

Meeting:	Cabinet
Meeting date:	Thursday 13 December 2018
Title of report:	Hereford Centre for Cyber Security – Joint Venture and Financial Arrangements
Report by:	Cabinet member economy and communication

Classification

Open

Decision type

Key

This is a key decision because it is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function concerned. A threshold of £500,000 is regarded as significant.

Notice has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

Wards affected

Dinedor Hill

Purpose and summary

To approve the creation of a Joint Venture company between the council and the University of Wolverhampton to deliver and operate the Centre for Cyber Security at Hereford Enterprise Zone, with associated legal considerations and financial contribution from the council.

The University propose to develop a centre for cyber security located on the Hereford Enterprise Zone. 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.

The Cyber Centre will be a cutting edge facility because it will offer over 1,000m² of Research and Development floorspace in 3 cyber laboratories. The Centre will form an

integral element of the Wolverhampton Cyber Research Institute where leading research will be conducted with a range of international business partners. Local, regional and national businesses will be able to buy cyber security training, participate in developing new technologies and try new products. This will be a benefit not only for the county's existing local cyber industries but also local companies more generally which want to improve their cyber resilience.

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 a corporate partnership structure, which is proposed to take the form of a company limited by shares. This is recommended as the best model for the council to ensure that the centre for cyber security is developed as an asset which brings maximum economic benefits into the county and is complementary to other economic activity at the Hereford Enterprise Zone.

In July 2018 Council made provision within the capital programme of £3.5m to support the delivery of the centre for cyber security.

In August 2018 the Director for Economy, Communities and Corporate authorised the project to proceed to a due diligence phase to understand the options and implications for the council of this significant project. That due diligence work has been substantially completed and this report now seeks Cabinet authorisation to establish a joint venture company and related financial arrangements, with the finalisation of negotiations with the University to be delegated to the Acting Director of Economy and Place in consultation with the Chief Finance Officer and the Cabinet Member Economy and Communications.

Recommendation(s)

That:

- (a) the council establishes, as a private company limited by shares, a joint venture company with the University of Wolverhampton to construct and operate a Cyber Security Centre at Hereford Enterprise Zone;**
- (b) the council acquires, for £1 per share, a shareholding in the new company of 19% with the remaining 81% shareholding to be acquired by the University of Wolverhampton;**
- (c) the council provides a capital loan, on commercial terms, to the new company of £3.5m;**
- (d) the council grants to the new company a long term lease of the site identified on the attached redline plan at the South Magazine in the Hereford Enterprise Zone for best consideration and on commercial terms;**
- (e) The Acting Director of Economy and Place, following consultation with the Chief Finance Officer and the Cabinet Member Economy and Communications, be authorised to determine, in accordance with the recommendations (a) –(d) above, the terms of the loan, lease, shareholders agreement and other company documents, the extent of the council's representation on the Board of Directors and to approve the name and incorporation of the company;**

- (f) **The joint venture company is added to the council's register of strategic partnerships and list of outside bodies; and**
- (g) **The Acting Director of Economy and Place be authorised to take all operational decisions necessary to implement the recommendations (a) –(f) above.**

Alternative options

1. The council could decide not to invest in the project. This option is not preferred as the council's financial investment and commitment to make the land available is enabling the project to proceed, unlocking the potential economic benefits described in this report.
2. The council could decide to only make a partial investment in the project for example, by only granting the lease of the land, or making a loan but not seeking shareholding rights in the company and representation on the Board of Directors. This option is not preferred as the council's level of investment secures the maximum level of return to the council from the project, ensuring that the council can influence the future direction of a key asset at the Hereford Enterprise Zone.
3. The council could decide to pursue a different form of legal structure for the joint venture partnership, for example as a limited liability partnership ("LLP") or a company limited by guarantee. This option is not considered as legal advice has navigated the range of competing legal, financial and tax considerations and identified the company limited by shares as the optimum legal model for both the council and the University.
4. Appendix 1 sets out the detailed options appraisal and analysis against the council's partnership governance framework.

Key considerations

The Cyber Centre

5. The cyber security sector is of huge and growing importance in the global economy; expected to total £86 billion by 2020. The UK cyber security market alone is currently worth £2.8 billion; and it is the fastest growing business sector in the Midlands. Its significance, not only for national security, but also for resilience and capability in the service and manufacturing sectors, is increasingly recognised and profiled through national Government strategy and priorities.
6. Research indicates that in the latter half of 2017 median advertised salaries in the cyber security sector were £57,000 pa, this is more than double the current median Herefordshire salary of £23,381.
7. Additionally a government sponsored Science and Innovation Audit report into Cyber Resilience identified that:
 - The cyber sector is growing at 10% a year;
 - Herefordshire is part of the region with the largest cluster of cyber security company activity outside London;
 - It is important to create key assets to support and accelerate that growth and protect that market advantage
8. Herefordshire forms part of a significant cyber asset triangle with Great Malvern

(Qinetiq) and Cheltenham (GCHQ). A significant number of small and medium enterprises (SMEs) have spun out of these institutions over past decades and stayed within the geographic area. The Hereford Enterprise Zone has recognised this potential and allocated six acres of the South Magazine site as a cyber campus for local business occupation and growth.

9. The University of Wolverhampton has a commitment to development in the field of cyber security research and knowledge transfer. The University has established the Wolverhampton Cyber Research Institute bringing together over 20 academic staff from within the University and is currently delivering on a number of cyber research and development projects, supported by external research grants and industry networks.
10. The University now proposes to make a further investment in cyber security, through the development of a Centre for Cyber Security, located on the Hereford Enterprise Zone. Such a Centre will ensure the University is able to capitalise on the growth in the cyber security sector by acting as a hub for cyber related research and development with access to world leading partners, several of which they are already in conversation with.
11. It is proposed to construct a £9m facility comprising office space/secure training rooms/laboratories, incubation space for start-up companies, advanced facilities for cyber research and development and the commercialisation of intellectual property. The centre will also provide innovation workspace for small and start-up businesses to operate from.
12. These facilities will provide ready access to consultancy support from the University and shared facilities including lab space and training rooms. University staff and students will have the opportunity to undertake research at the centre. The combination of support, facilities and co-location with potential collaborators will significantly enhance the environment for investment and enterprise. It will contain specialist facilities for the cyber sector including server space, very high speed broadband, as well as R&D laboratory space. The physical fabric of the building will offer high levels of security for data transmission and storage which will ensure the Enterprise Zone attracts a growing base of cyber-related businesses and activity.
13. The centre will offer essential as well as highly advanced training to SMEs and other organisations on cyber-security issues. The building will provide users with access to space and support, connections, knowledge, experience and investment through R&D floor space for three cyber laboratories, providing new laboratory and testing facilities for researchers in this area, employment space for 16 cyber security businesses, two workshops and three high security meeting rooms and high quality business training floor space.
14. The centre will create a 'honeypot' where these businesses will thrive and support each other. The Centre will provide comprehensive business support for tenants which will include:
 - Bespoke mentoring from proven business and technical thought leaders
 - Bespoke facilitation of a series of technical workshops, tailored to tenants needs
 - Collaboration and networking events from locally based cyber and technology

- companies
 - Regular liaison with local government and QinetiQ on developing partnerships with the national cyber community
 - Angel investment and funding options at various stages of growth
 - Graduate and intern schemes
15. The Centre itself is over 2000 sq m in floorspace and provides:
- Business space for 16 companies
 - Specialist and secure labs/facilities suitable for research and business development
 - Training and education space
 - Deliberately designed at regional (national) scale to stimulate business creation and growth particularly through the exploitation of research and to attract inward investment;
 - The specific measurable outputs achieved by the project include:
 - i. 190 jobs;
 - ii. 7 business spinoffs and;
 - iii. 4 new business products.
16. The University has a successful track record of delivering local economic growth in collaboration with Wolverhampton City Council, through the Wolverhampton Science Park, which was established as a joint venture company between the two organisations in similar terms to those proposed in this report Partnering with an established university with considerable experience in developing and operating specialist incubation centres should help to rapidly establish the centre and bring wider resource to bear to make links and contacts drawing in networks and customers. Wolverhampton Science Park has now been operating for 20 years and has a number of specialist business centres totalling over 13,000 sq m of floorspace and 650 jobs.
17. The University has secured Marches LEP and ESIF grant funding of a combined £4.1m for the project, on the basis that the centre will deliver around 185 jobs for the local economy and support a significant number of SME businesses in developing their own cyber resilience and strengthening their position in the market. The first tranche of Marches LEP funding is due to be drawn down by 31 March 2019.

Due diligence

18. The University has undertaken detailed design and cost planning for the construction of the centre, up to RIBA Stage 3, and has procured a construction contractor from one of its established frameworks, securing a firm contract price and based on a start on site in January 2019. To assure value for money, the designs and costings for the building have been shared with the council as well as the contract debriefing information which explains how the building has been developed and modified through the RIBA stages.
19. In discussions with the council, the University has produced a detailed business case for the project which has informed the discussions as to a model for joint delivery. The University and the council are also developing the company's business plan for the new company, modelling a profit and loss account and cashflow for the company's early years of trading. The business case supports the financial

assumptions which are outlined in this report, as to the ability of the company to secure a viable stream of tenants and short term users which will generate the income streams required to ensure that the company is capable of being self-financing and repaying the financial investments which are proposed to be made by the council and the University, as well as meeting the grant outputs required by the Marches LEP and the ESIF.

20. Taking account of all forecast debts and costs at this stage, the company is projected to make modest surpluses. The working assumption is that any in-year surplus which is not required for reinvestment into the company's future business plans, and would be applied to reduce the company's indebtedness, for example by accelerating repayments under the loans to the shareholders. However if the company were to make a surplus which could be paid as a dividend to the shareholders then the council would be a beneficiary of this.
21. The University and the council have sought specialist legal advice on the optimum structure which will ensure legal compliance and a tax efficient operating arrangement. Several legal structures were reviewed in detail: the shareholding company, the company limited by guarantee and the limited liability partnership. As explained above in the alternative options section, the other forms of legal structures were not considered to carry as many benefits as the company limited by shares model.

Proposed joint venture arrangements

22. The council and the University have undertaken legal and financial due diligence to establish a potential model for the joint venture which will build the centre and operate it and is compliant with all relevant legal requirements and is tax efficient. The University will be a direct user of the building, particularly the research and development space, and therefore requires that its use of the centre is procurement compliant and tax efficient.
23. As such, it is proposed that a subsidiary company of the University of Wolverhampton be incorporated and in conjunction with Herefordshire Council, secure, develop and operate the Centre for Cyber Security which will be developed on the Hereford Enterprise Zone. The company limited by shares is the preferred option, as explained above. In order to qualify as a subsidiary company of the University, the University requires a majority shareholding of 81%, leaving the council to take a 19% shareholding. However it should be noted that this allocation of shareholding does not prevent the two shareholding organisations from agreeing separate arrangements, in a shareholders' agreement, to ensure that the core purpose of the project and strategic direction of the company is not capable of being changed without unanimous consent of both shareholding organisations. This is further explained below in the Legal section.
24. In establishing the company, the council and the University have a mutual intention that no other shareholders would be admitted to the company. However the shareholders' agreement will make provision for flexibility should the future situation change and a potential new shareholder would be considered to bring benefits to the centre.
25. In order to satisfy State Aid rules on the use of public funds, it is intended that the University and the new company will be joint applicants to receive the grant funds from

the Marches LEP and The Ministry of Housing, Communities and Local Government's (MHCLG) and will ring fence their inclusion in the project specifically to construct a designated research-related elements of the centre which will be used for non-commercial income generating activity. The University will be liable to the grant-awarding bodies for any default or general non-performance of the grant obligations by the company.

26. The balance of the construction costs will be funded by loans, given on commercial terms, by the University and the council, with the University making a loan of £1.5m and the council making a loan of £3.5m. The University and the council will secure repayment of their loans over a period of 25 years with a five-year deferment period to enable the centre to generate sufficient income to commence repayment.
27. The council will grant the company a long lease (for example, 125 years) for the land on which to build the building, immediately upon incorporation of the company. The lease will be on normal commercial terms and its long duration gives the company a legal interest against which it could secure future borrowing from third parties, should that ever be required. The company will be the owner of the Centre once it is constructed. Both loans from the University and the council will be secured by way of legal charges against the leasehold.
28. The company will be a subsidiary of the University of Wolverhampton with powers to procure and manage the building works. The University would stand behind any increase in the final construction costs and be liable to the construction contractor in the event of default on payment by the company.
29. University staff will be seconded to the company to provide the resource/expertise to manage the building works. The University will also be responsible for providing working capital or another credit facility to ensure that the company has sufficient cashflow to remain solvent during the construction phase and once operational.
30. The Board of Directors of the company will be appointed by the University and the council. It is proposed that the University and the council will be entitled to appoint equal numbers of directors. The council's appointments will be managed in accordance with the council's functions scheme and the policy on council representation on outside adopted on 27 July 2017.
31. The registered office of the company will be based at the University's offices at Wulfruna Street, Wolverhampton WV1 1LY. The company will adopt model form Articles of Association and shall also enter into a shareholders agreement as described further in the Legal section.
32. A suitable legal name and a trading name for the company will need to be agreed between the two shareholding organisations, which reflects its status as a subsidiary of the University of Wolverhampton but also its presence in the Herefordshire economy.
33. The allocation of the shares to the council and the University is required to give effect to the legal structure but the shares themselves do not need to be sold for any other than nominal value (suggested £1 per share), since the investment being made by each partner is instead by way of loans on normal market terms and in the case of the

University, guarantees and a credit facility, and in the case of the council, a lease premium on normal market terms.

Community impact

34. Once operational the centre will become a significant economic asset for the county, and specifically to the Enterprise Zone, in attracting inward investment by offering a unique set of facilities that will be a desirable proposition to a range of cyber related businesses. The centre offers both the Enterprise Zone and the council a genuine national level asset that can be marketed to attract new occupiers to the wider enterprise zone and county.
35. Additionally the Marches LEP is required by government to produce a Local Industrial Strategy setting out the area's key economic opportunities to deliver business growth. Cyber Security will form a central element of the Marches Local Industrial Strategy underpinned by the Cyber Centre facility. This increases the prospect of obtaining future government finance which is targeted towards growth sectors and economic opportunities.
36. The council's involvement within the Cyber Centre would help realise the following corporate plan objectives:

Support the growth of our economy
 - Make best use of existing land and identify new opportunities to enable existing business to study and expand and new businesses to locate to the area.
 - Make Herefordshire more attractive to younger age groups for a more balanced age profile improving local access to skills training so that everyone can benefit from economic prosperity
 - Continue to work with further and higher education
 - Support the improvement in quality of natural and built environment bringing about quality development to enable sustainable growth addressing the need for better business space
 - Continue to work with the LEP and government with focus on employment creation and business support skills health transformation transport broad band property finance and government.
37. This investment should also serve to raise the profile and awareness of the benefits of Hereford as a location for such businesses. The Enterprise Zone has allocated six acres of land from within the southern magazine to form a cyber campus to capture inward investment and local business growth within the cyber sector. The centre will act as an anchor tenant for the cyber campus encouraging the build out of adjoining land in the campus either by cyber businesses themselves or by others for such businesses to rent.
38. This gives the prospect of drawing other future resources in to fund new and enhanced services and further development of the campus area. The council and Enterprise Zone can also make maximum use of its catalytic benefit for inward investment opportunities, marketing it as a unique Hereford asset rather than relying on the university to do so as its own asset.

Equality duty

39. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

40. This development within the Enterprise Zone will support the council's commitment to equality by advancing equality of opportunity, with the potential of increased job opportunities.

Resource implications

41. In July 2018 Council agreed a capital provision through use of £1.5m capital receipts and a PWLB loan of £2m to be repaid by the company once the building was operational. This has now been superseded by the proposal that the council's investment is made entirely as a loan to the company, of £3.5m, and this will all be sourced by the council through Public Works Loan Board borrowing.

42. Therefore the £3.5m capital provision currently in the capital programme for Cyber Security Centre Project will be repaid in full by the joint venture company at a commercial interest rate which will at least match the council's current average weighted cost of capital which is currently 3.88% for the term of 25 years, with a repayment holiday of up to five years and the interest for those five years deferred to the 25 year repayment plan. The joint venture company's business plan and budget will be approved by the council annually. The council will have a legal charge on the building to secure against any future repayment risks.

43. There are no on going further contributions expected from the council or revenue implications. The council would not be prevented from making future investments in the project should it choose to do so, for example if there was a further expansion of the project or the site.

Capital cost of project	2018/19	2019/20	2020/21	Future Years	Total
	£000	£000	£000	£000	£000

<i>Loan to the JV company</i>	3,500				3,500
TOTAL	3,500				3,500

Funding streams (indicate whether base budget / external / grant / capital borrowing)	2018/19	2019/20	2020/20	Future Years	Total
	£000	£000	£000	£000	£000
<i>PWLB borrowing</i>	3,500				3,500
TOTAL	3,500				3,500

Legal implications

Legal powers

44. The council has legal powers to provide financial investment into the project, from a joint venture company with the University and take an active role in the running of the Cyber Centre, which is essentially a commercial enterprise, though s1-4 of the Localism Act 2011 and other enabling legislation. In exercising these powers and applying its funds, the council must have regard to its general fiduciary duty in the management of public finances, as well as its specific duty to obtain best value in the delivery of all of its functions, under s3 of the Local Government Act 1999.
45. In order to demonstrate the council has met its legal obligations, the council has taken expert advice on potential delivery structures as well as evaluated a detailed business case for this project taking account of all relevant benefits, risks and potential risk mitigations in the proposal.

Company and shareholding

46. The preferred delivery option is explained above in this report. The company limited by shares provides a flexible and well recognised corporate structure which is ultimately capable of being valued as an asset as a going concern. The operation of the company will be governed by the Companies Act 2006 and related legislation, which provides a clear governance framework. The day to day management of the company will be the responsibility of the Board of Directors who have a legal duty to act in the best interests of the company, for the benefit of its shareholders. The council will have rights to appoint Directors to the Board and will need to ensure that its appointed Directors are conferred with sufficient delegated powers from the

council to participate in effective Board-level decision-making. Under the council's constitution appointments to an outside body which is not carrying out executive functions of the council can be made by the Chief Executive, in cases where fewer than three representatives are required. This is the proposed situation here.

47. The appointment of a company Director is a personal duty and carries with it a number of significant legal responsibilities; the company can resolve through its Articles to indemnify the Directors in the lawful exercise of these responsibilities and the company can take out an insurance policy to ensure financial underwriting of such an indemnity. In addition the council has powers to indemnify its officers and members in their lawful exercise of their duties when appointed by the council to outside bodies.
48. While it would be possible for the council to be outvoted at Board-level decision-making, it is expected that most Board-level decisions would attempt to achieve consensus, in the spirit of partnership working. In any event the council's overriding interests will be protected through the establishment of the legally binding shareholders' agreement which will reserve to the two shareholders unanimous decision-making on a number of key reserved matters: those matters will be referred from the Board to the two shareholding organisations for unanimous decision before they can be effected. Examples of the matters reserved to the shareholders include:
- The allotment of new shares and/or the admission of any new organisation into the ownership of the company;
 - The approval of an annual company business plan;
 - The approval of an annual company budget;
 - The company's strategy for attracting and supporting tenants/users of the Centre;
 - Any decision which may have an impact on the company's ability to comply with its funding obligations under loans/investments made by the shareholders or third party funders;
 - Changes to the company's objects (purpose and powers) or its Articles generally.
49. The shareholders' agreement referred to above will also deal with arrangements for the treatment of any company surplus, as well as options for further future investment by the founding shareholders or third parties, and arrangements for potential future exit and dispute resolution, if required. The model of the shareholding company enables either shareholder to sell their interest in the company at a future point, if they so choose. The shareholders' agreement will regulate the terms under which shares could be sold; specifically each shareholder will have the obligation to offer its shares back to the other shareholder before they are offered for sale to any third party. A process of valuation of the shareholder's investment can be followed in the event that the shareholder has made investments into the company through share capital. Alternatively the selling shareholder could elect to transfer its shares to the other shareholder for the nominal value for which they were purchased: ie £1 per share. Exit by a shareholder would not interfere with the company's legal obligations

to repay the loan agreements or maintain the lease of the property. The council therefore has a straightforward exit mechanism should in the future it decide that it no longer wishes to participate in the ownership of the company.

State aid and financing

50. In the giving of any financial assistance to the company, the council and the University must ensure that State Aid rules are complied with. The University has secured its own legal advice in this respect: the financial arrangements through which the joint venture is proposed to be structured reflect that advice. In respect of the council, it is necessary that the council’s investment into the company is made on normal market terms, which in this case is intended to be by way of a loan and which will include an appropriately benchmarked interest rate. A period of deferment on the loan repayment, in order to support the company’s initial cashflow and trading position, would be acceptable from a State Aid perspective provided that such arrangements can be evidenced as reflective of normal market terms.

Property

51. The land on which the cyber security centre is proposed to be built is owned by the council and forms part of the Hereford Enterprise Zone. The proposal is to grant a long leasehold interest in the site to the new cyber security company, retaining for the council the freehold interest. In any disposal of its land (meaning a freehold sale or the grant of a leasehold of more than 7 years) the council has a duty under s123 Local Government Act 1972 to secure the best consideration reasonably obtainable in the market. The assessment of best consideration will be informed by valuation advice and the lease terms will dictate how that value is to be recovered over the term of the lease, through the rent which is paid by the company as lessee. Similar to the treatment of loans to the company (above), the lease terms must be State Aid compliant. A period of deferment on the lease premium payment, in order to support the company’s initial cashflow and trading position, would be acceptable from a State Aid perspective provided that such arrangements can be evidenced as reflective of normal market terms.

Security

52. The loans made by the council and the University will be secured by way of legal charges registered against the leasehold title of the site. This gives both organisations an asset against which the value of their loans should be capable of being recovered should the new company materially default on its loan repayments and no suitable means for alternative repayment can be agreed. The two organisations will need to agree the order of preference in which those charges should be ranked on the title.

Risk management

53. The key risks and mitigations are set out below.

Risk / opportunity	Mitigation
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The council and the University fail to agree arrangements leading to the award of a construction contract before the end of December 2018 leading to a risk of partial clawback on the Marches LEP grant funding	The parties have mutually agreed objectives for the project and have undertaken detailed discussions and due diligence with a view to reaching a proposed model of delivery which both can agree to before the end of December 2018
The construction contract exceeds the agreed budget	The University would undertake further value engineering on the tendered design. The University is ultimately responsible for meeting any cost overruns.
The grant outputs are not delivered as forecast	The University would negotiate with the third party funders a revised profile for grant outputs. The University is ultimately responsible for meeting any grant repayment liability.
Fundamental changes are proposed or required to the basis on which the Centre operates and has been funded	All fundamental changes to the strategic direction of the company would be reserved to the shareholding organisations for unanimous decision, failing which the status quo would prevail or either party could refer a matter for dispute resolution
The Centre fails to deliver against the Business Plan and generate sufficient income to meet its costs as they fall due	<p>The Board of Directors and company officers will be selected for their skills in managing the business of the Centre.</p> <p>The Business Plan assumes a range of income streams and diversity amongst tenants and other users of the Centre</p> <p>The company will have a robust marketing strategy and invest in sufficient resource to build and maintain the profile of the Centre</p> <p>The Hereford Enterprise Zone take an active role in marketing the Centre as part of a wider cyber campus</p> <p>The repayment of loans to the council and the University, and payment of lease premium, could be re-profiled (subject to legal advice)</p>
The Centre becomes unviable for the shareholding organisations to operate, at a future date	<p>The Centre could be repurposed as generic business incubator space</p> <p>The company could be sold as a going concern, via shareholding (subject to the shareholders' agreement)</p>

The Centre could be sold with vacant possession and the company then wound up

54. The risks will be managed through the joint project team and where appropriate through the council's risk register. The company will also have its own risk register, oversight of which will be the responsibility of the Board of Directors.

Consultees

55. Political Groups have been consulted. The Independents Group has indicated its support for the project subject to a sound business plan being developed to safeguard the council's investment. The IOC Group has indicated that it is broadly supportive of the project.
56. The ward member has been consulted and has indicated his support for the proposal and specially the development of this particular business sector in Herefordshire.
57. The enterprise zone board have been consulted on the project over a period of time and are fully supportive. There is recognition that the Centre for Cyber Security will be a vital asset for the enterprise zone in attracting inward investment, delivering highly skilled and well paid jobs, and in generating positive exposure and industry awareness.
58. Equally the enterprise zone stakeholder group have had a number of briefings on the emerging project as it has been developed by the University of Wolverhampton. There has been wholehearted support for the project from the group who recognise the range of benefits that the centre will bring to Hereford.

Appendices

1. Options appraisal and partnership governance framework review
2. Redline plan of the site

Background papers

University of Wolverhampton Business Case