

Written statement of a non-key officer decision
Director for economy, communities and corporate

Title	Hereford Enterprise Zone - Cyber Security Centre joint venture with University of Wolverhampton
Decision maker	Director for economy, communities and corporate
Date of decision	17 August 2018
Report exemption class	Open
Purpose	<p>To seek approval for the council to undertake detailed legal and financial due diligence to determine the preferred partnering arrangements with the University of Wolverhampton (the University) for the development and operation of a centre for cyber security on Hereford Enterprise Zone.</p> <p>The University propose to develop a centre for cyber security located on the Hereford Enterprise Zone, as a joint venture with Herefordshire Council. The proposed site will form part of a national 'Cyber Triangle' with GCHQ Cheltenham and the Government Cyber Centre in Newport, South Wales, and 'Cyber Valley' with Worcestershire. It will be an anchor building generating new research and short course opportunities that will feed into training and education in industry and within the University.</p> <p>The University are proposing that the centre for cyber security is undertaken as a joint venture with the council. It is recommended that the council agree to take a direct role in the development and operation of the centre for cyber security through the establishment of some form of appropriate partnership structure, such as a company limited by shares. Further legal and financial due diligence will need to be undertaken to determine the most appropriate nature of this role for the council and evaluate the business case for the project and risks and opportunities associated with it.</p> <p>In July 2018 Council made provision within the capital programme of £3.5m to support the delivery of the centre for cyber security.</p> <p>When the due diligence work has been completed a recommendation on the way forward will be brought to Cabinet</p>

	for consideration.
Decision	That: (a) Up to £35k is allocated to provide the necessary legal and financial advice on appropriate partnership structures to secure delivery of the centre for cyber security in partnership with the University of Wolverhampton be approved.
Reason for the decision	As set out in the report. Documents relating to this decision are available at http://councillors.herefordshire.gov.uk/mglIssueHistoryHome.aspx?IId=50024740
Consultation	
Options considered	<p>1 Not having a direct role within the centre for cyber security project but instead seeking to sell the site to the University of Wolverhampton (the University).</p> <p><u>Advantages</u> Should the University still proceed with the project, the council would receive a capital receipt in the order of £500,000.</p> <p>All risk associated with establishing and operating the centre would pass to the university.</p> <p><u>Disadvantages</u> There is a strong likelihood that the University would review the business case for the project and may determine to postpone implementation of the project, or withdraw from the project altogether.</p> <p>The council loses direct influence on the aims, objectives and future operation of the centre particularly in terms of ensuring local business benefit. The council loses direct influence in terms of using the centre as an asset to leverage national government cyber policy, and future funding initiatives to invest locally, as well as a draw for international business investment into the zone.</p> <p>No opportunity for the council to benefit from future success, financial or otherwise.</p> <p>2 Council undertakes to deliver the project itself.</p> <p><u>Advantages</u> Avoid the need to enter into negotiations with the University.</p> <p>The council retains 100% control over the centre's</p>

	<p>construction and operation going forward.</p> <p><u>Disadvantages</u> Need to find £9m plus to fund the centre – not part of the current capital allocation for the Hereford enterprise zone.</p> <p>Funding has already been secured by the University from the Marches Local Enterprise Partnership (Marches LEP), and from its own resources, with a bid to European funding already well advanced.</p> <p>Likely to be significant fall out with those funding partners and an important local partner (the University).</p> <p>The University is very experienced in starting and running business centres; the council would need to start from scratch, and seek to find a replacement and credible higher education partner, given the research and development, and knowledge transfer components.</p> <p>Lack of operating expertise within the council so would require recruitment of additional staff or procurement of services to manage the facility.</p>
Declarations of interest	
Call-in expiry date (decisions are not subject to call-in where special urgency provisions apply)	23 August 2018

<p>Officer:</p> <p>Director for economy, communities and corporate (Geoff Hughes)</p>	<p>Date 17 August 2018</p>
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