

Appraisal Panel Summary

Project Name	Worksop Site Delivery – Phase 2b Shireoaks Common		
Grant Recipient	Bassetlaw District Council		
SCR Executive Board		SCR Funding	£1,150,560
% SCR Allocation	65.6%	Total Scheme Cost	£1,781,302

Project Description

This project follows an earlier phase (now completed) which was granted £1.2m Local Growth Fund support. Shireoaks Common site is a mixed-use site with outline planning permission for 4,000sqm of B1, 12,000sqm of B2 and 44,000sqm of B8 floorspace. A revised scheme for the employment site has been submitted. This is for 140sqm of A3, 1,125sqm of A4, 3,270sqm of B1(a), 3,210sqm of B1(c), 8,945sqm of B2 and 17,855sqm of B8 use classes.

LGF contribution is being sought to deliver the access to this site (£1.78m of works) to unlock the site and lever in future private investment (estimated at £32.6m of works). The construction of the junction and development platforms will unlock the site for development, reduce timescales and is clear demonstration of commitment to the delivery of the wider site, which is estimated will eventually create circa 915 jobs.

Strategic Case

This project will assist in two ways: to secure the junction improvements required for the Shireoaks Common development site and to accelerate the construction of the development platforms and the associated employment opportunities.

Currently the site has outline planning permission for employment development, and this has been recently revised (as part of a new planning application). There is significant developer interest in the site and the landowner has undertaken significant amounts of research to understand demand. The revised planning proposal reflects the demand in the local market for smaller workshops and industrial units, rather than focusing on large distribution warehouses.

Furthermore, the junction works will make the sites more desirable to the market, as it will reduce the timescale for the delivery of the commercial units and provides a visual and evidential demonstration of the commitment to the sites' delivery to prospective end users. The site has been marketed on the premise that the junction improvement will have been done, and has been a key factor that makes the site more desirable.

Value for Money

SCR investment is sought to accelerate the delivery an estimated 915 gross full time equivalent jobs (855 net [812 net at 95% occupancy]) by 5 years, enabling the jobs to exist earlier and GVA to be generated sooner.

Provided the planned (expected) acceleration is achieved, the scheme is estimated to generate a net GVA of at least £24.4m. This is the equivalent of a return of £13.70 per £1 of LGF invested. Furthermore, applying suitable optimism bias to the cost of the scheme would only bring the return down to £9.5 per £1 of LGF investment.

The scheme therefore provides acceptable value for money.

Risk

The main risks to project delivery are:

- 1) Diversion/protection of statutory utility equipment. The intention is for all diversion and protection work to be carried out in advance to minimise any delay to the main scheme. There is a risk that diversion and protection measures cannot be agreed which could delay the programme.
- 2) Traffic management during the constructions phase and traffic congestion affecting construction progress. Ongoing discussions are taking place with the County Council's Traffic Manager to agree acceptable traffic restrictions during the construction phase and making allowance for this in the construction programme
- 3) The risk that ecological factors could delay the start of the works or increase costs – early investigations are taking place to reduce this.
- 4) Risk that final cost exceeds target price and available budget. Early warning processes and contingency arrangements to be put in place.
- 5) The risk that agreed programme will over run and missed deadlines for the release of staged funding. Early warning processes and contingency arrangements to be put in place including provision of additional resources.

Delivery

Nottinghamshire County Council will be responsible for the project's delivery. The authority has vast experience of delivering publicly funded infrastructure schemes and a centralised procurement function overseeing compliance with public procurement requirements.

Subject to completing the final design and procurement stages Nottinghamshire County Council is gearing up for a start on site in November 2018.

Legal

The applicant has submitted a State Aid opinion from Freeths (solicitors). It concludes that "we are able to confirm that the payment of support by SCR towards improvement of highways in the Shireoaks area does constitute support which would not be regarded as unlawful State Aid in terms of the requirements of Section 107 of TFEU (Treaty on the Functioning of the European Union)"

Recommendation	Full grant award subject to conditions
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Payment Basis	Payment on defrayal
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Conditions of Award

The following conditions must be satisfied before drawdown of funding.

1. All required statutory consents including planning conditions must be satisfied.
2. Submission of evidence of Bassetlaw District Council (BDC) approval for the scheme.
3. Formal confirmation of all other funding approvals required to deliver the project.
4. Formal confirmation of commitment to address any cost overruns without unduly compromising project outputs and outcomes.
5. Submission of a detailed project plan and risk register with costed risks where possible

The following conditions must be satisfied before contract execution.

6. Acceptance of the following clawback condition: upon completion of the works, provided there are no significant delays that compromise the advent of job creation, 40% of the LGF grant will no longer be in scope for clawback. A minimum 45 full time

equivalent jobs must be created by the end of 2023, in line with the promised acceleration. If this threshold is not achieved, the applicant will return £16,000 for every job not delivered. This will be capped at 60% of the total grant offer (£1,068,000)

7. Submission of a revised full business case which, as much as possible,
 - a. Improves the SMART objectives, to be more specific about the delivery of the junction improvements, including how this will be measured and key indicators of success, and considers to what extent objectives two and three are achievable by the Council.
 - b. Provides greater evidence of impact of the counterfactual, in terms of if LGF investment is not secured, how usage will change and what impact this will have on the local economy and the delivery of jobs.
 - c. Strengthens the evidence provided to demonstrate the demand for the proposed uses of the site, including any evidence of the limited availability of sites in the town centre.
 - d. Provides greater detail on the procurement process, in terms of what goods are procured externally, and a timetable of defined milestones.
 - e. Clarifies expectations on occupancy rates and the rationale for this.
 - f. Strengthens the argument on social and distributional impacts
 - g. Provides any quotations/supporting documents they have for statutory service diversions, traffic signals generally and more detailed quantified breakdowns for drainage and the main earthworks/verges/carrageways/footways allocations backed up with specification information.
 - h. Outlines how they have considered construction cost inflation
 - i. Confirms that the current project programme includes necessary float and project risks
 - j. Provides an explanation of the arithmetic error in Appendix M for the Highway Improvement Works (-£79,119).
 - k. Provides measurable and timebound output and outcomes indicators and outlines the intended evaluation methodology to ensure a robust assessment of long-term benefits/impact.
 - l. Provides further information regarding the management arrangements of the wider scheme following the junction improvements
8. Confirmation that the profiled 2018/19 LGF spend can be defrayed in year, as SCR is unable to guarantee that this will be reprofiled beyond year end, and/or that BDC will cover any unfunded works from alternate sources.
9. Agree detailed schedule of inclusive growth indicators and targets (e.g. % of [previously unemployed] locals offered permanent contracts and apprenticeships, mentoring and school engagement and engagement with the local supply chain) to ensure the project delivers wider socio-economic benefits and that these can be captured, monitored and reported.

The conditions above should be fully satisfied by 31st January 2019. Failure to do so could lead to the withdrawal of approval.

Record of Recommendation, Endorsement and Approval

Project Name

Appraisal Panel Recommendation		Board Endorsement		CA Approval		
Date of Meeting		Date of Meeting		Date of Meeting		
Head of Paid Service or Delegate	Ruth Adams Deputy MD	Endorsing Officer (Board Chair)		Approving Officer (Chair)		
Signature		Signature		Signature		
Date		Date		Date		
S73 Officer or Delegate	Mike Thomas Senior Finance Manager	Statutory Finance Officer Approval				
Signature						Name:
Date						Signature:
Monitoring Officer or Delegate	Steve Davenport SCR CA Solicitor					Date:
Signature						
Date						

