

Policy and Sustainability Committee

10.00am, Tuesday, 5 October 2021

BioQuarter – Outline Business Case

Executive/routine Wards Council Commitments	Executive All 1, 2, 6, 31
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1. Recommendations

- 1.1 It is recommended that Committee:
 - 1.1.1 Approves the Outline Business Case (OBC) as provided in Appendix 1;
 - 1.1.2 Agrees to the Council being a party to EBQ3 Ltd for the purposes of running the Private Sector Partner (PSP) procurement process and ensuring that the 'primary purpose' of the BioQuarter is preserved;
 - 1.1.3 Refers this report to Council seeking agreement to enter into EBQ3 Ltd on the terms outlined in this paper;
 - 1.1.4 Agrees to delegate authority to the Chief Executive to nominate officers to the EBQ3 Ltd Board for the purposes of running the procurement process; and
 - 1.1.5 Notes that EBQ3 Ltd will take the final decision on appointment of a development partner and that an update report will be brought back to Committee in late 2022 advising of the outcome of the procurement process and outlining next steps.

Paul Lawrence

Executive Director of Place

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BioQuarter – Outline Business Case

2. Executive Summary

- 2.1 This report provides the Outline Business Case (OBC) for the procurement of a Private Sector Partner (PSP) for BioQuarter project. It builds upon the Strategic Business Case (SBC) and is presented for approval.
- 2.2 It is anticipated that the PSP will be responsible for delivering the commercial elements of the BioQuarter, in co-ordination with the wider programme of activity which will continue to be led by the public sector partners.

3. Background

- 3.1 The BioQuarter is the collective name given to the life sciences campus at Little France that is home to the Royal Infirmary Edinburgh as well as many other buildings and institutes. The public sector partners leading the development of the BioQuarter are NHS Lothian, Scottish Enterprise, University of Edinburgh and the Council.
- 3.2 In 2017, the Council agreed to become a formal partner in the BioQuarter and subsequently entered into a Collaboration Agreement with the other three project partners - the University of Edinburgh, Scottish Enterprise and NHS Lothian. The governing body for this is the BioQuarter Strategy Board.
- 3.3 On [25 February 2020](#) the Council agreed the BioQuarter SBC and an allocation of £500,000 from the City Strategic Investment Fund (CSIF) to fund project development and procurement of a development partner for the site.
- 3.4 Life Sciences is a significant sector in the United Kingdom (UK) economy employing 90,000 people. The BioQuarter is a key player in this sector and exists to improve people's lives, health and well-being.
- 3.5 The BioQuarter site is identified in the Local Development Plan (LDP) as an area for life science development that supports wider growth and regeneration in South East Edinburgh. It is also recognised in the City Mobility Plan (CMP) as an area of growth where further transport infrastructure is required. It has significant potential to contribute to the city's Economy Strategy, Council Commitments and Council

Business Plan, particularly in relation to the inclusive growth and net zero carbon agendas.

- 3.6 Over the last 20 years, BioQuarter has generated an estimated £2.72 billion gross value added from its research, clinical, and commercial activities and a further £320 million from its development. The on-going investment of the partners in academic and clinical facilities will lead to it becoming the second largest health and social care-focussed site in the UK within the next ten years. However, BioQuarter has the potential to continue to evolve and do much more, most notably within the field of commercial innovation and encouraging collaboration between academics, clinicians and industry. With a worldwide life sciences market value of £868 billion and an anticipated annual growth of eight to ten percent, the commercial life sciences, data innovation and biomedical sectors are crucial to the global economy. With this growing global market, it is essential that BioQuarter is able to compete on a global platform, leading health and social care offerings around the world and does not get left behind. The focus of other global health related sites regenerating and branding themselves into 'Innovation Districts' rather than 'science parks', recognises the rapid integration of technologies and science and the need for nurturing collaboration.
- 3.7 The long-term vision is to build upon Scotland's and BioQuarter's existing, recognised expertise in health technology, data driven innovation and Life Sciences, and to use this as a platform from which to broaden BioQuarter's commercial innovation activity, attract, grow and retain new innovative businesses, and transition BioQuarter from a national to a global destination.

4. Main report

Outline Business Case (OBC)

- 4.1 The OBC, as agreed by the BioQuarter Strategy Board, is presented to Committee for consideration and approval. It sets out the rationale for proceeding with the procurement of a PSP.
- 4.2 The OBC has developed the SBC that was previously agreed. The purpose of the BioQuarter OBC is to capture the outputs from the 15 workstreams, including innovation, place, procurement, legal, financial and Economic and Social Impact. It will continue to be refined over the life-time of the project as decisions and approvals are made, to ensure it remains relevant and helpful for the partners but also as an aide memoire of this complex project.
- 4.3 The OBC findings are that the economic and social benefits of delivering the BioQuarter are significant and should be accelerated where possible. In order to deliver this new and exciting vision, the expertise and financial backing of a PSP are required. The intention is to select an investment and development partner with the financial means and development experience to accelerate delivery of the vision. Preparations for the procurement exercise are going well and the team is on

track for the procurement exercise to go live in October 2021, subject to approval from the partners.

- 4.4 The level of investment is unavailable to the partners on an individual basis and at the speed needed to ensure BioQuarter does not fall behind other UK sites and thereby fail to meet its full potential. If the proposed development were not to take place, BioQuarter would begin to lose its people, companies and research funding. Investment of circa £600 million is required to develop the overall site and create the mix of accommodation required to attract, retain and grow companies and businesses. This is a significant sum and one that exceeds available public sector capital funding without incurring high levels of debt. Unlocking innovation is not just about the bricks and mortar. Significant resources and expertise are required to manage, lead, nurture and develop an innovation ecosystem. The creation of this new public private partnership will bring the best of all worlds together.
- 4.5 The PSP will be responsible for delivering the commercial elements of the BioQuarter in co-ordination with the wider programme of activity which will continue to be led by the public sector partners. Land (to the south of the site and which extends to circa 61 acres) will be made available to the PSP for this purpose. The land is to be drawn down in parcels defined during the competitive dialogue stage of the procurement exercise.
- 4.6 A development agreement is now proposed as the means of contracting with a development partner as opposed to establishing a joint venture company limited by shares. This arrangement better reflects the role that the public sector partners will take in the process moving forward and provides clarity for the private sector partner. Prior to the OBC, the working assumption, as outlined in the SBC, was that the commercial development would be delivered by way of a corporate joint venture with a private sector partner. That construct involved the land being injected as an “equity” contribution by Scottish Enterprise into a proposed Limited company, in return for a shareholding. This approach would have most likely resulted in very small equity shares for the public sector partners, unless significant cash investments were to be made, and, as such, has been discounted as an approach. A strategic joint venture development agreement is now proposed as this is a more appropriate mechanism in these circumstances and is clearer in terms of the roles of the various parties.

EBQ3 Ltd

- 4.7 In order to carry out the procurement process it is proposed that Scottish Enterprise, University of Edinburgh and the Council form EBQ3 Ltd, which will be a company limited by shares. It will perform the role of the contracting authority as well as ensuring compliance with the ‘primary purpose’ of the BioQuarter as set out in the OBC.
- 4.8 The first job of this new company will be to run the procurement process and appoint the development partner for the site. This will be done through a competitive dialogue process. Given the technical nature of the exercise and the otherwise limited scope of this vehicle, it is proposed that Council Officers be

appointed as board members in the first instance and that this be reviewed once a partner is appointed.

- 4.9 Thereafter, the role of the company will be to act as a watchdog and to ensure that proposals brought forward by the PSP comply with the 'primary purpose' of the BioQuarter. The 'primary purpose' is a legal definition which will be embedded in the legal agreements governing the project and will restrict development by the PSP to certain land uses and the require development to meet the overarching principles set out in the vision for the site and the place strategy.

Conclusions

- 4.10 The Council has a long-standing commitment to the BioQuarter project and has already established the financial contribution it will make in order to progress the project. This is limited to business case development funding. No capital investment is sought, and the Council is not expecting a financial return from this project. The focus is on securing the projected economic and social outcomes.
- 4.11 In terms of the Council's Risk Appetite Statement the project falls into two Risk Descriptions – Programme and Project Delivery where the risk appetite is low to high; and Reputational where the appetite is low to moderate. The assessment in terms of actual risk to the Council in proceeding with the project is low and the potential benefits for wider society are significant. In summary, the OBC provides a sound basis on which to proceed with the project and the procurement of a development partner.

5. Next Steps

- 5.1 It is recommended that Committee refer this report to Council for approval to enter into EBQ3 Ltd. Subject to approval from Council, officers will work with the BioQuarter Programme Team to progress the project.
- 5.2 EBQ3 Ltd will be established with officers appointed to the board in the first instance and the procurement process will begin. It is requested that Committee delegate authority to the Chief Executive to nominate Council officers to the company board.
- 5.3 Subject to the agreement of the OBC, by all the project partners, the high-level programme for the project is as follows:
- 5.3.1 Procurement go-live – Q4 2021.
 - 5.3.2 Bidder shortlist – Q1 2022.
 - 5.3.3 Preferred bidder – Q4 2022.
 - 5.3.4 Design work commences – Q2 2023.
 - 5.3.5 Works commence on site – Q2 2024.
 - 5.3.6 Full occupation – 2036/37.

- 5.4 A report will then be brought back to in late 2022 with the outcome of the procurement process.

6. Financial impact

- 6.1 There are no direct financial impacts arising from this report. The funding required for this project has already been agreed by Committee and no additional funding is sought at this time.

7. Stakeholder/Community Impact

- 7.1 The economic case set out in the OBC is strong in terms of jobs created and value to the Edinburgh economy. The BioQuarter Partnership already has an outreach programme in place which is creating opportunities for school children in the local area. The community benefits required through the procurement process will seek to maximise positive outcomes for the locality.
- 7.2 The emerging masterplan, while having a strong focus on life science workspace, is for a new urban quarter rather than a business park that sits behind gates. In addition to the potential new jobs that will be created, there is also the ability to provide services and amenities for surrounding communities within the BioQuarter.
- 7.3 Once a private sector partner is appointed, planning proposals will be developed, and further community engagement and consultation will be undertaken.
- 7.4 The community impact arising from the proposal is considered to be positive and an Equalities Impact and Rights Assessment has been undertaken collectively by the partners.

8. Background reading/external references

- 8.1 Additional background papers for the project can be made available upon request.

9. Appendices

- 9.1 Appendix 1 – BioQuarter – Outline Business Case – Redacted Version.



Outline Business Case

Version 2 - Updated August 2021 with **COMMERCIALLY SENSITIVE DETAILS OMITTED**

CONTENTS

This Outline Business Case has been developed by the Edinburgh BioQuarter Programme Team, with selected inputs from the various project advisers and the senior operational leads.

1. Introduction and Background
2. Strategic Case
3. Management Case
- ~~4. Commercial Case~~
5. Economic Case (taken from the work that Streets UK/Stantec have done)
- ~~6. Financial Case (taken from the work that Grant Thornton have done)~~

APPENDICES: these are not attached to the OBC but are available upon request from the Programme Team.

Appendix B. Economic and Social Impact Assessment (and Principles) – Strategy Board has noted and approved principles

Appendix C. Innovation Strategy and Principles – Strategy Board has approved

Appendix F. Accounting and Taxation Review - for noting

Introduction and Background

This section of the Outline Business Case presents the introduction and background. Its purpose is to:

- Give background to Edinburgh BioQuarter
- Set the scene for the project
- Outline the governance approvals that are required
- Set out the schedule of 'Control Documents' that are referred to in the other sections of the Outline Business Case and legal documents

1.0 Introduction

A transformation of Edinburgh BioQuarter is planned. The shared vision of the BioQuarter Partners (City of Edinburgh Council, NHS Lothian, Scottish Enterprise and the University of Edinburgh) is to unlock BioQuarter's full innovation potential and transform the site into Edinburgh's Health Innovation District - a new mixed-use, urban neighbourhood of Edinburgh, centred around a world leading community of health innovators and companies.

In order to deliver this new and exciting vision, the expertise and financial backing of a private sector partner are required. The investment level and speed of development needed to unlock BioQuarter's full potential exceed the resourcing of the BioQuarter Partners by themselves.

As agreed in principle by the BioQuarter Strategy Board in January 2020, a compliant procurement exercise is currently in the pre go-live stage. The intention is to select an investment and development private sector partner with the financial means and development experience to accelerate delivery of the vision.

Preparations for the procurement exercise are going well and the team is on track for the procurement exercise to go live in October 2021.



3.0 The Story so Far

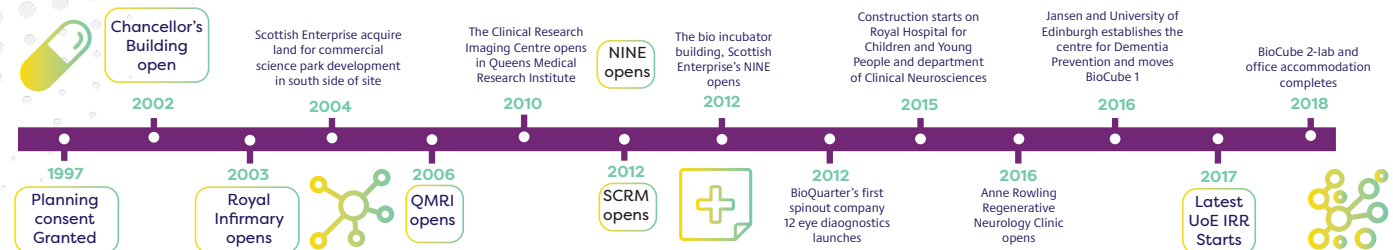
Edinburgh BioQuarter is currently one of the UK's leading life sciences centres of excellence and is home to the University of Edinburgh Medical School and the Royal Infirmary of Edinburgh. It was the first location in the UK to co-locate academic research, clinical development and commercial research at scale.

In 1997, the Scottish Government obtained planning permission for land in the Little France area of Edinburgh. This allowed the Royal Infirmary of Edinburgh and the University of Edinburgh's Medical School to be relocated from their historic sites in the City Centre, as the first stage in the creation of a new medical neighbourhood. Development commenced immediately and in 2002 NHS Lothian opened the first building to patients – the new Royal Infirmary of Edinburgh.

At the same time the University completed its first phase of relocation of the College of Medicine and Veterinary Medicine with the move of medical teaching and research to the adjacent Chancellor's Building. This was followed by the Queens Medical Research Institute in 2006 and Scottish Centre for Regenerative Medicine in 2012.

In 2004 Scottish Enterprise acquired the surrounding land with a view to establishing one of Europe's leading locations for life sciences companies. In 2012 the bio-incubator building NINE opened and welcomed its first tenants.

In 2007 the site was named Edinburgh BioQuarter.



4.0 BioQuarter Today

BioQuarter is a leading UK destination for life sciences innovation, medical teaching, research and healthcare delivery. It hosts a community of 8,000 people who work and study on site. BioQuarter also welcomes significant numbers of patients and visitors each year.

The site provides a range of highly skilled jobs and is a hive of productivity. The community is driven by the common goal of improving lives. Its highly skilled workforce is made up of diverse fields including medical researchers, clinical professionals, healthcare, data analysts, image specialist, teachers, and health innovators.

It is anchored by two major institutions:

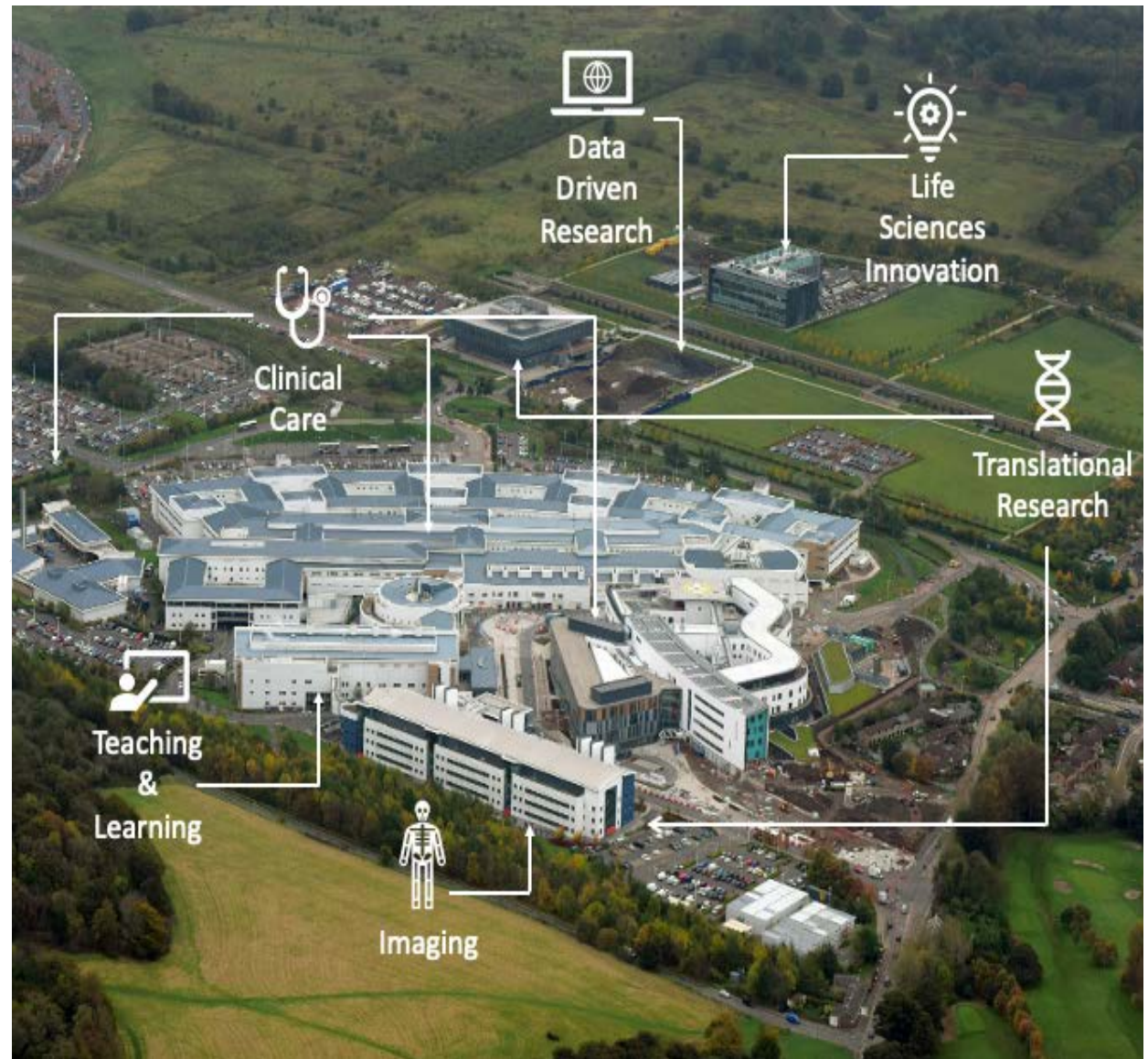
The Royal Infirmary of Edinburgh (RIE)

The hospital has circa. 900 beds and is one of Scotland's major acute teaching hospitals and tertiary care centres. Alongside the RIE is the new Royal Hospital for Children and Young People and Department of Clinical Neurosciences, which began receiving its first patients in July 2020 and was fully opened in 2021.

The University of Edinburgh Medical School (EMS)

Currently ranked 24th in the world QS ranking, EMS has specific research strengths including brain sciences, advanced technologies, regenerative medicine, medical informatics, data-driven health innovation and translational medicine.

The range of facilities at BioQuarter generates upwards of £204 million in gross value added each year.



1

The Royal Infirmary of Edinburgh

One of Scotland's major acute teaching hospitals. With a 24-hour Accident and Emergency department, it provides a full range of acute medical and surgical services.

2

The Royal Hospital for Children and Young People

Provides care for children and young people from birth to around age 16.

3

Department for Clinical Neurosciences and Edinburgh Neurosciences

The work of over 500 fundamental and clinical researchers spans the life course – from prenatal to old age and attempts to answer fundamental questions.

4

The Anne Rowling Regenerative Neurology Clinic

Delivers research and trials for people with neurodegenerative disease, as well as hosting NHS specialists.

13

Edinburgh Infectious Diseases

Is a network of researchers and clinicians in infectious disease in Edinburgh where more than 170 research groups are focused on infectious diseases.

12

Edinburgh Clinical Research Facility

Provides clinical researchers with access to space, nursing input and scientific support to conduct high quality clinical research, focused on experimental medicine.

BioQuarter today – facilities cont.



5

Edinburgh Imaging

Clinicians, researchers and scientists work together to advance health through excellence in imaging science.

6

Queen's Medical Research Institute (QMRI)

A world-class clinical research facility with four strategic centres addressing major disease challenges.

11

NINE Innovation Centre and BioCubes

Designed specifically for rapidly growing health innovation companies.

10

Usher Institute

Works with people, populations and their data to understand and advance the health of all through innovative collaborations in a global community.

9

University of Edinburgh Medical School

Home to the world-leading University of Edinburgh Medical School.

8

Institute for Regeneration and Repair (includes CRM)

Where scientists and clinicians study tissue regeneration and repair, stem cells and disease to advance human health.

7

Centre for Dementia Prevention

The Centre combines research in science, medicine and social sciences to lead global efforts in preventing dementia.

5.0 Investment to Date

Over the past two decades, BioQuarter has developed extensively with over £600 million (including new IRR main building and RHSC) of capital invested in buildings, infrastructure and specialist equipment (excluding acquisition costs).

Funding to date has been by the BioQuarter Partners, Scottish Government, Medical Research Council and philanthropic sources.

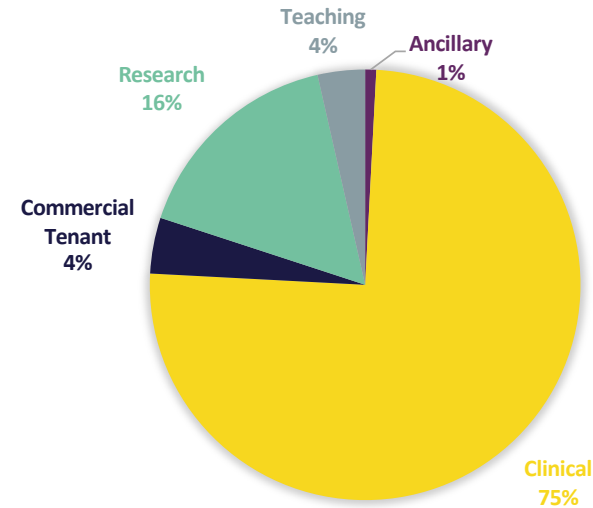
OVERALL TO DATE

- **£624m** capital investment
- **70** acres of land developed
- **2.5m square feet** of clinical, teaching and commercial tenant space

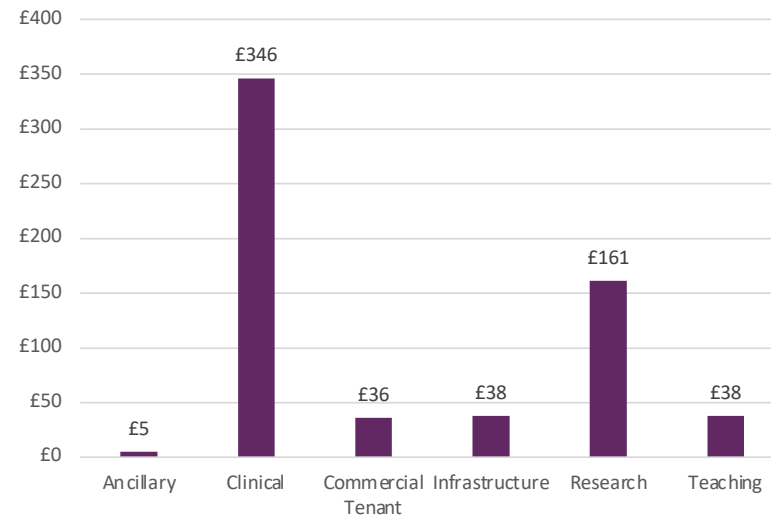
Over the last 20 years, BioQuarter has generated an estimated £2.72 billion gross value added from its research, clinical, and commercial activities and a further £320 million from its development (in current prices).

Note all data updated to include IRR and RHSC but not Usher or IRR Expansion project.

Total GIA Space Delivered to Date (sqm) – 240,000



Total Capital Investment To Date (£m) - £624m



5.1 Infrastructure Investment to Date

There have been 5 major public sector funded infrastructure interventions to date that have unlocked the land in phases.

2002 - £10m

Scottish Government funded infrastructure associated with RIE, Chancellor Building & QMRI

2018 - £10m

University of Edinburgh and Scottish Enterprise funded infrastructure to improve connectivity between north & south

2005 - £5m

Scottish Enterprise funded £5m of infrastructure to facilitate SCRUM and BioQuarter NINE & BioCubes

2020 - £13m

City Region Deal funding for £13m of infrastructure to install major infrastructure to facilitate new Usher Institute.

2016 - £10m

Scottish Government funded £10m of infrastructure associated with the new RHSC



6.0 Part of a thriving Scottish Life Sciences Sector

Edinburgh BioQuarter already has a network of leading clinicians, academics, scientists and life sciences businesses based on site and is part of a thriving life sciences sector in Scotland and the UK.

Like all ecosystems, BioQuarter's ecosystem is taking time to develop. It has significant unlocked potential. Over the past two decades its notable successes include:

- 2012 the first dedicated Life Sciences Innovation Centre opened at BioQuarter - a mix of incubator and grow-on space for life sciences companies – BioQuarter NINE
- BioQuarter NINE and the supporting BioCubes 1 and 2 (commercial accommodation) are now fully occupied : they are home to 14 life sciences tenants and two strategic research institutes
- 10 spinout companies have been created through the College of Medicine and Veterinary Medicine since 2012, attracting £10 million early-stage investment



The Scottish Life Sciences Sector has an ambitious target of reaching an annual turnover of £8 billion by 2025

- It has 41,000 people employed across more than 770 organisations
- It had a turnover of over £6.5 billion in 2019

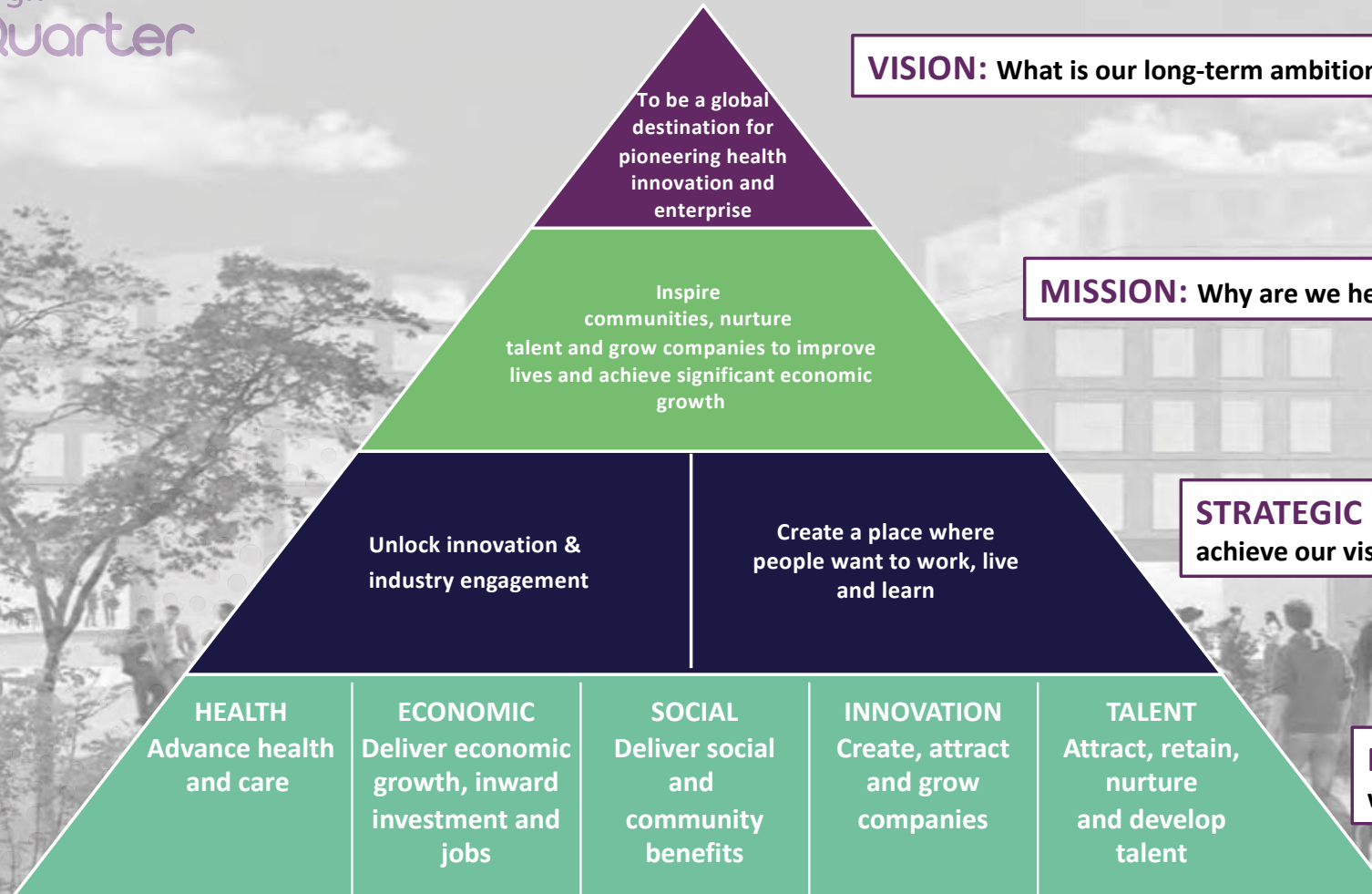
Scottish Government target for life sciences sector to reach £8 billion turnover by 2025



STRATEGIC CASE

This section of the Outline Business Case presents the Strategic Case. Its purpose is to set out the:

- Need for unlocking innovation at BioQuarter
- Implementation route - creation of a public private partnership
- Transformation of BioQuarter into Edinburgh's vibrant Health Innovation District.



7.0 Vision

The next chapter for BioQuarter is here and the BioQuarter Partners have a strong foundation on which to build. Today's BioQuarter is a melting pot of talent. It contributes significantly to the local and national economies and the health discoveries and ideas that it generates are considerable. It is currently the third largest UK Life Sciences site after Cambridge and the Newcastle Helix.

Over the last 20 years, BioQuarter has generated an estimated £2.72 billion gross value added from its research, clinical, and commercial activities and a further £320 million from its development. The on-going investment of the BioQuarter Partners in academic and clinical facilities will lead to it becoming the second largest health and social care-focused site in the UK within the next ten years.

However, BioQuarter has the potential to continue to evolve and do much more, most notably within the field of commercial innovation and encouraging collaboration between academics, clinicians and industry. With a worldwide life sciences market value of £868 billion and an anticipated annual growth of eight to ten percent, the commercial life sciences, data innovation and biomedical sectors are crucial to the global economy. With this growing global market, it is essential that BioQuarter is able to compete on a global platform, leading health and social care offerings around the world and does not get left behind. The focus of other global health related sites regenerating and branding themselves into 'Innovation Districts' rather than 'science parks', recognises the rapid integration of technologies and science and the need for nurturing collaboration.

The BioQuarter Partners' long-term vision: to build upon Scotland's and BioQuarter's existing, recognised expertise in health technology, data driven innovation and Life Sciences, and use this as a platform from which to broaden BioQuarter's commercial innovation activity; attract, grow and retain new innovative businesses and transition BioQuarter from a national to a global destination.





Edinburgh's Health Innovation District: To be a global destination for pioneering health innovation and enterprise



8.0 Strategic Drivers

What drives the need for BioQuarter's vision today? With one of the most serious economic and health crisis currently upon us, the drivers for unlocking BioQuarter's potential have never been more relevant. With the opportunity to create 3650 permanent new jobs on site and to contribute significantly to the UK economy over the next 10-15 years, BioQuarter will not only play a critical role in the fight against disease but will be a major contributor to Scotland's economic and employment recovery.

Edinburgh BioQuarter is enviably positioned to lead research on local and global Health Challenges. University of Edinburgh research scientists and NHS Lothian clinical staff already work together across the BioQuarter site to tackle the global and local health challenges of our time. Today the greatest of these is the Covid-19 Coronavirus pandemic and tomorrow, who knows. BioQuarter's ideas, discoveries, facilities and skills have enabled whole teams to pivot in response to the outbreak. The Stop COVID, CovidLife and Cornagenes studies have already launched. Dozens of additional studies are also underway.

Education and discovery are key to tackling all health challenges. Solutions to both local and global treatments, diagnostics and care will come from "bench to bedside" translational research and commercial enterprise. With clinical, non-clinical, wet and dry lab facilities located right next to NHS Lothian clinical facilities and with patients on the same site as industry and medical students, BioQuarter is primed to continue to expand its solutions to growing health issues, whilst becoming an economic catalyst for job creation, company growth and inward investment.



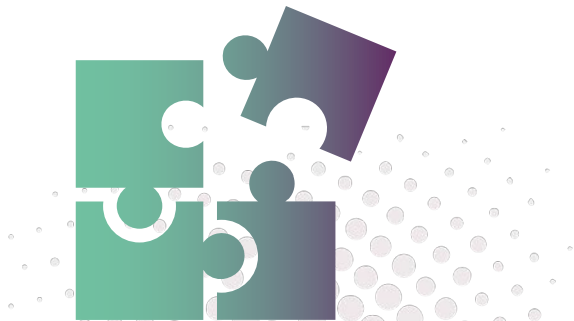
Economy and employment



Health

9.0 Strategic Goals

The vision is ambitious. There are two clear goals to achieving the vision:



Unlocking Innovation

The ambition is to develop BioQuarter rapidly into Edinburgh's Health Innovation District. This addresses a key opportunity and recognises that the optimum performance of BioQuarter will be achieved through the enhancement of the location to attract new investment and organisations to the site and create jobs. BioQuarter must transition from a specialist life sciences research park to a fully functioning, vibrant health innovation ecosystem. This will maximise the value of the location both to local communities and to the organisations supported there. To achieve this, it is essential to develop, attract, grow and retain new health-related innovation businesses. The reach of the next phase of the BioQuarter's development will be much broader than that to date.



Create Space

A placemaking strategy is critical to BioQuarter's success and to ensure that the Innovation District functions to its full potential. Now more than ever, people have great expectations of their environment. 20 years ago, to access an innovation economy, workers had to drive to a secluded suburban business park, work on their own, then drive home. Today, people want to be in urbanised places which are walkable, bikeable and where they can bump into other people. Businesses want to be near other businesses, research labs and Universities so smart ideas can be turned into new products. People want to collaborate and discuss in open, busy spaces with coffee. Successful places need people not just working there but living there to bring critical mass and ensure evening and weekend business. Innovation Districts are competitive places and cool spaces, where people live, work, learn and discover together.

9.1 Implementation

The implementation of the next chapter is well underway, however there are several key steps that need to take place before change can happen. The following table illustrates these necessary steps and progress to date.

Strategic Goals	Implementation Route	Progress
<p>To unlock innovation</p> <p>To create a place that people want to live and work</p>	<p>Step 1:</p> <p>1. EBQ3 Ltd Formed: sign the EBQ3 Ltd shareholders agreement which will oversee the procurement and project development (EBQ3 consists of the City of Edinburgh Council, University of Edinburgh and Scottish Enterprise)</p> <p>Step 2:</p> <p>1. Procurement and partnership: procure a private sector partner to deliver the physical redevelopment of the JV land zone and form a strategic joint venture consisting of the private sector partner and EBQ3 Ltd.</p> <p>Step 3:</p> <p>1. Develop land: develop the acquired land as an integral part of BioQuarter.</p>	<ul style="list-style-type: none"> • Awaiting the 3 partners governance then shareholders agreement to be signed ahead of go-live. • Awaiting the 3 partners governance • Commence procurement

9.2 Unlocking Innovation

Unlocking innovation and transforming BioQuarter from an academic/clinical-led science park to an innovation district sits at the heart of the vision. This requires careful growth of the ecosystem to create, attract and grow existing and new businesses. Currently there are 14 companies accommodated within BioQuarter NINE and three "virtual" companies as part of its growing business network membership. There is potential to grow this exponentially.

The aim is that BioQuarter develops as a destination where health innovation companies can “go to grow” and provides a welcoming environment for companies of all stages, shapes and sizes. Under current plans, our Innovation District has the potential to nurture tens, if not hundreds, of companies; this level of critical mass will improve innovation capacity and bring exponential benefits, delivering both social impact and economic growth.

This is not just about creating more space. It is about providing formal, tailored support for companies and entrepreneurs to grow, for example post incubation support for University spinouts to land and grow, and entrepreneurial education programmes to attract new organisations and investors.

Innovation Districts have been identified by the Brookings Institute as a key source of business growth, especially in cities. They note the importance of clusters to the whole ecosystem and delivering synergistic benefits to the effectiveness of the Innovation District and its anchor institutions (namely the University of Edinburgh and NHS Lothian).

According to research from the International Association of Science Parks (IASP) companies themselves are one of the critical factors in building brand awareness. Therefore, alongside targeted marketing communications, our brand awareness will increase as our community grows onsite. Our anchor institutions will reap the benefits through increased activity and collaboration opportunities, as well as the through more investments and investors connected to this "enhanced" ecosystem.

Lay the foundations of a successful Innovation District by being inclusive, easily accessed, open to different groups and having a broad range of opportunities.





Cont.

BioQuarter's innovation ecosystem has many advantages, building on BioQuarter's location in Scotland and its history as an innovation hub. Our vision for BioQuarter is to be a global destination for pioneering health innovation and enterprise. From this vision flow four key health innovation pillars which have been developed by the Innovation Strategy Working Group. These are areas of overarching strength, with touchpoints across the whole BioQuarter ecosystem.

These are influenced by current and future activity, they align with Scottish Government strategies (digital health and care, life sciences and economic) and are market-driven. They reflect on partners' objectives for the innovation district, support delivery of a joint agenda towards innovation and help to support a clear narrative in relation to promoting the Innovation District when communicating with key stakeholders.

The BioQuarter Partners' 2020 Innovation Strategy and Principles is included as Appendix C for Strategy Board approval.

Our health innovation pillars:

1. To be the "health" data capital of Europe

The lightning rod that links all research and innovation at BioQuarter is data. It is one of the key drivers of growth for Edinburgh and Scotland's economy. If data is the "new gold" then BioQuarter is as a well-stocked "mine". It is at the forefront of Scotland's health data, digital health and health tech capabilities and, pump-primed by the £1.3 billion Edinburgh and South East Scotland City Region Deal and the Usher Institute's expansion at the heart of BioQuarter. There is an opportunity to make global impacts through research, teaching and the growth of companies that are both founded locally and as inward investments into the site.

2. To revolutionise healthcare by harnessing discovery science and dynamic enterprise to make new drugs, treatments and technologies available to patients more quickly.

COVID-19 has shone a global spotlight on the length of time it takes to deliver a new drug or treatment to patients. BioQuarter can accelerate this process thanks to its strengths in research, science, clinical expertise, company creation and growth, and the excellent facilities on site. It can leverage itself as a key destination where researchers and companies, together, can translate and test medical innovation at scale and on time. To support this vision, the community can build capacity and funding with a market-driven focus, allowing for the experimental development, testing and evaluation of new solutions in collaboration with stakeholders, including NHS staff and patients, all in one place, enabling a world-leading destination for experimental medicine.

3. To transform patient care and improve services in Scotland through more healthcare-led innovation.

BioQuarter's innovation ecosystem allows unique access to NHS Lothian's testbed. The ecosystem can help to tackle the key health and social care issues facing BioQuarter's local communities as well as national and global health challenges. These solutions then have the potential to spread widely, enabling the future delivery of health and care services that are more effective, more efficient and more affordable.

4. To develop as Scotland's home for advanced therapeutics for the benefit of patients across the world.

BioQuarter is home to the Institute for Regeneration and Repair bringing together one of the largest communities of regenerative and stem cell scientists on one site in Europe. We have the ability to tailor health care to address the needs of sub-groups within susceptible populations that share common genetic and immunological characteristics and can in some cases, even tailor treatments to a specific individual's unique genetic makeup. The markets for cell and tissue therapies are growing at an exceptional rate and with a significant cluster of companies already forming in Scotland, with the right investment and programmes - BioQuarter can lead the charge in this area.



Key to unlocking innovation is the City Region Deal

Development continues over the next few years as part of the Edinburgh and South East City Region Deal. The new Usher Institute's Data-Driven Health and Social Care Innovation Hub will be built at the heart of BioQuarter along with its enabling infrastructure also part of the City Region Deal.



- Part of a £1.4 billion investment to establish Edinburgh as the Data Capital of Europe.



- The new £68m Health and Social Care building will sit at the heart of BioQuarter.



- 600 clinicians, researchers, students, data scientists and professional services.



- 50 health and social care experts all in one place.
- 49 new companies.
- £138 million research income.
- 277 new datasets utilised to improve.

9.3 Create a place where people want to live, work and learn

The second goal is to create a place where people want to live, work and learn. This goal is key to BioQuarter meeting its full potential and attracting and retaining new business, skills and talent. Transitioning the site into a thriving Innovation District: an urban neighbourhood where people want to live, work, play, visit, relax and learn, will be complex and will require investment. The new development will need strong sustainability characteristics and will offer a range of residential homes, retail and hospitality outlets. This will create a new 24/7 live, work and play neighbourhood that will include town centre amenities, a hotel, gym and green outdoor spaces. The existing buildings and site will need to be carefully stitched into this.

The innovation district will need strong sustainability characteristics, a quality public realm and a range of innovation facilities. For critical mass and place making, innovation will sit alongside private residential accommodation, student residential accommodation and affordable homes. A second town centre which has good connectivity to the existing Royal Infirmary main mall will host retail and leisure facilities. With the drive to create new '20- minute neighbourhood', the new town centre will bring people to the site and provide for those on the site.



Illustrative Visual of a future residential and mixed use community

Cont.

The private sector partner will develop their first buildings in Zones 1A and 2A (see plan in section 4.0). It is intended that these first buildings will form a second town centre for BioQuarter with easy connections to the original 'town centre,' which is the hospital mall within the Royal Infirmary of Edinburgh, and the existing bus hub. This new heart of the Health Innovation District will be a lively town centre with commercial innovation accommodation, café's, gym facilities, a community outreach centre, a nursery and a hotel blended with residential homes. This new 20-minute town centre will be bookended by the existing BioQuarter NINE and the new £68m data-driven health and social care innovation hub – home to the Usher Institute.

This first development area is estimated to have a 10 to 15 year programme, starting in 2024.

Create a successful place for people to thrive



Cont.

It is essential that Edinburgh BioQuarter sets a high bar for the sustainability and wellbeing and green agendas. These cross all workstreams and impact all aspects of the BioQuarter.

A sustainability assessment was undertaken on behalf of the BioQuarter Partners earlier in 2020. This established a set of principles that all partners will be responsible for contributing to and pursuing. This framework will ensure that all development and activity on site aspire to the highest level. These principles will be embedded in the Edinburgh BioQuarter Place Strategy which is one of the Control Documents listed in Section 2.1 of the Outline Business Case Introduction and Background.

Green Agenda



Net zero operational emissions for all new BioQuarter buildings;

- To deliver better air quality at the site making a healthier community;



Biodiversity net gain for all development at the site;

- To restore and enhance the natural world;



Building design for a future climate;

- To build a resilient development that can adapt to a future climate;



Promoting health and wellbeing within design;

- To help the EBQ community have a big impact in what they do.

10.0 Development of the Land

Developing new accommodation is at the heart of both unlocking innovation and creating a place where people want to live, work and learn. Without this neither can take place. The Statutory Place Brief will replace the existing Supplementary Guidance and will be given planning status as part of the City of Edinburgh Council's Local Development Plan. This will ensure that the BioQuarter development has a degree of planning status but remains flexible for the new private sector partner to develop. The detailed masterplan will be developed in 2023 by the private sector partner based on this for the JV land zones. This will need to be dovetailed into the University of Edinburgh's land holdings to ensure a holistic masterplan.

Development of the Place Strategy has demonstrated that there is an estimated 540,000 sq. m. GIA of potential on the land south of Little France Drive if urban heights are utilized – see plan over. This GIA is formed from:

- 30,000 sq. m GIA has already been delivered – Scottish Centre for Regenerative Medicine, Institute for Regeneration & Repair, BioQuarter NINE and BioCubes
- 100,000 sq. m GIA will be developed by the University of Edinburgh as part of its own Estates' strategies e.g. Usher Institute and expansion of the Institute for Regeneration & Repair.
- 410,000 sq. m GIA (4.4m sq. ft) is the focus of the private sector partner on the 61 acres of undeveloped Scottish Enterprise land

The most recent masterplan approved by the City of Edinburgh Council as the planning authority, in 2014, allows for 245,000sqm of life sciences space (commercial and academic) south of Little France Drive.

For the purposes of aligning this Outline Business Case's financial, economic and commercial elements, the site has been zoned as 1A, 1B, 2A and 2B (see plan). As the detailed masterplan and delivery strategy will be developed further by the private sector partner at a later stage, the timing and size of the zones may change. Each zone has an estimated density of GIA space developed through the BioQuarter Place Strategy. Each zone has a mix of accommodation which includes residential housing required for critical mass, place strategy and commercial viability.



11.0 BioQuarter's Potential

The potential of BioQuarter's development to deliver against local and national priorities is significant. Five pillars of success have been developed which will underpin the future for BioQuarter's as Edinburgh's Health Innovation District.

At its core, BioQuarter aims to accelerate advances in healthcare and wellbeing and expedite the discovery of new drugs, treatments and technologies to improve lives. In doing so, it will be an integral part of the continued regeneration of its neighbouring communities, via employment and education, and will bring significant social and economic benefits to Edinburgh and Scotland.



INNOVATION: Create, attract and grow hundreds of companies and continue to develop pioneering research



TALENT: Attract, retain, nurture and develop talent to enhance Edinburgh's knowledge economy

By unlocking innovation through a public - private partnership we can



HEALTH: Make revolutionary advances in health and social care delivery, innovation pathways and teaching to improve lives



ECONOMIC: Deliver economic growth, inward investment and new jobs



SOCIAL: Deliver social and community benefits as part of the Scottish Government's inclusive growth agenda

11.1 Health

At its core, BioQuarter exists to advance healthcare discoveries and education, improve people's lives and enhance health and well-being. With the world facing increasing health and wellbeing issues and with an aging population, treatments, preventions and diagnostics are key to tackling this.

Chronic diseases, such as diabetes, cancer and heart disease, are collectively responsible for over 70% of all deaths worldwide annually, or 41 million people. Over 85% of these premature deaths are in low and middle-income countries.

Cancer is the most common cause of death in the UK (28%) followed by circulatory diseases, such as heart diseases and strokes (25.0%) and 13% dementia.

Edinburgh BioQuarter is in an enviable position to lead research and innovation around these global and local health challenges. Co-location makes it possible to consider the impacts from every angle of clinical need and patient pathways.

An Innovation Strategy has been created to underpin how the partnership works together to achieve these health outcomes.

Positioning of our innovation ecosystem is critical for marketing the BioQuarter to an external audience.

LOCAL HEALTH CHALLENGES

Health Inequalities - The SPECTRUM data-driven project aims to inform prevention of non-communicable diseases, researchers aim to use their work to transform policy to encourage and enable healthy environments and behaviours.

Health and Wellbeing Education - Strong role for education in preventative health across populations.

Obesity - work led in CVS considering obesity from metabolic, genetic and developmental angles. At the CRH, scientists are considering the impact of obesity on pregnancy and future health.

Alcohol and Substance Abuse – home to the Scottish Alcohol Research Network. A network of clinicians, academics, researchers and others with an interest in alcohol-related harm research.

Mental Health and Wellbeing – teams working in Edinburgh Neuroscience span the whole life course from birth through adulthood to old age, with fundamental and clinical work integrated across all areas.

GLOBAL HEALTH CHALLENGES

Air pollution and climate change - A team of researchers led by Dr Mark Miller and BHF Professor David Newby continue research into pollutant nanoparticles linked to diesel exhaust fumes identifying new biomarkers that may be able to flag exposure and toxicity levels.

Non-communicable diseases - including heart disease, stroke, cancer, diabetes and chronic lung disease are collectively responsible for almost 70% of all deaths worldwide.

Antimicrobial resistance - The Edinburgh Infection Diseases research group covers one of the greatest threats to global health, its potential economic and societal impact is substantial.

Vaccine hesitancy - BioQuarter's award-winning public engagement programmes aim to take steps towards openness about research and its role in society, thereby supporting efforts to reduce vaccine hesitancy within local communities.

HIV – the Edinburgh Infectious Diseases group's most recent publication reveals a new group of men at most risk of the infection.

Aging population - the Centre for Dementia Prevention is a global centre of excellent in this field.

11.2 Innovation

A thriving health innovation ecosystem is a core part of the development of Edinburgh BioQuarter's Health Innovation District. This will only be possible if we create, attract and grow hundreds of companies and continue to develop pioneering research.

Given the historic investment by partners in Edinburgh BioQuarter and the current strengths of its ecosystem, Edinburgh Health Innovation District has a strong foundation from which to build. Through releasing and developing the land owned by Scottish Enterprise, retail, hospitality and housing will be developed alongside new space for innovation, collaboration and commercial tenants. In tandem by developing, attracting, growing and retaining new and existing health related innovation companies, BioQuarter can unlock its innovation potential.

This combined development will provide the physical elements around which the Edinburgh Health Innovation District can be formed. However, they will not in themselves be sufficient to create a world-class enhanced ecosystem at our Innovation District. To achieve this partners must work to attract the investment and skilled personnel necessary to take forward new technology developments and health-related services that utilise the unique strengths that Edinburgh BioQuarter offers (life sciences, data and biomedical sciences) and which work in tandem to benefit the overall success of the ecosystem and its partners.

INNOVATION CAPACITY

Develop a thriving ecosystem that is flexible, well-resourced and adds value to its community, e.g. entrepreneurial programmes.

LEADERSHIP

Form a strong leadership structure to promote innovation-related decisions about activities and space.

CRITICAL MASS

Grow, attract and retain organisations and companies in a cluster which contributes synergistic capabilities to the success of the ecosystem.

SHARED AMBITIONS

Unite the community together with shared goals and outcomes.

REPUTATION/BRAND

Grow a globally recognised brand for innovation and ensure that the community promote a shared and consistent message

DIVERSITY AND INCLUSION

Create a bottom-up approach to innovation by providing funding and time for staff to get involved and actively bring in the local communities through skills and education.

COLLABORATION

Break down barriers and create a culture of sharing, working together, transparency, access and engagement across the district.



Cont.

Key to unlocking innovation is space. The vision is to develop space over the next 10 to 15 years for over 250 new companies which will accelerate the growth of a critical mass of highly skilled innovators.

Unlock BioQuarter's innovation potential by taking a holistic approach to innovation, activating it and focusing on 4 themes:

4 core healthcare ambitions



- **DATA:** support all research with data and ensure access to data is accessible with Usher at the heart of BioQuarter



- **SPEED:** accelerating production and efficiencies of new drugs, treatments and technologies



- **SOLVE:** prioritising NHS patient needs through healthcare-led innovation
- **DISCOVERY:** grow as Scotland's home for advanced therapeutics innovation and treatment of disease

As part of the work on the Innovation Strategy, a set of principles has been developed. These can be found in the Strategy document which is included at Appendix C. These ten principles have been designed as a framework for success. The BioQuarter Strategy Board will be asked to approve these principles.

Cont.

It is everyone at BioQuarter's responsibility to develop the site into a thriving innovation ecosystem; this will require a more holistic approach than has been taken to date. The BioQuarter Partners' innovation 'experts' have, for the first time, formed an Innovation Strategy Working Group (ISWG) with representation from all partner's innovation teams. The group has developed a Health Innovation Strategy and a set of core principles which will be the framework for unlocking innovation. This can be found at Appendix C.

This is the first joint Innovation Strategy for BioQuarter.

To inform the Strategy, a review of the current ecosystem was carried out. This involved undertaking research and an analysis of global Innovation Districts. The 'Mapping Edinburgh BioQuarter's Innovation Ecosystem: Current Actors and Assets and Comparator Analysis' report, which has been shared with the ISWG and Senior Operational Leads and is available upon request., provides a framework for delivering a world-class ecosystem as a core part of the development of BioQuarter's Health Innovation District and supports the vision.

The strategy dovetails with the innovation plans of anchor institutions (namely the University of Edinburgh and NHS Lothian) and the strategic objectives of all four partners. It does not replace existing models, pathways or programmes but rather proposes a more holistic approach to stimulate growth of the innovation community. It builds on the many advantages of the current ecosystem, e.g. a track record of company growth, access to leading researchers, city-wide partners, an evolving investment environment and a highly skilled workforce.

The strategy outlines four key health innovation pillars which are areas of overarching strength (data and health tech capabilities, experimental and translational medicine, healthcare-led innovation and advanced therapies) in our ecosystem. These are market-driven, influenced by current activities and future needs and aligned to current Scottish Government strategic priorities (digital health and care, life sciences and economic). The strategy is clear that the anchor institutions, and major actors, should be encouraged to work more systemically. This more

integrated approach can create a "focal point" for innovation activity, supporting the potential for a central repository of information which contributes towards marketing intelligence and adds significant value to our USP and brand. It identifies the need for tailored company support mechanisms to retain organisations, post-incubation opportunities for University spinouts to take root and grow and entrepreneurial education to deliver the "buzz" required to attract new organisations and investors.

Integration across the whole system is essential to developing a cluster of companies with capabilities that add value to the overall effectiveness of the Innovation District,, enabling more innovation activity, increased collaboration opportunities and investments.

Innovation Principles

1. A strong management and leadership structure
2. Shared, appropriate innovation objectives
3. Shared ethos and knowledge exchange among all partners
4. Well-targeted communications and brand
5. A culture which supports "bottom-up" innovation
6. An integrated health innovation ecosystem
7. New ways of doing things for our on-site community
8. Attracting and retaining talented people
9. Nurturing the innovation pipeline
10. Inclusion of local communities

Over the next 10 to 15 years

Accelerated Growth

A thriving innovation cluster with the potential to accommodate over 250 health companies

Green Agenda

Net zero carbon energy solution for the full site by 2030 in line with city

Community

New education skills outreach centre

Further science engagement with local schools

Economic

£140m

Net additional annual GVA by 2036 (undiscounted)

Jobs & Skills



1,670

Gross PYE construction jobs



4,885

Gross additional FTE operational jobs (inc. innovation jobs)

Construction

£170 m construction impact to Scotland's GVA (gross, cumulative, discounted)

£400m GDV

Revenue Generated

£4m

in section 75 revenue

£800,000

in annual council tax revenue once complete

£12m

Annual retail & hospitality spend from residents once complete

Space



400

New residential housing units



200

Affordable housing units



850,000

sq ft of innovation accommodation



200,000

sq ft of new hotel, catering and leisure



20-minute neighbourhood

New town centre with café, shops and hotel

11.3 Community Impact

BioQuarter has the potential to be a powerful player in the regeneration of the local areas. Edinburgh BioQuarter is located in Little France, a suburb of South East Edinburgh, sitting within both the City Council's Edinburgh North East and Edinburgh South East Locality areas. Several neighborhoods, including Craigmillar, Liberton, Gilmerton, the Inch, Niddrie, Mordun and Danderhall, surround BioQuarter. Significantly, the communities of Craigmillar, Mordun and Niddrie rank highly on the Scottish Index of Multiple Deprivation.

The North East Edinburgh Locality Improvement Plan 2017-2022, which includes Craigmillar, recognises that the locality includes the most socially and economically disadvantaged areas in the City of Edinburgh, Scotland and Europe. Edinburgh BioQuarter is highlighted in the plan as a significant development in the area. Community consultation revealed that people in the area would like: "All our young people to reach their full potential have more opportunities for work and affordable leisure facilities and feel part of a community that is vibrant and thriving, strong, clean, green, safe and healthy." With similar hopes reflected in the South East Edinburgh Locality Improvement Plan 2017-2026, which includes the Moredun and Gracemount localities neighboring Edinburgh BioQuarter to the south. It is crucial that the development at BioQuarter leads to the creation of employment, educational and social opportunities and amenities for local communities – children, adults and families. For BioQuarter to be porous and inclusive looking forward, BioQuarter needs to be accessible to these communities physically, in terms of transport and ease of navigation. Furthermore, for it to be truly inclusive it needs to tackle non-physical barriers, pertinent to the socio-economic status of the surrounding areas. Thus, Edinburgh BioQuarter will undertake an ambitious community-centred engagement programme.

Recognising its mutual reward, for both the local communities and the internal community of staff and students that reside at Edinburgh BioQuarter, various organisations and partners have pursued community engagement projects to date. These include contractors working on construction projects, for example Balfour Beatty and Multiplex; and; research centres and Institutes within The University of Edinburgh, for example MRC-Centre for Regenerative Medicine (MRC-CRM) and The Queens Medical Research Institute, perhaps most notably working with staff and students at local schools in Craigmillar.

GOALS

- Ensure that the site develops to address the regeneration needs of the adjacent local communities. It must therefore be porous, connected and have no 'barriers'. This may require breaking down barriers that are perceived to exist between BioQuarter and local communities – the ethos of the "gated community" is the polar opposite to that of an Innovation District. The site, buildings and local amenities must fit the needs of local communities and must therefore be accessible, welcoming, open and inviting
- Ensure growth is green and sustainable and is at the heart of all decisions that we make
- Given the leading-edge healthcare and associated specialisms that will be based at the Innovation District, the project will improve the healthcare and wellbeing of the local area, the broader Edinburgh and Lothian region, Scotland and the UK
- Job creation, especially during the post-Covid economic recovery, will be critical. Jobs must be relevant both to experts attracted to the Innovation District and to those living locally. The project will deliver inclusive growth in line with the City of Edinburgh's growth strategy
- Deliver social benefits in terms of education and opportunities to improve workforce skills and wellbeing in BioQuarter's neighbouring communities and across Scotland

11.4 Community Impact Principles

As part of the work on Economic and Social Impact, a set of ten Community Impact Principles has been approved by the Strategy across six areas; these are outlined in brief below. The full set of principles can be found in the Economic and Social Impact Assessment report which is included at Appendix B.

SCHOOLS AND TERTIARY EDUCATION

EDUCATION

Principle 1 - Facilitating the Provision of Placements and Mentoring Opportunities

Principle 2 - Delivering Knowledge Exchange to Learner Pathway Programmes

Principle 3 - Support Outreach Initiatives of the BioQuarter Partners

EMPLOYMENT

Principle 4 - Support Targeted Employment Initiatives Through Community Benefits

Principle 5 - Support Creation and Delivery of Work Based Learning Opportunities

Principle 6 - Work with Agencies to Support Local People into BioQuarter Employment

ENTERPRISE

Principle 7 - Support Local Enterprise and Spend

COMMUNITY ENGAGEMENT

Principle 8 - Embedding of Community Engagement

HEALTH AND WELLBEING

Principle 9 - Promoting Community Health and Wellbeing

SUPPORTING BUSINESS GROWTH THROUGH COLLABORATION AND INNOVATION

Principle 10 - Supporting and Facilitating Collaboration and Innovation

By applying the principles, BioQuarter will support education initiatives to help develop skills, create sustainable employment for disadvantaged groups and empower local communities.

11.5 Talent

Attracting and retaining people is fundamental to success within all organisations. BioQuarter is no different. It has enormous pull as a health innovation district, as a contributor to the Edinburgh and Scottish economies and, furthermore, as a contributor to solutions to world health challenges.

It is therefore critical that BioQuarter is able to compete with innovation districts globally and thereby attract and retain the best people in a range of fields, including health data, translational medicine, health research and medical technologies. This necessitates the development of a vibrant, 24/7 environment with a range of retail and leisure facilities, as

well as state-of-the-art research and healthcare facilities.

It is also crucial that the environment at BioQuarter is able to support and nurture the researchers, scientists, nurses and doctors of tomorrow in the form of University of Edinburgh medical students and, therefore, is a welcoming environment with access to quality amenities and leisure facilities, as well as attractive landscaping and well-connected transport links to Edinburgh city centre and beyond.



12.0 Why Now

BioQuarter has seen steady development over the past 17 years. However, as evidenced by the recent options appraisal (see section 11.0), to continue on this trajectory, without increasing the pace and scale of development, would see BioQuarter begin to lose out to other sites in terms of innovation, investment and people.

Why is this the time right for BioQuarter? There is a new generation of research being driven by data. The University of Edinburgh's Usher Institute, which has been located at BioQuarter NINE since 2014, is at the heart of this. For BioQuarter, the 'why now' trigger is the decision for the institute to make its expanded home at the heart of the BioQuarter in 2022 in a new, flagship building, worth £68 million capital investment (by the UK and Scottish Governments and the University of Edinburgh). Usher is part of a £1.3 billion Edinburgh and South East Scotland City Region Deal investment to establish Edinburgh as the Data Capital of Europe with the new building will sit at the heart of the Innovation District. The ambition for Usher is to be home to:

- 600 clinicians, researchers, students, data scientists and professional services.
- 50 health and social care experts all in one place.
- 49 new companies.

Furthermore, it is predicted to generate £138 million in research income. This will create a world-leading innovation hub where public, private and third sector organisations can collaborate to enable data-driven advances in the delivery of health and social care. This will bring together approximately 950 individuals in a purpose-built facility which will develop new partnerships between academics, clinicians, healthcare providers and health technology companies. It will be a truly unique facility for entrepreneurs and researchers alike.

The University of Edinburgh has one of the most highly developed health informatics systems in the world and has a long tradition of using linked health service data for research.

Few other places have systems that combine high-quality data, consistency, and national coverage with the ability to link data to allow patient-based analysis and follow-up.



“This is the right time for BioQuarter”

Professor Haslett, Chair of Translational Medicine and Director of The QMRI

13.0 What Makes BioQuarter Unique?

Although there are many centre of excellence sites across the UK, all with ambitions for expansion and aiming to become global leaders, BioQuarter has a unique set of credentials that sets it apart and makes the site attractive to investors, researchers, businesses, innovators, and entrepreneurs. These are available land, access to data, the long-term commitment of four of Scotland's largest organisations and a triple helix model anchored by Edinburgh University (ranked in the world top 20).

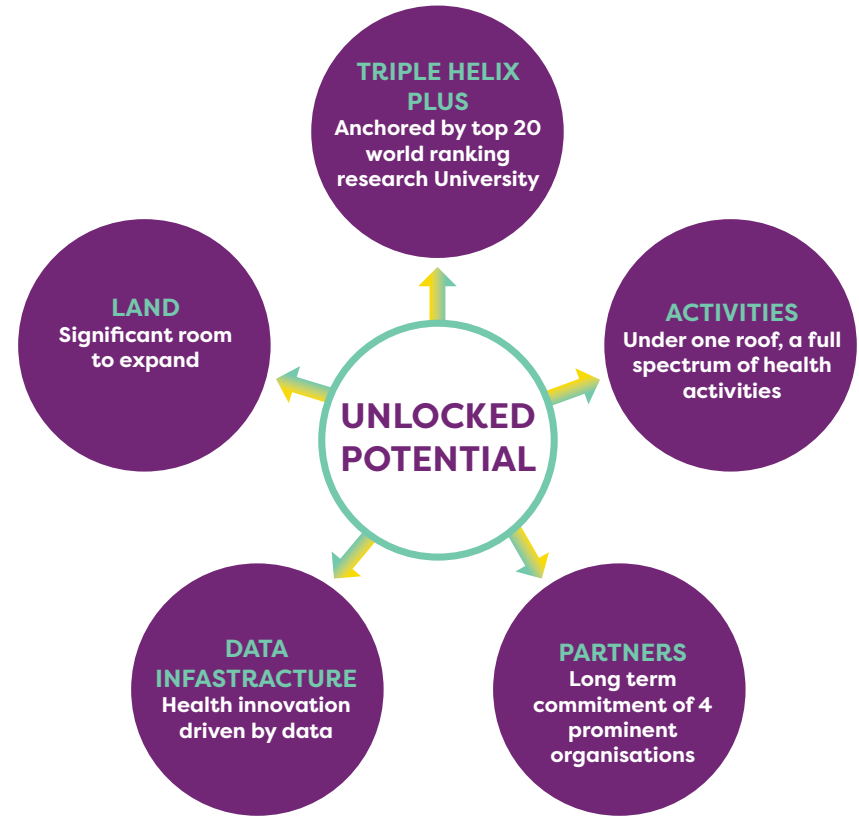
However, it is the co-location of all of these attributes on one site with room to expand that is BioQuarter's ultimate USP. This is key to making BioQuarter attractive to the investor market.

Co-location / Collaboration of Expertise and Facilities

Clinical, research, teaching, imaging, innovation and academic activities, BioQuarter offers all of these specialist activities on one site with substantial opportunities for collaboration both on site and with other local clusters - Easter Bush, the Roslin Innovation Centre and Heriot Watt University - and also offers the ability to leverage connections across Edinburgh's life sciences sector and the wider Scottish life sciences network.

Access to Healthcare Data

Data driven innovation will be a driver in the next generation of research and development. The use of real time health data is at the heart of the wider development of health services, wearable technology and community engagement. With the expansion of the Usher Institute in 2022, and access to broader opportunities offered via the Edinburgh and South East Scotland City Region Deal (which aims to position Edinburgh and South-East Scotland as the "Data Capital" of Europe), BioQuarter will pursue opportunities the use data and analytics to develop new products, processes, organisational methods and markets. Access to Scotland's significant healthcare data assets to support digital transformation and attract and create a new breed of innovative businesses is key to the success of BioQuarter. Businesses and researchers locating at the Health Innovation District will have a unique advantage.



University of Edinburgh Medical School

The University of Edinburgh's School of Medicine is a broad structure with over 2500 undergraduate students, a hub for online postgraduate teaching and four world-leading research institutions. The University has a world-class reputation in Regenerative Medicine and Advanced Therapies, Health Informatics and Data Science, Neuroscience and Translational Medicine. The University has focused its activities in these key areas at BioQuarter where it has levered large-scale investment into new high-profile academic research centres including the MRC Centre for Regenerative Medicine, the Queen's Medical Research Institute and the Anne Rowling Regenerative Neurology Centre, all of which provide significant opportunity for commercial collaboration.

13.1 Continuing Partner Commitment

In addition to the Usher Institute, the BioQuarter partner organisations will continue to invest in academic and clinical infrastructure over the next few years which will see the pool of talent at BioQuarter increase.

Opening soon:

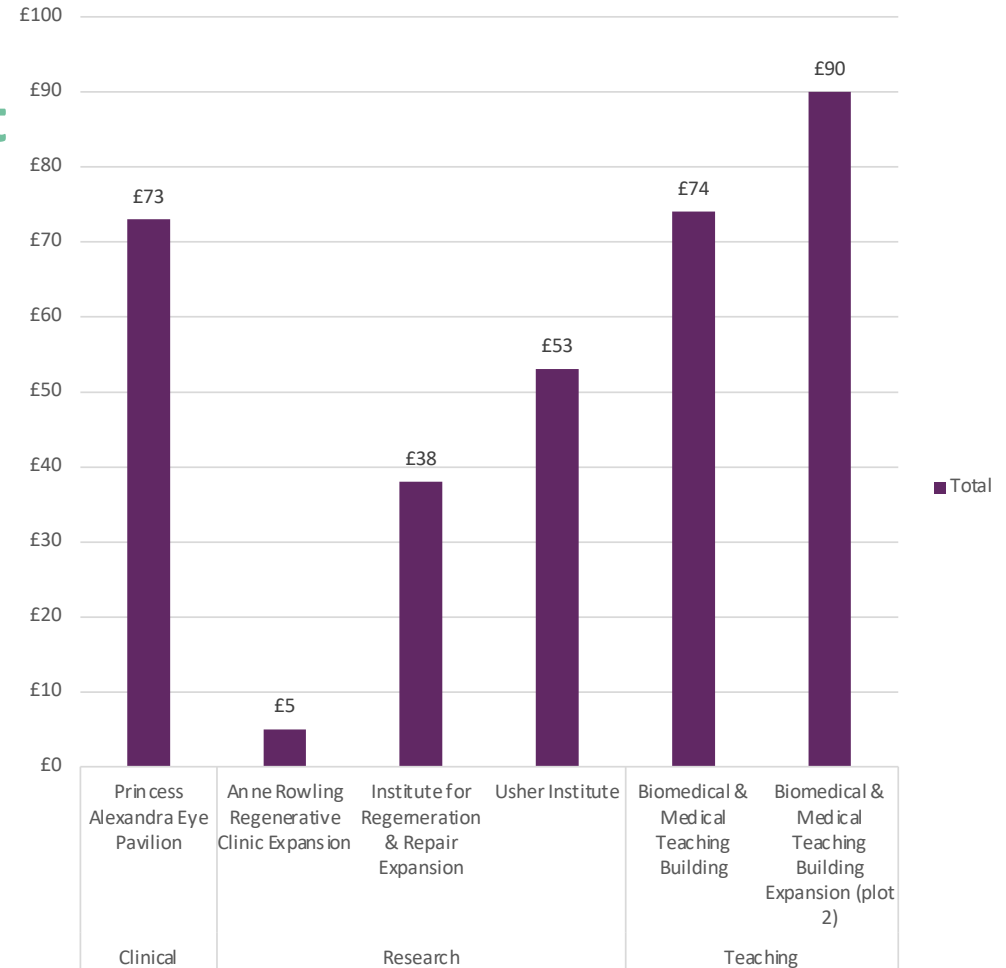
- A new Centre for Tissue Repair; this will house the University of Edinburgh’s Institute for Regeneration and Repair which will relocate to the heart of the BioQuarter, and, together with the existing Centre for Regenerative Medicine, will be home to the world’s largest number of stem cell scientists on a single site.

Pipeline:

- A business case is being considered for a new Centre for Laboratory and Forensic Science within the Innovation District: a joint development housing a variety of complementary services provided by and for the NHS, City Council, University and Crown Office.
- The potential for a new Biomedical and Medical Teaching Building (University of Edinburgh): co-location of all the University’s medical and biomedical teaching (over 2500 undergraduate students).
- The possibility for a new Princess Alexandra Eye Pavilion hospital (NHS Lothian): working closely with industry, the new state-of-the-art facility aims to drive a step-change in eye care processes, remote diagnosis and monitoring.

The proposals outlined above underpin the value of the opportunity and emphasise the importance of acting quickly to ensure that Edinburgh and Scotland exploit its potential to the full and do not lose out to other sites that are currently being developed.

BioQuarter Partners Potential Pipeline



14.0 Strategic Fit

As with all multi-headed partnerships, demonstrating to each organisation that the development of BioQuarter meets their own strategic priorities is crucial.

Organisation and Strategy	BioQuarter Contribution
Scottish Government – Economic Strategy <ul style="list-style-type: none"> Innovation Inclusive Growth Investment Internationalisation <p>Fair work, the climate crisis and productivity growth have emerged within the last year as being notable priorities. The SG Advisory Group on Economic Recovery (COVID-19) reported on 22 June 2020</p>	<ul style="list-style-type: none"> Supports Innovation in businesses Builds on established links and historic investment between RIE, NHS, University of Edinburgh and BioQuarter (significant leverage) Significant potential contribution to productivity growth through the creation and attraction of high value businesses Creates high value jobs Stimulates internationalisation Health and Life Science firms more likely to export from formation of typical start-ups Health and Life Science firms attract investment Opportunity to link Health specialisms at Edinburgh BioQuarter with Data expertise elsewhere in Edinburgh Opportunity for COVID-19 response Possible opportunity for resilience enhancement
Scottish Government – Scotland Well-being <p>Uses the 17 UN Sustainable Development Goals to focus on creating a more successful country with opportunities for all of Scotland to flourish through increased wellbeing, and sustainable and inclusive economic growth.</p>	<ul style="list-style-type: none"> Edinburgh Health Innovation District will be inclusive, bridging the gap between BioQuarter and surrounding communities. The Innovation District will facilitate the development of new health solutions that are likely to disproportionately benefit deprived communities as these tend to exhibit poorer health indices. The Innovation District will provide opportunities for good jobs for those in surrounding communities.
Edinburgh and S.E. Scotland City Region Deal <ul style="list-style-type: none"> Research, Development and Innovation Integrated Regional Employability and Skills Transport Culture Housing 	<ul style="list-style-type: none"> Supports Innovation in businesses Strengthens triple helix engagements Develops established health ecosystem at BioQuarter Introduces dedicated skills enhancement and employability initiatives for local people Strengthens links to schools Makes a major contribution to Edinburgh's housing provision Supports sustainable community development in neighbouring areas

Organisation and Strategy	BIOQUARTER Contribution
Scottish Enterprise (Strategic Plan) <ul style="list-style-type: none"> Attract, create and protect quality jobs and talent that will support well-being across Scotland Drive research and innovation investment in businesses and sectors Stimulate capital investment in local, regional and national economies Give more businesses across Scotland the best chance to fill their potential Grow export value and the number of exporters. Respond to current demand for Life Sciences space in Scotland 	<ul style="list-style-type: none"> Creates high value jobs Attracts investment to Edinburgh that is additional at the Scotland and UK levels Stimulates R&D expenditure by firms Supports the growth of added-value health services Stimulate capital investment Leverages investment from public partners Potential to contribute to export performance Health and Life Science firms tend to export more facilitate resilience against future COVID-19 type events through its unique applied research focus Lead to new health-data research collaborations and consequent product/service development Lead to enhancements in health service provision and personal well-being Attract talent Transition to low carbon economy also now an important driver for SE
University of Edinburgh <ul style="list-style-type: none"> People Research Assistance to take ideas forward /spin out Office and Lab Space Financial support Teaching and learning Social and Civic Responsibility 	<ul style="list-style-type: none"> Creates unique opportunities for significant skills enhancement and career development Link between Edinburgh BioQuarter -RIE-University, supported by partners, creates a globally recognised centre of applied research excellence in Health Facilities' access overcomes cost barriers for health and life science businesses spinning out and starting up Opportunity to link University's Health and Data expertise - valuable for e-Health research. Creates a dynamic new community Opportunities to link to City deal key workstream, of digital driven innovation via Usher Institute etc.
NHS Lothian (Strategic plan 2014-2024) <ul style="list-style-type: none"> Prioritise prevention, reduce inequalities and promote longer healthier lives for all Put in place robust systems to deliver the best model of integrated care for our population Ensure that care is evidence-based, incorporates best practice, fosters innovation and achieves safe, seamless and sustainable care pathways for patients Design our healthcare systems to reliably and efficiently deliver the right care at the right time in the most appropriate setting 	<p>The project will bring together specialist clinical care provision of the RIE with research expertise and laboratory facilities currently the BioQuarter.</p> <p>Will create a more dynamic innovation ecosystem by joining firms, health researchers and research expertise in complimentary areas (e.g. data) such that all of the healthcare resources operate together to produce new, innovative and societally relevant treatments.</p> <p>The Innovation District also offers a potential to engage local communities with specific health challenges in the development of new digital health services that incorporate the current health expertise of the BioQuarter with that of Edinburgh's data and software specialisms.</p>

15.0 Project Positioning

As with all regeneration projects that are creating something new, seeking investment and attracting, creating, growing and retaining new and existing companies is fundamental. To achieve this, the public and private positioning of the project are essential.

Moving forward, the reach of the Edinburgh Health Innovation District's activities will be much broader than the previous Life Sciences activities. The importance of data-led innovation and access to data is clear from the work of the Innovation Strategy Working Group and needs to be clear in the project positioning and marketing. Emphasis on health tech, digital health, specialist small scale manufacturing, wearables and advanced testing are also important. However, the Life Sciences industry profile in Scotland remains extremely strong as it amounts to nearly a quarter of Scotland's BERD (Business Enterprise Research & Development) and remains an important platform for BioQuarter.

The following apply to the Scottish Life Sciences sector:

- One of the largest life sciences clusters in Europe, Scotland is home to a range of multinationals and small and medium enterprises (SMEs) with a strong track record of creating and growing start-ups
- Outside of the "Golden Triangle" (East, South East and London), Scotland generated more start-ups than any other region in the UK between 2012 and 2016.
- A thriving entrepreneurial culture in its universities sees Scotland placed as the second most successful region in the UK for creating spin-outs

Scottish life sciences statistics (February 2020)

- 771 organisations - 675 companies and 96 educational/research institutions (2016)
- 39,900 employment - 1.5% of Scotland's total employment (2016)
- £2.4 billion GVA - 1.8% of Scotland's GVA (2016)
- £1.3 billion exports - 3.9% of Scotland's total international exports (2017)
- £293m R&D - 23.5% of Scotland's BERD (2017)



16.0 Strategic Options Appraisal

During 2019, the BioQuarter Strategy Board discussed possible options for achieving its vision and maximising the impact of its Value Proposition. Please note that a formal options appraisal was not undertaken but the discussions captured at the Board meeting were detailed in the Strategic Business Case.

In the lead-up to the Outline Business Case, further discussions have been captured formally in the adjacent tables. Five principal options were considered:

- Do Nothing
- Do Minimum
- Partners Deliver the vision themselves
- Engage a private partner to form a partnership with the existing BioQuarter Partners to deliver the vision
- Sell site commercially

It can be seen that Option 4, Engage a Private Partner, is deemed to be the principal option to pursue. The Do Minimum option could also be pursued but its impact would be sub-optimal as it will not deliver the core of the vision.

- Four key criteria have been used to assess the options:
 - Contribution to vision – This criterion considers each of the options and their likelihood of delivering the project’s vision
 - Deliverability and risk – these relate both to the likely challenges around delivering a complex project and the risks associated with it failing to meet its targets and achieve its vision
 - Financial sustainability and VFM – these relate to how financially sustainable the project is likely to be once any investment from the public sector is made and whether that investment is a good use of public sector funding
 - Acceptability to stakeholders – this is a Pass/Fail criterion. If any of the stakeholders/partners find an option unacceptable, it would be automatically excluded

	1. Do Nothing	2. Do Minimum	3. Partners deliver	4. Engage Private Partner	5. Sell Site Commercially
Contribution to vision	None	None/Low	Very High	Very High	None
Deliverability and Risk	None	Low	Medium/High	Medium/High	Low
Financial Sustainability and VFM	High	High	High	High	Low
Acceptability to Stakeholders (Fail	Pass	Fail	Pass	Fail

Options	Description	Pros	Cons
1. Do Nothing	Stop current development	Risk, cost, investment free	Misses opportunity
2. Do Minimum	Continue current BIOQUARTER projects, then stop	Low risk, low cost	Misses opportunity
3. Partners Deliver	Partners fund and deliver the project to develop the site	Under control of the partners	Partners do not have the funds or the people resources available to implement the project
4. Engage Private Sector	Partners procure a private partner to deliver the full vision where the Partners lead on attracting the investment	BioQuarter Partners lead on their strengths Private partner expertise and experience in delivery of physical project and long- term operator	Higher risk (financial, construction etc) Active management input required for the Private Partner Procurement resource from partners required
5. Sell site	Site is sold for development	Low risk, low cost	Misses opportunity

17.0 Community Consultation

During summer 2020, a 'virtual' public consultation took place to seek feedback on our development plans as well as to help inform the BioQuarter community and local communities of our proposals. Over the period there were 2,122 unique views (typically these represent one person or household) of the consultation web page. Overall the feedback was positive.

18 public responses were submitted directly via the website to the consultation and an email response was submitted by Danderhall and District Community Council together with Millerhill Residents Group. A feedback form response was also submitted by Gilmerton and Inch Community Councils directly via the website. A full copy of the outputs is available upon request.

In summary, the feedback provided by Danderhall & District Community Council and Millerhill Residents Group indicates that the development of BioQuarter is supported in general, however the proposed housing provision raises some concerns regarding transport. Concerns have also been raised regarding potential visual amenity impacts and the impacts on nature, habitats, and wildlife.

Gilmerton and Inch Community Council is less supportive of housing at BioQuarter than the other mix of uses proposed, due to potential impacts on local services and the transport network. However, high density housing is preferred to low density. The Community Council supports improved transport connections to and from the site, including active travel and public transport; it also wished the principle of sustainability to be central to the development. The Community Council has also requested to be kept informed about emerging proposals and hope agreed plans can be relied upon.



MANAGEMENT CASE

This section of the Outline Business Case presents the management case. Its purpose is to:

Short term:

- Confirm the legal and management arrangements for EBQ3 Ltd
- Summarise the procurement strategy
- Outline the resource required for the procurement strategy

Long term:

- Outline the updated legal structure
- Outline the arrangements for land drawdown
- Note the ongoing work on State Aid and Sector Classification

22.0 Today's Governance and Management

The BioQuarter Strategy Board has held strategic ownership/stewardship of the overall BioQuarter partnership and programme since the Collaboration Agreement in 2017. The board meets every eight weeks, to provide high level advice and support. It is currently chaired by Paul Lawrence (Director of Place, City of Edinburgh Council).

A series of working groups have been established to assist with the workstreams for procurement. These are not fixed and will have to be flexible to support priorities.

In the short term a similar structure will continue with the addition of EBQ3 Ltd board were all procurement discussions will take place – see later section.

The long term structure will be determined during dialogue as it will depend on the bidders approach and business models. It assumed that the BioQuarter Strategy Board at this time will be disbanded and replaced with the Strategic Joint Venture Board.

Final structure will be included in the Final Business Case developed at the end of the procurement.

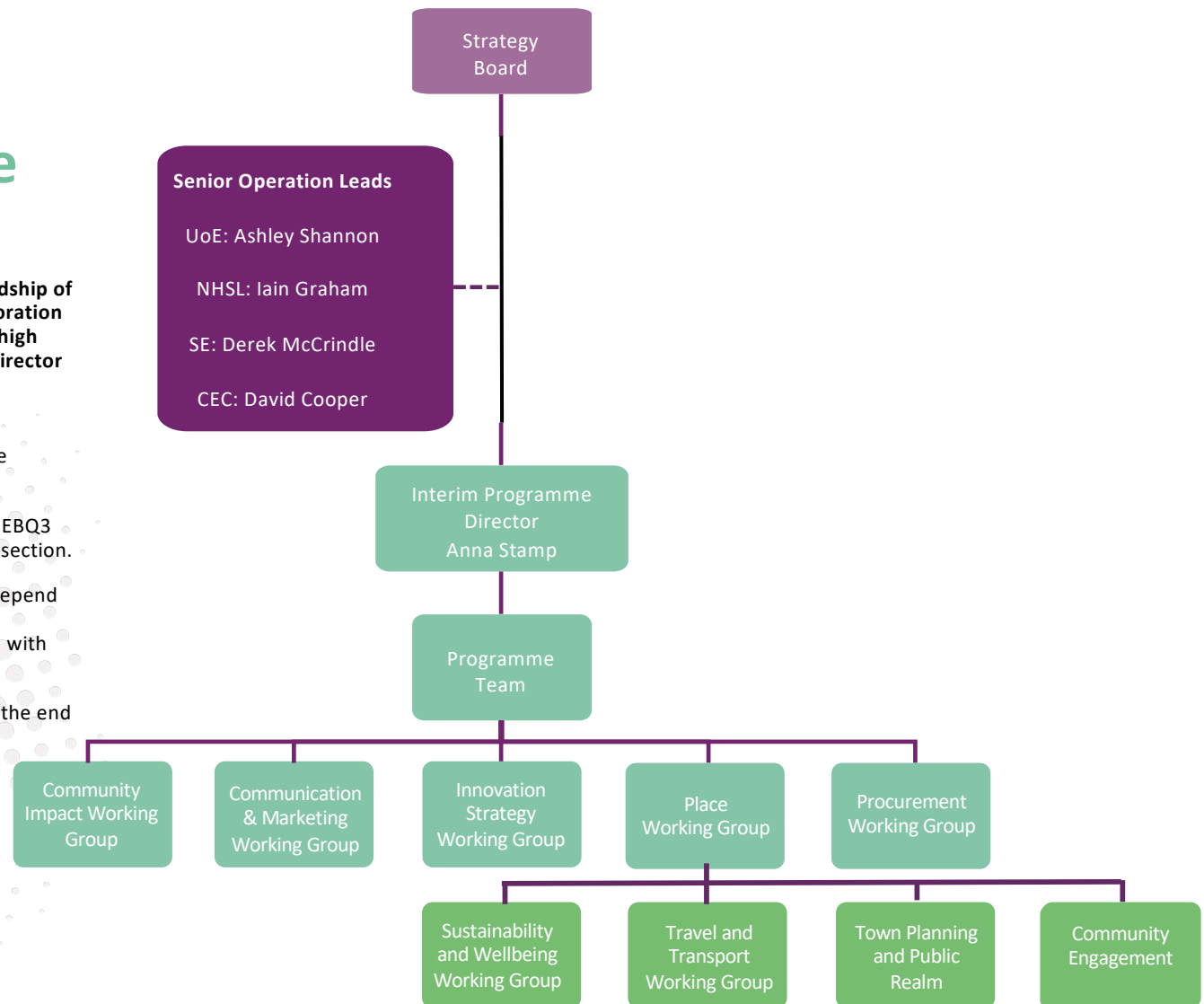


Diagram shows Aug 21 governance & management structure

23.0 Critical Path for next two years

During 2021 and 2022, a compliant procurement exercise will take place to procure a fifth partner and form Strategic Joint Venture. During this time, the management and legal structures of the BioQuarter will evolve into their final state as part of the public procurement process's competitive dialogue process. The adjacent diagram outlines the various steps that are required.

STEP 1 – form EBQ3 Ltd

STEP 2 – undertake procurement exercise (see section 5.0)

STEP 3 – endorse preferred bidder and form Strategic Joint Venture (see section 7.0)

STEP 4 – development can start

STEP 5 – draw down land as phased development plans agreed

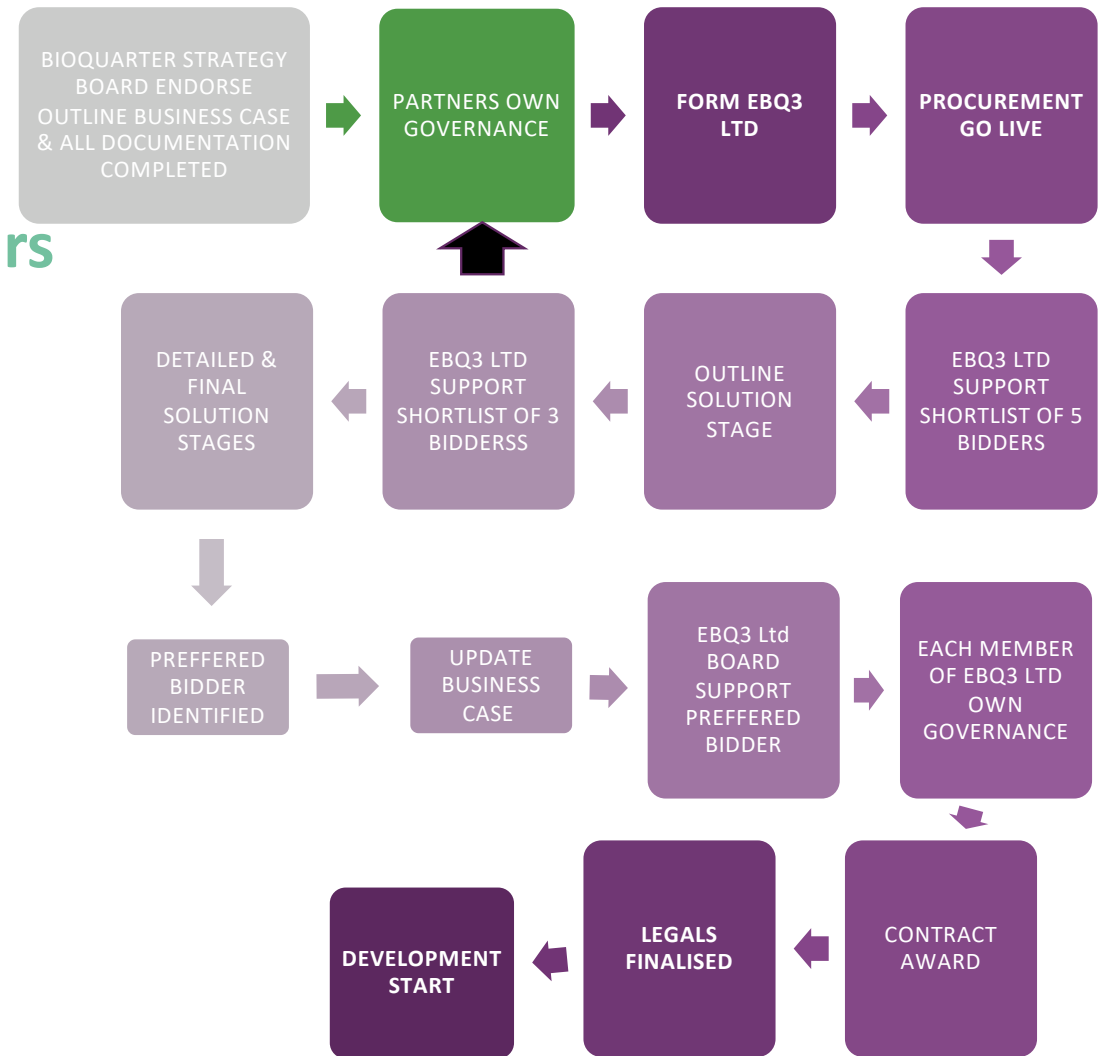


Diagram shows critical path steps over the next 2 years

24.0 Primary Purpose and Wider Purpose

As with all legal partnership agreements, the legal definition of both the objective itself and also the boundary upon which the objective is based are critical for decision making, governance and control.

Two terms are used in the Outline Business Case - Management Case for this purpose:

- **Primary Purpose** – this is a legal term which refers to the strategic purpose of the BioQuarter Partners in relation to the Primary Purpose Area (see boundary plan 3.1). The intention is to develop this area for the benefit of all stakeholders as a whole by enabling the development in accordance with the Control Documentation as scheduled in the Outline Business Case Introduction Section 2.1.
- **Wider Purpose** - a second layer has been established, named the Wider Purpose. This refers to the strategic objective of the BioQuarter Partners for the Wider Purpose Area (see boundary plan 3.1). The Wider Purpose has been established as NHS Lothian is unable to have obligations set on its land, so cannot be bound by the Primary Purpose, but it is essential that the overall vision speaks to the full BioQuarter site, including the NHS Lothian land.

Both will be used for decision making. Collaboration Agreement 2.0 will include the concept of a Wider Purpose and Primary Purpose for BioQuarter. These will act as an agreed standard against which future decisions relating to BioQuarter generally can be tested.

The boundary for each area is different and can be seen in the boundary plan 3.1.

- The boundary of the primary and wider purpose areas are key, because of the diversity of the partners. The Primary Purpose shall apply in respect of the Primary Purpose Area and the Wider Purpose in respect of the Wider Purpose Area.

If a decision does not appear to all of the non-conflicted parties to the Collaboration Agreement 2.0 to be in line with the Primary Purpose, it will be capable of being challenged by them on that ground. That will then initiate an escalation process aimed at delivering a consensus, with the possibility of an independent third party being asked to opine on whether or not a decision is in line with the Primary Purpose. (A simple "yes" or "no" question, rather than asking for a commercial judgement to be made).

Primary Purpose

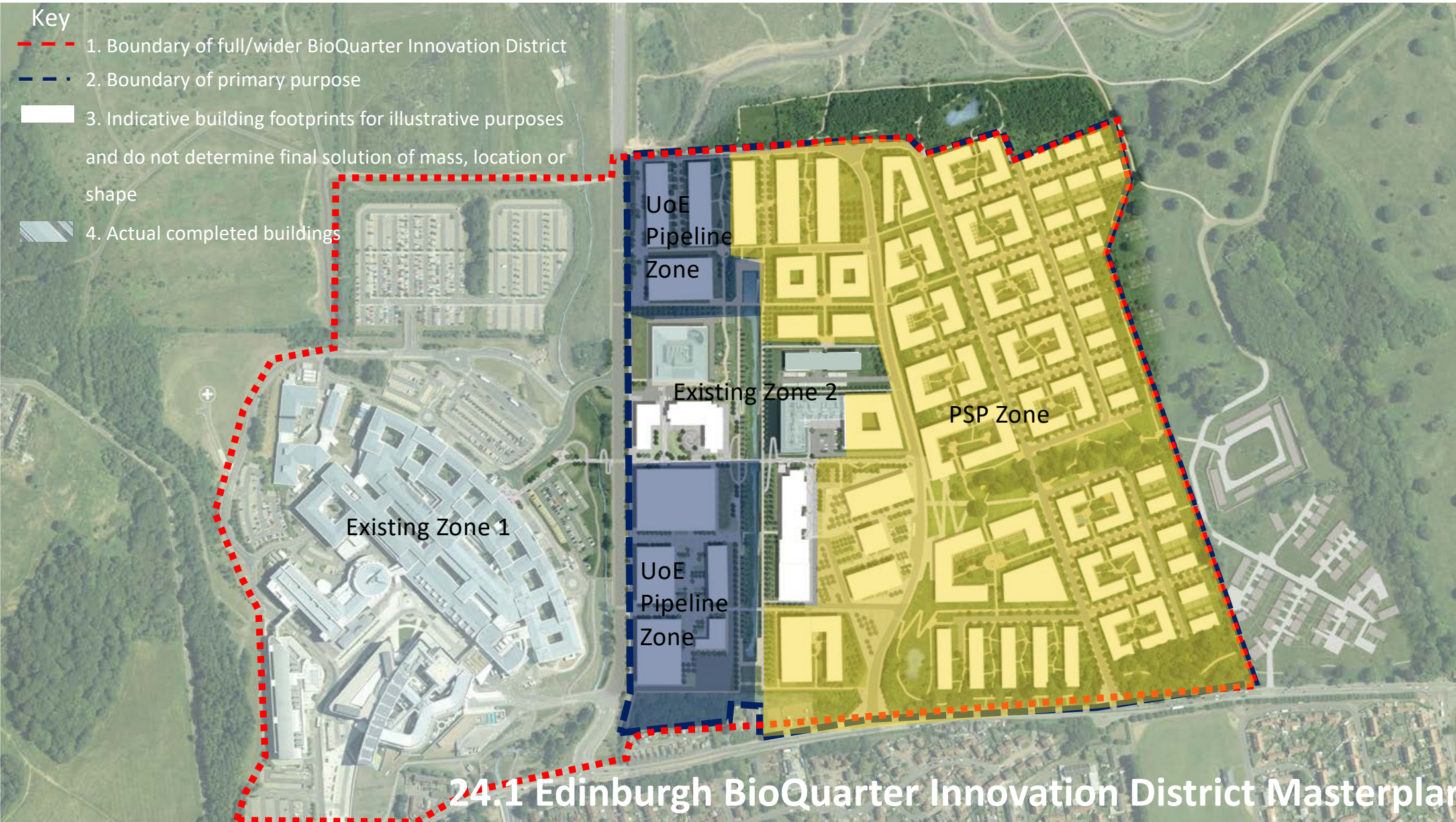
This will be used to make decisions on the basis that an activity or use of a building/space does or does not comply with the Primary Purpose and can therefore go forward. As recommended by Pinsent Masons, legal advisers, a Primary Purpose can't be too wide, should be predominantly focused on uses for space rather than activities and should be clearly linked to the overarching principles which have or will be agreed for the whole of the site. For the Primary Purpose this will include the BioQuarter vision (as set out in this Outline Business Case: Strategic Case) and the BioQuarter Place Strategy.

Wider Purpose

This will be used to ensure that the full BioQuarter site complies with the strategic vision and also the various design guidelines that exist e.g. BioQuarter Place Strategy (approval as above) and Signage Strategy (approved previously by all BioQuarter Partners).

Key

- 1. Boundary of full/wider BioQuarter Innovation District
- 2. Boundary of primary purpose
- 3. Indicative building footprints for illustrative purposes and do not determine final solution of mass, location or shape
- 4. Actual completed buildings



24.1 Edinburgh BioQuarter Innovation District Masterplan

24.2 Masterplan Space Determination

A centre of excellence for -

- **Health-related space & activity for:**

- innovation, collaboration, commercialisation/commercial innovation or support, teaching, academic research & technology, clinical trials, healthcare provision, data driven, small scale manufacturing & production, teaching & learning, mortuary services and industrial bio-tech

And create a place where people want to be including:

- **Ancillary space & activity for -**

- Commercial ancillary: sport, leisure, food, coffee, nursery, hotel & retail
- Non-commercial ancillary: primary school, pre-school, community healthcare (GP/dentist), wellbeing public outreach, arts and community skills
- Residential: a variety of residential units including affordable housing

* Note that some decisions still need to go through partner organisations' governance processes.

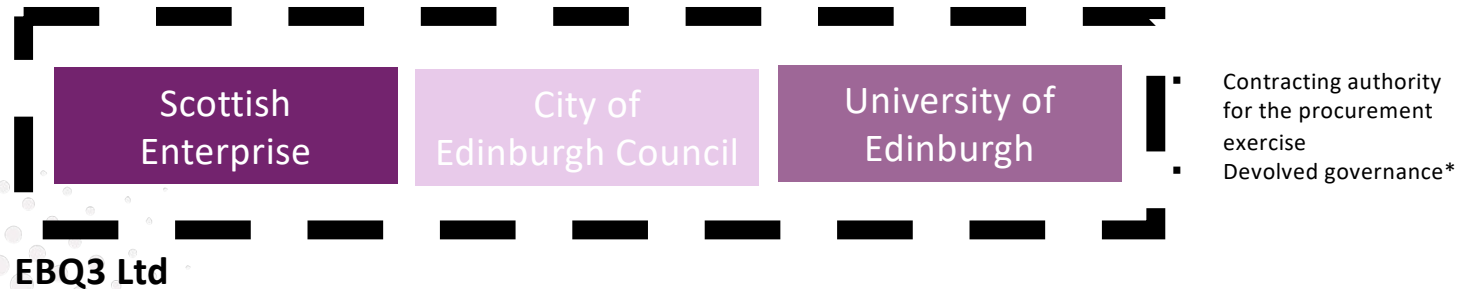
26.0 Implementation Step 1: EBQ3 Ltd

As the first step, it is intended that City of Edinburgh Council, Scottish Enterprise and University of Edinburgh form a new joint venture company limited by shares, named EBQ3 Ltd (prior to public procurement go-live).

The decision to form a joint venture was taken by the BioQuarter Strategy Board in recognition that the existing Collaboration Agreement between the four partners was not fit for purpose to formally engage with the private sector. This is because it does not contain governance provisions which are sufficiently sophisticated for the next stage of the project.

As part of the BioQuarter Strategic Case presented to the Strategy Board in November 2019 and again in January 2020, partners formally supported this approach and the joint venture was named EBQ4 Ltd. However in March 2020, NHS Lothian confirmed that NHS boards are legally prevented from entering into this type of arrangement if they are not predominately healthcare. As a result the name was changed to EBQ3 Ltd.

The detailed parameters for EBQ3 Ltd have been developed by the Partners' legal advisers, Pinsent Masons LLP, in conjunction with the partner organisations and included in the EBQ3 Ltd Shareholders Agreement.



26.1 Principles of EBQ3 Ltd Shareholders' Agreement

The principles to note for EBQ3 Ltd prior to PSP:

- Shell company with only nominal equity (£1 each)
 - Owned by CEC, SE and UoE in equal shares
 - Activities over the next 2 years is predominately overseeing procurement process
 - Contracting authority for the procurement exercise so there is a single entity to deal bidder-facing activities during procurement duration:
 - Projects consistent image and single voice
 - In line with commercial advice from C&W regarding market attractiveness of the opportunity
 - 2 directors appointed by each shareholder to the board
 - Limited decision making as no ability to spend money without agreement by partners organisation
 - All decisions to be taken unanimously - level of delegated authority of the board members on behalf of their organisation to be determined by each organisation
 - Procurement decisions - ahead of any approvals being sought from EBQ3 Ltd, partners own procurement directors will review associated documentation at key gateway stages
 - Small annual budget required for accounts, audit etc.
- Any procurement challenge, liability will sit with EBQ3 Ltd and any other named contracting authorities
 - Meetings to be kept to a minimum, with a purpose of Programme Team reporting on procurement exercise

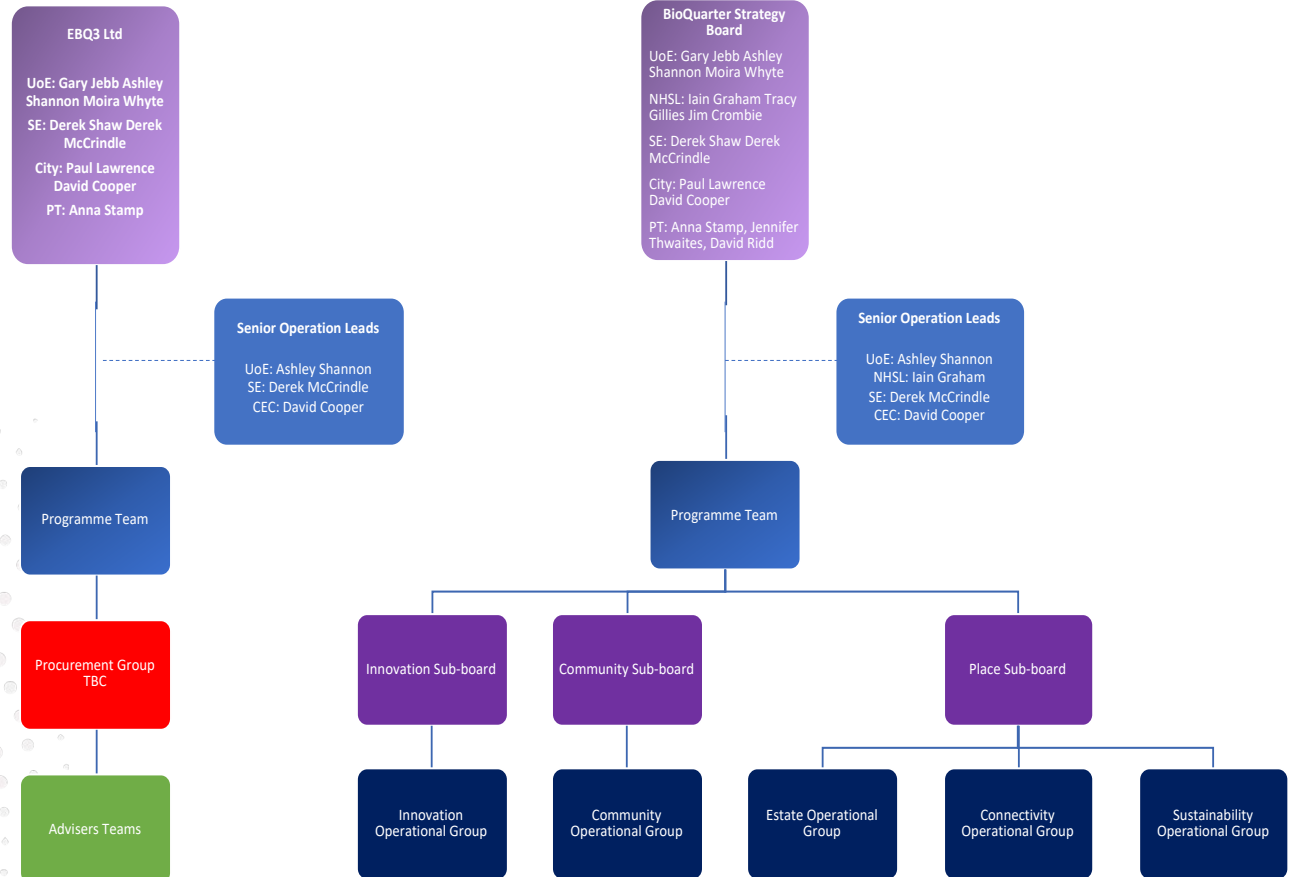
26.2 Cont.

The principles to note for EBQ3 once the PSP is in situ:

- Will continue in the same form as previous slide
- Has no end date unless specified termination event arises
- Long term its purpose is to act as the “guardian” of the “Primary Purpose” in respect of the Primary Purpose Area (e.g., all land south of Little France Drive) on behalf of the BioQuarter strategic joint venture
- EBQ3 Ltd is a constant party to any objection
- Whether to object or not is a decision for non-conflicted partners and it will be EBQ3 Ltd.'s job to raise and manage any objection process (effectively the non-conflicted EBQ3 Ltd Directors will do it).
- Deciding whether to object or not will be governed by the BioQuarter Strategic JV Agreement.
- A simple “yes/no” question asked of an expert
- Not substituting expert’s judgement for commercial judgements of the parties
- In practice that means an objection can be raised if:
 - PSP/SE/CEC object to a proposal by UoE to develop the UoE land; or
 - CEC/UoE object to a proposal by SE and/or the PSP to develop the JV Land Zones
- If they think such proposal is not in accordance with the primary Purpose, the detail of which is set out in the BioQuarter Strategic JV.
- Each organisation can also object on their own.

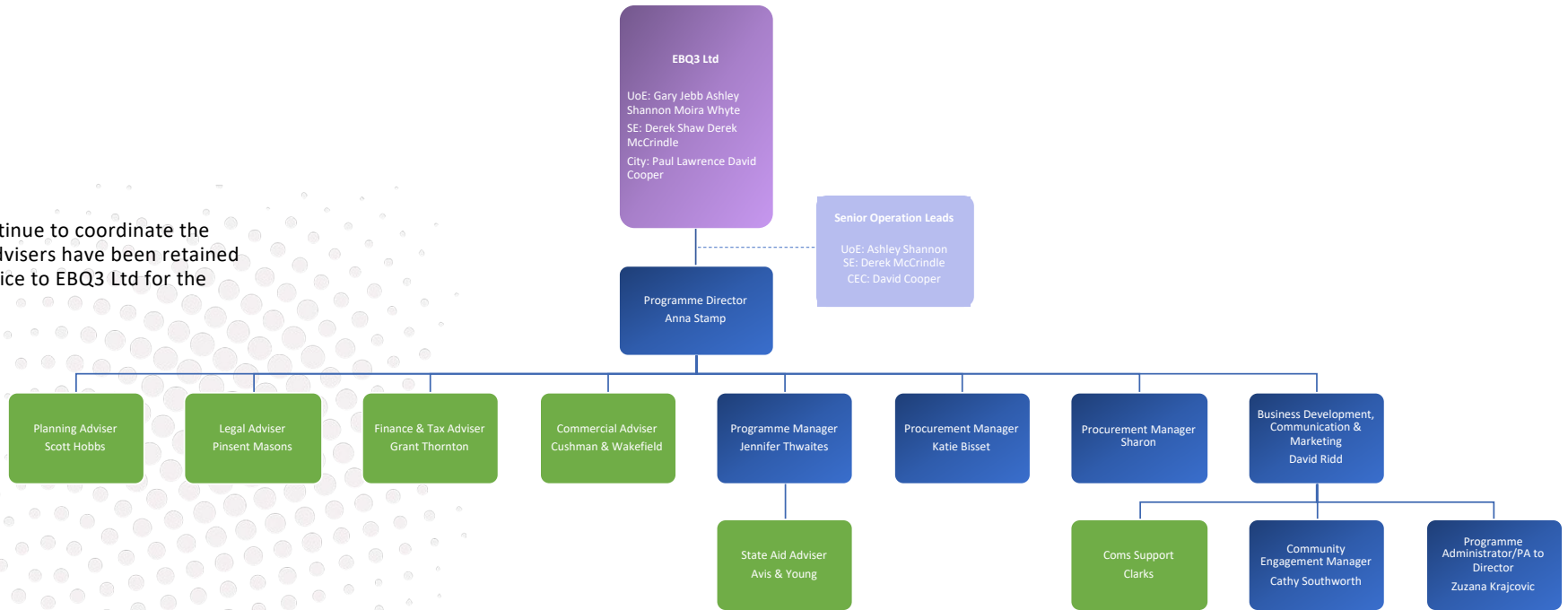
27.4 Short Term Management Structure for EBQ3 Ltd and Strategy Board during procurement

In the short term, governance will remain largely as currently, with a EBQ3 Ltd Board being formed for the procurement to report to and the BioQuarter Strategic Joint Venture board replacing the existing BioQuarter Strategy Board. Although board membership have not been agreed; however it is essential that this continues with similar strategic senior involvement and input to the current BioQuarter Strategy Board. Some matters will require the BioQuarter Partners' own governance approval e.g. changes in resource and final approval of preferred bidder.



Cont

The Programme Team will continue to coordinate the procurement exercise and 4 advisers have been retained to ensure special technical advice to EBQ3 Ltd for the procurement exercise.



33.0 Risk Management

A project risk register has been developed and is being maintained with input from all partners and advisers. This risk register is currently focused on the procurement exercise. The top risks identified at this stage in the project are listed below. The detailed project risk register can be accessed on request and will continue to be updated. A longer-term project risk register will be developed in due course.

Only those risks with a current risk rating of "High" have been included.

1. **Procurement** - The public procurement exercise is not aligned with the investor market and the procurement exercise is too onerous for the market to take on board at this time. Impact of this is low numbers or bidders dropping out. Mitigation is through ongoing review by Commercial Advisers with the procurement strategy and conflict between public procurement process and commercially aligned process being escalated to the Strategy Board.
2. **Funding** - Inability to secure third party funding to the necessary timeline. Impact of this is delay to the 2nd procurement stage or market failure. Mitigation is to commence discussions with Scottish Government.
3. **Recession** - Economic recession and changing market conditions due to Covid 19. Impact of this is no bidders. Mitigation is to keep monitoring the market.
4. **BioQuarter strategic joint venture** - legal arrangements for BioQuarter strategic joint venture become so overcomplicated that it puts off the market. Impact of this is low numbers of bidders or they drop out mid process. Mitigation is to keep it as simple as possible.
5. **EBQ3** - Partners are unable to reach agreement on the terms of the EBQ3 collaboration agreement. Impact of this is delay to procurement go-live. Mitigation is access to Strategy Board membership for escalation.

ECONOMIC CASE

This section of the Outline Business Case presents the Economic Case. Its purpose is to set out:

- The potential high-level economic impacts associated with the proposed development

36.0 Background

In October 2020, streets-uk and Stantec completed an economic and social impact assessment of the proposed Edinburgh BioQuarter development. The assessment was informed by an extensive consultation exercise completed in June and July 2020. It comprised:

- **a high-level economic impact assessment of the proposed BioQuarter development which sets out the anticipated number of jobs, GVA and the range and significance of qualitative benefits; and**
- **a set of proposed social and community impact principles that the BioQuarter Partners and successful private sector development partner may wish to adopt in the BioQuarter development.**

The full report can be seen at Appendix B.

For cross-referencing purposes, the term Phase 1 has been used in the report by the consultants. This Phase 1 includes the BioQuarter Partners' pipeline projects and the private sector partner development Zones 1A, and 2A; Phase 2 includes the private sector development zones 1B and 2B.

BioQuarter has the potential to deliver economic and social benefits at national, city region and local community levels in: health innovation; healthcare and well-being; research development, innovation and commercialisation; internationalisation; employment; and education.

In addition, the proposals align with the Scottish Government's Economic Strategy and National Performance Framework, delivering a greener, fairer and more equal society. Of specific current relevance is the role the development can play in supporting the Scottish Government's Economic Recovery Implementation Plan, launched in August 2020, which outlines the route towards a jobs-focussed and socially just economic recovery in the aftermath of COVID.

The BioQuarter proposals will also play a significant role in delivering on City Region strategic ambitions, playing a key role in the Edinburgh and South East Scotland (ESES) City Region Deal, as well as on a locality level, meeting many of the local economic and well-being aspirations of both the North East and South East Edinburgh Locality Improvement Plans.

The regenerative ambitions of BioQuarter also align with the strategic ambitions of the four partners, all of which have been brought into even sharper focus by the economic and social implications of the COVID pandemic.

37.0 Residential Community Numbers

On completion of Phase 1, the site will support a community of c. 1,200 residents, rising to c. 4,700 residents by completion of the full development.



**A sustainable mixed-use
community of c. 1,200 residents on
completion of Phase 1**



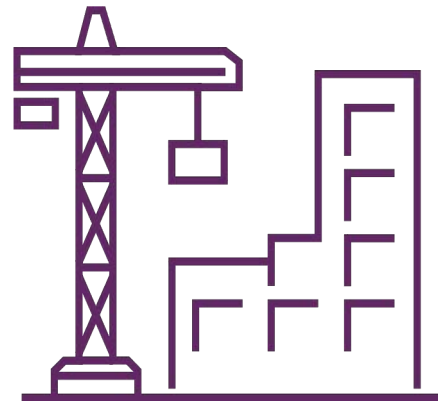
**A mix of commercial, research, health,
retail, leisure and hospitality
development on completion, with a
community of c. 4700 residents by the
end of phase 2**

38.0 Construction Impacts

By the end of phase 2, BioQuarter is expected to receive close to £550 million (discounted) of capital investment, supporting 4,310 gross PYE job years in construction, and contributing £270 million to Scottish gross cumulative discounted construction impact to Scottish GVA.



**£550m investment
supporting
4,310 construction jobs**



**Generating £270m in
cumulative construction
sector GVA**

39.0 Operational Impacts

By the time phase 2 is fully occupied, it is expected to employ 20,850 people, 12,970 of whom will be additional to the Scottish labour force. It is also expected to contribute £510 million (net, undiscounted) to Scottish GVA annually.



**Health innovation district
employing 20,850 people**



**A national economic driver, generating £510
million (net, undiscounted) in gross value
added every year**



END