

Strategic Outline Business Case

Please complete this to enable an initial assessment of your project. Once completed, please return by email to callsubmissions@sheffieldcityregion.org.uk by 5pm on 8th December 2017.

1 - PROJECT DETAILS	
1.1 PROMOTER'S INFORMATION	
Title and full name of main contact:	
Position:	Investment and Economic Initiatives Manager
Lead Partner:	Rotherham Metropolitan Borough Council (RMBC)
Lead partner organisation size:	Large – approximately 7,500 staff
Other delivery partners & roles:	None
Address for correspondence:	Rotherham Investment & Development Office Rotherham Metropolitan Borough Council Floor 3, Riverside House, Main Street, Rotherham
Postcode:	S60 1AE
Phone:	
E-mail:	
1.2 PROJECT INFORMATION	
Project title:	Century BIC Phase II
Project name and summary (please append any graphics):	Delivery of Century Business Centre Phase II – Funding is required to assist with the delivery of a second phase of the popular Century Business Park. This phase will create 18,200 sq. ft. of B1 use floor space, allowing the growth of existing, and the development of new, businesses within the Borough and City Region.
Project Location:	Manvers Way, Manvers, Wath upon Dearne, Rotherham S63 5AA
Total project cost:	£3.2m
Amount of funding sought from SCR:	£1.6m
Confirmation of other funding:	Remaining £1.6m identified as a project within the Council's refreshed Capital Strategy 2018-2023. This is subject to the approval of the Council's Cabinet and Commissioners' Decision Making Meeting in February 2018.
Is the funding requested a loan or a grant or a mix of both? If a mix, please specify percentage split:	100% loan

For loans, please suggest your preferred term (length), repayment preference (instalments or maturity) and type (discounted, commercial, etc.). Briefly outline your rationale for this suggestion:	100% loan to be paid upfront to address a funding gap and enable construction to take place, convertible to grant upon achievement of the project outputs.
Proposed start and end dates for project:	Start date of January 2018 for preparation of documents required for planning application, start on site in May 2018. End date February 2019.

1.3 Main Project Theme				
<i>Place an x against one theme</i>				
Skills	Transport	Housing	Infrastructure	Other [please specify]
				Employment
1.4 Secondary Project Themes				
<i>Place an x against all that apply</i>				
Skills	Transport	Housing	Infrastructure	Other [please specify]
X			X	
1.5 Does the project have the approval of the relevant local authority? If no, when is this expected? If yes, please provide evidence of this.				Yes
Applicant is local authority.				
1.6 Do you have full internal approval for this project to commence works? If no, when is this expected?				Yes
There is approval in principle. It will be necessary to secure planning permission for the proposal; final plans will be taken to Cabinet to attain full internal approval.				
2. STRATEGIC CASE				
2.1 What is the rationale for public sector investment in this project? <i>150 words max</i>				
<p>The project will deliver approximately 18,200 sq ft of new floor space for office and clean manufacturing “move on” space within B1 use class. This high quality, publically owned and operated employment space will be made available to business within the local area, as well as to the wider Borough and City Region scale. This is to build on the first phase of the Century Business Park and will allow current occupants and other businesses to move to larger premises as their business grows, alongside providing some additional space suitable for new businesses.</p> <p>The project will also deliver the benefit of providing new employment opportunities, in turn increasing the size of the workforce of the SCR and the workforce’s productivity. Approximately 120 (108 at 90% occupancy) FT jobs will be created by the project over a ten year period.</p>				

In addition 20 jobs will be safeguarded/ created during the construction phase.

A further benefit of the project is related to the impacts of this job creation, which is anticipated to result in an uplift of GVA.

2.2 Which of the SCR objectives below does this project contribute to?

Objectives	<i>Place an x against the objectives that your project aims to directly deliver.</i>
1. Increasing SCR's Gross Value Added by improving productivity	X
2. Increasing the number of jobs/employment rate in the SCR	X
3. Rebalancing the economic base of the City Region by increasing the proportion of private sector employment and helping to address the performance gap between SCR and the Greater South East	X
4. Capitalising and enhancing the quality of life in the SCR and delivering sustainable economic growth	X

2.3 Please set out the objectives of the proposed project. Briefly show how these align with the relevant SCR objectives you have selected in 2.2.

100 words max

The project will deliver 18,200 sq. ft. of new floor space for office and clean manufacturing “move on” space within B1 use class. This is expected to deliver the opportunity for 108 new FT jobs (based on managed workspace job density as per HCA Employment Densities Report 2015 discounted to reflect the 90% expected occupancy level).

This project will assist with rebalancing the economic base of the City Region and increasing GVA, by: increasing the proportion of the workforce employed in the private sector, and helping address the economic performance gap that exists between the City Region and the Greater South East. The increase in GVA and employment levels will result in an enhancement to the quality of life experienced within the SCR, due to the benefits of delivering sustainable economic growth.

2.4 Is the scheme compliant with statutory plans and processes (e.g. Local Authority planning policy and economic/ housing growth strategies, transport needs, provision of education)?

100 words max

The scheme is compliant with and supported by various planning policy and economic growth strategies. With regards to the RMBC Core Strategy 2014, the scheme will contribute to achieving the Vision and Objectives 1 and 6 of this document. Support for the scheme is provided by Policies CS1 and CS9 of the Core Strategy.

The Rotherham Economic Growth Plan 2015 – 2025 provides further support for the scheme, delivering the objectives of both Theme 1: Grow Existing and Develop New Businesses and Theme 4: Employment Land and Business Premises.

The scheme is also compliant with the SCR Strategic Economic Plan 2015 – 2025, in relation to the strategic objectives to ‘Ensure SCR businesses have the support they need to realise their full growth potential’ and ‘Provide the conditions that businesses need to prosper and become more resilient’. As well as the strategic priorities of ‘Business & Investment’ in the emerging Draft Sheffield City Region Inclusive Industrial Strategy.

<p>2.5 Will your project have any implications for the existing transport network and its users?</p> <p>If yes, please summarise the results of your transport assessment below.</p> <p><i>100 words max</i></p>	<p>Yes</p>
<p>It is anticipated that there will be an increase in vehicle movements to the site of around 100 per day (c. 40 in the morning, 40 in the evening, 20 visitors/ deliveries). The full impacts of this will be assessed during the planning application stage.</p> <p>However this project is being delivered on serviced plots on an existing business park, with the road infrastructure and capacity designed from the outset to be capable of accommodating the anticipated increase in vehicle movements associated with the plots coming forward.</p>	
<p>3. COMMERCIAL CASE</p>	
<p>3.1 Please justify and evidence the need for this project i.e. define the problem/barrier that this project will address.</p> <p>Outline the evidence that supports this including any market testing or modelling work you may have carried out.</p> <p><i>100 words max</i></p>	
<p>As indicated in responses to 2.2 and 2.3 the primary objectives of this project are to deliver much needed business space, creating employment and resulting in an uplift to GVA. The Sheffield & Rotherham Joint Employment Land Review 2015 identified the need for approximately 235ha of additional employment land in the Borough up to the year 2031 with estimated jobs growth of between 10,980 and 13,275 based on a number of different scenarios.</p> <p>Phase I of the project site has consistently experienced high levels of occupancy and demand since opening; existing occupancy rates are currently around 90%.</p>	
<p>3.2 Please identify the key risks to the project and any dependencies on other projects or investment.</p> <p><i>75 words max</i></p>	
<p>The SCRIF investment will ensure that the second phase of the Century Business Park is delivered. The match funding has already been agreed in principle by the Council and following the preparation of final designs, will be taken to Cabinet for full internal approval in April 2018.</p> <p>The project is not dependant on other projects or investment.</p>	
<p>3.3 If this scheme is reliant on private partners / stakeholders to deliver outputs, outline any discussions, procurement, negotiations or process undertaken?</p> <p><i>75 words max</i></p>	
<p>A contractor will be required for the construction element of the project, to be appointed following confirmation of funding.</p> <p>The scheme is not reliant on any other partners or stakeholders to deliver the outputs; the site is owned by and will be operated by RMBC.</p>	

4. ECONOMIC CASE

4.1 Please complete the relevant tab(s) in the Proforma provided.

See completed appended Proforma for breakdown of job creation.

4.2 Summarise the main assumptions you have made in forecasting outputs and outcomes.

50 words max

Demand based on study and level of current enquiries received by RiDO from new business and those looking to 'move on' and grow. RiDO has a strong track-record for managing similar centres (4 owned and operated by RMBC) and as such is experienced and confident that the demand/ supply evidence to develop Century II is robust and deliverable.

Take up and occupancy is expected to replicate existing facility of c.90-100% occupancy. Century has been extremely successful and has consistently been at c.90-100% occupancy with strong enquiry levels continuing.

The job outputs have assumed a simple density calculation taken from HCA Employment Densities, 2015.

4.3 What is the likely range of uncertainty around your forecasts (e.g. 10%-90%)?

50 words max

Uncertainty of forecasts is low, around 20%, this is due to the following:

- Site is already under sole ownership of RMBC
- The build proposal is in-line/ in character with the business park location
- Build cost estimates follow existing Phase I, due to replication of similar design and allow £1,700psqm build costs. (this is an acceptable rate taken from SPONS)
- Demand for created floor space can be demonstrated, through both enquiries received and Phase I occupancy levels

4.4 Briefly outline the other options considered and why none of these are deemed suitable.

100 words max

There is clear and strong demand for this type of development in this area. RMBC undertook extensive searches for other suitable locations in the area but no other sites were identified. RMBC also own the development site which gives certainty of delivery and better VfM.

Other, smaller, size of development was considered but this would not service the demand, it would also prove less cost effective, be less flexible and not be as attractive to the market.

5. FINANCIAL CASE

5.1 Spend / Funding Profile	17/18	18/19	19/20	20/21	Total	Funding Status
(A) Total Private Investment (£)	0	0	0	0	0	N/A
(B) Total Other Public Sector Investment (non-SCR funding) (£)	0	1,600,000	0	0	1,600,000	Confirmed
(C) Total SCR Funding Sought (£)	70,000	1,530,000	0	0	1,600,000	In progress
(D) Total Project Investment (£) (A+B+C=D)	70,000	3,130,000	0	0	3,200,000	-
SCR as % of Total Project Investment	100	48	0	0	50	-
Degree of certainty of cost estimates	<ul style="list-style-type: none"> 70% (Project designed and initial cost estimated based on previous builds and on latest SPONs information.) 					

5.2 Please outline any additional work required to confirm project costs / funding and when this is likely to be completed.

75 words max

Final designs to be prepared for submission of planning application in March 2018 to confirm final build costs.

Full internal approval will be secured for funding following the preparation of designs and final costs above, expected to be in May 2018.

5.3 If funding sought is part or wholly grant, please justify why 100% loan is not suitable.

100 words max

N/A. Seeking loan.

6. MANAGEMENT CASE

6.1 Please provide your timetable for delivery. Please justify your response considering factors such as the time required to secure statutory powers, secure match funding, procure contracts etc.

Key Milestones	Date	Comments
All funding secured	April 2018	Depending on confirmation of funding from SCR

		date as well as internal approval for RMBC input.
Cabinet / other external approvals	April 2018	Full internal approval expected to be secured in May 2018 following production of final design for planning application
Procurement complete	May 2018	Following confirmation of funding, contractor to deliver the project will be appointed either directly from framework or tendering exercise.
Statutory processes complete	March 2018	Planning permission required for project. Application to be submitted January 2018.
Land acquisition complete	N/A	
Start on site	June 2018	Following confirmation of funding, securing planning permission and appointment of contractor, construction will commence as soon as appropriate.
Scheme opening	April 2019	-

6.2 Where appropriate, please indicate whether the following have been secured, agreed fully or agreed in part, or provide an estimation of when they are likely to be secured. Insert N/A if not applicable to the project. If not fully agreed, please provide a summary of the remaining tasks.

Delivery Constraint / Risk	Status	Completion Date	Comments on remaining tasks
Planning consents	Required	March 2018	Application to be submitted January 2018.
CPOs	N/A		
Public consultation	Required	March 2018	In line with requirements for planning application
Public inquiry	N/A		
Traffic regulation orders	N/A		
Transport and works act	N/A		
Public sector match Funding	Required	April 2018	Full internal approval to be secured following completion of final designs.
Private sector match Funding	N/A		
Procurement contracts	Required	March/ April 2018	Only required if suitable contractor cannot be appointed through framework.
Revenue funds	N/A		
Partnership agreement	N/A		
Other statutory processes	N/A		
6.3a Explain the State Aid evaluation of Project.	Not State Aid	Details regarding State Aid can be found at: https://www.gov.uk/guidance/state-aid	

6.3b If the project involves provision of State Aid, please indicate the amount of State Aid provided and under what heading / project. If the project does not amount to State Aid funding, please provide an explanation as to why; making specific reference to the State Aid tests. Do not leave this section blank.