

---

<b>Agenda Item:</b>	13a
<b>Author:</b>	John Adlen
<b>Date:</b>	25 October 2022
<b>Subject:</b>	Quadrant Phase 3 investment case

---

## **1. Summary**

The Growth Corridors Board previously approved an investment of £232,076 to WBC Birchwood Park Trustee Limited (as a Trustee of the WBC Birchwood Park Unit Trust) to provide enhanced sustainability measures on the development of two speculative industrial units totalling 38,500 sq ft at Birchwood Park, subject to conditions including evidence of costs, value for money and a satisfactory Subsidy Control opinion. The applicant has provided detailed QS costings for the environmental enhancements, which have increased to £310,110. However, the investment still represents value for money with a payback of 5 years based on utilising 80% of the retained business rates to repay the borrowing.

## **2. Recommendations**

It is recommended that the Growth Corridors Board:

- (a) Approve the investment subject to a satisfactory Subsidy Control legal opinion
- (b) Instructs the Growth Director to proceed with the drafting of the necessary legal agreements
- (c) Delegates authority to the Chair of the Growth Corridors Board to authorise the final investment and sign the legal agreements on behalf of the Local Enterprise Partnership.

## **3. Update**

The Growth Corridors Board previously approved an investment of £232,076 to WBC Birchwood Park Trustee Limited (as a Trustee of the WBC Birchwood Park Unit Trust) to provide enhanced sustainability measures on the development of two speculative industrial units totalling 38,500 sq ft at Birchwood Park, subject to the following conditions:

- (a) That the applicant provides further evidence of costs in relation to the construction of the scheme and the cost of the proposed environmental improvements.
- (b) Confirmation that the level of grant applied for represents value for money and the minimum possible cost to the public sector.
- (c) A satisfactory State Aid/Subsidy Control legal opinion.

The applicant has provided more detailed costings provided by a Quantity Surveyor for the environmental enhancements to the scheme, which are set out below.

Item	Cost (£)
Rainwater harvesting and associated drainage	112,492.00
PV panels	25,260.00
EV Chargers	26,742.45
Air source heat pump VRF	108,054.00
Subtotal	272,548.45
Associated design	6,050.57
Associated preliminaries	15,344.48
Subtotal	293,943.50
OHP @ 5.5%	16,166.89
<b>Total</b>	<b>310,110.39</b>

The environmental enhancements have increased from £232,076 to £310,110. However, the investment ask is still relatively low compared to the annual retained business rates from the scheme of £103,224 per annum, which would still provide a payback of 5 years based on current 10 year PWLB borrowing rates and utilising 80% of the retained business rates. The scheme, therefore, offering very good value for money in terms of payback and other economic and environmental benefits.

The final condition, provision of a satisfactory State Aid/Subsidy Control legal opinion, is usually picked up at the legal agreement stage of the process.

#### 4. Conclusions and recommendations

The applicant has provided more detailed costing for the environmental enhancements to the proposed scheme. Although these the estimated costs have increased by £78,034 (approx. 33%) the Quadrant Phase 3 scheme still represents very good value for money in relation to the level of investment

requested and a payback period of 5 years as well as in terms of economic outputs, including cost per job.

It is recommended, therefore, that the Growth Corridors Board:

- (a) Approve the investment subject to a satisfactory Subsidy Control legal opinion
- (b) Instructs the Growth Director to proceed with the drafting of the necessary legal agreements
- (c) Delegates authority to the Chair of the Growth Corridors Board to authorise the final investment and sign the legal agreements on behalf of the Local Enterprise Partnership.