



Cheshire & Warrington Local Enterprise Partnership Performance and Investment Committee

Title: Unlocking Winsford Industrial Estate Agenda item: 4

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Date of Meeting: 20th March 19

1. Executive Summary

Improving Winsford Industrial Estate project is to provide infrastructure to unlock 28 ha of land adjacent to this already established industrial park for high value employment purposes.

The project was given conditional approval by the Performance and Investment Committee in November 17. The offer letter conditions have had to be extended while the council with it's development partner PSP worked on developing the detailed design for the scheme and sought planning permission. Planning approval was significantly delayed due to the discovery of an out of date COMAH (Control of Major Accident Hazards) zone. These issues have now been resolved and planning approval was granted in July 18 for the infrastructure works with outline planning approved for the development plots.

The total cost of the works is £12m, of which £3.8m is being requested from LGF. The application of £3.8m is towards the first phase of works only which are estimated to cost £5m. Phases 2 and 3 will be developed out by the council on receipt of proceeds from the sale of plots.

PSP the council's LLP have led on the procurement of a contractor and will oversee the delivery of all phases of work. Two shortlisted contractors were interviewed on the 13th March. It is expected that the preferred contractor will be appointed imminently and the costs for phase 1 confirmed. This is particularly important as a term in the conditional offer was that CWAC underwrote any costs over and above the phase 1 budget of £5m. The council have confirmed that there is no additional budget available. This presents a risk to delivery of the project, but the council in conjunction with PSP have worked up the detailed design and therefore have been able to refine costs and give greater cost certainty. They've also been able to complete enabling works on site.

The Final business case has been completed and appraised which shows a clear rationale for the project and a BCR of 51. The strategic case is strong as the project is addressing market failure. The appraiser has recommended the project for approval.

2. Recommendations /Actions / Decisions required:

2.1. The Performance and Investment Committee is asked to:

- **Note** the contents of the Final Business Case (FBC);
- **Note** the contents of the independent assessment of the FBC;
- Grant final **Approval** of the project subject to confirmation of costs for phase 1;
- **Authorise** the LEP executive to issue a final offer letter for £3.8m Local Growth Fund grant to the towards the total project cost of £5m to CWAC and allow onward grant to PSP as delivery partner.

3. Background

Winsford Industrial Estate is well established and has a good mixture of property available to businesses, ranging from professional start up business incubator units to large manufacturing, warehouse and logistics facilities.

The Estate is just a few minutes from Winsford town centre and is 5 miles from J18 of the M6 and 9 miles from J19 of the M6. There are major A-roads linking the estate with Merseyside, Chester and North Wales.

4. Scheme Proposal

The main objectives of the scheme are to open up the site so that further land can be developed to meet a stated demand. A masterplan for the site has been completed and the scheme is focussed on unlocking the delivery of high value B use class floorspace, targeted towards manufacturing and advance manufacturing. The plot sizes/ units are at the smaller end of the spectrum to address the needs of high growth SMEs.

A masterplan has been completed which suggest the site will be developed as follows (updated since OBC):

| Use type | Area (sqm) | Area (sq.ft) |
|---|-----------------------------|----------------|
| B1(c)/B2/B8 | 31,638 | 340,550 |
| Hotel | 1,347 (48 bed budget hotel) | 14,500 |
| Petrol Filling Station | 348 | 3,746 |
| Family pub | 567 | 6,100 |
| A3 – food/restaurants | 467 | 5,030 |
| A1 Retail | 316 | 3,400 |
| TOTAL | 34,683 | 373,326 |
| Tiger Trailers Phase 1 and 2 scheme | 22,350 | 240,575 |
| TOTAL with Tiger Trailers Ph 1 & 2 | 57,033 | 613,901 |

The appraisal is based on the outputs likely to be generated from the above mix.

The main components of the scheme are:

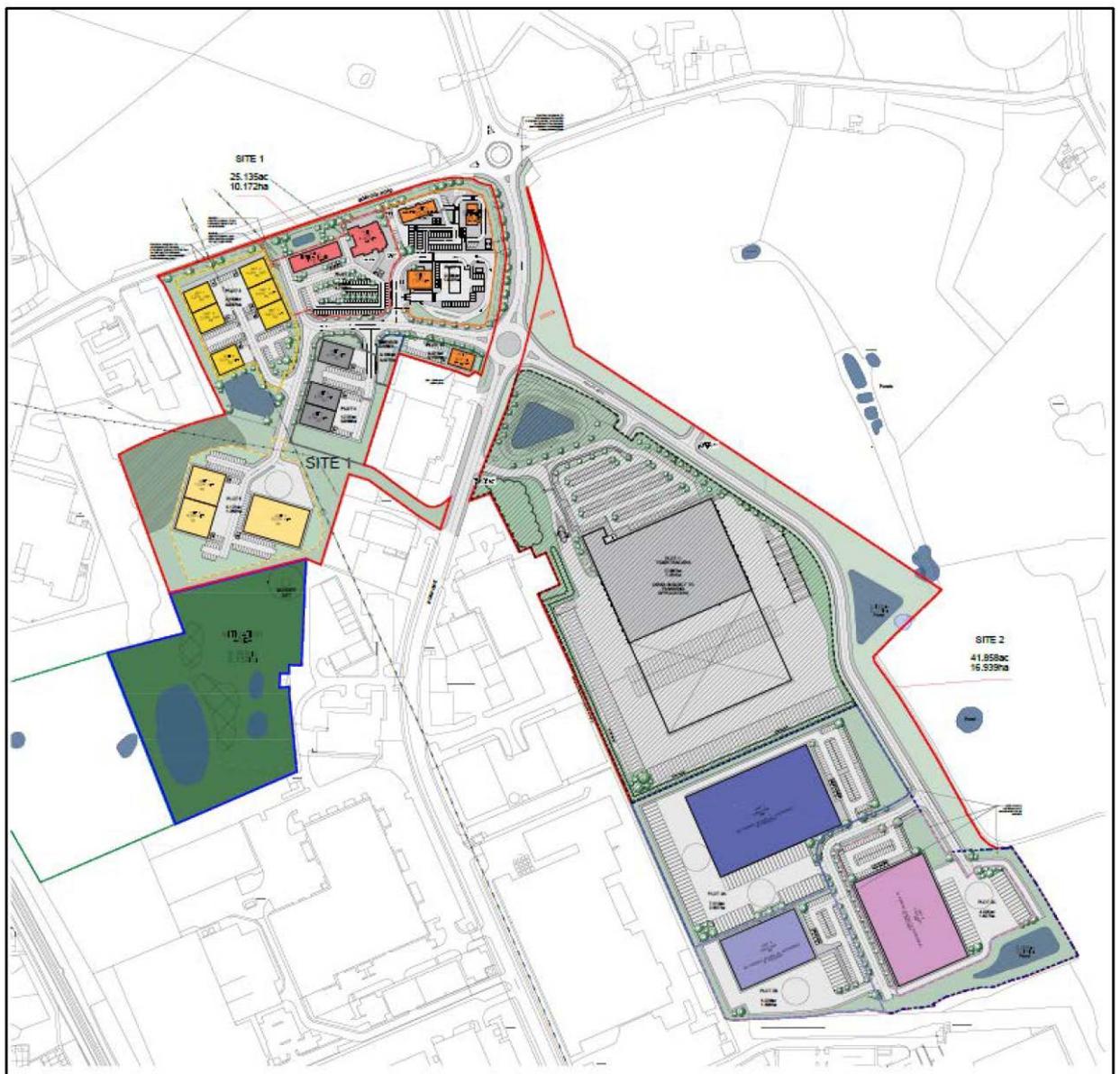
- On and off-site highway/access works (including new roundabout and access/estate roads)
- Utility diversions (to enable plots to be developable)

Since the OBC was developed the costs for the scheme have come down by £2 but then working with Scottish Power it has become apparent that a sub-station is required to services the new plots which is estimated to cost £2m. CAC have stated that there will be enough power on site to service phase 1 plots and that the sub-station works can be funded by the sale of future plots.

Phases two and three will provide further infrastructure works which will include:

- Site drainage
- Landscaping
- Ecology
- Site clearance/demolitions

Proposed site plan:



5. Timescales

5.1. The key milestones for the project are set out below:

| Milestone | Date |
|---|----------|
| Procurement of contractor for the infrastructure works | March 19 |
| Start on site – infrastructure works | May 19 |
| Completion of initial phase of publicly funded infrastructure works | May 20 |
| First phase of commercial floor space delivered | May 21 |
| Phase 2 and 3 infrastructure works completed and new buildings occupied | 2026 |

6. Delivery

The works are being procured by PSP CWaC LLP. PSP are in the stages of finalising the contractors for the phase 1 works and will manage the contractors. Work is expected to start on site in May and enabling works have already been completed.

7. Financial Summary

The project delivery is being managed by PSP the council's LLP. Final costs are yet to be received so the FBC is based on estimated costs. The Council has confirmed they won't be able to fund any costs over and above the £5m approved project costs. £1.2m is being provided by CWAC and £3.8m from LGF.

The total cost of all three phases is estimated at £12.1m. Future phases will be funded through the sale of plots. There has already been strong interest in one of the plots which should help to accelerate delivery.

8. Value for Money

The project has been given a BCR of 51 (up from 39 at OBC stage). This extremely high figure has been queried and the project manager and appraiser has confirmed it is correct and is based on the high amount of private sector leverage and jobs the developed out site is likely to bring.

The outputs profiled to be generated from the overall scheme are:

| Output | No. |
|---|--------|
| New commercial floor space unlocked (sqm) | 57,033 |
| Net new jobs | 484 |
| Net GVA (over 10 years) | £247m |
| Private Sector Leverage | £6.3m |
| Public sector Leverage | £1.2m |

9. Independent Appraisal

Regeneris have carried out the appraisal of the project based on the five case model and have recommended that the LEP approve the £3.8m LGF grant for the project.

Summary of appraisal

| Area | Comment |
|-----------------|---|
| Strategic case | Strategic Case is strong as is the market failure. The project aligns with national and local policy. Recognised as key investment opportunity in Constellation Partnership. |
| Economic Case | The options analysis is strong and robust. The Benefits assessment is HMT compliant and make sensible assumptions. BCR of 51. Cost per net additional job represents very high value for money. |
| Financial Case | £5m is the minimum amount of public funding required to make the scheme commercially viable. |
| Commercial Case | PSP have engaged independent costs consultants and project managers to lead on the procurement. The appraiser is satisfied with the commercial case. |
| Management Case | The project is due to be delivered by PSP Cheshire West and Cheshire LLP with support from Mid Cheshire Programme manager and day to day project management by the PSP development manager. |

10. Risks and Issues

There are a number of risks with the project:

- CWAC expect the site to be fully occupied by 2026. There is a risk that with all the other developments in the region that this isn't achieved.
- The need for a sub-station might limit the type of companies that occupy phase 1 and hinder the development of the site.
- The funding needed to develop out the rest of the site is expected from the sale of plots. If sales are slow it will be difficult to cashflow the additional infrastructure works.
- Costs go up when the contract is let/ in delivery.

11. Conclusion

There is a clear strategic case for the project. The project sits in a very deprived part of Cheshire and the project will create much needed jobs. Market demand analysis has shown a clear case for manufacturing space and the already established and successful Winsford Industrial Estate should mean that the spaces is readily occupied.

There remains concern about the funding of the project and as such it is recommended that a final offer isn't issued until details of the contracted costs for phase 1 have been received and reviewed.

Appendices:

Full Business case

Regeneris Appraisal