

**STOKE ON TRENT & STAFFORDSHIRE**  
**LOCAL ENTERPRISE PARTNERSHIP**  
**EXECUTIVE BOARD MEETING**  
**21 NOVEMBER 2019**

**Cannock Chase & Silverdale Enterprise Centre Developments: Financial Options**

**1. Introduction**

- 1.1 The County Council has a long-established reputation for creating & managing a series of managed work space, primarily workshops, across the county. A recent review confirmed the centres are well-run and well-managed and the Centre Survey 2016 indicated that there is a very high level of satisfaction with the services provided by centre staff and with the accommodation including the match of units with their business requirements.
- 1.2 Silverdale and Cannock were chosen for this project as they are areas which need employment. A recent study by Sheffield Hallam University has shown that former mining areas still have not recovered from pit closures. Issues including unemployment, ill health and social disadvantage have extended beyond ex-miners in these areas. The Ministry of Housing, Communities and Local Government said it was "determined to unlock the potential of former coalfield areas". This project is intended to help meet this need as the Enterprise Centres form major employment sites for both Cannock and Silverdale.
- 1.3 The 20<sup>th</sup> June 2019 LEP Executive Board approved LGF funding of £260,000 towards the development opportunities at Cannock Chase Enterprise Centre and Silverdale Enterprise Centre. The LGF funding was matched by £540,000 of European Funding. On receipt of contract details, the EU funding required both buildings to be constructed to BREEAM excellent standard. This has rendered the original scheme unviable.
- 1.4 The following report presents financial options considered and requests consideration of an increase in the agreed LGF funding from £260,000 to £376,000 (an additional £116,000), to allow improvements to both facilities to proceed, in return for improved environmental standards and digital provision which would increase the range of potential uses and business interest in the properties and the quality of jobs to be created.

**2. Cannock Chase Enterprise Centre**

- 2.1 Cannock Chase Enterprise Centre currently has 86 mixed use industrial, workshop and office units at this site. There are rarely any vacant workshop or industrial units and there is a constant waiting list confirming the desire to be located at this site.
- 2.2 The opportunity is to develop a large area of unoccupied first floor space into 9 rentable business units. It would be possible to create six units at c. 600 ft<sup>2</sup> and 3 units at c. 300ft<sup>2</sup>, all of which would be flexible in design to allow for mixed use but would be intended as light industrial / creative industry use.
- 2.3 A Feasibility Study proved the technical viability but gave options regarding the provision of windows. This element would enhance not only the attractiveness of the proposed units but also their sustainability through facilitating the use of natural light and ventilation. It has been chosen to adopt this approach especially with the declared climate change emergency.

### 3. Silverdale Enterprise Centre

- 3.1 Silverdale Enterprise Centre is a mixed-use facility housing 21 offices and 10 workshops with the workshops remaining consistently popular since the opening of the Centre back in 2005. Site rationalisation shows the possibility to create an additional five 600ft<sup>2</sup> and one 1,200 ft<sup>2</sup> workshop units, the type of units in most demand.
- 3.2 A scoping study verify the project feasibility and gave the options for construction type; (1) traditional brick & tile or (2) clad steel frame construction. The brick & tile option proved financially non-viable but the clad steel frame option proved more financially achievable.

### 4. Funding and Outputs of the Project

- 4.1 For both schemes, there is a county council financial parameter which had to be incorporated, this being that the project repaid any financial investment by the end of the 15<sup>th</sup> year of operation. With the known scheme costs and this investment parameter, a reverse analysis has given the LGF investment required to enable these projects to proceed.
- 4.2 Without the ERDF funding, consideration was given to increasing the County Council borrowing to meet the gap, over and above the £260,000 offered by the LEP. However, the scheme cannot meet the 15-year repayment rule at the present investment level. Therefore, based upon the following costs, two options have been created:

#### Cannock Chase Enterprise Centre Costs

Total scheme cost	£490,000
LGF investment required	£150,000
LGF invention rate	30.612%

#### Silverdale Enterprise Centre Costs

Total scheme cost	£480,000
LGF investment required	£226,000
LGF invention rate	47.083%

#### Options, listed in order of preference:

i.	Proceed with both Cannock and Silverdale projects	£970,000
	LGF requirement	£376,000
	LGF invention rate	38.763%
ii.	Proceed with Cannock project alone	£490,000
	LGF requirement	£150,000

### 5. Development Decision

- 5.1 The general principles of the Business Cases have not altered and the outputs of 15 additional industrial units and 45 new jobs for both schemes remain the same. However, to make the scheme more attractive for LGF investment, several improvements have been made to the schemes to make them more sustainable, environmentally friendly and more attractive to a different type of business. This will encourage businesses with higher skilled, better paid jobs to occupy the units.
- 5.2 If the LEP were to invest the additional £116,000 to allow the full project to progress this would enable the two Enterprise Centres Manager to rent the units to businesses that can meet LEP priorities such as engineering, manufacturing and digital industries. In order to further enhance

the desirability of these units, the Team will ensure that excellent broadband connectivity and digital infrastructure are available.

- 5.3 The scheme cost per job would increase from £8,666/job to £12,533/job. A broad comparison to other approved similar refurbishment/extension schemes as follows: London Mill, Leek Mill Quarter £14,035; Spode Works, Church Street of £15,625; and Dunston Village Extension £6,125. The new build Churnett Works scheme this was £25,000/job.
- 5.4 Should the Board be minded to decline the Option 1 request for additional funding of £116,000, the Project Promoters would proceed with Option 2, ie they would be able to progress the Cannock Chase Enterprise Centre scheme only and would request that the funding previously offered be reduced to £150,000. The Cannock Project would provide 9 new industrial units and 27 new jobs.

**Recommendation 1: That the Board approves the increase in funding which would allow improvements to both Centres to proceed to timetable.**

**Recommendation 2: If the Board is not minded to approve the requested funding increase, that the Board instructs the LEP secretariat to amend the funding agreement accordingly to proceed with the lower LGF amount, set against works for the Cannock Chase scheme only.**

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