

Executive Decision Report

Leicester Food Park

Decision to be taken by: City Mayor

Decision to be taken on: 12th November 2013

Lead director: Andrew L Smith



City Mayor

Useful information

- Ward(s) affected: Rushey Mead
- Report author: Mike Dalzell/Hilary Sanders
- Author contact details: 372933
- Report version number: 1

1. Summary

- 1.1 This report provides an update on the development of Leicester Food Park. The Food Park will be a new workspace providing high quality, bespoke food grade units designed to encourage start-up and smaller grow-on units for businesses in the Food and Drink Manufacturing sector in Leicester.
- 1.2 It also seeks approval for release of capital funds of £2.2m as match funding to deliver the scheme (this excludes £200k development funding already approved) and approval to accept an ERDF grant offer of £3.4m.

2. Recommendations

- 2.1 Note that the most recent cost plan anticipates a total cost of £5.8m to develop the Food Park.
- 2.2 Approve funding of £2.0m as set out in the Economic Action Plan.
- 2.3 Note that £200k of development costs have already been approved.
- 2.4 Approve £200k of funding from anticipated savings on the DOCK project and a corresponding reduction to the approved capital spend for DOCK.
- 2.5 Accept an ERDF funding offer of £3.4m.
- 2.6 Approve the addition of the scheme to the capital programme.
- 2.7 Delegate authority to the Director of Planning, Transportation and Economic Development to award the project management and construction contracts for the scheme.

3. Supporting information including options considered:

Rationale

- 3.1 Leicester Food Park contributes towards a key theme and priority in the Economic Action Plan which is to achieve an *Enterprising Leicester* and *Accelerating business growth in priority sectors*, including Food and Drink manufacturing. It will contribute towards the Economic Action Plan's priorities to *establish a Food and Drink Manufacturing Business Investment Area* in the city and as part of this will specifically work towards Priority 4.2 of the Action Plan which is to *provide food grade workspace*.

Site

- 3.2 Delivering the Food Park requires the development of a vacant site at Lewisher Road currently owned by the City Council and zoned for employment use.

Procurement

- 3.3 RPS is the architect firm appointed to design Leicester Food Park. Faithful and Gould (F&G) is the lead consultant and Client Cost Manager for the Food Park

via the Scape National Framework. Willmott Dixon is the contractor via the Scape National Framework.

Scheme details

- 3.4 A total of nine units to be developed with a range of sized units (from 1,000 sq ft to 5,000 sq ft). The Food Park will offer a total of 19,250 sq ft of lettable space.

Demand

- 3.5 The final ERDF PA2 project bid submitted in November 2012 included findings from a Demand Study which involved consultation with a range of Food and Drink Manufacturing businesses. The study established a clear demand from local businesses.

Planning

- 3.6 Planning permission for the scheme was approved at the 18th September 2013 planning committee.

Management

- 3.7 DCLG had put on hold all ERDF projects in light of a recent EU ruling on State Aid and managed workspace (the Leipzig Halle judgement). In essence that has required the 'receiver' of the state aid (i.e. the city council) to undertake to let a contract for the operation of the facility. The solution that was developed with the assistance of legal services has been accepted by DCLG and will include for an on-site business support function as well as property management.

- 3.8 It is anticipated that the Council will receive a modest income from the appointed operator. This is subject to soft market testing.

ERDF and funding

- 3.9 The EAP decision notice of 27 November 2012 estimated the total match funding requirement from LCC to be £2.2m for a scheme cost of £5.59m. Of that sum, £200k was approved for development funding (feasibility, planning and design) as part of the first phase of the Economic Action Plan. This was to cover estimated costs to be incurred up to the point where the scheme was submitted for planning. The most recent cost plan (October 2013) shows an anticipated cost of £5.8m, the increase being due primarily to a higher level of fit out for the units and constructing the access road to adoptable standard.

- 3.10 The ERDF bid was approved on 14th October 2013 for a total of £3.4m.

- 3.11 Taking the above into account, the City Council is required to identify a further £200k capital funding to meet the revised total cost estimates.

- 3.12 The recently completed DOCK workspace scheme (formerly known as the Innovation Centre) is expected to realise savings of £200k, which it is proposed to transfer to the Food Park workspace scheme.

Programme

- 3.13 The current programme shows a start on site in January and October 2014 for building completion.

4. Details of Scrutiny

4. Supporting information including options considered:

- 4.1 A detailed draft of the Economic Action Plan was presented to the Economic Development Scrutiny Commission on 25 April 2012 by the City Mayor.
- 4.2 A paper on the Food Park was also presented to scrutiny committee on 17th April 2013.

5. Financial, legal and other implications

5.1 Financial implications

5.1.1 The costs and funding for developing the Food Park are set out in the report.

5.1.2 As with all ERDF funded projects, it should be noted that there is a further risk that some items of expenditure will be deemed ineligible by ERDF. The scheme finances therefore will be closely monitored and reviewed both before and during construction.

Colin Sharpe, Head of Finance, ext. 37 4081

5.2 Legal implications

Legal advice is being taken by client officers with regard to this project and they should continue to do so, in respect of the ERDF funding terms and conditions, the sale of the site described in 3.3 and any on-going procurement and project advice.

Beena Adatia – Principal Solicitor (Commercial & Contracts)

5.3 Climate Change and Carbon Reduction implications

Leicester Food Park is required by DCLG funding conditions to achieve a BREEAM Very Good rating. The renewable energy provision of 17% will be provided from roof mounted solar PV panels.

5.4 Equality Impact Assessment

An equality impact assessment is not required.

5.5 Other Implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)

n/a

6. Background information and other papers:

City Mayor and Executive - Public Briefing – 9th October 2012

Economic Action Plan Executive Decision – 27th November 2012

7. Summary of appendices:

n/a

8. Is this a private report (If so, please indicated the reasons and state why it is not in the public interest to be dealt with publicly)?

No

9. Is this a “key decision”?

Yes

10. If a key decision please explain reason

Capital expenditure of over £1 million is to be committed on a scheme that has not been specifically authorised by Council.