

Meeting:	Cabinet member contracts and assets
Meeting date:	Tuesday, 17 July 2018
Title of report:	Ross Enterprise Park - Feasibility Arrangements
Report by:	Economic development officer

Classification

Open

Decision type

Non-key

Wards affected

Penyard; Ross East; Ross North; Ross West;

Purpose and summary

To approve the arrangements for the implementation approach to the first phase of employment land at Ross Enterprise Park (formerly known as Model Farm).

It is proposed that Ross Enterprise Park is added to the development and regeneration programme. This will enable the council's development partner, Engie, to undertake the remaining feasibility and detailed design work on the project, at a total cost of no more than £375,000. This is an additional £200,000 budget to the previously approved budget of £175,000 for feasibility work. This budget and work will progress the project to a stage where the council can make a decision on the business case for the scheme and develop a project specific agreement for the works, likely to be a design and build. This total budget will take the design/preliminaries to the pre-construction stage and an inclusive fee proposal within this budget has been provided by the council's development partner.

Recommendation(s)

That:

- (a) the first phase employment land at Ross Enterprise Park, as defined in the plan at appendix 1, be added into the development & regeneration programme.**
- (b) Engie Regeneration is requested, under a new project request, to provide a development and regeneration programme stage 2 submission including the costings to support the development of the full business case and to develop a project specific agreement for the works, likely to be a design and build contract at a cost to the council of no more than £375,000 (inclusive of the previous decision).**

Alternative options

1. The council could choose not to procure this work through the DRP Programme, however, a competitive procurement process would delay the implementation of the phase 1 employment land that could have a significant implication to the programme and the realisation of benefits. It is a requirement of the development and regeneration project to formally add projects to the programme via an appropriate council decision.
2. An alternative commissioning option exist for the project, which would include a competitive tender process for the initial feasibility work and an EU Tender for the full design and build contract. The proposed approach was recommended as it would leverage the work undertaken to procure a development partner and the partnership approach will allow the council to take advantage of its partners' expertise to ensure the success of the project.

Key considerations

3. Ross Enterprise Park, formally known as Model Farm, is a 15 hectare strategic employment site serving the South of Herefordshire on Herefordshire Council owned land. It is well positioned for access to the South West, Wales and the Midlands markets with excellent road network links that include the M50 linking to the M5 and A449 linking to the nearby M4. The aim of the development is to attract good quality businesses and grow high value employment. An outline planning consent (approved in December 2014 and expired in December 2017) allowed for the development of employment uses including B1 (16,500sq.m GFA), B2 (8,900sq.m GFA) and B8 (4,000sq.m). A refreshed planning application for the same proposed development was approved on 26 February 2018.
4. As no site infrastructure has been developed to date, it has not been possible to market the site or attract end users. Despite strong business cases, recent bids for LEP/central government funding to finance the viability gap have been unsuccessful. Council Members are keen to progress the project and Ross Enterprise Park has been provisionally included within the council's capital programme, subject to the approval of a Business Case. Initial activity will concentrate around a phased implementation of this renewed consent, targeting a site start in 2019.
5. The council engaged Harris Lamb to undertake a market report to consider the local and regional dynamics and assess the potential demand from occupiers. The report identified strong local demand for industrial uses and recommended a first phase of development of eight to ten acres. With current market conditions, Harris Lamb state that this would take up to three years to sell to potential occupiers. The proposed red line boundary of the site attached to this report provides over eight net developable acres to meet this identified demand.

6. The Director for Economy, Communities and Corporate took a decision on 8 May 2018 to spend up to £175,000 on the design and other associated costs to discharge planning conditions. This work will be extended with this new package to commission up to £375,000 of pre-construction work. The first part of this work, the previously approved £175,000 package, will be undertaken as a further services contract and will progress the scheme to planning conditions discharge consent for the first phase of development. The second, detailed design package, with a value of up to £200,000, will be undertaken as part of the Development and Regeneration Programme stage process. Both packages of work will be undertaken by the council's development partner, Engie Regeneration Ltd.
7. As part of their team, Engie have selected Arup as engineering subcontractors due to their ability to provide the disciplines required. They have also been involved in the last two planning applications, including the February 2018 approval and they therefore have intimate knowledge of the site and proposals. Architype (architect/design) have been selected to provide the architectural and design aspects of the commission. As they have been the masterplanner for the wider site, they again have a good knowledge of the proposals.
8. Engie have provided a scope of work and fee proposals, which includes input from Arup and Architype, to progress the work required to create a DRP stage 2 submission including costings to support the development of the full business case and to develop a project specific agreement for the works, likely to be a design and build contract. Following proposals received from the development partners professional supply chain, it was clear that developing the project to the pre-construction phase would require an additional package of work to the £175,000 previous approval. This opportunity is therefore to propose that a further budget of up to £200,000 be assigned to undertake a final package of detailed design works that would take the project to the pre-construction phase. These budgets are now based upon the fee proposal received from the development partner and the progress, activity and spend will be monitored by the Development and Regeneration Programme Board.
9. A key part of developing the design proposals for the site will be the liaison with the council and other relevant stakeholders. Following this process, a full business case will be created by council officers using the cost information provided, market data and other relevant information.

Community impact

10. The council's corporate plan 2016-2020 includes 'support the growth of our economy' as a strategic priority. The wider Herefordshire economic vision sets out an ambitious framework for economic growth within the county and is supported by the core strategy. Delivery of the core strategy and economic vision will rely on significant investment in a variety of developments across the county.
11. Supporting the corporate plan and economic vision, the council's property strategy for 2016 to 2020 includes the objectives to maximise the economic benefits of the council's property asset base and to support economic development and housing growth.
12. Ross Enterprise Park (formally known as Model Farm) contributes to the council priority of 'Support the growth of our economy' and it is a key project in the council's corporate delivery plan. It is also a priority project within the Herefordshire Economic Vision and it could significantly support the goals of the scheme including growing the local economy and creating higher value jobs. The project will also support the goals for the Marches Strategic Economic Plan including Supporting Business and Physical Infrastructure.

13. The scheme has been discussed and developed with input from a wide range of stakeholders including the Marches Local Enterprise Partnership, the Herefordshire Investment Partnership, the business board and the local community.

Equality duty

14. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:
15. A public authority must, in the exercise of its functions, have due regard to the need to:
 - a. eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - b. advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - c. foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
16. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. Our providers will be made aware of their contractual requirements in regards to equality legislation. The project aim is to create a range of employment opportunities with private sector employers that will be open to a wide range of groups.

Resource implications

17. The resource implications of the scheme are as follows:
 - a. The employment land at model farm was included as a project within the 2018/19 Capital Programme/Medium Term Financial Strategy (MTFS) with a £7.07 million allocation;
 - b. The cost of the scheme will be considered during the appraisal of the project undertaken by the development partner and council officers. The projected capital receipts, business rate income and other income will also be included within the business case; and
 - c. The scheme, including these packages of preliminary work, will be funded by capital funding as allocated through the Ross Enterprise Park capital programme entry
18. The Director for Economy, Communities and Corporate took a decision on 8 May 2018 to spend up to £175,000 on the design and other associated costs to discharge planning conditions and undertake an outline appraisal of the scheme. This work has been commissioned via the council's development partner, Engie Regeneration Ltd.
19. In addition to the above work, this report recommends that the first phase employment land will be added into the DRP programme and Engie Regeneration to develop the Council Requirements required under a New Project Request to enable the completion of the full design works sufficient for a start on site. The cost of these additional works will be no more than £200,000 and will again be funded from the approved Ross Enterprise Park capital programme budget.

Legal implications

20. There are no significant legal implications arising from this report. Through an EU compliant process the council has selected Engie Regeneration Limited as a developer partner for schemes such as the one proposed here. This report does not commit the council to the construction of the scheme as a further report will be brought forward for council consideration in due course, once the design works have been progressed.

Risk management

21. The key risks around the implementation of the Phase 1 Employment Land have been considered:

Risk / opportunity	Mitigation
The detail design work is delayed resulting in a delay to a start on site date.	The council will progress the inclusion of the Phase 1 Employment site onto the DRP Programme in a timely manner.
Works associated with the wider potential schemes result in a higher build cost for the Phase 1 Employment land.	Engie will review the emerging design works and impact on build cost and keep the council updated. Decisions will be taken around the extent of works to be undertaken now and those that can be done at a future stage.
Work undertaken as part of Phase 1 will adversely impact on bringing other developments in the area forward.	Engie will liaise with Keepmoat Homes and the council to ensure works are designed in accordance with the wider proposals for the area.

22. Risks are managed according to the council's PROM framework, and recorded on a service risk register, being escalated to the directorate or corporate risk register according to the significance of the risk.

Consultees

23. The local member has been consulted and they are supportive of the work to progress the Ross Enterprise Park proposals.
24. There has been recent broad consultation of a range of stakeholders for other recent decisions.

Appendices

Appendix 1 – Phase 1 Red Line Boundary

Background papers

None identified