

## Assurance Summary

### Scheme Details

<b>Project Name</b>	Century BIC Phase II		
<b>Grant Recipient</b>	Rotherham Metropolitan Borough Council		
<b>SCR Executive Board</b>	Infrastructure	<b>MCA Funding</b>	£4.6m (£3.6m GBF £1m Gainshare)
<b>% SCR Allocation</b>	100%	<b>Total Scheme Cost</b>	£4.6m

### Appraisal Summary

<b>Project Description</b>
<p>Delivery of Century Business Centre Phase II - a second phase of the popular Century Business Park. This phase will create around 15,000 sq. ft. of new floor space for office and clean manufacturing “move on” space within B1 use class. This high quality, publicly 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. Building on the first phase of the Century Business Park this project will allow current occupants and other businesses to move to larger premises as their business grows, alongside providing additional managed space suitable for new businesses as the Council looks to assist the economic recovery caused by the Covid pandemic.</p> <p>With land acquisition and construction works for Phase I (£4m+) having taken place, considerable investment has already been made in the area. The site already benefits from excellent road infrastructure with capacity designed to be capable of accommodating the anticipated increase in vehicle movements associated with further plots coming forward. Landscaping and public realm works created a high-quality environment for the businesses based there which will be further enhanced as part of this scheme.</p> <p>MCA funds will be used to support all elements of the development; excluding prelims, and site surveys that have already been paid for from the approved RMBC budget within the Councils Capital Programme.</p>
<b>Strategic Case</b>
<p>The project is strongly aligned to the Strategic Economic Plan. Specifically, it will provide South Yorkshire businesses with the support to reach their growth potential by providing ‘grow-on’ space for expanding businesses; thereby freeing up smaller premises for business starts. It will also secure investment in infrastructure to support economic growth.</p> <p>The project will broadly support SMEs in realising their growth ambitions, by providing the infrastructure needed to support business start-up, business expansion and employment growth. It is therefore well aligned with the Business Growth and Recovery Board.</p> <p>Due to its location, the project is also aligned with Barnsley Council’s economic vision and ambitions for regeneration and job creation in the Dearne Valley, in addition to those of Rotherham Council as the scheme promoter.</p>
<b>Value for Money</b>
<p>The project delivers 66 net additional jobs (75 gross additional) at a cost per job of £69,896. This is outside what is normally considered acceptable value for money and represents a high investment per net job. However, under the circumstances of rising cost and redesign of scheme due to Covid, this may be deemed acceptable. The project is estimated to generate net additional GVA of approximately £22.17m over a 10-year period. This equates to a return of £5.63 per £1 of MCA investment.</p> <p>Vehicle movements to the site are anticipated to increase by 100 per day; however, the highway network has been assessed as capable of accommodating this additional traffic without significant detriment to</p>

the highway operation. Construction will have to adhere to the Council's Core Strategy CS28 'Sustainable Design'. The project is not expected to have any negative social impacts.

### **Risk**

A key risk to the project is the possibility of not spending GBF in time. There seems to be no valid backup plan to mitigate this. Withdrawal/clawback of GBF will therefore likely result in either an uncompleted scheme, further recourse to the MCA or a more drastic redesign value engineering which may then reduce benefits significantly and render the value for money position untenable. The applicant has made it clear that RMBC will not be able to provide additional funds to cover any cost overruns.

There are also known supply issues for materials which may impact construction programme. The applicant has indicated that orders will be placed early for high-risk items.

Key risks to the Economic Case include the realisation of benefits and the level of certainty as to the project costs. Benefits have been calculated using a recognised method of converting floorspace type/area into FTE's using HCA density guidelines, which is considered acceptable. There is the possibility that the project could displace FTE's from the existing Phase 1; however, this has been taken account of in the assessment of value for money by assuming displacement is 25%. There is also the possibility that COVID-19 may reduce employers' appetite to take on new employees and larger space; however, the applicant reports that the Council's business centre occupancy rate has only a slight decrease of 3%, highlighting the strong demand for these centres.

The applicant has specified cost certainty at only 60%. This is low for a project at FBC stage. A contingency budget of 5% has been allocated in the project costs; however, given the level of cost certainty, this could be on the low side.

### **Delivery**

A Project Team is established which is led by an appointed Project Manager. The Project Manager is responsible for day-to-day management of the project, working under PRINCE II guidelines. The Project Manager is currently in place working with the Investment & Economic Initiatives Team, in the Rotherham Investment & Development Office.

The scheme has laid out future milestones which appear realistic. It is encouraging that significant work has already been undertaken to advance the project to this stage.

### **Legal**

The project has sought legal advice which has proposed that this can be covered by GBER. RMBC is now proposing to use Article 56 to undertake the project. This restricts public grant to the difference between investment costs and operating profit.

Whilst an initial development appraisal has been carried out on the centre, RMBC have been asked to check and refine this so that it presents an accurate and up to date picture of the overall viability of the development. MCA funding should be restricted in a grant offer letter to the difference if this is less than the request.

## **Recommendation and Conditions**

<b>Recommendation</b>	Full award subject to conditions
<b>Payment Basis</b>	Payment on defrayal
<b>Conditions of Award (including clawback clauses)</b>	

***The following conditions must be satisfied before contract execution.***

Following the procurement of a contractor, RMBC to confirm the final tender price is in line with the FBC Financial Case.

***The following conditions must be satisfied before drawdown of funding.***

Confirmation that any cost overruns will be managed such that the value for money position is not unduly impacted.

Confirmation that, in case GBF is not fully defrayed and has to be returned, there will be no recourse to further MCA funds

***The following conditions must be included in the contract***

RMBC to work with the MCA to ensure suitable Monitoring and Evaluation is undertaken.

Clawback on outputs

Benefits sharing agreement such that some or all of Gainshare can be returned to the MCA Fund

Record of Recommendation, Endorsement and Approval					
Barnsley Digital Innovation Hub					
Appraisal Panel Recommendation		Board Endorsement		MCA Approval	
Date of Meeting		Date of Meeting		Date of Meeting	
Head of Paid Service or Delegate	Ruth Adams Deputy CEX	Endorsing Officer (Board Chair)		Approving Officer (Chair)	
Signature		Signature		Signature	
Date		Date		Date	
S73 Officer or Delegate	Gareth Sutton Group FD	<div>Statutory Finance Officer Approval</div> <div>Name:</div> <div>Signature:</div> <div>Date:</div>			
Signature					
Date					
Monitoring Officer or Delegate	Steve Davenport SCR CA Solicitor				
Signature					
Date					