

# PLYMOUTH BUSINESS PARKS

Acceptance of funding offer from the Heart of the South West Local Enterprise Partnership (LEP) for the delivery of the Plymouth International Business Park project and enabling works for the City Business Park project



## Part I Briefing Report

### 1.0 SCHEME SUMMARY

PCC has secured funding from the Getting Building Fund to deliver the 'Plymouth's Business Parks' project. The aim of the project is to create new low carbon, Grade A workspace in Plymouth. There are two schemes in this project:

- The direct development of an underutilised, brownfield PCC owned site at Plymouth International (PI). This site is currently unviable for PCC without grant investment. There is a clear cost value gap;
- Capital works at City Business Park (CBP), demolition & ground works, preliminary work to RIBA Stage 3 to create a viable site for construction.

Investment in Business Parks meets both an identified demand and provides businesses, particularly SMEs, with a unique and affordable eco-system of services. It supports a close community of like-minded businesses, with tenants benefiting from both business and social networking opportunities. It also responds to the impact of Covid-19 by developing well-located, flexible and appropriately sized workspace to meet ongoing and evolving demand.

### 2.0 BUDGET SUMMARY AND BUSINESS CASE

The grant of £1,936,967 will address the current viability gap at Plymouth International and lay the foundations at City Business Park.

### 3.0 REVENUE IMPLICATIONS

As the match-funding for these schemes is already approved in the capital programme, the revenue implications associated with this grant funding are already included within the Medium Term Financial Plan (MTFP). By accepting this funding the council will avoid further revenue intervention for the schemes should costs increase.

### 4.0 RISKS

Key Risk	Nature of Risk	Mitigation
<b>Generic</b>		
<b>Strategic / Operational</b>		
Outputs not achieved	Forecasting is based on assumptions that are not fully realised	Outputs have been forecast using economic modelling and experience of similar schemes. Maintain robust project management protocols through regular monitoring and review. Remedial action to be taken where necessary
<b>Reputational</b>		
Failure to maximise opportunity for local	The risk is that national companies with no local	Project team will ensure that suitable contractors are invited to quote and

businesses to tender / benefit from contracts	connections / footprint could be appointed for the survey work and construction contract so local workforce will not benefit from these opportunities	tender for the work. Consideration will be given to sub-contracting for contracts of significant value
<b>Financial</b>		
Budget is insufficient to deliver the projects	Budget is based on some assumptions	Close monitoring of budget and effective feasibility work undertaken to ensure that risk areas of the project are investigated thoroughly. Value Engineering will be undertaken PCC will provide gap funding for budget increase that cannot be avoided
Demand for workspaces not as strong as anticipated, resulting in loss of income	New building does not achieve full occupancy due to adverse impacts arising from Covid-19 and future economic shocks	Track record of occupancy at PCC Business Parks is strong. Team will maintain pro-active marketing and support programme as part of economic recovery
Return on Investment is less than expected	Cost over-run / output under-delivery will adversely impact Rol	Maintain robust project management protocols through regular monitoring and review. Remedial action to be taken where necessary

#### 4.0 RECOMMENDATION

It is recommended that the Leader of the Council:

- Approves the briefing note.
- Accepts the funding offer of £1,936,967 from the HotSW LEP as described in the Executive Decision made by a Cabinet Member with appropriate sign offs from PCC Legal, Finance and Democratic Support