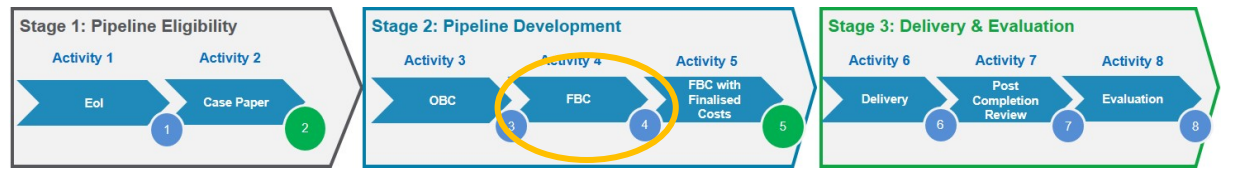


Scheme Summary

Name of Scheme:	Global Shared Services Centre
PMO Scheme Code:	GD-PA1-010
Lead Organisation:	FTSE100 Company (the company has requested anonymity due to the levels of commercial sensitivity)
Senior Responsible Officer:	As above
Lead Promoter Contact:	As above
Applicable Funding Stream:	GD3 Strategic Inward Investment Fund
Growth Fund Priority Area (if applicable):	Priority 1
Forecasted Full Approval Date (Decision Point 5):	May 2017
Forecasted Completion Date:	March 2018
Total Scheme Cost (£):	17,716,000
WYCA Funding (£):	1,500,000
Total other public sector investment (£):	0
Total other private sector investment (£):	16,216,000
Is this a standalone Project?	Yes
Is this a Programme?	No
Is this Project part of an agreed Programme?	Yes. The project is being funded from the Strategic Inward Investment Fund. This is part of the GD3 allocation announcement. The Strategic Inward Investment Fund Programme is currently being developed and will seek approval as an Investment Programme in June 2017.
Current Funding Allocation:	The Strategic Inward Investment Fund has been allocated £12.45m, the scheme is affordable within this allocation.

Current Assurance Process Activity:



Scheme Description:

The scheme is a grant application relating to a proposal for a FTSE100 company to open a Global Shared Service Centre in Leeds City Region. The objective of the scheme is to centralise and standardise the company's existing business processes, delivering improved customer service and cost savings. This will allow the organisation to drive growth globally by increasing funds available for reinvestment in design, manufacturing, marketing and retail premises. The Global Shared Service Centre will occupy c.45, 000 sq.ft. of grade A office space in central Leeds initially over a ten year project period with continuation of the operation into the future.

The successful investment will initially create 329 new additional jobs for the city region by March 2018. A further c150 roles would then likely follow by March 2019 with approximately 100 of these roles being new to the UK.

The Grant funding requested of £1, 500, 000 would be combined with the applicant's funds of £16,216,000 in order to fund the fit out, furnishing and installation of required IT equipment at the Central Leeds office premises (estimated expenditure of c.£6m) and the capitalisation of a 10 year lease (estimated expenditure of £11.7m).

The overall Global Shared Services project ("Project Primrose") has been approved by the organisation's board. However, the location of the proposed new facility has not been finalised. 12 locations have been considered since the project was first proposed and 2 feasible options have been identified; Krakow in Poland and Leeds. The Board have delegated the decision on the location to the Group CFO and COO. Final business cases are being prepared for both scenarios and a decision is due in late April 2017.

Grant funding is required to strengthen the Leeds business case, which although strategically beneficial to the company, is financially less attractive than the Krakow alternative. Grant support is being requested to narrow the financial differential between the two options and to demonstrate to the organisation's board that Leeds City Region is supportive of the company's investment plans

Should the project proceed in Leeds then the Company will lease the property located in the City Centre on a ten-year lease with no break clause. The requested LEP funding will be allocated to the capital expenditure associated with the building fit out, and the lease rentals over the ten year term of the proposed lease.

If the grant application is approved management intend to announce the project publicly in early May 2017.

The project received Decision Point 2 approval on the WYCA Assurance process from Combined

Authority on 6th April 2017. The Combined Authority agreed to delegate further approvals at Decision Point 4 and 5 to the WYCA Managing Director following consideration by PAT. The project is now seeking Decision Point 4 approval which would provide a sufficient level assurance to enable WYCA to make an in principle grant offer to the applicant for consideration as part of the business case for locating the Shared Services Centre in Leeds.

Business Case Summary:

Strategic Case

- A FTSE100 company is proposing the creation of a Global Shared Service Centre. This will involve relocating various business functions (HR, Finance, Customer Service, and Procurement) from their existing location in the South of England to a new site.
- The scheme aims to centralise and standardise the company’s existing business processes, delivering improved customer service and cost savings. In particular this will result from the release of one of its sites in Southern England and the relocation of existing roles resulting in a wage cost saving.
- The company is developing detailed business cases for locating the Global Shared Services Centre in either Leeds or Krakow, Poland.
- The Shared Services facility would be housed in grade A office space in Leeds with the capacity to accommodate c.500 employees.
- The total forecast outturn cost of the scheme is £17.7m. This would cover £6m expenditure on the Leeds premises refit and £11.7m expenditure on 10 year lease costs.
- The scheme would predominantly be funded from the applicant’s operating cashflow (£16.2m) but the applicant has requested a £1.5m grant in order to strengthen the business case for the Leeds location which is financially less attractive than the Krakow alternative.
- If located in Leeds the scheme would create over 300 relatively well-paid jobs which would be new to the city region and would have an anticipated GVA impact of £165m (to 2026). It is likely that over 100 further jobs would be created by 2019.
- The scheme would be funded from the Strategic Inward Investment Fund programme.
- The project has not been able to undertake any consultation with key stakeholders due to the sensitivity of proposals. It has however engaged consultants to guide them through the application process and identified locally based project delivery partners.
- The applicant has taken state aid advice which states that the scheme qualifies for support under Regional Aid and aid of 10% of expenditure is therefore permitted. The proposed eligible expenditure complies with GBER.
- The Incentive effect document provided as part of the application indicates that without a grant of £1.5m the project would not take place within the proposed location

<p>Commercial Case</p>	<p>If the grant application is not approved it is unlikely that the scheme would be located in Leeds, and would instead be located in Krakow.</p> <p>As the scheme involves relocating existing business functions to a new location, there will be demand for the premises once they are operational.</p> <p>The applicant forecasts that if existing employees do not choose to relocate to Leeds, then there is a strong talent pool in Leeds which will ensure that remaining roles are filled.</p> <p>The applicant has identified locally based delivery partners to co-ordinate the premises refurbishment, and have negotiated Heads of Terms on potential premises.</p>
<p>Economic Case</p>	<p>The scheme would result in 329 FTE jobs being located within Leeds. These will be relatively well paid and sustainable in the long-term</p> <p>The project is expected to deliver additional GVA of over £165m to the city region by 2026. The speed and scale of the jobs being located within LCR means that GVA would be generated at a scale of around £17m per year.</p> <p>The associated cost per job is low at £4,225. There is no strategic impact regarding CO2 emissions but the company have made a commitment to achieving BREEAM excellent rating in the renovated office space.</p> <p>Of the 2 locations currently under consideration, Krakow is financially favourable. The cost differential between Krakow and Leeds is £3.8m based on a 10 year NPV calculation. Therefore the grant support of £1.5m is required to reduce the cost gap.</p>
<p>Financial Case</p>	<p>The project has a calculated outturn capital cost of £17,716,000 which would fund expenditure of the fit out, furnishing and installation of required IT equipment at the Central Leeds office premises (estimated expenditure of c.£6m) and the capitalisation of a 10 year lease (estimated expenditure of £11.7m).</p> <p>The applicant has provided a cost plan for the premises refit and an expenditure profile for lease costs. Evidence of the lease costs total has been provided.</p> <p>The project has a clear cash flow set out.</p> <p>The project will be funded through £16.2m of the organisation's operating cashflow and £1.5m from the WYCA grant. The applicant has confirmed that their own funding will come out of the savings total of the Global Shared Services project.</p>
<p>Management Case</p>	<p>The project has a clear delivery plan which can be summarised as:</p> <ul style="list-style-type: none"> • In principle grant offer from WYCA – 21st April 2017 • Applicants decision on location of Global Shared Services Centre - Late April 2017

	<ul style="list-style-type: none">• Applicants public announcement on location of Global Shared Services Centre - Early May 2017• Lease on office premises commences - 1st June 2017• Leased Office premises ready for occupation and phased roll out commences - 1st October 2017• Initial 329 roles recruited to/ transferred to Leeds Premises - 31st March 2018• Further c.150 roles recruited to/ transferred to Leeds Premises - 31st March 2019 <p>The project will be delivered by the applicant with support from Building Works Delivery Partner and Business Transformation Delivery partner.</p> <p>A project Steering Group has been established, which includes Board member representation who have been given delegated decision-making powers on the choice of location and delivery timescales.</p> <p>The project has a risk register and have made provision for a risk allowance within their premises refit cost plan.</p>
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