

**City Deal and Growth Deal Programme Board**

**Business Case Approval Form**

**1. Project title and proposing organisation(s)**

*i54 South Staffordshire employment site*

*Promoted by Staffordshire County Council.*

**2. Decision date**

*31<sup>st</sup> 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 circa £0.8 million to settle final accounts payable on the i54 South Staffordshire project and to mitigate against slippage of spending from the Growth Deal 1 and Growth Deal 2 programmes*
- Funding will be switched with 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**

*i54 South Staffordshire is a 97 hectares (gross) high quality business park located to the north of Wolverhampton and adjacent to junction 2 of the M54 motorway. The site has been successfully brought forward by Staffordshire County Council in partnership with South Staffordshire Council and Wolverhampton City Council, from inception, through planning and delivery to a position where fully serviced development plots are now available for businesses to move into.*

*At the time of writing employment development has been undertaken by 4 high quality companies including Jaguar Land Rover, Moog Aerospace, Eurofins and International Security Printers and further employment development options are well advanced.*

*The site preparation and off site infrastructure servicing of i54 South Staffordshire was largely completed during 2015, 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 final accounts payable of approximately £0.8million can now be settled, and it is proposed that slipped funding from the Growth Deal 1 and 2 programme is used to make this final payment. This amount will then be duly repaid from Staffordshire County Council's regeneration capital programme.*

## **5.1. Strategic case**

*The i54 South Staffordshire 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 real pace as described above.*

*i54 was previously identified as a Major Investment Site in the former Regional Spatial Strategy and Regional Economic Strategy for the West Midlands. During this time the site did not come forward for a variety of reasons, not least the substantial costs involved in accessing the site from the M54 motorway and for the land reclamation costs involved in servicing the site.*

*Following the abolition of regional level strategies in 2010, the site began to attract very strong market interest from Jaguar Land Rover for a new purpose built engine plant. In responding to this interest local partners worked at real pace to bring the site forward as explained above and i54 South Staffordshire 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 – i54 South Staffordshire addresses market demand for high quality employment sites around the M6 and M54 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 adjacent to junction 2 of the M54, and on the fringe of the West Midlands conurbation provides ideal opportunities for a sustainable transport solution.*
- 2) Sector Growth – Unlocking the site has created the conditions for, and promoted enterprise led expansion in large and small businesses across our priority sectors. The M54 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 **3963 jobs** when fully built out which are likely to be largely focused among the B2 (general industrial) uses.*

*To date around 2260 jobs have been created or safeguarded on the site through occupiers including Jaguar Land Rover, Moog Aerospace, Eurofins and ISP. The further development of plots D,E,F and G alongside anticipated employment creation at Jaguar Land Rover will bring the site up to the 3963 level as highlighted above.*

*The estimated GVA per annum benefits from the site given the known development on site could be at a minimum be in the order of - **£88,000,000***

*When fully developed out the total GVA benefits of the site could be in the order of **£154,000,000** per annum.*

*B2 uses: (Completed and committed development)*

*2260 jobs x 38861 (GVA per employee in manufacturing) = £87,825,860*

*B2 uses: (Full development potential of scheme)*

*3963 jobs x 38861 (GVA per employee in manufacturing) = £154,006,143*

### **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 i54 South Staffordshire, the project has been successfully delivered in partnership with Balfour Beatty through the Midlands Highways Alliance framework contract.*

### **5.4. Financial case**

<b>Total Project Cost</b>		
<b>Total cost</b> of the project?	<i>Net cost is £41.7 million</i>	<i>This is the final out turn cost of the project</i>
<b>Funding Requirements and Leverage / Match Funding</b>		
total funding requirement being requested	<i>£0.8million</i>	<i>This is the final accounts payable sum.</i>
<b>Match funding</b>	<i>£20.45 millon (SCC)</i>	<i>Contribution invested through Staffordshire County Council, Wolverhampton City Council This has already invested through the SCC Capital Programme – the request is for the balance of the final accounts payable.</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:*

*£154.0 million (total GVA benefit minimum) / £41.7 million = **BCR of 3.69***

*In addition, the project is expected to generate approximately **£154 of Gross Value Added Benefits for every £1 of Growth Deal funding** requested.*

### Scheme Funding

*The scheme has been funded directly by Staffordshire County Council and Wolverhampton City Councils through their regeneration capital programmes.*

*The capital outlay of the scheme will be recouped from the receipts of land sales and through anticipated receipts received through business rates associated with*

*the development. Because i54 is within an identified Enterprise Zone area, 100% of the business rates received from the scheme are retained locally for a period of 25 years.*

### Cost assumptions

*As the project is now completed, the final scheme costs are confirmed as per the details set out in section 5.4 above.*

### Infrastructure

*The project has delivered the following outputs:*

- *148 acre (net) developable mixed use business park*
- *Fully serviced development plateaux able to readily accept business development*
- *Up to 2.8 million sq ft of employment floorspace*
- *New direct junction access to the M54 motorway*
- *Improved local highways and transport connections to A449 and Wobaston Road.*

### Employment outputs

*As set out in section 5.2 above, the fully developed site is estimated to create around 3960 jobs many of which are likely to be concentrated within the B2 (general industrial) use class.*

## **6. Consultation process**

*Staffordshire County Council's Cabinet gave its approval to undertake the i54 South Staffordshire scheme in 2011.*

*Outline planning consent for the scheme was subsequently secured, alongside the relevant authority required to undertake work on the M54 motorway which is an asset owned by Highways England. Throughout the development of the project consultations have been undertaken and public information has been prepared to ensure that local communities were fully aware of the potential impacts of the civil engineering works associated with the project. In addition consultations have been undertaken as part of the statutory processes involved with the planning applications for plots which have been, and 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 2015 with the installation of a 60 MVA power supply to future proof electrical requirements of end users on the site..*

*Employment benefits are tracked in accordance with the existing processes in the Staffordshire County Council Economic Growth Programme, and through the i54 Junction 2 Steering Group.*

## **12. Author**

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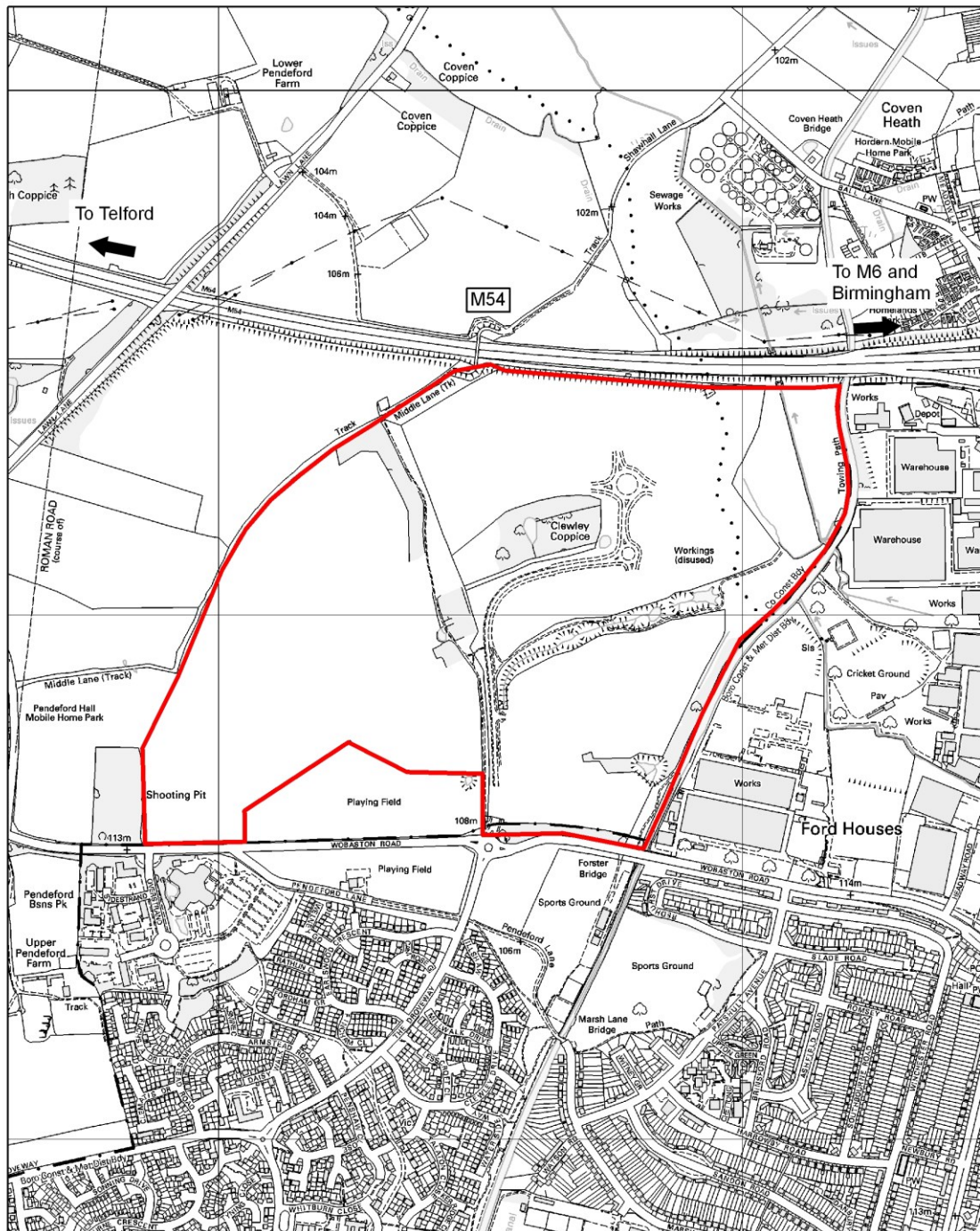
## **13. Decision details**

*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 – i54 SOUTH STAFFORDSHIRE BUSINESS PARK – LOCATION PLAN

**154 South Staffordshire, South Staffordshire**



Date - 25/01/13  
Scale - 1:10,000

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