential for Cotie to act as the location for outreach services. One of the aims of this activity is to diversify the income channels away from purely tenant-based income, given that the latter is expected to be constrained for some time.

Alongside this, the Centre is needing to be agile and flexible in terms of how it works with businesses and how the Centre could still meet their needs, whilst at the same time ensuring the social distancing and Covid-19 protocols are met. One example is the Centre Coordinator beginning to adopt a more 'hand holding' approach in terms of making potential users aware of what facilities are available. For example, it is holding a series of two people workshops at the end of October 2020 which aims to be an introduction to the Centre.

Overall, the approach adopted by Petroc has needed to shift from the initial broad model of creating the facilities and the businesses will respond, to one where it is needing to work a lot harder to generate business interest.

It is our view that it has approached these extremely difficult circumstances diligently and flexibly.

5. Achieving outcomes and impacts

This section is intended to look at how Cotie has progressed against its intended outcomes and impacts. As shown in the Logic Model (Appendix 1) the intended impact of the project is to provide access to facilities for local SMEs, stimulating innovation and increasing their turnover – ultimately leading to improved productivity in the rural area and attracting inward investment.

The original intention was that this Summative Assessment would capture the first 9 months of operation (February-October) and therefore be able to comment on the initial indications of interest and use by SMEs within the facility. The intention was that users would have been consulted to understand how the facilities were playing a role in their business development. This would have only provided an initial indication, with the impacts developing over a longer timeframe.

However, this original intention has been effectively curtailed by the impact of Covid-19 on centre operations. It is simply not possible to comment on project progress in a fully informed way due to the curtailing of planned activities. Therefore, from an evaluation perspective, it is simply not possible to make any judgement on how Centre operations have developed during this time.

In effect, this Summative Assessment report provides recorded evidence of the impact of the lockdown period, and the inability of the Centre to begin to meet its medium-to-longer term objectives. Clearly, the Centre has not yet been able to function as intended. It cannot yet meet its objectives as defined in the ERDF application, and will not do so until social and economic restrictions are eased and, importantly, business confidence is rebuilt.

[2] https://twitter.com/cotie_launchpad/status/1316674207179255808

Given that Cotie offers shared facilities such as communal laboratory space, shared workspace and conference rooms, this may take some time.

In this section, we comment on the initial indications of interest and use (prior to the Centre opening) and then subsequent interest and use since the reopening in September. However, it is important to stress that neither period should be regarded as 'normal circumstances'.

5.1 Early interest and use – prior to Centre closure (February 2020):

As previously stated, Cotie opened for operational use on the 7th February – immediately following its hard launch. It had recruited its Centre Coordinator who was in post. In the first few weeks the interest in the Centre had slowly been gaining momentum. It had recruited 3 businesses as members. Early use had mostly focused on use of the design pods, with more limited use of the development space.

As the potential impact of the Covid-19 outbreak became clearer, the Centre Coordinator reported that the early users were becoming more nervous of working in a shared space and had already been reducing the time spent in the Centre before its total closure.

Enquiries had been received by approximately 10-12 businesses before Centre closure, covering a range of possible uses. These businesses were involved in electronics, manufacturing etc. Early and ongoing discussions were being held with some of these interested businesses. Some businesses had visited the Centre to look at the facilities, whilst there had also been some interest from early members also promoting the Centre to others i.e. word of mouth. One of the members had held meetings (with external attendees) using the meeting rooms.

Therefore, the first few weeks of Centre operation had seen interest slowly building. However, it is difficult to fully comment on whether this was meeting expectations given the exceptional circumstances. The demand projections that were included in the original ERDF application show that expectations were for use to build slowly over time. The original first quarter (which would encapsulate c12 weeks of operation) demand projections are shown below for reference. However, it is simply not possible to compare to outturn, particularly given the impact of the Covid-19 outbreak was already being felt before full closure.

	1st Quarter – demand projections (ERDF application)	**2nd Quarter – demand projections (ERDF application)**
Clean Room Bookings	0	1
3D Printing Bookings	1	2
Design Area Bookings	2	2
Meeting/Networking/Office Space Bookings	3	3
Total Business Use Bookings per Quarter	**6**	**8**
Total Individual Business Users per Quarter	**2**	**2**

As with any project, the very early stages of the Centre's operation had begun to highlight possible areas of focus to improve interest and use levels. For example, there had been little interest in the Clean Room facilities before closure. In the small number of discussions that the Centre Coordinator had held with businesses, it was felt that awareness of what the Clean Room offers and can do was low. Some businesses were not aware of how it differed to other similar facilities (in terms of specification) and exactly how the facilities could help their own activities. Before closure the Centre Coordinator had begun to develop ideas about whether an 'educational element' may need to be developed to better explain the functionality and potential practical use that the facilities could offer to relevant businesses.

5.2 Continued interest and use – after Centre reopening (September 2020):

The reopening of the Centre – given that many restrictions remain in place – has not yet meant that interest and/or use has reached the levels envisaged and is not expected to do so for an unknown time. The expectation is that interest and/or use will build very slowly and will be dependent on how the pandemic develops. Certainly, there are elements such as the conference room which simply cannot be used at this time due to social distancing requirements.

This remains a significant risk to Petroc as the accountable body, given that the expected revenues through Centre use are negligible. These do not currently cover the cost for the centre Coordinator. The business model that Petroc had in place continues to be undermined by the pandemic. The result is that Petroc is currently underpinning ongoing Centre operations. Given that it is a resource-constrained FE College which is having to deal with delivering its core educational/training activity within the context of the pandemic, this is placing a further financial strain. Petroc recognises that – certainly in the short-term – it will need to diversify income away from tenancy revenues.

The enforced closure of c5 months has resulted in the initial interest not developing from the initial base, and now requires some concerted effort to rebuild. For example, the 3 businesses that had joined as members, cancelled that membership when they were unable to access the building. Interest and use in the facilities has been confined to 1-2 prospective businesses – focused on the equipment and lab space. There has been little interest in the shared workspace, which is perhaps unsurprising given the nervousness that businesses and people hold at this time.

As discussed elsewhere, the Centre is working hard in developing different ways to rebuild interest. This includes a greater focus on collaborative working with wider organisations, more intensive forms of support to prospective users i.e. 'hand-holding' and demonstration events and focusing more on start-ups. In terms of the latter, this is recognition of the fact that many skilled people have lost their jobs as a result of the economic fall-out of the pandemic, many of which may look to set up their own businesses. This represents an opportunity and different client group that the Centre could target.

Therefore, the conclusion that can be drawn in terms of how the Centre has progressed in achieving its intended outcomes and impacts is that this has fundamentally been constrained by the Covid-19 pandemic. These circumstances have been, and continue to be, completely out of the control of Petroc and could not be foreseen.

It is unlikely that the project has yet to contribute to the wider ERDF Results Indicators such as increase in Gross Value Added. The likelihood is that the timeframe for the objectives of the Centre to be achieved is now extended, the extent of that longer timeframe is simply unknown at this time.

6. Value for money and cost effectiveness

This section looks at the value for money of Cotie. This would normally consider the benefits when set against the project investment. However, as discussed in detail in Section 5, due to the significant disruption associated with the Covid-19 outbreak it is not yet possible to quantify the economic benefits provided.

Therefore, value for money in the context of Cotie primarily focuses on the cost of delivering the capital phase of the project, comparing it to relevant build cost benchmarks. In effect, it is a judgement of the cost effectiveness of that capital phase.

Firstly, it is important to reiterate that Cotie was established in a previously redundant building on the Petroc site. Therefore, it was a refurbishment project rather than a new development.

We have accessed the latest Building Cost Information Service (BCIS) construction data from RICS[3] for Devon – covering both new build and rehabilitation/conversion projects. In terms of the data relating to refurbishment projects, some care should be used in terms of the interpretation of the data. The latest (October 20) data is based on a sample of 102 projects which will encapsulate a whole range of projects in terms of scale and scope i.e. full remodelling of buildings to updating M&E, wiring etc. This is reflected in a wide range of cost values. Therefore, we have taken the median average as a benchmark.

The next issue to address is to understand what cost should be reflected in the cost of refurbishment for Cotie. The £1.2mn project investment included a number of investments not directly related to the refurbishment project per se – not least the purchase of significant equipment such as the 3D printer, clean room facilities etc. We have used two figures in this benchmarking exercise:

- The costs associated with building and construction contained in the ERDF application - £547,690
- The value of the contract award to the main contractor - £617,000

Neither figure fully reflects additional professional fees, but that is acceptable given the BCIS figures also do not include professional fees.

The further issue relates to the multi-faceted nature of Cotie itself. The building encapsulates a range of different facilities, including the shared workspace and conference room located on the 1st floor, and the clean room and prototyping labs on the ground floor. It is not possible to benchmark against a similar facility.

The BCIS benchmark figures also do not include any external works.

For the purpose of this exercise, we place it against generic office space – recognising that the specifications are different. Therefore, this benchmarking exercise should be viewed as indicative.

[3] https://www.rics.org/uk/products/data-products/bcis-construction/

Table 5: Cotie build costs – comparison against benchmark data (BCIS Devon – October)

	Cost	Mean	Lower quartile	Median	Upper quartile
BCIS benchmark - office new build		£ 1,890	£ 1,371	£ 1,804	£ 2,252
BCIS benchmark - office rehabilitation/conversion		£ 1,204	£ 549	£ 992	£ 1,558
Building and construction - Cotie	£ 547,688			£ 924	
Construction – contract award value (main build contractor)	£ 617,000			£ 1,040	

Source: Building Cost Information Service (BCIS) construction data - RICS

The table indicates that the refurbishment costs were broadly comparable to the benchmarks, if not lower. The cost per m2 based on Cotie building and construction costs only was £924, compared to £992 for office rehabilitation/conversion benchmarks. If based on the contract award value for the main build contractor, they are broadly comparable.

This is particularly the case if we consider that the contract award value did partially reflect some professional fees – therefore not directly comparable to the BCIS benchmark figure which excludes professional fees, external works etc. Nor does it reflect the higher specification of elements of the Cotie facility, when compared to generic office space.

Therefore, our conclusion is that the delivery of the construction phase of Cotie appears to have been delivered in a cost-effective manner. This was tightly managed through the open procurement exercise and then through ongoing project management. As shown in Section 3, project expenditure has not deviated from the original profiled expectations. As also demonstrated in the site meeting minutes (Appendix 2) any changes to the ongoing construction costs were able to be offset by cost savings in the process.

7. Conclusions and recommendations

This section brings together overall conclusions drawn forward from previous sections, learning from the project for Petroc, others undertaking similar projects and for policy makers, together with recommendations.

However, it is again important to reiterate that it is difficult to draw too many substantive conclusions from the project in terms of its operational phase and progress against intended objectives. This conclusion section therefore focuses on the two phases of the project:

- The capital phase – building refurbishment and installation of facilities and equipment
- The operational phase

In terms of the capital phase, this summative assessment has found that the completion of the refurbishment of the redundant building to establish Cotie was managed professionally and diligently, resulting in the capital project completing on time and in budget. The refurbishment was managed well by Petroc's estates manager, supported by a good spread of expertise across Petroc. The other aspect of the successful implementation of the capital programme was the good working relationship between Petroc as the client, and the main contractor – Pearce Construction. The estates manager maintained a positive and constructive relationship, aided by the approach adopted by the contractor itself.

The early stages of this summative assessment was able to monitor the capital project, and concludes that this was implemented exactly as intended within the original ERDF application. It was also delivered in a cost-effective manner, when compared to benchmark data, and expenditure met profiled expectations. The procurement process was also managed well.

It successfully delivered against its one ERDF (P2) output target – the delivery of 593m2 of refurbished commercial space.

We feel that the project was well positioned to move into the operational phase when the full implications of the Covid-19 pandemic began to develop. Since the advent of the pandemic, Petroc has reacted as well as it was able to do given the circumstances and restrictions in place. It has taken a flexible approach to widening the potential activities that could be delivered through the Centre, particularly in terms of establishing new collaborative relationships with differing organisations, working in a more intensive way with prospective SMEs, and signposting to wider support programmes.

It is our view that some aspects of Cotie will take some time to reach the intended levels of use, particularly the conference room facilities and shared workspace. In terms of the latter, over the longer-term this may benefit from wider changes in the workplace i.e. the shift from large office space in urban areas, to a demand for professional spaces in rural areas. However, this wider structural shift currently remains uncertain.

7.1 Lessons learned – Petroc:

It is clearly apparent that the Covid-19 pandemic was an unforeseen event of such scale that it could not have feasibly been planned or mitigated against. At this stage – six months after the initial lockdown – it is difficult to see what mitigating actions could have been put in place. The one positive outcome in relation to Cotie was that the construction phase was completed before the pandemic and was able to be progressed unhindered – other ERDF funded capital projects have been affected.

However, a global pandemic is clearly something which will now need to be considered as a possible risk in future, from both a construction and operational perspective.

From an organisational perspective, the financial strain that the Centre is now placing on Petroc – at a time when it is needing to deal with its 'core' requirement bringing students back to education/training – may mean that it needs to rethink future plans. The fact that the Cotie business model is now effectively undermined for the foreseeable future means that the original revenue projections will not be met – certainly in the short-to-medium term.

This may contribute to a wider reconsideration of future planned activities, given the risk that is now presented by the outbreak of a global pandemic. At the very least, it would now seem appropriate to plan/model a 'worst case scenario' in any similar planned activity. This 'worst case scenario' may be based on a period of enforced closure – helping to understand the impact on the financial model if such an event occurred.

In terms of the capital phase, we feel the approach should be replicated where possible for future projects. Our observation is that the wide breadth of skills represented on the project steering group was beneficial to the implementation of the project. Whilst the project was well-led from the estate manager's perspective – aided by a good working relationship with the main contractor – it was well supported through Petroc's finance, communication, and procurement teams. This enabled it to deliver the project, as well as meeting ERDF's requirements.

7.2 Lessons learned – other organisations undertaking similar projects:

As above. For organisations that are undertaking similar initiatives it may now be appropriate to model a 'worst case scenario' in terms of how an enforced closure would impact on the underlying business model i.e. revenue projections. This may be a heightened version of guarding against 'optimism bias' which has been always been advocated in the business case/appraisal guidance[4].

Covid-19 has effectively heightened the risk to future similar interventions, with the advent of another pandemic now needing to be carefully considered in project planning. Whilst any such event is difficult to mitigate against, the application of a 'stress test' may be appropriate – particularly with regards to the exposure to the finances of the delivery/accountable body.

In terms of capital programmes, having the right project manager in place who can work well with the main contractor seems to be a vital component in the management and delivery of a successful project. Equally, having a broad representation of skills on the project steering group is important, including a Senior Responsible Officer who can coordinate activity.

7.3 Lessons learned – policy makers:

Cotie has clearly illustrated the disruptive impact of the Covid-19 pandemic and how it can constrain the ability of projects to progress towards their intended objectives. When compared to the expectations outlined in the original ERDF application, Cotie will not meet its intended targets in terms of the use of its facilities – either its shared workspace and/or the equipment in the prototype labs. It will take time to rebuild confidence, and for that confidence to be represented by demand for Cotie facilities and services.

In terms of funder expectations, it is important to be flexible and patient in understanding that these longer-term impacts will now take longer to realise. In my view, Cotie should only be fully judged possibly

[4] 'The Green Book: appraisal and evaluation in central government' – HM Treasury

up to two years after restrictions have eased – it may take that long for business confidence to return. Added to this is the unknown impact of the recession which will now develop as a result of the pandemic.

Therefore, it will be necessary for the funder to take a long-term view, as well as accept that the delivery body may also need to be flexible in the approach and business model it now adopts in response to these changed circumstances.

For Cotie, it was supported by capital investment, with capital support also provided as match-funding from Petroc. The financial commitment on Petroc has increased significantly due to the enforced closure and subsequent muted demand. Therefore, at some juncture, there may be the requirement for additional revenue support to allow the Centre to fully function i.e. supporting and rebuilding capacity to allow it to attract users. There may be similar requirements at other schemes which have principally received capital support, whether they are either being delivered directly or through a third-party operator.

Appendix 1: Cotie Project Logic Model

Context:	Market Failure:	Project objectives:	Rationale:	Inputs:
To create a technology-based research and innovation facility, centred on a strong manufacturing SME sector within northern Devon, whilst also encouraging innovative cross-sector relationships.	The Northern Devon Economic Strategy 2014-2020 identified challenges including: peripherality; insufficient serviced employment space; a limited economic structure; poor skill levels; limited government aid; and historic underinvestment. The HotSW LEP Strategic Economic Plan 2014-2030 identifies the following challenges: a persistent productivity gap in the HotSW; low start-up rates reducing competitiveness; low proportion of employment in growth/higher value/knowledge sectors; poor innovation performance; fragmented business support landscape; a growing and ageing population; and peripherality and poor transport links for the northern Devon area. The HotSW Smart Specialisation Approach recognises the importance of (advanced) manufacturing and engineering and other STEM-related activities, as well as the importance of innovation in promoting rural productivity and competitiveness. Other barriers cost of equipment; lack of access to facilities such as clean rooms; and lack of suitable space for start-ups. Local consultation has identified a lack of cost-effective access to facilities including a clean room; 3d printing; and open tool room, as well as identifying the need for improved access to the knowledge base.	The project will address the identified barriers and needs by providing 4,961 net usable sq. ft of redeveloped research and innovation space, closely linked to the local and regional knowledge base, as part of a wider strategy being developed to support innovation.	By facilitating and encouraging local access to research and innovation facilities, the project will enable local SMEs to develop innovative products and services, thereby creating economic growth and high value jobs, which will encourage high skilled young people.	**Funding:** ERDF £720,000 Petroc Match funding £523,140

Intended Impacts:	Project outcomes:	Outputs:	Project activities:
• Improved rural productivity • Improved ability to attract and retain higher level skills • Increase in inward investment	• Local SMEs accessing research and innovation • Increase in SME turnover	• P2 – 593sqm of public or commercial building renovated	• Redevelop 6,383 sqft GIA within 'G Block' at Petroc's North Devon campus • Create secure access • Purchase and install activities

Appendix 2: Site Meeting Minutes – Cotie refurbishment project

Summative Assessment – Quarterly Report 1
2nd July 2019
Confirmed that it was intended for the building to achieve BREEAM 'very good' status. Site set up occurred in June and asbestos removal was underway (60% complete and due to complete in early July. Demolition to ground floor was 50% - overall it was estimated that 25% of the required demolition had been completed. The setting out of the extension had commenced. **Progress was in line with the initial programme timeline**, although this may require some revision due to the delay with the extension, from the introduction of the steel frame – to be confirmed. Lost time due to adverse weather conditions – 0 hours
7th August 2019
Progress was considered to be going 'very well' and slightly ahead of schedule for the initial works. However, due to the addition of the steel frame required for the new stairwell this is slightly behind. Asbestos and demolition work complete and 1st fix of M&E underway. The steel frame installation ready for following week. **Progress was in line with the programme timeline** although the timber frame was delayed by 4 weeks. However, it was not expected to impact on project completion date. The first site Health & Safety review had been undertaken and did not flag up any issues of non-compliance. Lost time due to adverse weather conditions – 0 hours
4th September 2019
There had now been three H&S visits and no adverse comments had been received. The site also had had 4 visits from building controls and, again, no significant issues had been raised. It was stated that Petroc was 'happy' with progress. The budget was seen as slightly fluid at the time but confident that it will present now issues with overall project cost. The site had also received a successful visit from an ERDF assessor. The Steel frame extension was completed and the building progressing well. M&E works in line with programme. **Progress was in line with the programme timeline.** Lost time due to adverse weather conditions – 0 hours.
2nd October 2019
Project progress was good and continued to do well although wet conditions had had a slight impact. Some additional costs had been incurred but the project still within budget. The contract date for practical completion was set out as 7th January, with building completion still targeted for 31st December 2019. Some concern was raised regarding the sequencing on the IT and data side, and further discussions required. Roofing works were expected to be completed in the early part of October, although adverse weather had slightly delayed progress. Petroc were planning for a 'grand opening' for the 15th January.

Progress generally in line with programme timeline, although there were some delays in the cladding work. However, some elements of the 2nd fix for carpentry was ahead of schedule. There had also been a delay in starting the suspended ceiling work due to the recent weather and some water ingress due to the roof not yet being 100% sealed. **Neither element was expected to affect overall progress.**

Lost time due to adverse weather conditions – 24 hours.

Summative Assessment – Quarterly Report 2
6th November 2019
Progress continued to progress well and was generally in line with the overall programme. Achievements/completions achieved during preceding period included all roofing works completed. Internal plastering work to both floors scheduled to be completed at the start of November, with external plastering work complete. 2nd fix M&E works well underway, with suspended ceiling grid scheduled to be completed in early November, alongside the cladding work. The staircase extension had been installed. The site had received 6 visits by independent safety advisors to date, with one visit since the last site meeting (as reflected in Q1 report). One minor non-conformance had been noted and 2 advisories had been noted. The site has received a visit by the College's Built Environment students. This was part of the follow-on from the previous visit by Considerate Constructors. 16 hours were lost to adverse weather during the period since the last site meeting. **No significant issues were noted.**
11th December 2019
Progress continued to progress well as the capital phase neared completion and remained generally in line with the overall programme. Achievements/completions achieved during preceding period included the second fix electrical works due to be completed at the start of December, except for the power to the benching which was planned for early January 2020. The second fix plumbing and heating works had been completed, alongside the suspended ceiling works. The floor finishes were expected to be completed by mid-December. Given the project completion date was imminent, cleaners were also booked for mid-December. Other miscellaneous final finishings included ramp handrailing, line marking and painting snagging. The second site visit by the Considerate Constructors scheme assessor had been undertaken in late 27th November with an improvement noted to 3 out of the 5 sections that had been previously noted. This resulted in the score increasing from 33 to 37, therefore achieving the BREEAM requirement (see later comment). 8 hours were lost to adverse weather affecting progress of the rendering and cladding works. In total, this totalled 48 hours to date. **No significant issues were noted.**

Addendum - ERDF Summative Assessment of the Centre of Technology and Innovation Excellence (Cotie) Extension project

April 2023

1. Introduction

This short addendum relates to the further evaluation of the Cotie Extension project. In October 2022 Petroc responded to an opportunity to submit a Project Change Request (PCR) to enable the refurbishment of more space adjacent to the Cotie building and to invest in equipment that will further enhance the research and innovation infrastructure of North Devon and Torridge. The project will utilise underused classroom spaces, with some internal restructuring works repurposing the space as part of the Cotie extension. This approval was after various iterations around the availability of budget left available within the overall HotSW European Structural Investment Funds (ESIF). This original PCR was approved in November 2022.

The Cotie extension has a financial completion date of 30th June 2023, with an activity end date of 30th June and a practical completion date of 31st July 2023. The project is working to a very tight timescale (as discussed later in this addendum).

It is important to note that this addendum to the Cotie ERDF Summative is being undertaken at the end of April 23. This is determined by the funding requirement for the Summative Assessment to be completed and submitted to the managing authority 3 months prior to the end of the project (end of July 23). However, this means that the evaluation of the project (Cotie extension) has had to take place whilst the main objective – that of refurbishing space to create new facilities within Cotie are very much in progress. The capital phase of the project is not expected to complete until the middle/end of June. This evaluation has been undertaken 4-5 weeks after the commencement of the works. It needs to be interpreted in that context. Effectively, the evaluation cannot fully comment on the delivery of the project, given it is work in progress. It is our intention to return to this Summative Assessment at the start of July to be able to fully comment on whether the project has fully delivered against its contractual targets – the delivery of 172m2 of refurbished space and associated equipment. This will be done in a 'light touch' manner. We propose that we undertake a further site visit to view the refurbished site and the proposed installed specialist equipment. Even then, the Summative Assessment will not be able to comment on whether the wider objectives of the project – namely the access and use of the facilities by the SME community – is developing. That will occur in the longer-term, beyond the scope of this evaluation process.

A further opportunity for enhancement to the space/equipment become available due to the tendering process for the main refurbishment works resulting in a lower cost than estimated through the Order of Cost Estimate. This resulted in Petroc submitting a further 'light touch' PCR in March 2023 to expand the scope of the project once more (as discussed below). This further amended PCR was formally approved at the end of March 2023, although working to the same timescales.

As part of the funding ERDF approval, Petroc were required to submit a Summative Assessment. Given this project is an extension of the original Cotie project, then the evaluation is provided as a short addendum to the original Summative Assessment that was completed in October 2020 in relation to the original Cotie project.

Given the scale and stage of the project (see later comment), combined with it being a project extension, this addendum is more focused than the original Summative Assessment. There is no value in duplicating much of the same information as originally conveyed.

1.1 Project Description:

The overall Cotie project is partly funded by the ERDF with the intention of creating a technology-based research and innovation facility, centred on the strong manufacturing SME sector of Northern Devon. The project aims to address Priority 1a within the HotSW European Structural & Investment Fund (ESIF):

- Enhancing research and innovation (R&I) infrastructure and capacities to develop R&I excellence, and promoting centres of competence

It has been developed on the main Barnstaple campus of Petroc (a general Further Education College). Petroc was the applicant and accountable body for the project and continues to act as the direct operator of the Centre. The intention – as stated in the original ERDF application and reaffirmed during the submitted PCR's – is to facilitate and encourage knowledge exchange between industry and the knowledge base within the area, through the provision of shared-use laboratories and facilities. There is a wider aim of encouraging links with Petroc's HE partners.

It is important to reiterate (as noted in the original Summative Assessment) that the original Cotie facilities were significantly impacted by the Covid pandemic, effectively occurring at the same time as when Cotie was originally scheduled to open. The pandemic lockdowns, the subsequent restrictions and the longer-term changes in working practices i.e. a 'normalisation' of video conferencing has affected the demand for the facilities. Petroc continue to work hard at attracting potential tenants and users to the facility. The Cotie extension – through offering further specialised equipment – aims to further boost the offering of the service and attract more users.

In total, with the addition of further space through the Cotie extension, the project aims to create 765m^2 of space. The Cotie extension provides a further 172m^2 of refurbished space. The building will remain securely sectioned off from the remainder of the building and acts as a separate facility within the overall Petroc campus. Secure client-dedicated 24hr access is provided. The facility houses a clean room and proof of concept/prototyping labs on the ground floor to include a variety of 3d printing facilities, and design facilities including high specification iMacs and desktops on the first floor, together with a small flexible conference/office space for presentations/pitches and meetings. The facility benefits from secure IT infrastructure, again separate from the main Petroc infrastructure.

The addition of the equipment through the Cotie extension will also offer Augmented Reality (AR) and Virtual Reality (VR) capability that could be used for product design. In addition, an immersive physical space is being created and available to users. Immersive physical spaces create a collaborative environment which merges much of the immersion of headsets with the collaborative physical environment of a meeting/research space. The proposed immersive space will enable SMEs and start-ups to engage and collaborate with businesses and stakeholders around the world on simulations, data modelling, AI and other projects.

The project proposal has been developed because of Petroc's experience over the last couple of years. Petroc was successful in securing Community Renewal Fund (CRF) support, and this project has demonstrated demand from SMEs with regards to AR/VR facilities. This demand had an environmental focus/application (see below comment on wider links) and Petroc were keen to build on this experience. They have worked with some businesses who are keen to use AR/VR in the product design and development process, with a particular focus on proof of concept. In addition, Cotie has hosted a couple of

metaverse conferences and see a further demand for the types of facilities which will enable use across the business community.

Overall, Cotie is aimed at local start-ups and SMEs, predominantly from the North Devon and Torridge areas (although eligible businesses from further afield will not be excluded). It is designed to appeal to enterprises in sectors including pharmaceuticals, advanced manufacturing, electronics, food processing and agri-tech. The benefits include access to equipment and facilities to facilitate proof-of-concept and the development of new products and services, supporting SMEs to diversify and respond more effectively to changes in their relevant markets. The overall impact of the project is to improve business productivity and facilitate growth.

The total project cost now equates to £1,855,177, funded through £1,113,070 from ERDF £742,047 provided as matched funding by Petroc – a 60% ERDF intervention rate. The value of the building has contributed to some of the matched funding. The additional project cost associated with the Cotie extension is £655,117 (of the overall above project budget), with ERDF funding contribution of £393,070.

In terms of ERDF output targets, Petroc was contracted to deliver against one ERDF output target (as shown below), demonstrating that the contractual requirements of the project were tightly defined, focusing on the project's capital phase.

- P2 – Public or commercial buildings built or renovated – 765m^2

There are a set of wider objectives and intended impacts once the Centre was to be operational, but Petroc had no reporting obligations against these as part of its ERDF Funding Agreement. The Cotie extension is within this overall reporting framework; that the only reporting obligation is to achieve the 765m^2 of renovated buildings.

For the Cotie extension there is no requirement to achieve BREEAM certification. However, there is the intention that the refurbished/build extension will adhere to against BREEAM principles, and that a BREEAM consultant will be appointed to support this objective. The appointed consultant will work with the appointed main contractor.

It is important to highlight that alongside the ERDF funded Cotie extension, the appointed contractors are also delivering further refurbished space which sits alongside the Cotie space. This refurbished space is being funded through a separate funding programme (the HotSW LEP's Build Back Better fund) and will form part of a wider network being led by the Satellite Applications Catapult. This is expected to deliver a further c96m^2 of space, alongside some joint areas e.g. corridors. The facilities, equipment and space between the two facilities are expected to be complementary. However, Petroc have ensured that ERDF funding is specifically devoted to the space as specified in the PCR. The joint areas within the overall space have been apportioned across the two funding schemes, and this approach has been approved by the managing authority.

It is also useful to highlight that Cotie is also adjacent to the South West Institute of Technology (SWIoT) facility also located on Petroc's Barnstaple campus. Again, there remains expectations of complementary activity between these facilities.

Procurement of suppliers was required to meet ESIF procurement regulations, and Petroc provided a Procurement Plan as part of its ERDF funding application. This was based on the College's Procurement Strategy. The Cotie extension also followed the same procurement rules (see below comment on approach to tendering).

1.2 Project Procurement and Commencement:

Given that approval of the original PCR – and therefore the funding for the refurbishment of the space within the Cotie extension – was only obtained in November 2022, and that the European Structural Funds within the UK are closing in the middle of 2023, then the project has immediately faced very tight timescales. The need to follow ESIF procurement regulations, the complication of the Xmas period, the time needed to assess and award a contract, and the need for a standstill period has effectively meant this is a four-month build contract.

One of the key driving factors for the work is that Petroc are required to have spent/defrayed all project funds by the 30th June 2023 (see later comment).

The key dates within the procurement timetable are set out below – highlighting the tight timetable for completion:

- Request for proposal issues (Request for Quotation and posted on Contracts Finder) – 19th December 2022
- Final date for clarifications – 13th January 2023
- Closing date for proposals – 27th January 2023
- Contract award (by) – 10th February 2023
- Standstill period – 10th February to 17th February 2023
- Commencement of contract – 17th February 2023
- Target completion of works (and site handed over for client possession) – 16th June 2023

We have reviewed the procurement materials provide by the Petroc procurement co-ordinator and in our view (noting that we are not procurement specialists) that this open procurement appeared acceptable and complied to ERDF procurement requirements.

As per the contract notice, the appointed contractors (Pearce Construction) were appointed in early February after completion of the open procurement process. Pearce Construction were also the main contractors for the original Cotie refurbishment. The fact that they had already worked on the site and delivered a high-quality building to Petroc's satisfaction provided benefit in 'hitting the ground running' when set in the context of the tight timetable. It is also useful to reiterate that the received bids were lower than the indicative budget, allowing Petroc to go back to the managing authority to seek approval for additional equipment to be included in the overall project.

It is also useful to note that the specialist equipment that will be within the refurbished facilities have been sourced through a separate procurement process – again led by Petroc's procurement co-ordinator. The challenges around the tight timetable also extend to the specialist equipment, and complicated for lead times for some of this specialist equipment. However, all specialist equipment has now been procured, although delivery and installation will not take place until the space has been refurbished and suitable for installation. For example, we understand that the immersive studio equipment will be delivered and installed in the middle of June. Clearly, there is little scope for any slippage with some of this equipment, and that there is a clear dependency on completion of the works.

1.3 Project progress:

As stated, the main contracts were appointed in early February and after the required standstill were required to commence work almost immediately.

An initial site meeting was held on the 22nd February 2023. The site meetings and the overall refurbishment project is being led by Petroc's Head of Estates. The Head of Estates is responsible for the liaison with the appointed contractors, and that the programme of works is on schedule against the intended timetable. Pearce Construction have sub-contractors which are also delivering against the project.

Liaison between Petroc and the main contractor is managed through fortnightly progress meetings (although there is constant contact), from which minutes are recorded.

To date (at the time of writing) there have been 4-5 progress meetings[5]. We have reviewed the minutes of four meetings:

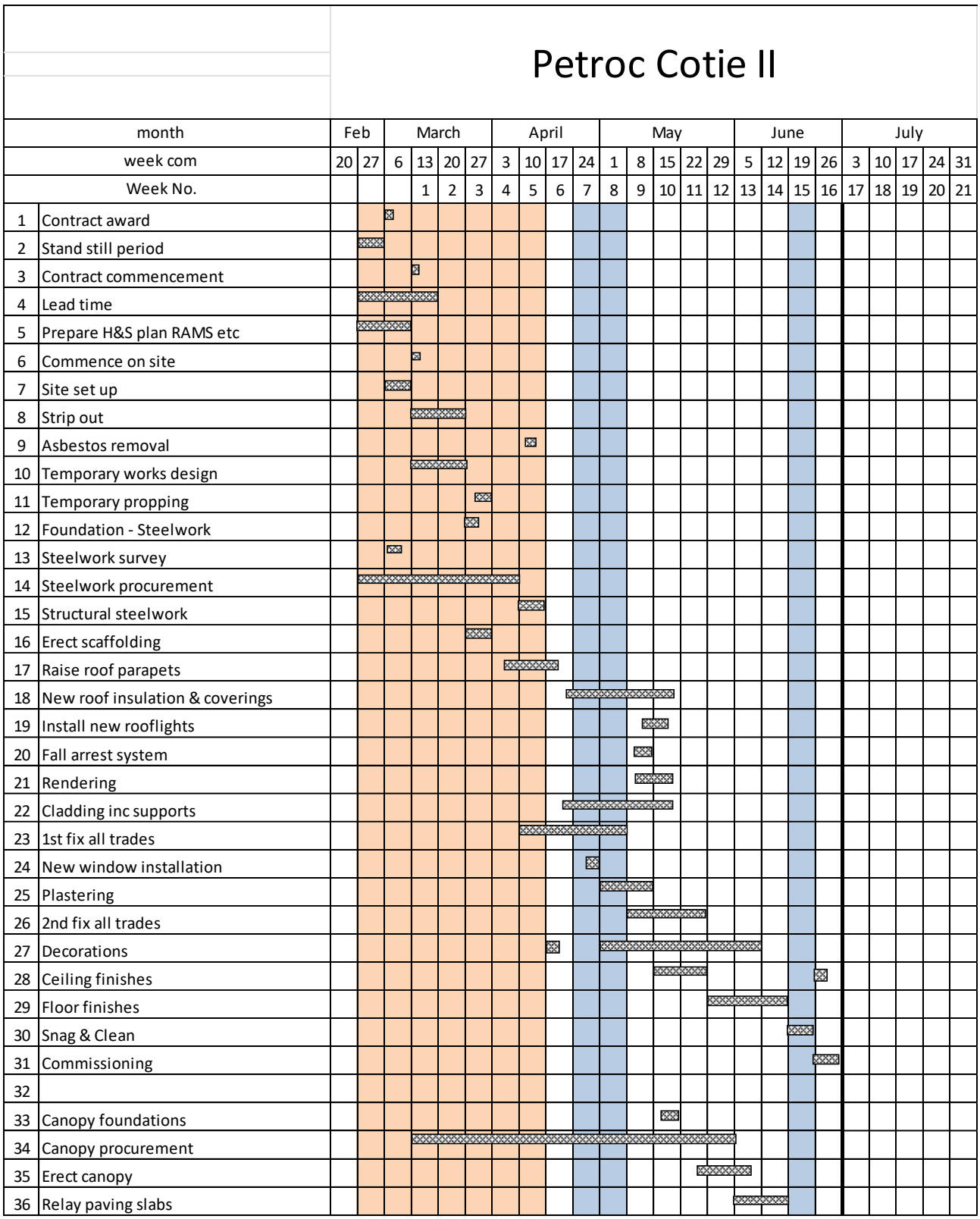
- Kick-off meeting – 22nd February 2023
- Progress Meeting Number 1 – 7th March 2023
- Progress Meeting Number 2 – 21st March 2023
- Progress Meeting Number 3 – 4th April 2023

A clear focus for the meetings is progress against timetable, risks (and actions to address and/or mitigate against) associated with achieving the required timetable, quality and design issues, health and safety etc. The discussions are informed by the programme of works. This programme of works has received some revisions since the commencement of the work. The latest version of the programme of works is shown below. At present it indicates an expectation that the building work will complete in the w/c 19th June, with 'commissioning' occurring in the w/c 26th June. Therefore, the expectation remains that the refurbishment will be completed within the required timescale. However, it is also useful to highlight that the last reviewed progress meeting minutes did note that *'the programme completion date is currently at risk. Pearce to continue to put pressure on sub-contractors/supply chain to ensure any delay in the programme is avoided.'*

The meeting minutes indicate that, whilst good progress is being made, delays in receiving key information/instructions will impact on the programme, namely canopy and door installation. Until the install dates has been confirmed by Pearce this represents a risk to the programme. Given these meeting minutes related to early April, these issues may have been resolved. However, it is realistic to expect that similar challenges – which are normal for any refurbishment/build but heightened for such a time-critical project – will continue to arise during the remaining programme. Clearly, responding and addressing these swiftly will be critical.

The latest programme of works (dated 20th April) showing expected delivery dates is shown below. It is useful to highlight that the below programme of works has shown a slight slip (approximately one week) from the version in place at the commencement of the refurbishment. This illustrates there is very little flexibility in the scheduled programme, and obviously – based on the below programme – the schedule now needs to adhere to the dates shown to ensure it meets the funders requirements.

[5] A further meeting was scheduled for the 18th April 23 but we have not reviewed these minutes



In addition to reviewing the progress meeting minutes, as part of this evaluation a site visit was held on the 13th April 2023. This site visit was also combined with meeting some of the key members of the Petroc team involved in delivering the Cotie project, including the Head of Estates, Vice Principal, Procurement co-ordinator, Project Development and Funding Lead, and Capital Accountant. The visit involved a physical walk-through the site to view progress.

Whilst not written from the perspective of a construction expert, the works appeared well advanced. Some of the internal walls had been removed to create the intended space, 1st fixes had been done for some of the utilities and some of the external works had progressed. Shown below are 2x photos to illustrate the work in progress – showing different areas within the overall space.

1.4 Project support:

To support the delivery of the capital phase of the project, Petroc have effectively established a small multi-disciplinary team to support the process. Whilst the day-to-day aspects of the capital phase is led by Petroc's Head of Estates, he is supported by Procurement co-ordinator, Project Development and Funding Lead, and Capital Accountant. The overall responsibility for the project is with Petroc's Vice Principal who is experienced in overseeing a range of capital schemes across Petroc's campus facilities. This same team also supported the original Cotie phase and its success in meeting the timetable and budget.

Therefore, withstanding the tight timetable that the extension needs to conform to, there is a high level of experience in the wider support structure.

1.5 Financial spend:

To date Petroc have only submitted one quarterly claim with regards to the Cotie extension activity. The Q1 2023 spend was £21,907.54, and a claim for ERDF funding of £13,114.52 (60% intervention) was submitted. The financial spend relates solely to fees at this stage, with no spend expected to have incurred on building and construction understandable given that work had only just commenced at that point.

Clearly, there is an expectation that the majority of project spend will incur at the back end of the project – effectively Q2 2023 – as shown below. It is useful to note that the Q1 2023 claim was significantly lower than the profile as reflected in the PCR – through the lack of any spend against 'other capital').

Cotie Extension – cost profile 2023 (Project Change Request)			
	Q1 2023	**Q2 2023**	**Total**
Building and construction	£0	£355,292	£355,292
Equipment	£0	£191,444	£191,444
Fees	£21,907.54	£20,962.46	£42,870
Other Capital	£65,511	£0	£65,511
Total	**£87,418.54**	**£567,698.46**	**£655,117**

1.5 Financial pressure:

The requirement for all financial spend associated with the project to be incurred, evidenced and defrayed by the 30th June 2023 clearly places pressure on financial due diligence and creates a dependency on the relationship between Petroc and the main contractor. In more normal circumstances, Petroc – as the client – would normally retain a portion of the build budget (typically approximately 10%) to ensure that it has been completed satisfactorily and there are no outstanding requirements for the contractors to address. That opportunity does not exist for this project, given the scheduled completion and handover date is so close to the end of June.

Discussions with the Petroc team have indicated that, whilst in normal circumstances this would present a risk from the client perspective, this risk is reduced in this instance due to the close working relationship with the main contractor, and that this is a refurbishment rather than new build project. Whilst not ideal, they have indicated that this risk is manageable. Given the deadline for project spend is inflexible, there is no option for retention of any of the project budget.

Due to these circumstances, Petroc expect to cashflow some payments prior to the end of June if possible.

1.6 Overall comment - conclusion:

In many senses, this evaluation is ill-timed. The requirement to submit a Summative Assessment 3 months before the closure of the project on a project with such a tight timetable means that it is difficult to independently comment on whether the project will achieve its primary objective – that of completing the refurbishment of additional space at Petroc's Barnstaple campus, and the installation of AR/VR specialist equipment and immersive space.

The construction activity only commenced at the start of March and has only been in progress for 4-5 weeks.

However, within that context, the project appears to be progressing well. There is a close working relationship between Petroc as the client and the appointed main contractors. There is a tight focus on the programme of works. The programme of works shows that there is now no scope for any slippage.

Delivering a capital project in 4-months is a difficult task. This was shortened by some delays in the approval of the original Project Change Request and the necessity to ensure that the full and proper procurement processes were met. However, Petroc were aware of the 'hard' deadline when accepting the funding conditions and remain confident that the refurbishment and installation will be complete by June.

In terms of the evaluation, whilst the Summative Assessment needs to be submitted in April 23, we feel there is value in remaining updated on project progress until the end of the capital phase. We propose that we undertake a final site visit in early July to view the works, and to undertake a further 'light touch' update on this addendum.