



**CERAMIC VALLEY ENTERPRISE ZONE
STOKE-ON-TRENT & STAFFORDSHIRE**

STRATEGIC IMPLEMENTATION PLAN 2023-24

Contents

1. Introduction	1
2. Ceramic Valley background	2
3. Governance	7
4. Delivery activities	14
5. Milestones	19
6. Outputs (delivered and forecasted)	23
7. CVEZ finance	28
8. Risks	34
9. Additional assistance required from Central Government	35

1. Introduction

Purpose of this document

1.1 This document is the updated Ceramic Valley Enterprise Zone (CVEZ) Strategic Implementation Plan (SIP) for 2023/24, referred to throughout this document as the CVEZ SIP. The CVEZ SIP outlines at a strategic level: the vision; expected benefits; delivery activities that will take place; the governance structures for managing and reviewing the CVEZ; progress to date; the approach to funding; and key risks. The CVEZ SIP is a 'live document' and is updated annually, and in advance of the forthcoming accounting year. The plan will be reviewed and refreshed again in March 2024.

1.2 The CVEZ SIP is supported by a detailed suite of programme management and project documents that allows the CVEZ Programme Manager and the officers delivering the projects to successfully coordinate delivery at an operational level.

Macro-economic context

1.3 The Covid 19 pandemic undoubtedly has had an impact on the delivery of the CVEZ versus the original time-scales. With continued economic uncertainty resulting from global supply chain disruption and an uncertain investment environment the projections made in this plan do allow for significant contingencies in terms of quantity of economic outputs delivered in the future and the timescales for delivering these.

Changes to this CVEZ SIP

1.4 The CVEZ has grown and matured, resulting in the amount of planning and preparatory work required across the Zone decreasing. As such this CVEZ SIP was completed in a more stream-lined process than previous years. Consultee workshops and individual stakeholder consultations were not undertaken, but all partners still contributed and reviewed the FINAL document.

1.5 The Communications section has been merged into the wider Delivery Activities section and the delivery activities (given the maturity of the Zone) is more concise than previous years.

Further information

1.6 For further information on the CVEZ please visit the SSLEP website <http://www.stokestaffslep.org.uk> , or contact directly:

Caroline Mairs, Investment Services Manager

Tel. 01782 231163

E-mail: caroline.mairs@stoke.gov.uk

2. Ceramic Valley background

Introduction

2.1 CVEZ had an ambition to provide growth opportunities for modern industries, to provide high quality jobs for residents and bring new business and skills to the area. The CVEZ has facilitated and will continue to facilitate the growth from traditional industries to cutting-edge globally competitive sectors. Industries expected to deliver that growth are: technical ceramics, traditional ceramics, engineering, sustainable-energy, technical and high-end manufacturing, logistics and professional services. Although it is noted that through private sector delivery the sites delivery will be driven by market demand and cannot be exclusive to certain sectors.

2.2 The delivery strategy for the CVEZ continues to be a bold statement of the Stoke-on-Trent and Staffordshire Local Enterprise Partnership's (SSLEP) determination to transform the conurbation and reap the wider rewards of sustainable economic growth.

2.3 By 2027 it is estimated the CVEZ will deliver:

- 116 Ha of brownfield land reclaimed
- Over 300,000+ sqm of additional employment floorspace
- c.4,600+ jobs on-site

Geographical coverage

2.4 CVEZ is a three-mile-long corridor within which are six sites with over 140 hectares land. The CVEZ programme of activity involves public and private sector investment to open up these sites. The sites within the CVEZ comprise (from North to South):

- **Tunstall Arrow:** An 8.8 Ha that a brownfield site with all development already completed.
- **Chatterley Valley East:** An 18.2 Ha which was entirely clear brownfield site except for the Genesis Enterprise Centre. Home to the Innovation Way business park, now developed and occupied, and parcels of land due for completion in 2025.
- **Chatterley Valley West:** A 38 Ha site owned by Harworth Estates, situated in Newcastle-under-Lyme Borough. With enabling works on site and development of floorspace expected to begin in early 2024.
- **Highgate/Ravensdale:** A 38.3 Ha brownfield site. With the major component, Highgate, now developed and largely occupied with some vacant units. The smaller Ravensdale site has yet to be developed.
- **Etruria Valley:** A 31.3 Ha brownfield site largely owned by Stoke-on-Trent Regeneration Ltd. (a joint venture between St Modwen and Stoke-on-Trent City Council). The site is now nearing completion for all development.
- **Cliffe Vale:** A 6.2 Ha brownfield site in mixed ownership which will require some major remediation work before coming forward.

2.5 These are on the map below.

Figure 1 – Overview of the Ceramic Valley sites



Sector focus

2.6 The CVEZ aimed to facilitate indigenous growth to ensure the local economy retains its brightest and fastest growing companies. The delivery of space that would suit SMEs is of particular interest to the CVEZ partners. CVEZ resources have therefore been utilised to deliver SME space and may continue to do so in the future.

2.7 The CVEZ continues to target inward investment from elsewhere in the UK and foreign direct investment. Partners are working closely with the Department for International Trade (DIT) to market North Staffordshire's key sectoral strengths and the CVEZ investment opportunities.

The original target sectors of the CVEZ

In establishing the CVEZ vision it was foreseen that the CVEZ would be of particular benefit to the following industries:

- **Ceramics (Technical):** This sector is one of the fastest growing globally, as ceramics are used to substitute for materials which are becoming much rarer. Technical ceramics includes the uses of the material in the medical, automotive, aerospace and energy industries. The applications for the material range from ceramic nanofibers (which offer reinforcing capabilities cheaper, lighter and more durable than steel); to geopolymerised ceramics, a technique offering an alternative to lead as a means of embedding nuclear waste.
- **Ceramics (Traditional):** The city's tradition of tableware is well established, and names such as Wedgwood, Steelite, Churchill, Dudson, Portmeirion/Spode and Emma Bridgwater are known internationally as is high quality tile manufacturer Johnson Tiles. There is a growing trend for on-shoring production back to the UK, as the price differential with the Far East shrinks and demand for the "Made in Stoke" brand grows. The CVEZ should allow for further embedding existing firms in the area and accommodating expansion plans where necessary.
- **Advanced Manufacturing** – North Staffordshire has a strong engineering, automotive and advanced manufacturing business base across a spectrum of industries, from Jaguar Land Rover, JCB, Michelin, General Electric. There are supply chain companies drawn to the area due to these existing blue-chip manufacturers but also by the presence of others nearby (Bentley, Toyota, GM Vauxhall). The CVEZ will provide attractive solutions to these types of firms and offers great potential for growth of high-quality jobs locally and adding to the growth of UK exports.
- **Energy/Power Generation:** Innovative methods of energy generation are a growing area of enterprise. Through the installation of Geothermal Heat Source on the CVEZ, we will seek to accommodate supply chains in this sector. Keele University is putting significant investment into research in this field which could aid growth in this area.
- **Logistics (Distribution & Warehousing):** Given the location of the CVEZ sites, Ceramic Valley inevitably has an appeal for the logistics sector. This reflects the appeal of North Staffordshire to the logistics sector as a whole.
- **Business & Professional Services:** The City Centre Business District and Newcastle Town Centre remain the LEP's priority locations for office development in North Staffordshire, in line with planning policy. However, the connectivity of the CVEZ sites, the CVEZ benefits and the nature of the large conurbation we expect to create demand for modern business and professional service accommodation on the CVEZ that could be met if occupiers have specific demands that the CVEZ can meet.

Development strategy

2.8 The CVEZ is providing a steady stream of shovel ready sites for occupiers. Public-sector partners are investing alongside private developers to remove any viability issues.

2.9 The original Incentives offered on the sites was a mix of both enhanced capital allowances and business rate reductions, enabling marketing directly to large multi-national manufacturers and smaller SMEs with an appetite for growth.

2.10 The view of public sector officers and developers is that the incentive of Business Rates Discounts has been successful in generating demand in the early years. The business rate discounts were due to end in March 2021, however an extension on all sites within the Stoke-on-Trent Local Authority area, using the business rates themselves as the funding, was agreed in March 2021. This allows new occupiers of the sites Chatterley Valley East, Tunstall Arrow, Highgate and Ravensdale and Cliffe Vale to receive up to 3 years business rates discount should they begin occupation before 2025.

2.11 Stoke-On-Trent City Council (SoTCC) has during the early stages of delivery highlighted areas where gap funding is required to make sites viable and filled this gap, borrowing against future CVEZ rates. These investments are detailed in this SIP. SoTCC has also invested, alongside central government, in the Etruria Valley Link Road. Their investment will be recovered through business rates retained on the CVEZ sites.

2.12 Staffordshire County Council and Newcastle-Under-Lyme Borough Council have worked in partnership with the developer of the Chatterley Valley West site to identify viability gaps and remove obstacles to delivery. External grant funding has been secured and will be topped up by grant provided by the Local Authorities to remove a viability gap. The Local Authorities investment will be recovered via retained business rates on the site. The two Authorities are subsequently working on plans for potential investment in bespoke facilities for the advanced ceramics sector and SME workspace which may require investment to be recovered via the retained business rates.

2.13 Public-sector partners will coordinate other activity that will further enhance the sites, including:

- A dedicated CVEZ enhanced planning service which has been extended until 2025
- Coordinated marketing, which will be sector specific and targeted
- A dedicated inward investment service
- Super-fast broadband availability

3. Governance

Introduction

3.1 As part of the five-year review of the SIP, the governance structures and the evidence of these operating was reviewed and the conclusion was that these are fit for purpose, working effectively, and liked and supported by stakeholders. Information flows are transparent, and emerging issues are dealt with. The conclusion of the five-year review was that compared with experience of other Enterprise Zones, the CVEZ by comparison has very strong governance mechanisms in place.

3.2 A minor recommended improvement to further enhance governance arrangements was that projects should be allowed to come forward outside of the SIP Renewal Cycle, and this is reflected in the governance arrangements below. The rationale for this is that all projects to date have been treated as exceptions and reviewed outside of the cycle, so it is sensible to reflect this in the default governance arrangements of the SIP.

The SSLEP and the Accountable Bodies

3.3 The delivery of the CVEZ is a key project for the SSLEP. Whilst maintaining the decision-making functions around the adoption of the SIP and the approval of project business cases, the SSLEP Company Executive Board has delegated to a CVEZ Project Board the detailed tracking and scrutiny of the CVEZ's delivery plans, marketing plans and budgets.

3.4 SoTCC is the overall Accountable Body for the CVEZ. SoTCC is responsible for ensuring the CVEZ SIP is produced and renewed, the overall programme is coordinated and monitoring information is provided to both the Accountable Bodies and the SSLEP in accordance with the arrangements set out in the CVEZ SIP.

3.5 The Accountable Bodies for delivering individual projects within the CVEZ will be Stoke on Trent City Council (SoTCC) and the two-tier Councils of Newcastle-under-Lyme Borough Council (NuLBC) and Staffordshire County Council (Staffs CC).

3.6 The SSLEP assurance procedures will apply to each project delivered.

Overarching governance structure

3.7 Responsibility for overseeing the delivery of the CVEZ has been delegated by the SSLEP Executive Board to a CVEZ Project Board.

3.8 The CVEZ Project Board is not a decision-making body and will therefore provide recommendations to the SSLEP Company Executive Board. The CVEZ Project Board will make recommendations to the Company Executive Board on:

- Endorsing the updated annual CVEZ SIP
- Endorsing the programme of activity and CVEZ budgets (including the use of retained business rates uplift)
- Recommending projects to use CVEZ finance.

3.9 It will be the SSLEP Company Executive Board who will approve and formally adopt the renewed CVEZ SIP ahead of each year (taking into consideration the recommendations of the Project Board). These decisions will be made in accordance with the SSLEP's own governance requirements. The SoTCC Programme Office will keep a consolidated log of these decisions.

3.10 In addition, the SSLEP SPMG will receive monitoring reports (twice annually, was quarterly 2016-22) to ensure it covers the CVEZ in its assurance role for the SSLEP.

3.11 At an operational level a Programme Manager has been appointed by SoTCC. It will be the Programme Manager who will have day-to-day responsibility for coordinating and monitoring delivery against the CVEZ SIP. The Programme Manager will work under the direction of SoTCC's Director of Housing Development Growth who will have overall responsibility for the CVEZ Programme.

3.12 The Programme Manager will collect input from the Accountable Bodies into half-yearly monitoring reports that will be forwarded to the CVEZ Project Board and SSLEP SPMG.

3.13 Within the Accountable Bodies will be Project Teams. Each Accountable Body will approve project expenditure in line with the CVEZ SIP and their own constitutions.

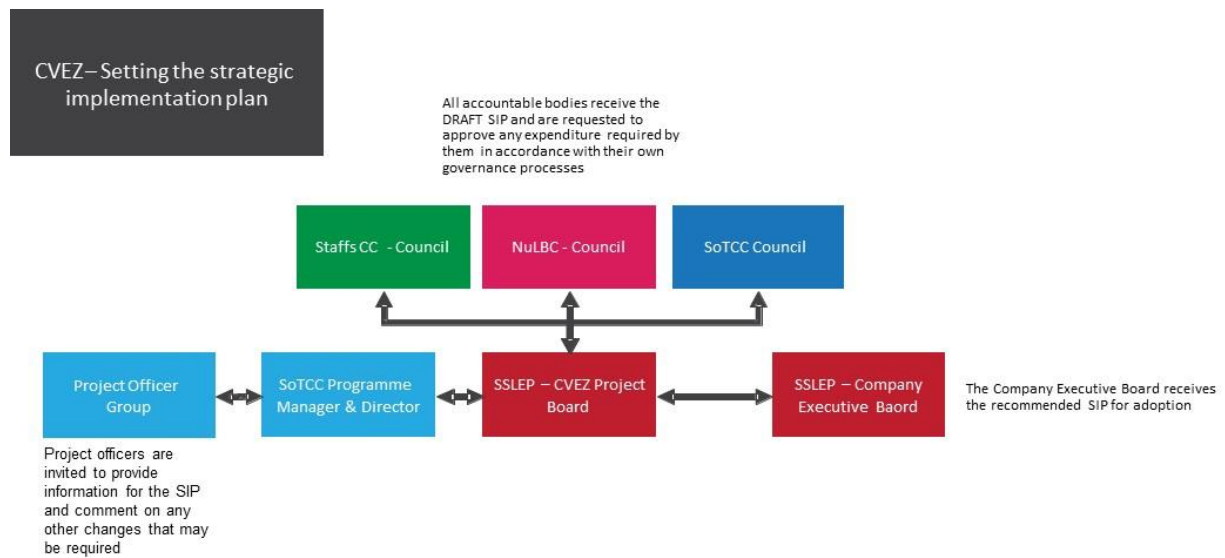
Setting the CVEZ SIP

3.14 The Programme Manager will be responsible for updating the CVEZ SIP annually, and may seek external support if required. The CVEZ finance officer will input into the assessment of budgets.

3.15 An officer group, with representatives from SoTCC, Staffs CC and NuLBC will be asked to provide inputs into the SIP (submitting their own budgets and plans for spend in the forthcoming years). The same officer group will review the DRAFT SIP before it is submitted to the CVEZ Board for review (the CVEZ Board will recommend its approval to the SSLEP Executive Board).

3.16 The CVEZ SIP will include detailed five-year plans for: operating costs, expected capital projects, revenue funded projects, the programme budget (including financing costs and cumulative surpluses and deficits) and expected outputs. The SoTCC Council (the overall Accountable Body for the CVEZ programme) will approve the programme revenue budget for the year as outlined in the CVEZ SIP. A SoTCC CVEZ Capital Investment Plan, as outlined in the CVEZ SIP, would be approved by SoTCC Council. A Staffs CC/ NuLBC CVEZ Capital Investment Plan, as outlined in the CVEZ SIP, would be approved by their respective Council's.

Figure 2 – Setting the CVEZ SIP



Approving project expenditure

3.17 Each project to be delivered using CVEZ funding will need to be approved by the SSLEP Company Executive Board, based on an isolated business case for that investment. The project business cases will be put forward by the Project Board with a value for money assessment to the SSLEP Executive Board. The Executive Board take into consideration the recommendations of the Project Board when assessing whether to approve the project to proceed.

3.18 A business case will be produced by a dedicated project officer within one of the accountable bodies. Even if a project is private sector-led the project must be channelled through one of the accountable bodies whose responsibility it will be to produce the business case, and undertake appropriate due diligence on the business case, prior to presenting it to the CVEZ Project Board in the first instance.

3.19 In order that the use of finite CVEZ resources and its overall financial risks can be assessed all business cases should consider the impact on the wider CVEZ finances.

3.20 Running in parallel to the SSLEP CVEZ Project Business Case process will be the process of approving expenditure within the accountable bodies. This process will adhere to the bodies' own constitution. For a project to form part of the CVEZ Budget and Programme it will need the approval of both the SSLEP Company Executive Board and the appropriate accountable body. This means that no accountable body is obliged to deliver and fund CVEZ projects without its agreement. It also means that no project will form part of the CVEZ programme without the SSLEP Company Executive Board's approval.

3.21 The Project Business Case will need to cover the following areas:

- Summary of the project
- Need for intervention (evidence identifying market failure, gap funding required)

- Outputs (what is to be delivered)
- Timescales for delivery
- Economic impact (floor space and jobs to be delivered, net additionality analysis, with jobs broken down by sector where possible)
- Costs
- Impact on CVEZ budget (added deficit, plus business rates return)
- Value for money assessment (net economic impact versus net costs)
- Delivery approach (who will lead, procurement approach)
- Evaluation approach
- Managing risks
- Sign-off (Accountable body confirming Business Case is a fair representation of the project).

3.22 Once approved the project will form part of the CVEZ budget and the appropriate accountable body will be given the mandate to oversee delivery. Project updates will be provided by the accountable body twice annually to feed into the CVEZ Monitoring reports.

Figure 3 – Approving CVEZ project expenditure, SSLEP

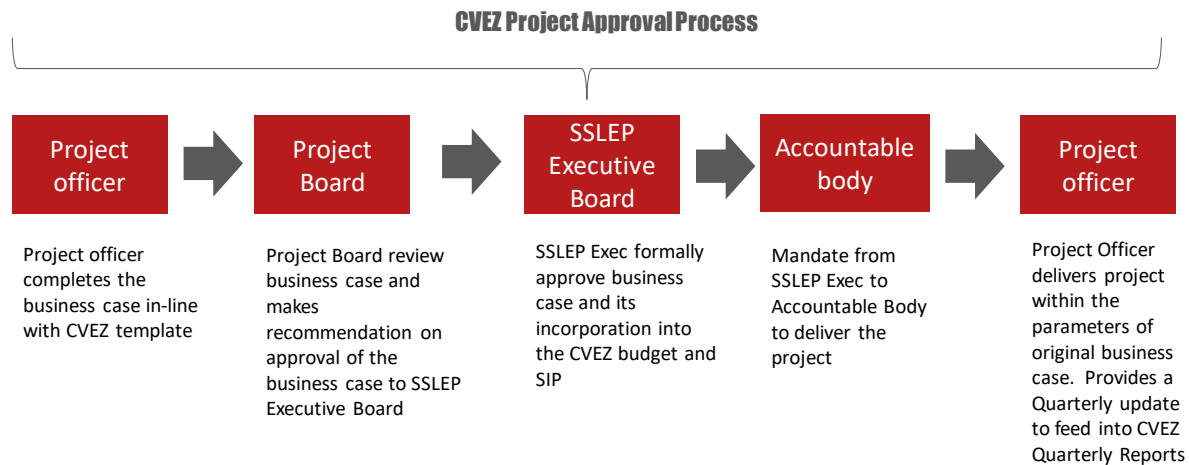
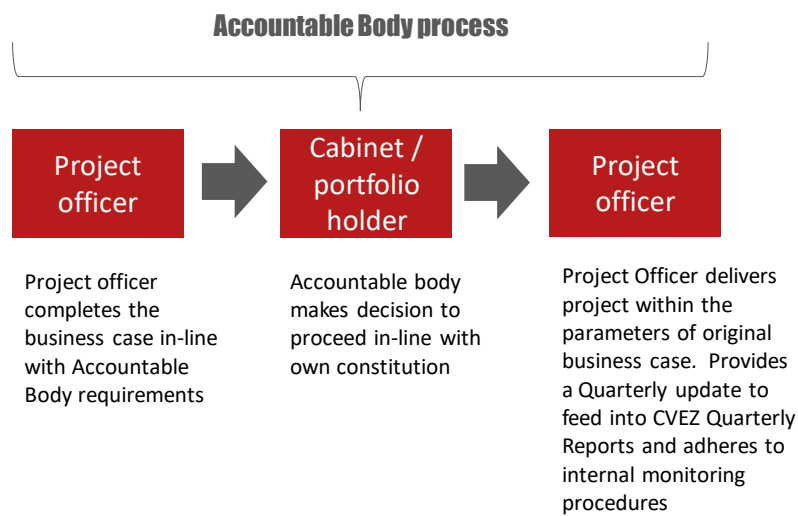


Figure 4 – Approving CVEZ expenditure, accountable bodies



Monitoring

3.23 The Programme Manager coordinates and collates updates from all Accountable Bodies, project managers and developers and creates a monitoring report (twice annually). This report outlines:

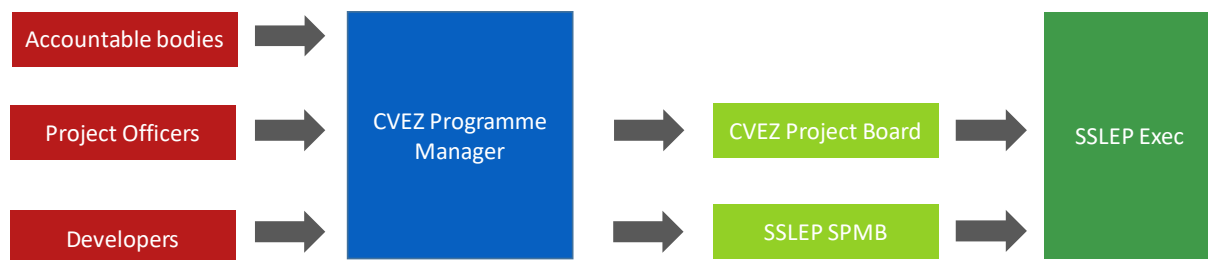
- Key milestones achieved
- Key milestones targeted
- An update on delivery against CVEZ outputs, including
 - Uplift in land value
 - Brownfield land brought back into use
 - Sqm floorspace delivered
 - Number of businesses on site
 - Jobs created on-site (broken down in two ways: firstly by sector; secondly by the source of jobs and whether they are additional to the local economy)
- Intermediate outputs:
 - The number of pre-application discussions
 - Planning applications submitted
 - Planning applications granted
 - Floorspace under development
- An update on the CVEZ budget against the projections set out in the CVEZ SIP
- Risks and issues emerging including programmes and projects

3.24 The monitoring report will be submitted to the CVEZ Project Board, SSLEP Assurance Board and SSLEP SPMB for review and fed up to the SSLEP Company Executive Board.

3.25 At the end of each year, a review of the year will be completed and appended to a proposed renewed CVEZ SIP. This report will be submitted to the CVEZ Project Board. This will also feed into the SSLEP Annual Performance Review.

3.26 At Year 5 an external evaluation report was completed in Autumn 2020 and the recommendations from this have been fed into subsequent SIPs. A similar review in Year 10 will take place.

Figure 5 - CVEZ monitoring processes



3.27 The outputs will be provided to the CVEZ Project Board through the Monitoring Report and to DLUHC /DBT via the agreed system.

Tracking uplift in land value

3.28 The uplift in land value is tracked by taking the original estimate of £ uplift in land value per Ha and multiplying it by the amount of land developed. This will give a proxy for uplift in land value.

Tracking brownfield land and floorspace

3.29 Brownfield land reclaimed is assumed as achieved only once floorspace has been developed. The Programme Manager is responsible for reporting delivery of floorspace. The planning application will outline the floorspace to be delivered and the Programme Manager reports when delivery is completed.

Tracking job creation

3.30 The Programme Manager is responsible for tracking the jobs created on site. During the pre-development phases projected job numbers in the CVEZ monitoring tools will be updated with those stated during the Planning Application process.

3.31 Once developments are completed and occupied further job data will be gathered.

Tracking business rates uplift

The Business Rates Officer in each Accountable body provides a monthly assessment of business rates within the CVEZ to the CVEZ Programme Manager. The Programme Manager collates these returns into the monitoring report and the CVEZ Programme Budget.

Operational delivery

3.32 The Senior Responsible Officer in SoTCC for overseeing the delivery of the CVEZ is Director of Place, Growth and Prosperity. Responsibility for the day-to-day management of the CVEZ is a dedicated Programme Manager. The role of the Programme Manager is to:

- Oversee the production of all strategic documents
- Ensure monitoring and evaluation of delivery against the SIP is completed
- Ensure all Programme level plans and monitoring is updated
- Coordinate programme level activity
- Manage the annual meeting of officers to inform the next iteration of the CVEZ SIP
- Manage the SoTCC Project Team meetings
- Ensure dialogue takes place at appropriate times with external stakeholders, including the management of the developers
- The CVEZ Programme Manager will be the common thread at all CVEZ related meetings.
- Ensure updates from project managers (for projects within the CVEZ programme of activity) are provided to inform the monitoring reports.

Financial

3.33 The CVEZ programme budget will be set through the adoption of the CVEZ SIP, renewed each year, and requiring the approval of the SSLEP and the Accountable Bodies.

3.34 SoTCC as the CVEZ Programme Accountable Body will ensure a financial return from each Accountable Body is received and collated into a CVEZ Programme financial return. The SoTCC Section 151 officer will submit an annual CVEZ financial return to central government (DCLG and BEIS).

3.35 SoTCC finance officers will attend and advise when appropriate the CVEZ Project Board.

3.36 As part of the monitoring report the CVEZ Budget will be monitored

3.37 Principles surrounding how expenditure is incurred, income collected, and Accountable Bodies recover their costs is outlined in Section 8.

4. Delivery activities

Introduction

4.1 A substantial proportion of the delivery activity will be undertaken by private sector developers, investors and businesses. The role of the public-sector stakeholders is to facilitate that process. This section outlines the key activities to be undertaken by private and public sector partners that will facilitate delivery. Section 6 details key milestones in delivering against these activities over the past year and forthcoming year.

Programme activities

The use of CVEZ incentives

4.2 The original incentive packages on CVEZ comprised:

- Enhanced Capital Allowances: Etruria Valley up until 2023
- 5 years Business Rate Discount on all other sites, up until 2021

4.3 The application of enhanced capital allowances at Etruria Valley has yielded no benefits for the site with zero take up to date. The Government have recently introduced new capital allowance incentives for business investment across the whole economy (The super-deduction - 130% first-year relief; the 50% first-year allowance and Annual Investment Allowance (AIA) providing 100% relief). It is felt the EZ Enhanced Capital Allowance no longer offers unique advantage to the CVEZ versus other locations given these wider incentives.

4.4 The view of public sector officers and developers is that the incentive of Business Rates Discounts has been successful in generating demand on two of the EZ sites that were able to come forward. The business rate discounts were due to end in March 2021; however a business case was approved by the SSLEP Executive Board that the EZ will now fund an extension to the discount scheme for a further three years for Tunstall Arrow, Chatterley Valley East, Cliffe Vale and Highgate and Ravensdale. The Business Rates discount will apply on a selective basis to all occupants of the sites that would be in office, industrial or logistics uses (it will not apply to retail). Small amounts of discount has been claimed since the extension to the scheme and is expected to grow over the forthcoming year.

Planning

4.5 The approach to planning in the CVEZ was to make the planning process as easy as possible for the private sector developers and occupiers who will be instigating development.

4.6 Following consultation with landowners the decision was taken not to use Local Development Orders (LDO's) across the CVEZ area as it was considered they would not add value to the CVEZ offer.

4.7 On the SoTCC sites developers and occupiers have benefited from an enhanced planning service. Dedicated resource has been brought into the SoTCC planning team for the specific purpose of handling the CVEZ applications. This SoTCC resource ensures that on the SoTCC sites:

- There is a dedicated resource to see applicants all the way through from pre-application discussions to planning approval

- Applicants receive free pre-application advice and consultations
- CVEZ applications are prioritised

4.8 The enhanced planning service has been perceived positively and has been effective. Pre-application advice has been provided free of charge and dedicated resources has been given to CVEZ applications. This service will now continue until 2025 in line with the five-year review recommendations given the quantity of development yet to come forward.

4.9 The funding of this additional planning resource forms part of the CVEZ delivery budget. The cost is met by SoTCC and recovered through the uplift in business rates.

4.10 The Chatterley Valley West site, which sits under NuLBC planning control, does not have the critical mass required for the appointment of a dedicated officer like the SoTCC sites. However, NuLBC and Staffs CC are working proactively with the developer and when planning applications are submitted dedicated resource will be assigned and the applications prioritised.

Broadband

4.11 A key component of the attractiveness of the sites is the proposal to supply super-fast broadband across the CVEZ. SoTCC was awarded government grant funding to roll-out its city-wide full-fibre network, starting with a pilot in Etruria Valley. This has made the CVEZ digitally enabled and increased its attractiveness to end-occupiers.

Road infrastructure

4.12 A major programme of road improvements supported by SSLEP investment from Local Growth and Growing Places funding took place on and surrounding the Etruria Valley site (the Etruria Valley Link Road and junction improvements to relieve congestion on the A500). The road improvements have released additional land for housing growth north of Etruria Valley which will be complementary to the CVEZ ambitions.

4.13 The total costs of the Etruria Valley link road (excluding Highways England improvements to the A500) was £47.1m with external funding coming from public sector grant and £14.55m from SoTCC own resources (which is included in the CVEZ budget and recovered via retained business rates).

Marketing & Inward Investment

4.14 The CVEZ has dedicated resources to coordinate the marketing and handling of inward investment enquiries. The approach to marketing and inward investment is expanded upon in Section 5.

Skills

4.15 A skills audit was prepared for the CVEZ based on forecasted development in 2017. This has informed SSLEP coordination of skills mapping and interventions. Currently there are no skills needs that is bespoke to the CVEZ, however this will be monitored in case this changes. Business Cases could be produced that seek to secure CVEZ resources for skills projects that have a clear benefit regarding delivering the CVEZ vision. No projects are currently identified.

4.16 There is turmoil in the wider economy due to Covid, Brexit and longer-term structural issues. There are reported labour and skills shortages. A lack of HGV drivers could specifically be

detrimental to the logistics companies on the CVEZ. The CVEZ officers and Board will need to monitor this situation. CVEZ resources could be deployed to tackle some of these emerging issues should it be required.

Employment services

4.17 SoTCC's Jobs Enterprise and Training (JET) team provides employment support for businesses and individuals, helping with all aspects of recruitment, job brokerage and in work support. Similar job brokerage support is also available through the Staffordshire Jobs and Careers brokerage service.

4.18 Businesses in the CVEZ will be able to benefit from programmes in the government's Plan for Jobs, such as Kickstart, Restart and apprenticeship incentives.

Support for Advanced Ceramics and innovation

4.19 An original vision of the CVEZ was to spur local growth into advanced ceramics, with the delivery of space for advanced ceramics companies and an innovation centre to act as a UK anchor for the sector.

4.20 Led by local firm Lucideon, considerable progress has been made in progressing this vision. A consortium titled the 'Midlands Advanced Ceramics Group' (MICG) has formed to work collectively on promoting and growing the sector, see www.micg.org. This consortium includes 3 Midlands Russell Group Universities, Rolls Royce, Morgan Technologies and other SME companies (several of which are based in North Staffordshire).

4.21 A funding award of c.£18m has been achieved through the Strength in Places Fund. This will see a c.£30m+ research programme over 5 years commence and be a significant step-change in innovation in the Midlands for this sector. This funding will pump-prime a new research centre (by funding research and equipment) that is proposed to be located on Chatterley Valley West (subject to business case and relevant accountable body approvals).

4.22 Lucideon are working on the business case for an Advanced Ceramics Campus to accommodate this activity, as well as 100,000 sqft+ of commercial space. The CVEZ, Chatterley Valley West, is identified as the preferred site.

Site delivery

Cliffe Vale

4.23 The site ownership is split between private and public sector. The intention outlined in the CVEZ bid was to deliver c.25,000 sqm of commercial space (B1/B2) generating C.1,161 jobs. This was based on feasibility studies carried out as part of the bid process to assess the site's capacity.

4.24 There are several technical challenges to delivery on Cliffe Vale including: environmental remediation costs associated with former uses, the need to reduce flood risk and limitations resulting from the adjoining highway's capacity to cope with heavy vehicle usage. The delivery timescales are being impacted by the need to remove these development barriers.

4.25 Discussions are ongoing with owners and government agencies to resolve these delivery barriers.

4.26 Owing to the complications in delivery and heightened uncertainty around when and what would be delivered, for prudence the forecasted jobs and business rates to be delivered have been removed from the targeted benefits outlined in this SIP.

Chatterley Valley East

4.27 The Chatterley Valley East site is 18.2 Ha. When fully developed, the site is expected to yield 1,100+ jobs.

4.28 The developable land is in private sector and public sector ownership and can be split into three sites: Land owned by Churchill China, land owned by RJC Regeneration and land owned by SoTCC

4.29 Construction of the Innovation Way development which forms part of Chatterley Valley East started on site in December 2020 and is now completed using CVEZ resources as gap funding.

4.30 The existing Churchill China site continues to operate with no further forthcoming development planned.

4.31 The RJC site (Goldendale) is currently moving forward with a hybrid planning application. Development expected 2024.

Chatterley Valley West

4.32 Chatterley Valley West is in one single private sector ownership (owned by Harworth Group) and is located in the administrative area of NuLBC within Staffordshire County Council.

4.33 An outline planning permission is now in place for development across the whole site, with full planning permission in place for the earthworks and access to the site.

4.34 Several viability and delivery challenges have been addressed (mineral preservation orders, newts on site re-sited, financial viability addressed)

4.35 Towns Deal grant funding has been secured to gap fund initial infrastructure works and earth works that will be delivered and funded by Harworth. A business case for using CVEZ resources to fund the remaining viability gap for these preliminary works has been approved by Staffordshire County Council and the SSLEP Executive Board in December 2021.

4.36 Earth works and access works commenced in 2022, with development plateaus ready for floorspace construction (subject to demand) from early 2024.

4.37 Public sector partners are working with Lucideon on developing the concept for an Advanced Ceramics Campus on the site. This would include a dedicated research centre, bespoke space to meet the relocation needs of Lucideon, space for SME's and the potential for further advanced ceramics inward investment across plots on the wider site.

4.38 Jointly funded feasibility work is underway on the ACC and an Outline Business Case to justify potential investment, followed by a Final Business Case is targeted in 2023/24.

4.39 There is still a grant funding requirement for the research centre component of these proposals and partners will be targeting forthcoming grant funding rounds yet to be announced (i.e., Levelling Up wave three or Shared Prosperity funding).

Etruria Valley

4.40 A major programme of road improvements has taken place on and surrounding the Etruria Valley site. The site now benefits from a link road across the site and junction improvements to relieve congestion on the A500.

4.41 All the sites on Etruria Valley are now completed or under construction, with the exception of the last unit which is due to go through planning.

Tunstall Arrow

4.42 Development of the southern site completed in 2019 with all five units (12,000 sqm) now occupied by Q-railing; Pramac Generac; SG Fleet; Boels Rental and DHL International UK Ltd. This site won the prestigious award for Regeneration Project of the Year for the West Midlands (via Business Insider magazine awards).

4.43 The Northern part of the site is now also complete with occupancy expected during the 2023/24 year. There is anecdotal strong interest and some pre-lets already in place.

4.44 The entire site has been sold to 4th Industrial, demonstrating investor appetite in developments completed.

Highgate and Ravensdale

4.45 Developments to date have been on the Highgate site and include:

- Two warehouse and showrooms are completed. The first Tile Mountain showroom generated 97 jobs with the second, Eurorad operating online retail and generating 50 jobs and expected to ramp up to 100 jobs over the next two years.
- A trade park development of around 6,000sqm of smaller trade units, generating 97 jobs, is completed and fully occupied with occupiers including Toolstation, Purpliss, Glass Installation, UK Storage Company, Parts Plus, Motor Parts UK, JCH Marine and Aura Graphics. A further 3,000 sqm unit is also complete occupied by Assurant Group (mobile phone servicing).
- A further 4 units as part of Highgate Phase 3 completed in 2021 and is now fully occupied.
- A new Tile Mountain expansion which is nearing completion.
- Daniel Platts business park has been completed. This was used as an NHS vaccination centre, which is now closing. Occupation on this development is expected over the forthcoming year.

4.46 Planning applications have been submitted for Land Recovery for open storage on the Severn Trent Water and Ravensdale sites. This is now the landowner's intentions for this site which will not deliver against the original EZ ambitions but is not within the control of public sector stakeholders. This removes the requirement for grant funding on this site that had previously been expected to be requested.

4.47 The Tunstall Trade Park on the Highgate site was purchased by a private sector investor in 2020. This reflects the healthy investor appetite for sites on the CVEZ.

5. Milestones

5.1 A Programme has been completed for the CVEZ and will be kept up to date and monitored by the CVEZ programme manager. This programme outlines all key milestones and the interdependencies between them. This Section summarises the delivery against the key milestones as outlined in the 2022/23 SIP and new milestones for the year 2023/24.

Milestones in 2022/23

5.2 The Table below summarises the key milestones set in the 2022/23 SIP and progress against these.

Figure 6 – CVEZ Milestones forecast for 2021/22

Milestone	Lead	Target Date	Comments
Programme management			
CVEZ officer workshop ahead of SIP renewal	SoTCC	Dec-22	Not held, removed from process going forward. Relevant information received from officers
CVEZ SIP renewal draft	SoTCC	Feb-23	Completed February 2023
CVEZ SIP renewal adopted	SoTCC	Mar-23	To be completed March 2023, on track
Ceramics and innovation			
Inward investment prospectus for Advanced Ceramics completed	MICG	Jun-22	Completed
Phase 1 feasibility work completed for Advanced Ceramics Campus	Staffs / Newc	Feb-22	Completed, September 2023, delay owing to rising cost resulting in major redesign
Business Case for advanced ceramics campus	Staffs / Newc	Jun-22	Ongoing
Communications			
CVEZ marketed at MIPIM	SoTCC	Mar-22	Completed
CVEZ marketed at UK REiif	SoTCC/Staffs CC	May-22	Completed

Milestone	Lead	Target Date	Comments
Updated website to reflect sites completed	SoTCC	Autumn 2022	Completed
Skills			
Review of whether a skills monitoring report is needed and any associated actions required (report to be considered by CVEZ board).	SoTCC	Summer 2022	Not deemed necessary, occupancy and employment not creating any issues
Chatterley Valley West			
Start-on-site for enabling works	Staffs / Newc	Spring 2022	Completed
Enabling works completed	Staffs / Newc	Winter 2022	Ongoing, first plots due to complete Spring 2023, full plot completion due Spring 2024
Construction on first building commenced	Staffs / Newc	January / February 2023	January / February 2024, on track
Chatterley Valley East			
Planning determination of RJC site	SoTCC	Spring 2022	Still ongoing, expected in Spring / Summer 2023
Construction commenced on last phases of development	SoTCC	By March 2023	By March 2024, delayed owing to planning permission
Highgate and Ravensdale			
Completion of construction in progress for Highgate	SoTCC	Summer 2022	Completed
Etruria Valley			
Completion of final development	SoTCC	Winter 2022	Completed apart from one unit, to complete by end of 2023
Tunstall Arrow			

Milestone	Lead	Target Date	Comments
Completion of final development	SoTCC	Winter 2022	Completed

Milestones in 2023/24

5.3 Key milestones for 2023/24 are set out below.

Figure 7 – CVEZ Milestones anticipated for 2023/24

Milestone	Lead	Target Date
Programme management		
CVEZ SIP renewal draft	SoTCC	Feb-24
CVEZ SIP renewal adopted	SoTCC	Mar-24
Ceramics and innovation		
Business Case for advanced ceramics campus	Staffs / Newc	Jun-23
Planning submission for ACC	Staffs / Newc	Autumn 2023
Start-on-site (subject to business case, planning approval and stakeholder approvals)	Staffs / Newc	Spring 2024
Communications		
Chatterley Valley West opportunities to be marketed at Ceramics UK exhibition	Staffs / Newc	June 2023
Chatterley Valley West		
Enabling works completed	Staffs / Newc	Spring 2023 (first plot), Spring 2024 (whole site)
Construction on first building commenced	Staffs / Newc	January / February 2024
Chatterley Valley East		

Milestone	Lead	Target Date
Planning determination of RJC site	SoTCC	Spring / Summer 2023
Construction commenced on last phases of development	SoTCC	By March 2024
Highgate and Ravensdale		
Completion and occupancy of last development on Highgate (Tile Mountain)	SoTCC	October 2023
Daniel Platt site occupancy expected throughout the year	SoTCC	Ongoing
Etruria Valley		
Occupancy of completed units expected during the 2023/24 year (including occupancy of NVS, Overclockers and Emerging Global) creating over 600 jobs	SoTCC	Spring 2024
Completion of final development	SoTCC	Spring 2024
Tunstall Arrow		
Occupancy of final development	SoTCC	Up to Spring 2024

6. Outputs (delivered and forecasted)

Targeted outputs and outcomes summary

6.1 The target outcomes and outputs expected from the Ceramic Valley programme are as follows:

- Uplift in land value of £32.7m
- 116 Ha of brownfield land brought back into use.
- c.250,000 sqm of new floorspace delivered
- 90 new businesses located on the CVEZ sites.
- 4,400+ jobs (gross) located on the CVEZ sites

6.2 These targets now reflect the removal of the Ravensdale site and the Cliffe Vale site (owing to the level of uncertainty on these two sites) and the known density of development coming forward.

6.3 The pace of delivery is likely to be significantly impacted by global macro-economic events as its continued disruption places stress on delivery during 2023 and beyond. This has been reflected in further contingency being added to the delivery timescales.

Uplift in land value

6.4 The estimated gross uplift as a result of the CVEZ programme is circa £32.7m million. This is now net of the Ravensdale and Cliffe Vale sites.

6.5 The forecasts are based on estimates produced by Mounsey Surveyors for the land value pre-EZ and post EZ forecast developments. The 5-year review (completed in 2020) evidenced that the Mounsey values would still hold in today's market, and are therefore continued to be used to measure this output. This will be reviewed at the 10-year anniversary of the Zone

6.6 Assuming the uplift in land value is derived upon completion of developments the table below estimates the uplift in value that has already been achieved and will be achieved over the next 5 years.

Figure 8 – Estimated uplift in land value

Site	Total land value	Estimate of cumulative uplift in land value delivered in Year ending									
		Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26
Chatterley Valley West	16.80	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.2	4.2
Chatterley Valley East	4.60	0.0	0.0	0.0	0.0	0.0	0.4	0.4	0.4	4.6	4.6
Tunstall Arrow	1.85	0.0	0.0	0.0	1.0	1.0	1.9	1.9	1.9	1.9	1.9
Highgate/Ravensdale	4.26	0.0	1.3	1.3	3.0	4.0	4.3	4.3	4.3	4.3	4.3
Etruria Valley	5.18	0.51	0.67	0.67	0.67	1.56	1.56	4.69	5.18	5.18	5.18
Cliffe Vale	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	32.69	0.5	2.0	2.0	4.7	6.6	8.2	11.3	11.7	17.1	20.1

6.7 The Figure above demonstrates an increase in the uplifted land value since the SIP was completed last year. However only a third of the total benefit of this measure is forecast to have been delivered. Owing to the greatest uplift in land value being forecast for the Chatterley Valley West site, this site will deliver a large proportion of the overall benefit. Therefore, when this site comes forward there will be a dramatic acceleration in the delivery against this target.

Brownfield land reclaimed.

6.8 The figure below illustrates the targeted timing of the brownfield reclaimed over the next 3 years, and the amount already achieved. It now shows a total of 116 Ha to be delivered across the sites when all development is completed (which now excludes Ravensdale and Cliffe Vale). Note owing to anticipated phasing of delivery on Chatterley Valley West will account for the final target being achieved in 2027/28.

Figure 9 – Brownfield land reclaimed and targeted (Hectares)

Site	Total	Estimate of cumulative brownfield land reclaimed Year ending (Ha)									
		Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26
Chatterley Valley West	38	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.7	9.5
Chatterley Valley East	18	0.0	0.0	0.0	0.0	0.0	1.7	1.7	1.7	18.2	18.2
Tunstall Arrow	9	0.0	0.0	0.0	4.7	4.7	4.7	8.8	8.8	8.8	8.8
Highgate/Ravensdale	20	0.0	2.3	2.3	5.4	7.1	7.6	7.6	11.7	11.7	20.3
Etruria Valley	31	3.03	3.80	3.80	3.80	8.49	8.49	27.89	30.80	30.80	30.80
Cliffe Vale	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	116	3.0	6.1	6.1	13.9	20.3	22.4	45.9	52.9	72.2	87.6

Floor space delivered

6.9 The table below shows the existing space delivered and the expected space to be delivered over the next 3 years. The progress on floorspace delivered has been remarkable over the past year, with several sites completing development and the total floorspace delivered almost doubling on the Zone since 2022.

Figure 10 – Floorspace delivered (sqm 000's)

Site	Target floorspace	Estimate of cumulative floorspace delivered year ending									
		2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Chatterley Valley West	99.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.1	24.8
Chatterley Valley East	29.7	0.0	0.0	0.0	0.0	0.0	2.7	2.7	2.7	29.7	29.7
Tunstall Arrow	21.8	0.0	0.0	0.0	11.7	11.7	11.7	21.8	21.8	21.8	21.8
Highgate/Ravensdale	46.5	0.0	9.0	9.0	21.5	28.4	30.2	30.2	46.5	46.5	46.5
Etruria Valley	69.8	6.86	8.61	8.61	8.61	19.24	19.24	63.18	69.78	69.78	69.78
Cliffe Vale	0.0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	267.4	6.9	17.6	17.6	41.8	59.3	63.8	117.9	140.8	174.8	192.6

New businesses within the CVEZ

6.10 There are currently 37 different businesses on site, as detailed in the table below. This has grown from 20 in the year 2020/21. This is significant growth especially under current economic

circumstances. The occupancy of small business units on Chatterley Valley East and West will accelerate this growth.

6.11 There is very strong occupancy of the new space completed in 2022/23 with only a handful of vacant units.

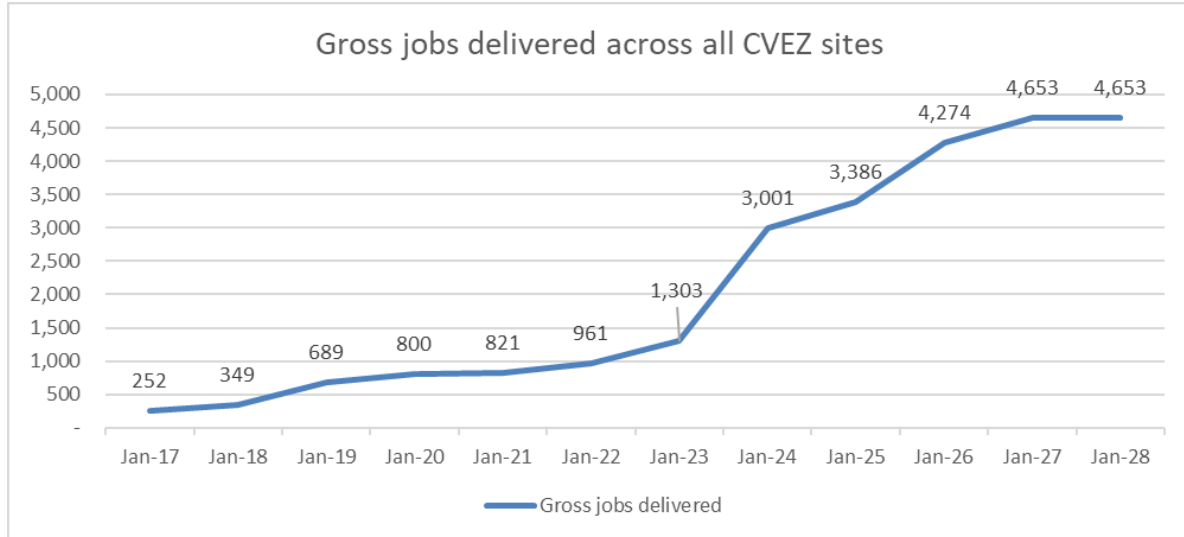
Figure 11 – New businesses operating on site

Site	Occupier	Sq ft	Jobs
Etruria Valley	DPD	60,000	192
Etruria Valley	Greene King	16,000	60
Etruria Valley	West Midlands Ambulance Service	16,000	236
Etruria Valley	bet365	60,000	12
Etruria Valley Unit 11	Moto Hub Engineering	3,067	4
Etruria Valley Unit 8	The Belgium Beer Company	3,088	3
Etruria Valley Unit 1	Small Batch Cocktails	4,144	5
Etruria Valley Unit 3	Robert Pochin Ltd	4,902	5
Etruria Valley Unit 7	Quality Transport Training	3,294	TBC 10
Etruria Valley Unit 10	Allscreens Nationwide	3,039	TBC 10
Etruria Valley Unit 2	Automated Material Handling Life Services Limited	4,913	TBC 15
Etruria Valley Units 4-6	The BSS Group Ltd	14,724	TBC 20
Etruria Valley	Eurostar Global Electronics	43,311	68
Highgate Ravensdale	Tile Mountain	108,000	97
Highgate Ravensdale	Eurorad/Bathroom Mountain	96,750	50
Highgate Ravensdale	Tool Station	4,500	16
Highgate Ravensdale	Purpless	4,000	6
Highgate Ravensdale	Glass Installation	5,500	8
Highgate Ravensdale	UK Storage Company	12,500	5
Highgate Ravensdale	Parts Plus	5,500	TBC 30
Highgate Ravensdale	Motor Parts UK	4,000	7
Highgate Ravensdale	JCH Marine	9,000	21
Highgate Ravensdale	Aura Graphics	4,000	4
Highgate Ravensdale	Assurant Group	30,000	163
Highgate Ravensdale	I-Design	4,400	22
Highgate Ravensdale	Tile Mountain/Bathroom Mountain	5,250	20
Highgate Ravensdale	Tile Mountain/Bathroom Mountain	4,000	NA
Highgate Ravensdale	Tile Mountain/Bathroom Mountain	4,000	NA
Tunstall Arrow	Q-railing	40,655	34
Tunstall Arrow	Pramac Generac	20,000	24
Tunstall Arrow	SG Fleet	20,000	30
Tunstall Arrow	Boels Rental	10,000	20
Tunstall Arrow	DHL International UK Ltd	35,000	45
CVE (Innovation Way) Unit 9	Action Delivery Services	5,210	15
CVE (Innovation Way) Unit 4	Mr John Buckley Power	2,217	6
CVE (Innovation Way) Unit 5	Midway Industrial Doors Ltd	2,508	12
CVE (Innovation Way) Unit 6	Aim Technologies Ltd	2,863	8
CVE (Innovation Way) Units 7 & 8	Premier Flooring Distribution Ltd	6,609	TBC 10
CVE (Innovation Way) Unit 1	Staffordshire Hot Tubs & Swimspas	3,391	TBC 5
CVE (Innovation Way) Unit 2	Wolseley UK Ltd	3,391	TBC 5
	Total	689,726	1,303

Jobs on site

6.12 An estimated 4,653 gross jobs is expected to be delivered across the sites. This renewed figure is based on actuals delivered as well as projections on yet to be completed or occupied sites. Given the significant growth in floor space over the past year the revised figure is more accurate. The figure below demonstrates the target job growth across the six sites and jobs already delivered.

Figure 12 – Jobs delivered and forecast to be delivered



6.13 There has been rapid growth in jobs over the past year with 342 added. This is based on data collected as at December 2022. It is anticipated this figure will grow before the end of the 2022/23 performance year.

6.14 Over the next year, recently completed units, and the amount of units also forecast to complete in 2023/24 will see an even more rapid expansion in employment. The total estimated at the end of the 2023/24 year would be over 3,000 jobs. This growth will be achieved largely through the rapid completion and occupation of units on Etruria Valley, supplemented by occupation on Tunstall Arrow and Highgate.

6.15 The reduction in the forecast total jobs from 5,500 (as predicted in the SIP for 2022/23) to 4,653 is as a result of lower job density being achieved versus what was predicted. This is as a consequence of some use-types, most notably storage, employing much less workers than industrial or office uses which had been assumed. The total forecast jobs of 4,653 jobs would still have a significant positive impact on the local economy.

Jobs delivered by industry

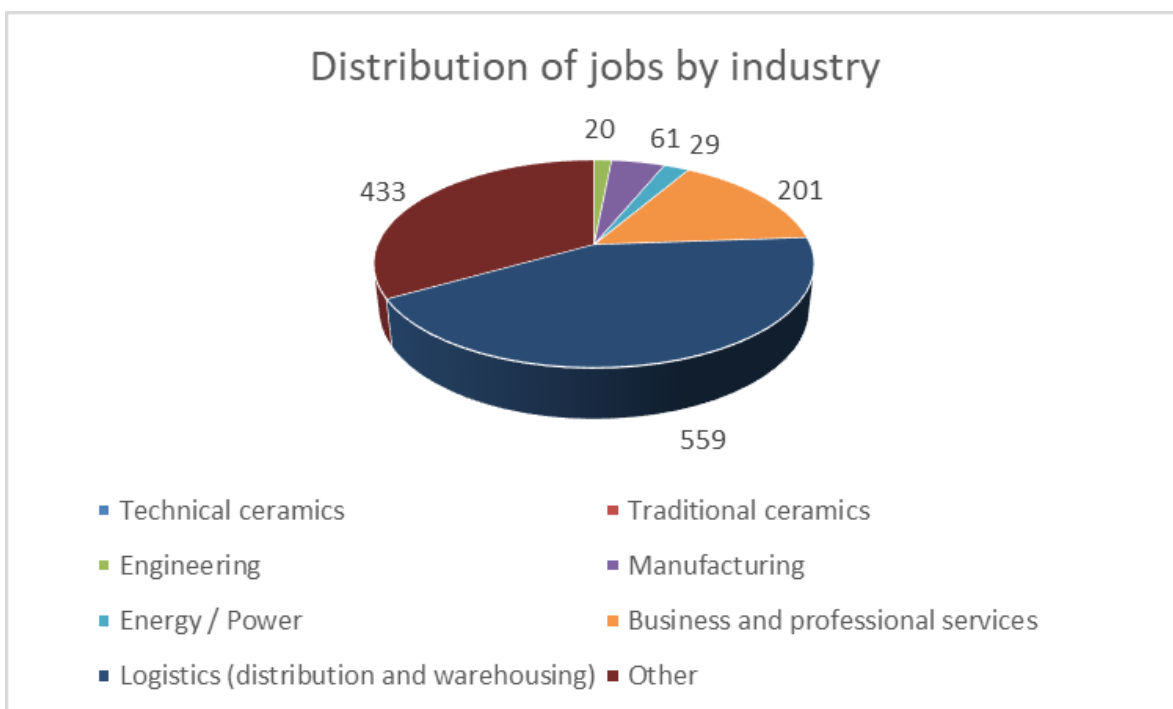
6.16 The monitoring process includes tracking the jobs delivered broken down by the original target sectors of the CVEZ. The breakdown of jobs by industry that are already delivered is shown below.

6.17 This shows a predominance of jobs within logistics and other categories (with other representing retail, leisure and public sector jobs). Since 2021 there has been strong growth in professional services. Chatterley Valley West is potentially the location for significant advanced ceramics investment which could see this sector represented significantly once this site comes forward.

Figure 13 - Jobs by industry

Site	Total jobs delivered	% of jobs
Technical ceramics	0	0
Traditional ceramics	0	0
Engineering	20	2
Manufacturing	61	5
Energy / Power	29	2
Business and professional services	201	15
Logistics (distribution and warehousing)	559	43
Other	433	33
Total	1303	100

Figure 14 - Jobs by industry



High-value jobs

6.18 Jobs categorised as high-value are also now being tracked through the monitoring reports. Currently 13% of the jobs that are known and forecast to be delivered by March 2023 are categorised as high-value.

7. CVEZ finance

Introduction

7.1 This Section provides a summary of expected revenue and capital costs incurred by the Accountable Bodies in delivering the CVEZ, and the principles for funding these activities. The CVEZ budget will be renewed every year along with the CVEZ SIP. The budget set out for the 25-year CVEZ programme is based on some sensitive assumptions with contingencies built in.

Principles around funding

7.2 Owing to the difficulty in isolating the CVEZ debt term and interest rate for Accountable Bodies (from wider corporate borrowing) the financial principles on accounting for CVEZ expenditure, income and interest costs on borrowing was simplified in 2019 SIP.

7.3 Delivery of the CVEZ requires expenditure by Accountable Bodies in the following forms:

- Funding staff to undertake management and reporting tasks associated with the CVEZ.
- Providing revenue funding for projects such as marketing, business support activities, skills improvement programmes, employment brokerage services and other projects yet to be identified which work towards delivering the CVEZ vision.
- Providing capital funding to deliver infrastructure that is needed to unlock the delivery of the sites.
- Providing capital funding as gap funding to aid the viability of sites
- Undertaking some direct development of employment space

7.4 The revenue and capital costs will be met by a mixture of external grant funding and expenditure by the Accountable Bodies (SoTCC, Newcastle BC and Staffs CC).

7.5 The revenue and capital expenditure incurred in previous years and projected for future years is set out in the CVEZ SIP. The CVEZ SIP sets out the source of funding.

7.6 Expenditure incurred by the Accountable Bodies will be recovered through the Business Rates revenue generated by the CVEZ.

7.7 SoTCC will keep a cashflow of its own expenditure and income associated with the CVEZ. When SoTCC was running a deficit 2016-22, it charged a 3% per annum interest cost on the cumulative deficit (which was at a margin above PWLB borrowing rates). As PWLB borrowing rates have rapidly increased over the past year it is proposed that the interest on deficits beyond 2023 is revised to 5%.

7.8 The first call on rates collected by SoTCC will be to lower its cumulative deficit. Once there is a cumulative surplus on SoTCC's CVEZ account the uplift will be committed to new projects.

7.9 At SoTCC's discretion, and only if SSLEP agree, SoTCC may decide to invest in CVEZ projects that increases its cumulative deficit.

7.10 Staffs CC and Newcastle BC will keep a cashflow of its own combined expenditure and income associated with the CVEZ. In-line with SOTCC deficit for 2016-23 were charged interest at 3%. This will now proposed to be revised to 5% moving forward.

7.11 The first call on rates collected by NuLBC will be to lower the Staffs CC / NuLBC cumulative deficit. When there is a cumulative surplus on the Staffs CC / NuLBC CVEZ account the uplift will be committed to new projects.

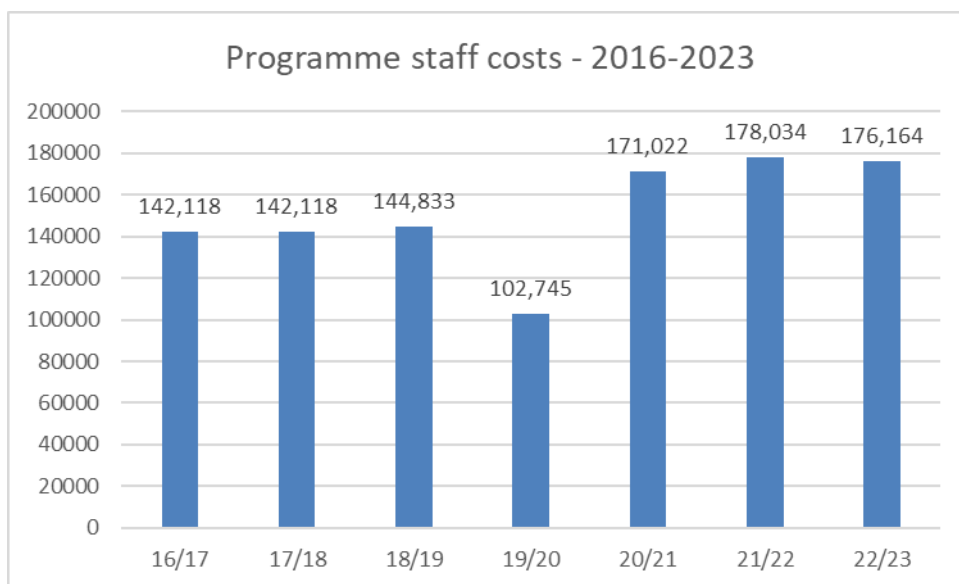
7.12 At the discretion of Staffs CC and NuLBC (if both agree), and only if SSLEP agree, Staffs CC / NuLBC may decide to invest in projects that increases its cumulative deficit.

7.13 The finance cost of an Accountable Body cash-flowing a deficit will be 3% per annum. This will remain as the interest rate during the life of the CVEZ, unless the quoted PWLB 30 Year Annuity rate rises above this level, in which case a new higher cost of borrowing would be used.

Revenue costs - staffing

7.14 The annual staff costs, incurred by SoTCC as the accountable body in charge of managing the CVEZ programme, is provided in the Figure below. From 2016 to 2022/23 the figures are actuals incurred.

Figure 15 – SoTCC programme staff costs years until 2025



Revenue costs – professional services and project expenditure

7.15 The figure below provides a summary of SoTCC revenue costs incurred to date and up until 2026.

7.16 The forecasted revenue costs now include an indicative sum for the Business Rates discount that will be offered by SoTCC to new occupiers in-line with the business case that was signed off in March 2021. This sum is an indicative estimate and will be highly variable depending on the sector of the company, the type of building constructed and the end rates as set by the Valuation Office Agency.

Figure 16 – SoTCC Revenue costs

Project description	Total	Year ending										
		Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	
Dedicated planning service	£196,000	£20,000	£40,000	£43,000	£20,000	£43,000	£10,000	£20,000				
Transport assessment	£0	£0	£0	£0	£0							
Cliffe Vale feasibility phase	£13,000	£0	£13,000	£0	£0							
Inward investment (Inc. Marketing)	£1,577,500	£125,000	£125,000	£127,500	£250,000	£250,000	£140,000	£140,000	£140,000	£140,000	£140,000	£140,000
Professional services (msc)	£115,584		£15,584	£20,000	£10,000	£20,000	£10,000	£10,000	£10,000	£10,000	£10,000	£10,000
Extended Business Rate discount	£2,000,000							£500,000	£800,000	£500,000	£200,000	
Total	£3,902,084	£145,000	£193,584	£190,500	£280,000	£313,000	£160,000	£670,000	£950,000	£650,000	£350,000	

7.17 Staffs CC's and NuLBC's CVEZ revenue costs include the feasibility and technical studies it has contributed to on Chatterley Valley West and anticipated further studies moving forward. This is outlined in the Figure below. The staff costs at Staffs CC and NuLBC are also included, which will be recovered by the rates collected on the Chatterley Valley West site.

Figure 17 – Staffs CC and NuLBC project revenue costs

Project description	Total	Year ending										
		Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	
NuLB Staff costs	£199,580	£0	£0	£5,500	£5,500	£5,500	£36,616	£36,616	£36,616	£36,616	£36,616	£36,616
Staffs CC staff costs	£200,946			£20,364	£20,771	£16,325	£38,486	£30,000	£25,000	£25,000	£25,000	£25,000
Chatterley Valley West feasibility and staff costs	£164,436	£70,875	£16,711	£0	£989	£5,862	£40,000	£10,000	£10,000	£5,000	£5,000	
Total	£564,963	£70,875	£16,711	£25,864	£27,260	£27,687	£115,102	£76,616	£71,616	£66,616	£66,616	

Stoke on Trent City Council Capital expenditure

7.18 The SoTCC capital expenditure to date and estimates going forward are outlined in the Figure below.

7.19 With the completion of the EVLR road project a large proportion of the total capital expenditure planned, is now spent.

7.20 There remains in the table below allowances for site infrastructure work for Cliffe Vale and Ravensdale. Whether this money is needed or will be spent in this timescale is unclear. All capital expenditure is expected to be completed by 2026.

Figure 18 – SoTCC CVEZ capital expenditure (£m)

Project	Total	Year ending										
		Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	
Etruria Valley - Link Road (total)	47,135,806	4,282,172	1,190,952	1,058,022	1,904,660	10,550,000	23,840,000	4,310,000				
External grant contribution to EV Link Road	31,697,835	2,500,000	797,835			14,700,000	13,700,000					
SoTCC contribution to EV Link Road	14,556,921	1,241,545	292,452	970,605	1,852,319	-4,200,000	10,100,000	4,300,000				
Revenue spend EVLR	881,050	540,627	100,665	87,417	52,341	50,000	40,000	10,000				
Tunstall Arrow gap funding	2,413,563	0	1,123,563	1,290,000								
Highgate bridge repair	575,019	72231	9,788		493,000							
Cliffe Vale	1,423,246	0	13,246				141,000	1,269,000				
Etruria Valley fibre optic project	160,000	0				75,000	85,000					
Innovation Way Gap Funding	878,000	0				550,000	328,000					
Site infrastructure (projects yet to be identified, subject to SoTCC approval)	3,257,000								1,100,000	1,157,000	1,000,000	
Total	55,842,634	4,354,403	2,337,549	2,348,022	2,397,660	11,175,000	24,394,000	5,579,000	1,100,000	1,157,000	1,000,000	
Total SoTCC	24,144,799	1,854,403	1,539,714	2,348,022	2,397,660	-3,525,000	10,694,000	5,579,000	1,100,000	1,157,000	1,000,000	

Staffordshire County Council and Newcastle Under Lyme Capital expenditure

7.21 The Chatterley Valley West site now has firmer plans and a business case approved for spending CVEZ resources into the enabling works. This expenditure is now included in the CVEZ budget and comprises £3.45m to be spent in 2022/23 – 2024/25.

7.22 The two Authorities also have emerging plans for potential investment in buildings on site (the Advanced Ceramics Campus and small business units). These plans do not yet have ‘fully worked up’ business cases and therefore do not yet feature in the CVEZ budget. Business Plans are expected to be considered in 2023/24.

Other capital expenditure

7.23 Match and aligned funding by third parties, but not included in the CVEZ budget, includes:

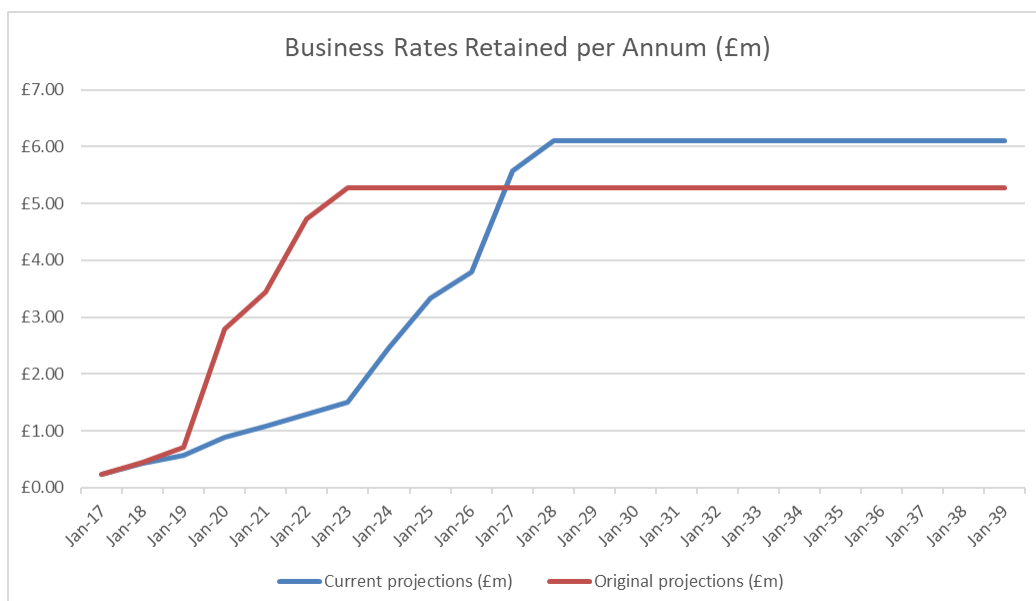
- Lucideon and partner’s investment in the Lucideon / AMRICC centre (£20m - £30m)
- Strength in Places funding of £18m and partner match of £16m in advanced ceramics equipment and research.
- Private developer investment in land preparation and new buildings.

Uplift in business rates

7.24 The forecast for growth in business rates collected is demonstrated in the Figure below.

7.25 The current CVEZ budget forecasts demonstrate a potential business rates income stream of £102m over 25 years, with a steady growth per annum until c£6.0m per annum is reached in 2027/28. A full break down of Business Rates forecast by site is available from the CVEZ Project Office. The peak per annum business rates is now slightly higher versus the last SIP (as it now includes for an inflationary rise in Business Rate Multiplier). Although owing to some delays in site delivery and occupation the total rates to be collected across the 25 years is slightly lower than projections in last year’s SIP.

Figure 19 – Project business rates collect in CVEZ

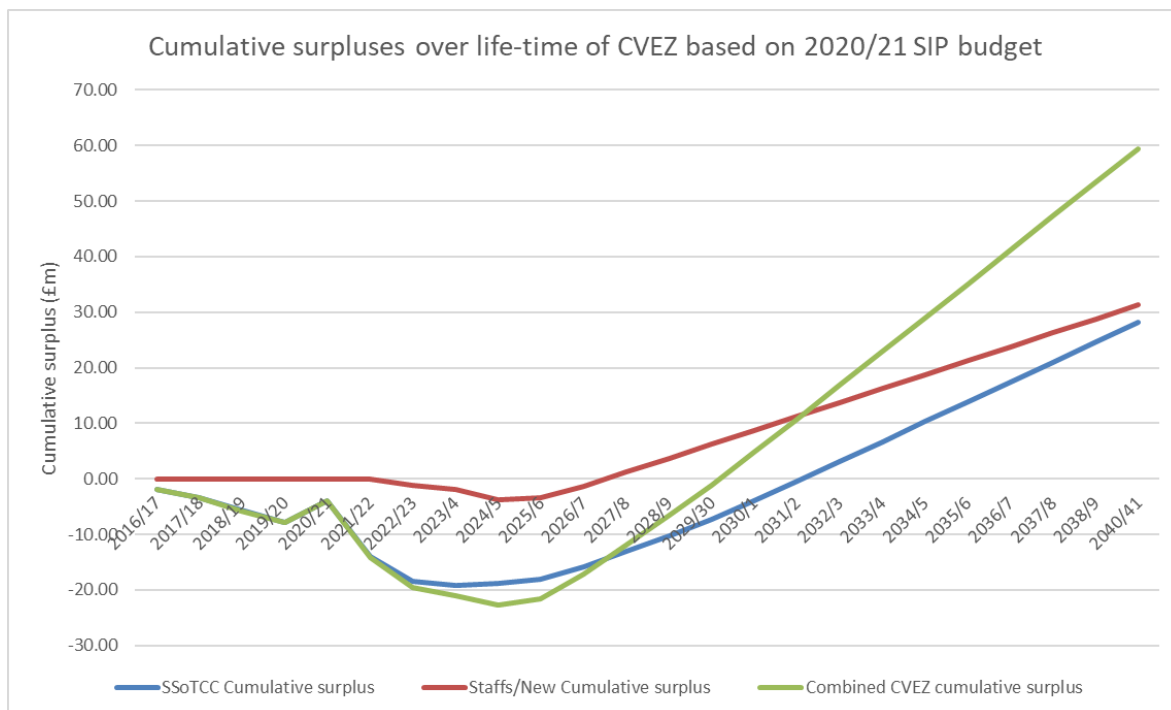


Cumulative financial position

7.26 Figure below provides a summary (based on all costs and expenditure incurred) of the forecasted surplus and deficit across the CVEZ and for the sperate accounts being managed by SoTCC and Staffordshire / Newcastle. The analysis demonstrates:

- The CVEZ budget reaches a cash surplus by 2031. This is likely to extend into the future once further investment plans for Chatterley West are known.
- Subject to no further borrowing SoTCC is expected to create a surplus in its own account by 2032.
- NuLBC and Staffs CC debt is forecast to be repaid as early as 2028. However, the current capital plans do not include further investment in buildings on site, with business cases expected to come forward over the next year. Once these additional investments are included in the CVEZ budget both the Staffs / NuLBC running account and the cumulative CVEZ running account will have an extended period of debt.
- In each account there is substantial levels of surpluses which gives confidence that CVEZ will generate sufficient rates to repay all debt forecasted to be incurred over the 25 year life of the CVEZ.

Figure 20 – CVEZ cumulative surpluses



Investment decisions

7.27 Each project investment by the Accountable Bodies is considered individually in the context of the wider CVEZ programme. Each project financed from the CVEZ budget (through upfront investment recovered through future business rates uplift) requires a robust business case that demonstrates:

- the project delivers against the CVEZ SIP
- that there is a genuine gap funding requirement and public investment is necessary (and that the payment of the works would not contravene state-aid or subsidy control legislation)
- a detailed and accurate analysis of the costs is established
- delivery arrangements are in place
- a cash flow projection demonstrates the investment can be repaid

7.28 The business cases are appraised by consultants reporting into the Project Board in-line with the SSLEP Assurance Framework.

7.29 The expenditure on approved CVEZ projects will need to be included in the next iteration of the CVEZ SIP.

8. Risks

8.1 A CVEZ Programme Risk register has been completed and is available from the CVEZ Programme Manager. This will be maintained as a live document, reviewed and updated by the Project Group, with any major issues escalated via the CVEZ monitoring processes.

8.2 Since 2022/23 some key risks have been mitigated and are no longer detailed in the SIP. This includes:

- Risks associated with transport infrastructure with the EVLR now complete have been removed
- The risks associated with Covid 19 have dampened and removed from the risk register. Although this is replaced by other risks affecting the macro-economy (war in Ukraine, energy prices)
- Commercial viability of development on both Highgate, Tunstall Arrow North and Chatterley Valley West have been addressed with development underway or close on each of these sites.

8.3 Several key risks do still remain and these are summarised below:

- **Land owner engagement** - on both the Ravensdale site and Cliffe Vale there is a danger of no delivery owing to lack of activity and appetite from the land owners. The delivery outputs and business rates for these sites are now removed from the output and budget projections.
- **Pace of delivery** – the pace of delivery could be over-estimated on the residual sites. Although given the pace of delivery over the past year, with several sites nearing completion and close to full occupancy, this risk is viewed as having a lower impact than the last year.
- **Target industries crowded out** -the public sector does not control the majority of land within the CVEZ and can therefore not be prescriptive, nor would they wish to be, about who the end users on the sites will be. Market forces could result in the delivery of logistics, retail and light industry with little development in the target industries (technical ceramics, traditional ceramics, engineering) as outlined in the CVEZ vision. Indeed, nearly all early jobs growth on the CVEZ has been outside these target sectors. The concept of an Advanced Ceramics Campus has been developed and is planned for Chatterley Valley West with a targeted opening in 2024. This will go a long way to addressing delivery against this original target sector.
- **SMEs crowded out** – as above the land controlled by private developers may fail to deliver to meet the needs of SME's. CVEZ Project Board and partners have monitored this situation and have undertaken proactive development / investment where needed (i.e. Innovation Way as an example). Further plans for SME space are emerging, to be backed by Newcastle-Under-Lyme Borough Council on the Chatterley Valley West site.
- **Leakage of jobs** – A danger of inward investment is that local population do not enjoy the benefits of the jobs located on the CVEZ, as the new occupiers bring existing staff and import other staff from outside the area. Measures to reduce this include the employment brokerage service, investment in the skills of local people, targeted marketing at sectors (Ceramitec, automotive, energy) for which there is a suitable pool of labour available.

9. Additional assistance required from Central Government

9.1 The development on Cliffe Vale remains frustrated. Central government agencies (such as the Environment Agency) will be involved in seeking a resolution.

9.2 The business case development for establishing an Advanced Ceramics Campus on Chatterley Valley West is progressing well. It is the current intention that local public sector partners and the private sector will fund the majority of the £20m-30m investment. There is a highlighted gap in the finding required for the capital investment into the research centre. This will likely require £6-£8m of grant funding. Government recognition of the importance of this investment to the CVEZ programme will be important.

9.3 As part of the Strength In Places Fund project for advanced ceramics across the Midlands there is a plan for coordinated inward investment promotion for this niche sub-sector of industrial materials. This will involve input from local partners. It will also require support from central government via Department for International Trade. DiT's active participation in this workstream will be vital.