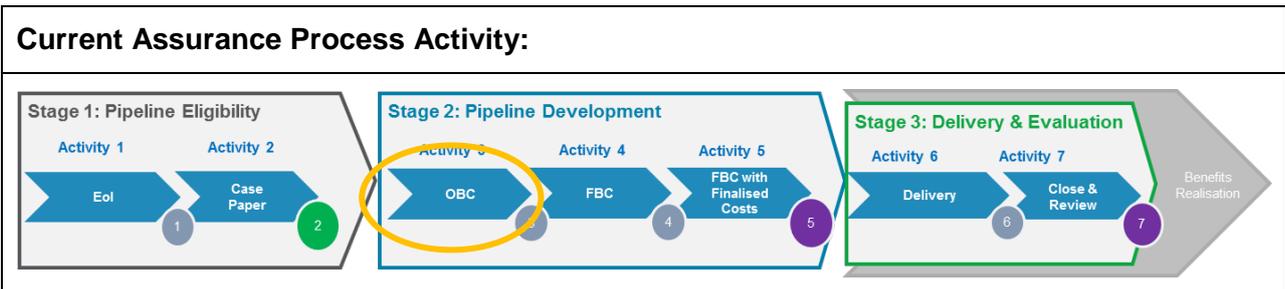


Section A: Scheme Summary

Name of scheme:	South Kirkby Enterprise Zone
PMO scheme code:	GD-PA4-021g
Lead organisation:	Marshall Construction (West Yorkshire) Limited
Senior responsible officer:	Kate Thompson - Head of Implementation, Combined Authority
Lead promoter contact:	Chris Marshall, Chairman Marshall Construction
Case officer:	Ian McNichol
Applicable funding stream(s) – Grant or Loan:	Grant - Enterprise Zone Programme
Growth Fund Priority Area (if applicable):	Priority Area 4 - Infrastructure for Growth
Approvals to date:	<p>Decision Point 2 Case Paper</p> <ul style="list-style-type: none"> Investment Committee 9 November 2017 Combined Authority Board 14 December 2017 <p>Indicative EZ Programme approval of £20m from the Local Growth Fund, with approval of £302k of development costs.</p> <p>Call for Projects Case Paper</p> <ul style="list-style-type: none"> PAT 2 May 2018 Investment Committee 5 June 2018 Combined Authority Board 28 June 2018 <p>Indicative approval of a further £24.939 million through over programming against the Local Growth Fund, with approval of a further £1.541 million of development costs.</p> <p>The EZ Programme to date has secured indicative approval of £44.939 million from the Local Growth Fund, with approval of £1.923 million development costs.</p> <p>LEP Board 26th March 2019</p> <p>The LEP endorsed the need for the Combined Authority to consider grant payments to private sector organisations to ensure delivery is realised on some of the EZ sites. This endorsement is conditional on the need for all requests of funding to capture sufficient and robust clauses within the Funding Agreement to protect the public sector position.</p>
Forecasted full approval date (decision point 5):	January 2020

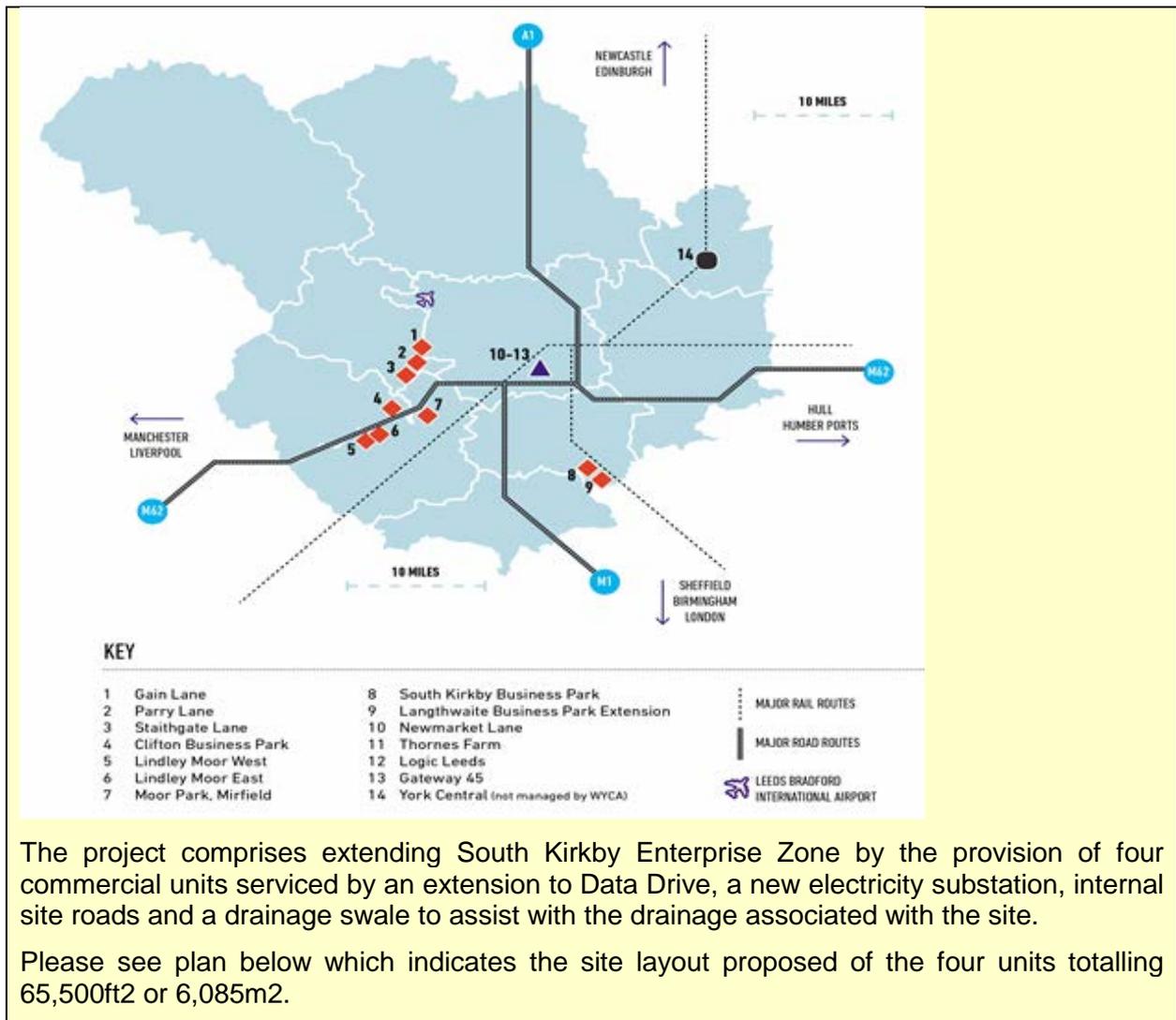
Forecasted completion date (decision point 6):	September 2021
Total scheme cost (£):	£8.092 million
Combined Authority funding (£):	£2.826 million
Total other public sector investment (£):	-
Total other private sector investment (£):	£5.266 million
Is this a standalone project?	Yes
Is this a programme?	No
Is this project part of an agreed programme?	Yes



Scheme Description:

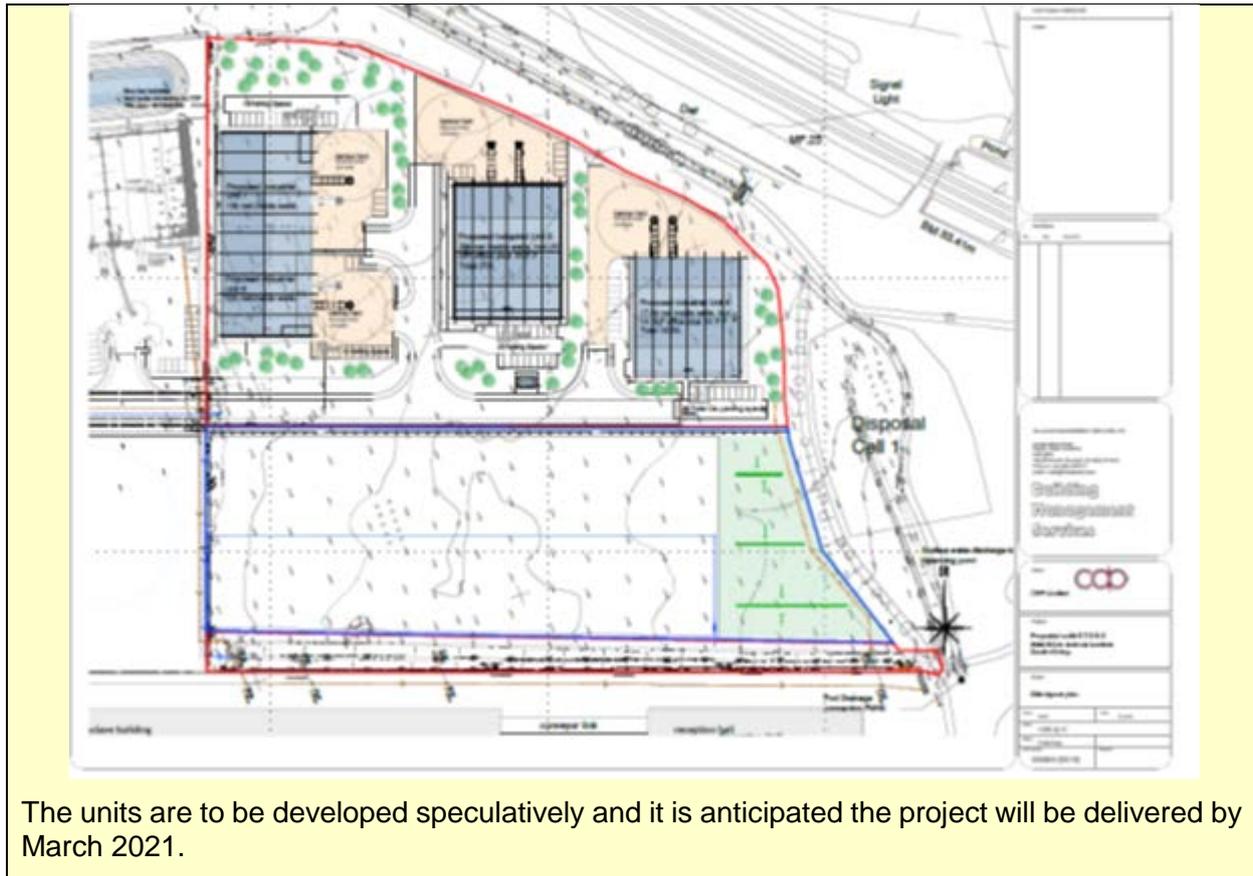
The scheme is an economic regeneration project, part of the Leeds City Region Enterprise Zone Programme, funded through the Local Growth Deal fund.

The project is to provide infrastructure and services to open up 2.64 hectares of land (including land for the drainage swale) at plot 3 on South Kirkby Business Park Enterprise Zone site, which is located in South Kirkby, Wakefield, point 8 on the locational map below.



The project comprises extending South Kirkby Enterprise Zone by the provision of four commercial units serviced by an extension to Data Drive, a new electricity substation, internal site roads and a drainage swale to assist with the drainage associated with the site.

Please see plan below which indicates the site layout proposed of the four units totalling 65,500ft² or 6,085m².



The units are to be developed speculatively and it is anticipated the project will be delivered by March 2021.

Business Case Summary:

Strategic Case

At national level the scheme is compatible with the five foundations of productivity within the National Industrial Strategy. Regionally it supports delivery of the Government’s agenda to devolve responsibility for growth and incentivises economic development. It supports the Leeds City Region Strategic Economic Plan vision of ‘good growth’ by delivering high-quality employment space aimed at advanced manufacturing and innovation and complimentary sectors.

The project supports priority 4b: Infrastructure for Growth.

The Leeds City Region has 17% of local areas in the most deprived 10% in England and Wales, this is 2/3rds higher than the national average. The proposal’s objectives are consistent with those of the Enterprise Zone programme as described in the Spatial Priority Areas in the Leeds City Region Strategic Economic Plan.

The scheme is compatible with the inclusive growth agenda contained in the Wakefield District Economic Strategy. The strategy identifies local strengths, opportunities and challenges, including persistent deprivation.

Wakefield District is located between Leeds and Sheffield and has excellent transport links being close to the M62, M1 and A1 and having direct rail services to London, Leeds, Edinburgh and Sheffield.

The Centre for Cities Report 2019 identified Wakefield as the joint 2nd UK city most at risk in terms of job losses to automation, stating that 29.3% (45,000) of all jobs in Wakefield will be at risk by 2030.

	<p>The employment rate for 16-64 year olds across the District is 73.9% compared to 73.3% across the City Region and 75.4% nationally.</p> <p>The project will benefit South Elmsall and South Kirkby, which are two deprived wards in the Wakefield District. South Kirkby has the highest proportion of residents who are long-term unemployed. Index of Multiple Deprivation measures show the South Elmsall and South Kirkby area performs below the national average:</p> <ul style="list-style-type: none"> • 11.8% residents attain NVQ L4 – England 27.4% • 25.3% residents live in wards in the top 10% most deprived wards in England • 24% residents employed in elementary occupations - England 11% • 28% children in child poverty. <p>In 2018 the Centre for Cities identified Wakefield as being in the lowest quartile in terms of productivity per worker.</p> <p>The project will contribute to the objectives of both the current and draft local plans.</p> <p>South Kirkby Business Park is located on a reclaimed colliery site, close to the M1 and A1.</p> <p>The scheme is complementary to other programmes being delivered in the area such as Wakefield Council’s People Enabling Area Transformation project, South East Coalfield Area which covers South Elmsall and South Kirkby and the Employment Hub, which was launched in January 2019 and is working with employers in the area to create new apprenticeships, with 20 created to date.</p>
<p>Commercial Case</p>	<p>South Kirkby Business Park has been identified by the Combined Authority to be an integral component of its phase 2 Enterprise Zone. This decision was based on research conducted on behalf of the Combined Authority by Cushman and Wakefield in 2016 (Leeds City Region Enterprise Zones Feasibility and Investment Framework).</p> <p>Marshalls have undertaken previous developments on the site, having developed in excess of 9,290m² with the support of grant through the ERDF programme.</p> <p>A market assessment has been undertaken by Carter Towler which concluded that:</p> <ul style="list-style-type: none"> • There will be good demand for commercial units at market value once they have been constructed. • That there will be few quality units available elsewhere in the area for the foreseeable future. • The size of unit in demand is as proposed for this scheme. • The long-term revenue position will be secure if the grant requested is made available. <p>Marshalls are both a development and construction company. 90% of expenditure on infrastructure is delivered through competitively tendered subcontractors.</p> <p>Full opinion on State Aid will be provided by DWF with a full business case.</p>

	<p>Planning Application is due to be submitted in September 2019. No other major permissions are required.</p> <p>The site has been purchased and is in the full control of Marshalls.</p>
Economic Case	<p>The long list considers six delivery options from marketing the site only, through putting in only the extended road infrastructure, then delivering only 1, 2 or all 4 units, to buying additional land and increasing the scale of development.</p> <p>The short list focuses on four options:</p> <ol style="list-style-type: none"> 1. The preferred option - delivering an extension to Data Drive and speculatively building 4 units. 2. Extending Data Drive with 3 speculative units 3. Extending Data Drive and acquiring more land to deliver more speculative units 4. Marketing the site and awaiting market interest before constructing the Data Drive extension or delivering any units. <p>Option 4 has been dismissed as taking too long to deliver within the Enterprise Zones Programme.</p> <p>Of the other three options, all score good in terms of value for money but options 1 and 3 have a stronger BCR score. At this stage 1 and 3 have the same Benefit Cost Ratio score where option will require greater input for the score and take longer to deliver. Option 3 also carries the additional risk of bringing more speculative units to the market at the same time while having a longer build timeframe.</p>
Financial Case	<p>The scheme is seeking capital funding and no revenue funding is required.</p> <p>The grant sought is to cover Enabling Works at a cost of £2.826 million (35% intervention rate). Marshall to fund £5.266million.</p> <p>Any cost overruns will be covered by Marshalls and/or within the contracts of appointed subcontractors. The costs associated with any void period will be met by Marshalls. No additional grant than sought in this business case will be requested from the Combined Authority.</p> <p>The cash flow funding profile is in line with the anticipated delivery programme, with Combined Authority funding of £2.826 million to be expended across 19/20 and 20/21 with drawdown completed by Q2 fy 2020/21 Marshall will fund £5.266 m up to Q2 fy 2021/22.</p>
Management Case	<p>Delivering projects of this nature is the mainstream business of the Marshalls/CDP group. The organisation is set up to build speculative and bespoke units throughout the North and Midlands regions of England, with a particular focus on West Yorkshire, where the company is based.</p> <p>The key people who have been responsible for the successful delivery of projects, such as Chris Marshall (Chairman), Jonathan Booth (finance director), David Hawkin (on site project manager), Miranda Bell (Planning Manager), Richard Moore (contracts & procurement manager) Nicola Tobin (In-house legal) and Andrew Shepherd (consultant responsible for liaison with the Combined Authority) will be assigned to this scheme. Lettings will be managed through Marshalls appointed joint property agents being Carter Towler and AWS.</p>

From a Combined Authority perspective, project governance will be provided as per the following:

- An EZ Programme Board has been established to provide strategic direction and decision-making at a programme level.
- An EZ Project Board has been established to provide a forum for open, supportive discussions with the partner councils (for Gain Lane, both Bradford and Leeds Councils are represented
- Going forward into the delivery phase, the Combined Authority will implement six-weekly project focus meetings with Marshalls. This requirement will be captured in the Funding Agreement and will incorporate colleagues from Bradford Council. This meeting will focus on activities and work streams completed in the previous period, costs incurred, planned work packages, risks and issues.

In terms of day-to-day management, the Combined Authority with the LEP has established a dedicated team within the Delivery Directorate's Implementation Team to manage the wider EZ programme.

A scheme monitoring surveyor will be appointed to undertake monthly monitoring reports and to certify quarterly claims as being reasonable and for eligible expenditure.

Marshalls is a self-sufficient organisation in delivering projects of this nature and does not generally work with partners. We have included the two planning authorities as delivery partners given their roles in approving reserve matters as we progress the development.

Key milestones:

Nov 2019 – Detailed planning permission granted; contractor appointed

Jan 2020 – DP 5 approval at PAT

Feb 2020 – Site preparation works completed

Mar 2020 - Infrastructure works completed

Sept 2020 - Speculative units completed

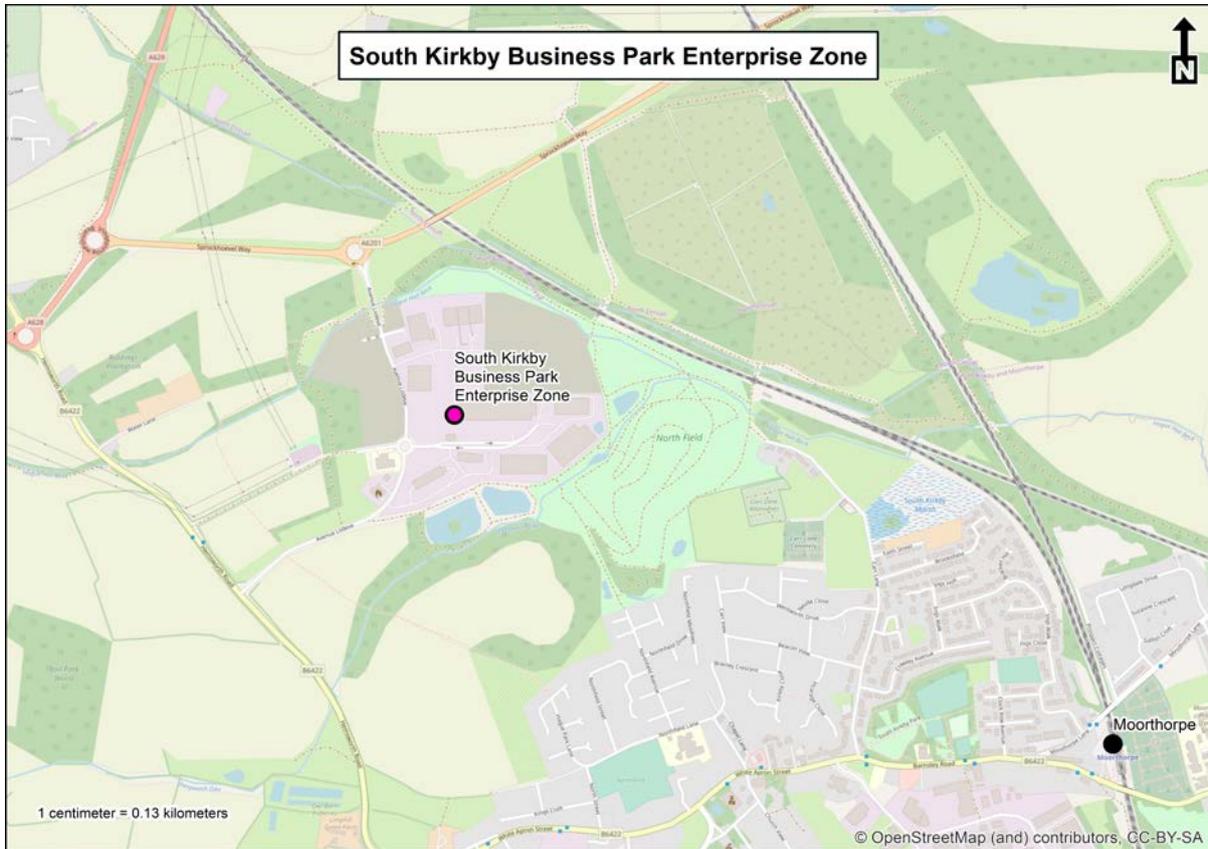
Sept 2021 - Last unit sold; scheme complete

Through an early stage Risk Register, several key risks with mitigation measures have been developed.

The approach to Monitoring & Evaluation (and reporting of benefits) is to be developed as part of the wider EZ Programme. A site-specific benefits realisation matrix has been provided.

Location map:

The following location map shows the scheme in relation to the other Combined Authority funded schemes in the surrounding area.



Please note, depending on the level of scheme development the location and scope of the schemes indicated here are indicative only.

For further information on Combined Authority schemes across the Leeds City Region please refer to: <https://www.westyorks-ca.gov.uk/growing-the-economy/leeds-city-region-infrastructure-map/>