



**Cheshire & Warrington Local Enterprise Partnership  
Performance and Investment Committee**

**Title: Ellesmere Port One Public Estate**

**Agenda item: 6**

**Prepared by: Rachel Brosnahan**

**Date of Meeting: 17<sup>th</sup> July 2019**

**1. Purpose of the report**

To seek approval from the committee to give final approval to the Cheshire West and Chester Council for the delivery of the Ellesmere Port One Public Estate project.

**2. Executive Summary**

The Ellesmere Port One Public Estate was given conditional approval by the Performance and Investment Committee in October 2018. Since this time the project has continued to be developed. The detailed design for the building and new bus station facilities have been completed and the planning application submitted. The contractor, Vinci Construction has been appointed.

Planning is anticipated to be granted in September with the bus station work to start in October and the works on the new build to start in January.

The scheme is seeking £8.3m of Local Growth Funding towards the £17.4m project cost.

The final business case has been completed and independently appraised. The appraisal supports the business case and confirms that the project meets each of the requirement of the five cases. The BCR has been confirmed as 3.78 representing high value for money.

The conditions detailed in the Conditional Offer letter which were required to be satisfied by full business case stage have been.

The project is expected to act as a catalyst for change in the town centre and increase private sector interest in the town centre. The design of the building has been through a rigorous process which has influenced the design of the building to satisfy planners that it fits with the town centre and helps reflect the town's history. It will be a very visible sign of the regeneration of the town centre and will greatly improve this gateway into the town centre.



Artist impression of how the new building will look

### **3. Recommendations /Actions / Decisions required:**

#### **The committee is asked to:**

- Note the contents of the Final Business Case and Independent Assurance review;
- Authorise the LEP executive to issue a Final offer letter for £8.33m of Local Growth grant funding towards the delivery of the Ellesmere Port One Public Estate project.

#### Issues for discussion:

- Request executive summary of the business case is rewritten so that it can be clearly seen what the projects is, what the cost is and what the benefits will be
- Require CWAC to capture the private sector leverage associated with the associated 600 being captured and recorded on claim forms. GVA and public sector leverage should also be reported.

### **4. Scheme Proposal**

The Local growth fund grant of £8.33m to sought towards:

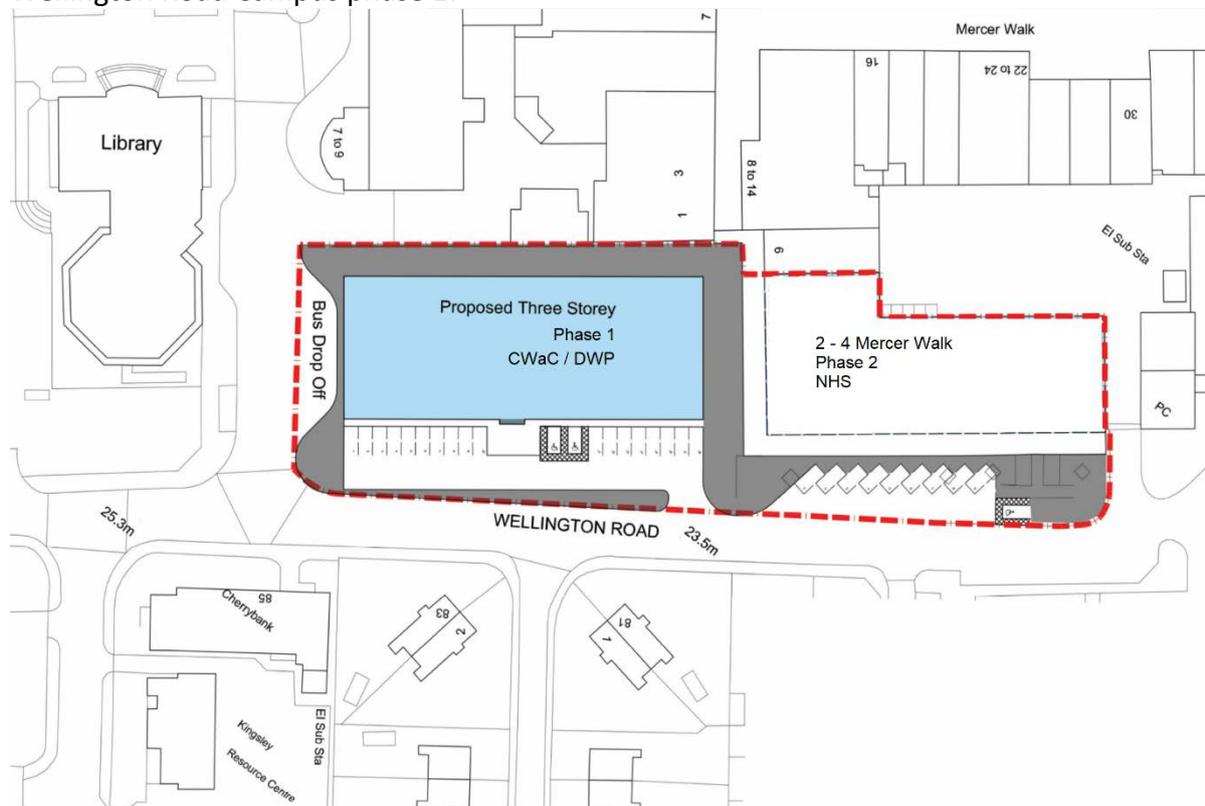
- Demolition of existing Bus station and new bus station services along Civic Way,
- Demolition of the existing Civic Way offices
- New office to be built on existing bus station site for use by the Council, For Housing, DWP and Workzone.

The cost of this first phase is £17.4m

- 4.1. The funding request is towards phase 1 only – the new council office, bus station and demolition of Civic Way offices, while it is important to see how the projects fits with further phases of work and the wider Ellesmere Port Masterplan it should be clear that future phases are not guaranteed to be delivered and therefore the assessment of these phases should not form part of the consideration of the viability of Phase 1.

4.2. The council developed and assessed a number of options before deciding to proceed with an application for the work outlined above. The option selected was the one felt to deliver best value for money and the most likely to delivered within the timescales.

#### Wellington Road Campus phase 1:



The aspiration for phase 2 is for an existing building within the Port Arcades shopping centre, which has been vacant for a number of years, refurbished for use by the health services originally identified as part of the scheme. CWAC propose that the health services lead this project themselves due to the differing timescales and the delays with securing commitment and funding for new space. Failure to deliver the health project will not impact on the delivery of the new homes due to be realised by the project. Phase 2 includes 8 potential sites which form part of the “proposed Coronation Road Opportunity Area” which could be redeveloped for housing.

The library will remain but with some additional services added.

## 5. Scheme Objectives

5.1. The main objectives of the scheme are:

- Improve local public service delivery
- Catalyse regeneration and private sector investment
- Support public estate efficiencies

5.2. The scheme users will be:

- DWP
- CWAC

- Housing team
- Workzone

## 6. Key Milestones

The key milestones are set out below. They appear realistic and achievable. While the scheme won't be complete by March 21, if the project stays on programme CWAC should have comfortably spent at least £8.33m by this date and therefore all the LGF grant. DBEIS has confirmed this position is acceptable.

KEY MILESTONES	START	FINISH
Completion of Full Business Case		Jun-19
New-Build Hub - Planning Submission		Jun-19
New-Build Hub - Planning Determination		Sep-19
Approval of Full Business Case		Sep-19
New Bus Station - Construction	Oct-19	Nov-19
New-Build Hub - Mobilisation	Nov-19	Dec-19
New-Build Hub - Construction	Dec-19	Jul-21
Occupancy	Jul-21	
Demolition of Civic Way offices	tbc	tbc

## 7. Outputs

The outputs expected to be delivered from the scheme as detailed in the business case are:

The direct quantified outputs will be:

- Commercial Floor Space created 4,582 m<sup>2</sup>
- Ongoing Direct Employment protected in EP 50 fte
- Indirect Employment Created 173 fte person years (during construction)
- Additional Housing Units 600 units in EP area
- Business Rates/Council Tax generated

Other indirect benefits anticipated but not quantified in the BCR calculation

- Social Value delivered through construction partner (apprenticeships, community projects)
- Enhanced public service delivery through integration
- Improved effectiveness of approaches to addressing unemployment
- Increased footfall through Port Arcades to support local retail
- Enhanced green transport links (cycleway) and highways infrastructure

The outputs listed above are different to those contracted at conditional approval stage which were included in the conditional offer letter and were:

Description	Total
Jobs created connected to the intervention (FTE)	29
Jobs created connected to the intervention (FTE temporary construction jobs)	339
Commercial floor space constructed (sqm)	4418
Housing units starts (no)	600
Housing units completed (no)	600
Private Leverage (£m) *	65.212
Public Leverage (£m)	9.080

It is recommended that the final offer letter includes the outputs listed above.

## 8. Risks and Issues

8.1. The main risks appear to be:

- Timescales –There is a risk that £8.3m will not be spent by March 21 (end of LGF programme) but the contractor is due to start on site in January so this would appear to be low risk. The Council own the bus station site which makes relocating the station easier to achieve quickly.

8.2. The main issue appears to be:

- The reduced level of outputs associated with the project put forward compared to those included in the original submission.

## 9. Financial Summary

9.1. The current estimated cost for the scheme is £17.429m which includes 28% for contingency and optimum bias which is appropriate for the stage of development of the project.

9.2. It is proposed that the project is funded by:

Funder	Amount (£m)	Secured
CWAC	7	Yes
Development Funding (CWAC borrowing)	2.129	Yes
LGF	8.3	Subject to approval
Total	<b>17.429</b>	

## 10. Value for Money

10.1. The project has a Benefits cost Ratio of 3.78 (excluding construction benefits) which means that the project would be considered to offer very high value for money.

## 11. Independent Appraisal

11.1. Regeneris have completed an independent appraisal and recommend the project for approval.

The appraisal is summarised below.

Case	Appraisers comment
<b>Strategic</b>	Clear strategic fit. Aligns with the SEP, The project is identified as a key catalyst for change in Ellesmere Port.
<b>Economic</b>	Positive BCR of 3.78. The project will deliver direct and indirect benefits
<b>Commercial</b>	Robust procurement process
<b>Management</b>	Coherent approach to project and risk management.
<b>Financial</b>	Costs estimates provide a robust envelope for the project. No capital receipts expected from surplus sites.

## 12. Appendices

Regeneris Appraisal

Business case (June 19)