

City Deal and Growth Deal Programme Board

Business Case Approval Form

1. Project title and proposing organisation(s)

Redhill Business Park

Promoted by Staffordshire County Council.

2. Decision date

31st October 2016.

3. Decision summary: Recommendation etc.

On the assumption that sufficient funding is available, that the City Deal and Growth Deal Programme Board recommends:

- Spending of up to circa £990,000 to settle the final construction account and the additional electric supply on the Redhill Business Park project to mitigate against slippage of spending from the Growth Deal 1 and Growth Deal 2 programmes*
- Funding will be switched from the Stafford Western Access Growth Deal 1 allocation*

4. Is the decision exempt from being publically reported by the LEP (if so please specify the reasons why)

No

5. Options appraisal

Redhill Business Park is a 41 acre (net developable) high quality business park located to the north of Stafford. The site has been successfully brought forward by Staffordshire County Council, from inception, through planning and delivery to a position where 7 fully serviced development plots have been made available for businesses to move into.

At the time of writing construction is virtually complete on plot 7 (for the relocation of General Electric) and is underway at plots 3 and 5 (for a further development for General Electric).

Construction is also underway at plots 4 and 6 (for the speculative development of the "Triton" employment development on behalf of Trebor/Rockspring developments) and planning permission has been granted for a development at plot 2.

The site preparation and servicing of Redhill Business Park was largely completed during 2014, and as outlined above, construction of units for end users is now underway. As is common practice with any such project, the final payable accounts have been withheld from the construction contractor until the client is fully satisfied with the work undertaken.

In this case, Staffordshire County Council is now satisfied that the final construction account can now be settled along with the payment for the additional electric supply, and it is proposed that slipped funding from the Growth Deal 1 and 2 programme is used to make these payments. This amount will then be duly repaid from Staffordshire County Council's regeneration capital programme.

5.1. Strategic case

The Redhill Business Park site has already proven to be one of the most successful employment sites in the SSLEP area, and is being developed out at pace as described above.

Redhill is identified as one of the major employment sites in Staffordshire in the SSLEP Strategic Plan and directly contributes to the following SSLEP priorities:

1) Connected County – Redhill Business Park addresses market demand for high quality employment sites around the M6 and A34 corridors, contributing to the portfolio of high quality investment ready sites in the area. The SEP priority for competitive connectivity prioritises the bringing forward of strategic employment sites underpinned by strong supporting transport and supporting infrastructure to drive business growth. The strategic location of the site close to junction 14 of the M6 and adjacent to the A34 provides ideal opportunities for a sustainable transport solution.

2) Sector Growth – Unlocking the site will create the conditions for, and promote enterprise led expansion in large and small businesses across our priority sectors. The M6 and A34 corridor has built a recent reputation as an area of high growth and strong market interest in high value manufacturing and engineering and its connected supply chains. In particular, the area is becoming increasingly attractive to the automotive, aerospace and high technology sectors. The corridor is also superbly located to attract logistics and distribution developments.

5.2. Economic case

*The fully developed site could create around **2000 jobs** when fully built out which are likely to be split between B2 (general industrial) and B8 (distribution and warehousing) uses.*

To date 1115 jobs have been secured through the relocation of Alstom to plots 3 and 5 and plot 7.

The job creation of the Triton unit currently under construction is likely to depend on the end use of the site, but given the size of the building it would be likely to accommodate 125 jobs if used for B8 (distribution and warehousing uses) or up to 280 jobs if used for B2 (general industrial use)

*The estimated GVA benefits from the site will be quantified following greater certainty around the end users on site, however given the known development on site the total GVA generated by employment on site once fully developed out could at a minimum be in the order of - **£47,483,000***

B2 uses: (Committed General Electric schemes)

1115 jobs x 38861 (GVA per employee in manufacturing) = £43,330,015

B8 uses: (Assuming that Triton scheme is released for B8 development)

125 jobs x 33218 (GVA per employee in logistics) = £4,152,250

5.3. Commercial case

The County Council has a full professional team to deliver major capital projects, including significant strength and depth in town planning, surveying, civil engineering and all the building professional disciplines. The Council also has strategic partnerships with Amey to deliver civil engineering projects and with Kier to deliver building projects. This ensures early contractor involvement in all projects and significantly reduces procurement and contract delays. This team is supported by an experienced team of project managers, lawyers, finance and procurement specialists.

The County Council has significant skills and experience in managing the finances of large capital projects. The Council has a clear understanding of the costs and timescales involved in bringing forward capital projects and in selling employment land. Within the County Council's team, we have experienced civil engineering quantity surveyors and development surveyors. Our legal and financial teams also have considerable experience in supporting our capital programme.

In the case of Redhill Business Park, the project has been successfully delivered in partnership with Balfour Beatty through the Midlands Highways Alliance framework contract.

5.4. Financial case

Total Project Cost		
Total cost of the project?	£10.7 million	<i>This is the final out turn cost of the project</i>
Funding Requirements and Leverage / Match Funding		
total funding requirement being requested	£990,000	<i>This is the final payment to the contractor along with the payment for the additional electricity supply</i>
Match funding	£9.71m (SCC)	<i>Staffordshire County Council has already invested through its Capital Programme</i>

5.5. Management case

The Senior Responsible Owner is Steve Burrows, Commissioner for Business and Enterprise at Staffordshire County Council.

The project has been managed in accordance with PRINCE 2 principles and reported on a regular basis through Staffordshire County Council's Economic Growth Programme and Senior Leadership Team mechanisms.

The risk management strategy was aligned to the PRINCE2 TM project management methodology and Staffordshire County Council's Corporate Risk Management Policy.

The project forms part of Staffordshire County Council's Economic Growth Programme which considers and allocates relevant resources to drive economic growth in the county.

As part of the infrastructure + partnership arrangement with Amey, Staffordshire County Council has unrivalled access to engineering project management and delivery resources.

Risks are constantly reviewed throughout the life of the project and revised as necessary. The Project Manager maintains the high level Risk Register and is responsible for ensuring that programme and project risks are identified, assessed and controlled throughout the lifetime of the project.

Where appropriate, risks are costed in order that a comprehensive record of potential project costs is maintained and managed. Risks are reviewed at contract award stage through a risk workshop and a shared risk register produced to allocate ownership and determine the value of the residual risks to be included within the Target Cost.

5.6. Resource and VFM analysis

Cost/Benefit Analysis

Taking the overall estimated costs of the project and anticipated Gross Value Added benefits into account, the project Benefit to Cost Ratio is:

*£47.48 million (total GVA benefit minimum) / £10.7 million (project cost) = **BCR of 4.4***

*In addition, the project is expected to generate approximately **£47 of Gross Value Added Benefits for every £1 of Growth Deal funding** requested.*

Scheme Funding

The scheme has been funded through the Staffordshire County Council regeneration capital programme.

The capital outlay of the scheme will be recouped from the receipts of land sales and County Council borrowing.

Cost assumptions

As the construction is now completed, there is a higher certainty over the final scheme costs as per the details set out in section 5.4 above.

Infrastructure

The project has delivered the following outputs:

- *41 acre (net) developable mixed use business park*
- *Fully serviced development plateaux able to readily accept business development*
- *Up to 650,000 sq ft of employment floorspace*
- *Traffic light controlled junction providing direct access to the A34 dual carriageway*

Employment outputs

As set out in section 5.2 above, the fully developed site is estimated to create around 2000 jobs many of which are likely to be concentrated within the B2 (general industrial) use class and with the remainder in the B8 (distribution and warehousing) uses.

6. Consultation process

Staffordshire County Council's Cabinet gave its approval to undertake the Redhill scheme in April 2011.

Outline planning consent for the site was secured from Stafford Borough Council in October 2012, and further consultations have been undertaken as part of the statutory processes involved with the planning applications for plots which are currently being developed out on the site.

7. Location of proposal

Please see plan enclosed at appendix 1

8. Risk analysis

Given that the project has now been completed, and that the proposal is for funding related to the final accounts payable for the project, there are no inherent risks associated with the project.

9. Legal analysis

Given that the project has now been completed, any project related legal implications have now been addressed.

In accordance with the arrangements set out in the SSLEP Accountability and Assurance Framework appropriate funding agreements will be signed to clarify the mechanisms for repayment of funding to Growth Deal 1 and 2 projects

10. Delivery

The project was successfully delivered by Balfour Beatty as contractor appointed through the Midlands Highways Alliance framework.

11. Timetable

The project was delivered on schedule, and initial infrastructure and servicing work completed in December 2014.

Employment benefits are tracked in accordance with the existing processes in the Staffordshire County Council Economic Growth Programme.

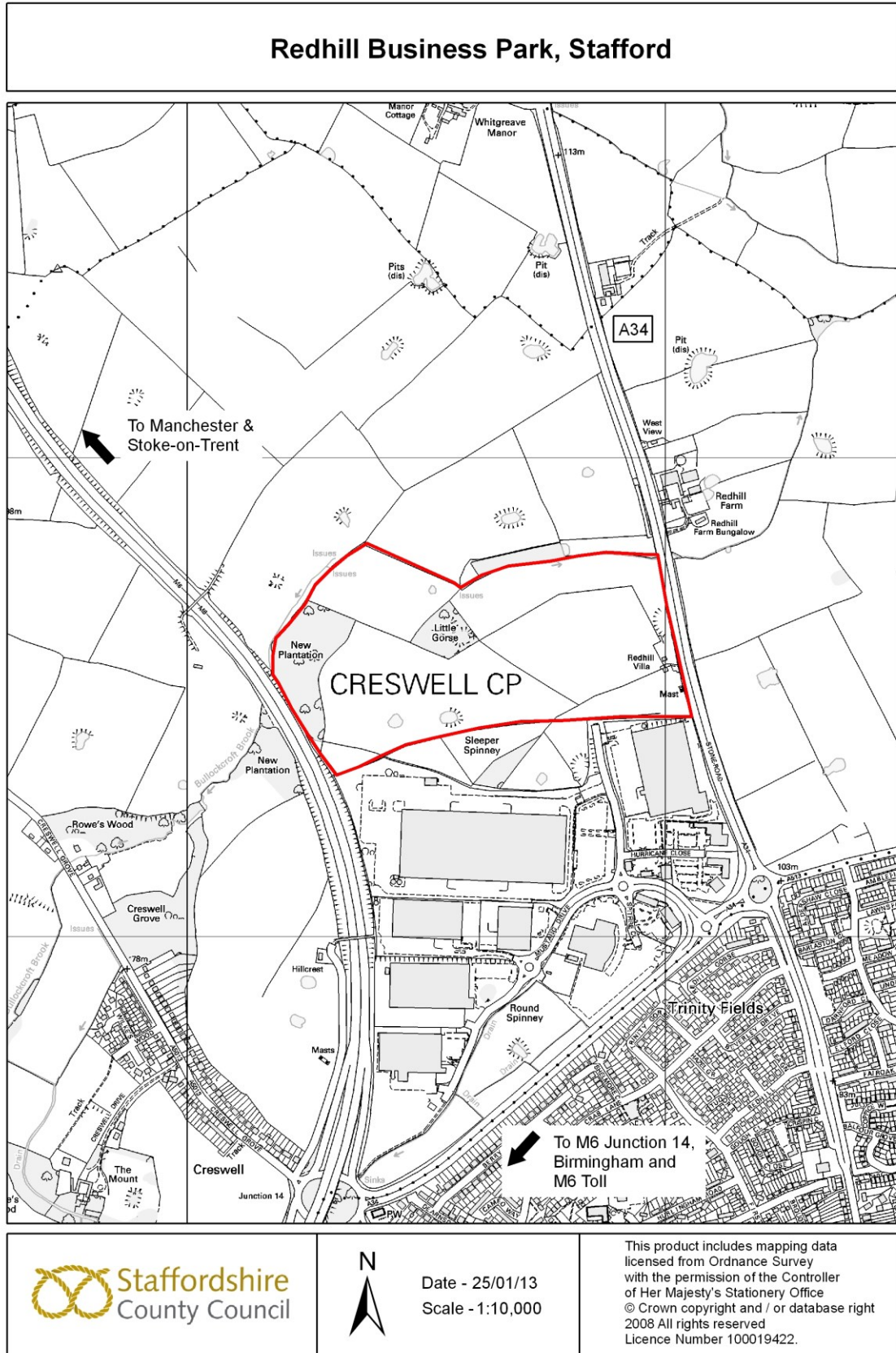
12. Author



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13. Decision details

For official use only – details of date considered by City Deal and Growth Deal Programme Board and any additional information for decision record

APPENDIX 1 – REDHILL BUSINESS PARK – LOCATION PLAN



 <p>Staffordshire County Council</p>	<p>N</p>  <p>Date - 25/01/13 Scale - 1:10,000</p>	<p>This product includes mapping data licensed from Ordnance Survey with the permission of the Controller of Her Majesty's Stationery Office © Crown copyright and / or database right 2008 All rights reserved Licence Number 100019422.</p>
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