

City Deal South Yard Land Transfer Cabinet Report

Appendices

Appendix A – Site plans

Appendix B – Sensitivity Analysis

Appendix C – Equality Impact Assessment

Appendix A – Site Plans

Figure A1 – A plan of South Yard showing areas considered City Deal transfer

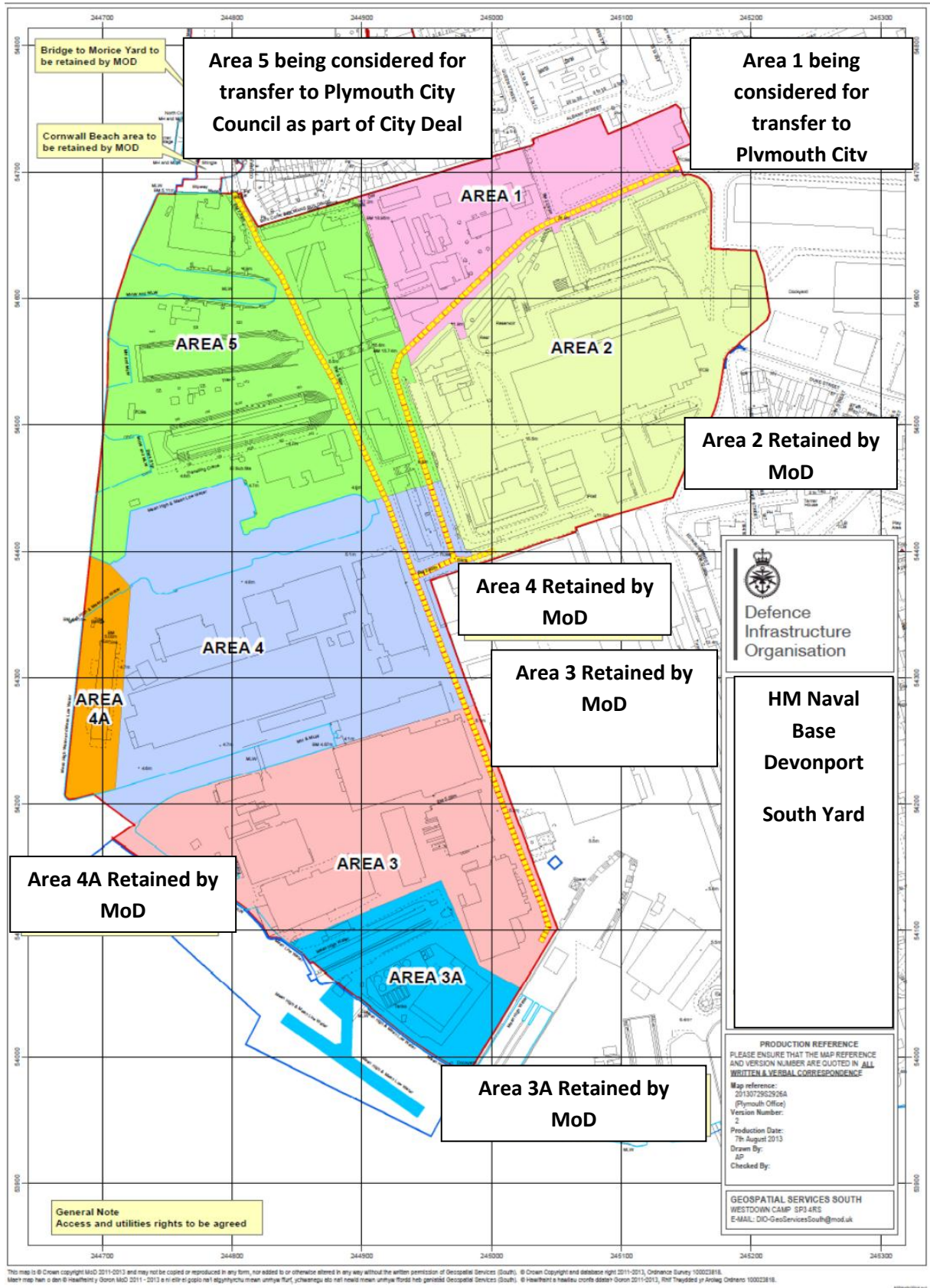
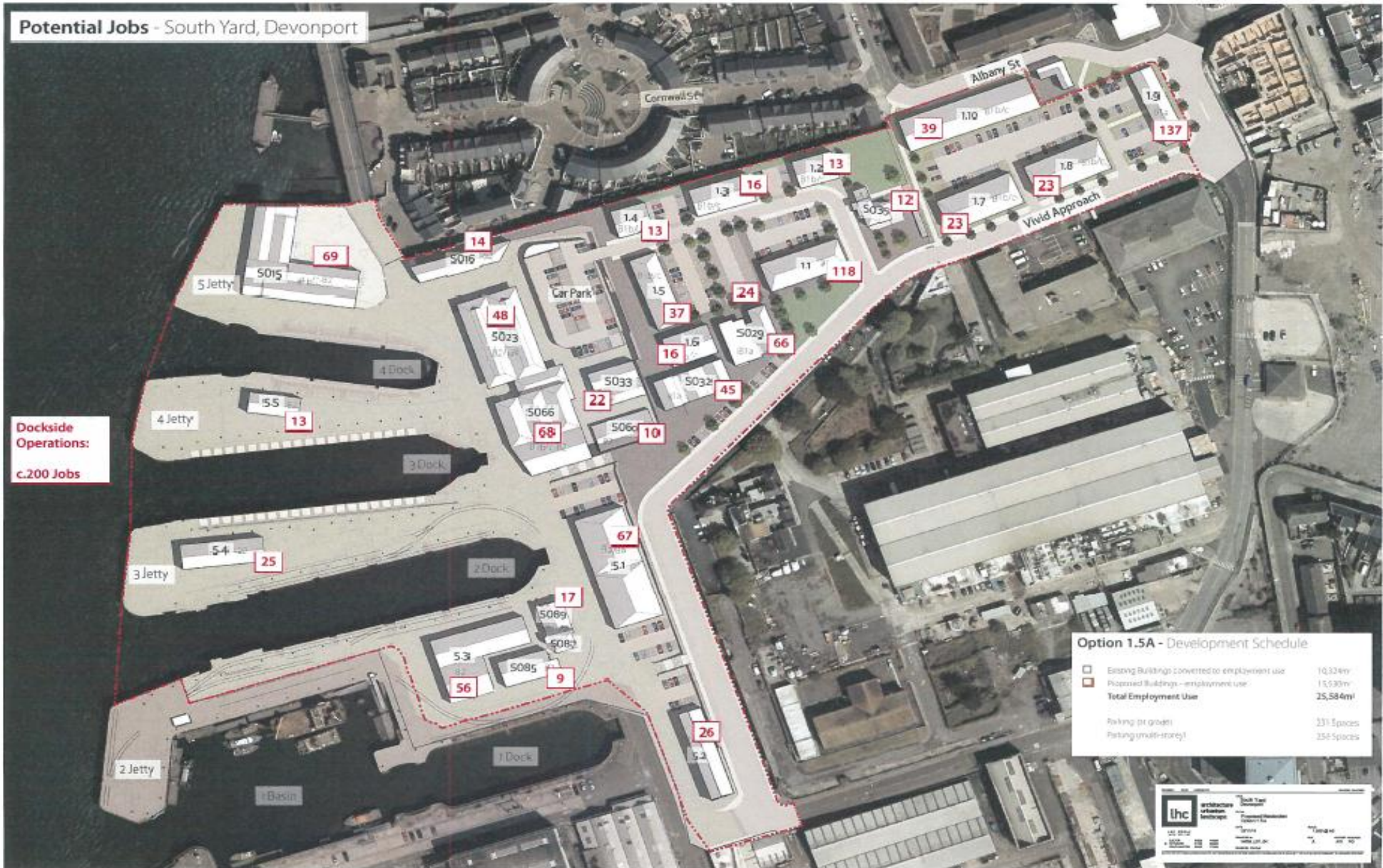


Figure A2 - proposed master-plan layout for transferred areas of South Yard



Figure A3 – potential employment estimated from proposed master-plan layout for transferred areas of South Yard



Appendix B – Sensitivity Analysis of Risks

City Deal – South Yard

Sensitivity of Assumptions

There are a great deal of assumptions included in the business case to come up with a viable proposition, that will not leave the PCC with a legacy of annual revenue costs and a capital payback of between 20-25 years.

The key risks and their financial implications are:

Risk No	Description	Values (excluding inflation)
1	Project Funding, further grants and capital funding not available	1. Capital costs never recovered 2. Revenue is wiped out and an annual cost of £225k per annum is required to operate the site – no payback
2	Cost of Construction, annual inflation of 6%	1. Capital costs increase by £2m. 2. Payback increases by 5 years
3	Construction delayed by 2 years eg through slow receipt of additional grants and loans	1. Capital costs increase by £3m. 2. Payback increases by 5 years
4	Private development of Area 5 does not happen	1. Lost revenue of £150k per annum. 2. Payback increases by 4 years
5a	Rental income – reduced occupancy to 50%	1. Revenue is wiped out and an annual cost of £100k per annum is required to operate the site – no payback
5b	Rental income – rental values 25% lower than expected	1. Annual income reduced by £250k per annum 2. Payback increases by 26 years.
6	Operating costs underestimated by 25%	1. Annual income reduces by £265k 2. Payback increases by 21 years

I. Project Funding

In addition to the loans, grants and capital injection so far offered (£20m), there are assumptions of further inward investment:

- Additional grant funding of £25m
- Additional PCC capital of £5m

Risk

1. There will be no further grant or other capital funding available. This would mean there is only enough funds available to prepare area I East and West Sites, and Build 3 buildings on Area I East. The PCC would therefore have to seek developers to develop the buildings in Area I West and complete Area I East, instead of the PCC building them (which will generate rental revenue). Without additional funding there will be insufficient funding available to prepare Area 5 for development. If this scenario developed then Area 5 site and plans would need to be mothballed and MoD security gates revised to avoid their ongoing revenue security costs.
2. If grant funding was reduced by £5m and capital funding increased by £5m, then the payback increases to 40 years.

Cost Implication

The capital costs would never pay back, and there will be an annual operational cost of £225k per annum.

2. Cost of construction

The cost of construction is assumed to increase by 4% annually,

Risk

This is below current estimated construction cost indexation which is around 6% but is hoped to be short-term assuming the market reacts quickly to demand.

Cost Implication

At 6% construction inflation, there would be a further £2m of capital required to complete the job, and it would take an additional 5 years for the project to pay back.

3. Speed of Site Development

The costings revenue and capital have assumed MIPC works on the site such as site preparation, demolition, new build and fit-out occur rapidly over the next 2 to 5 years in Area I and by 2022/23 in Area 5 which will therefore generate income via NNDR, service charge and rental for the Council where applicable. If grant funding is received later

Risk

That the speed of development and letting on the site occurs more slowly than anticipated in the model.

Cost Implication

If the project slips by 2 years, the cost of construction increases by £3m and payback increases by 5 years.

4. Area 5 Development

It is assumed that there will be developers interested in investing in the building and adaptation of Area 5, and the one building in Area I East.

Risk

That the cost of construction is too high to make a return on the rental values and the site will not be developed.

Cost Implication

Lost revenue from service charges, NNDR and car parking of £150k per annum. The payback increases by 4 years, but there is still a positive income annually.

5. Rental Income

There are a number of assumptions made around the rental income achievable on the site:

1. The rental income is based on a range of assumptions and estimates including high-level information provided by project consultants on our behalf albeit these estimates were originally intended primarily for cost comparison purposes and not for detailed budget setting
2. That occupancy of the new buildings is 60% in the first year, 80% in the second year and 90% thereafter.

Risk

There is a risk that these rents are not achieved.

Cost Implication

If rental values were to be reduced by 25%, annual income would fall by £250k and the pay back would increase to 56 years.

If occupancy on the site was only 50%, reducing rental income, NNDR and Service charges, annual income would be reduced by 800k. Resulting in a cost to revenue of £177k per annum.

6. Operating Assumptions

Operating costs, are the biggest unknown, with estimates for management costs, site running costs, PCC security and it is assumed building insurance can be passed on to the lessee.

Risk

That operating costs increase significantly above our estimates.

Cost Implication

25% increase in operating costs would reduce annual income by £265k and increase the payback period to 46 years.

7. Other Low level risks

- It is assumed that our loans will have an interest charge of 2%, the loan terms from the MOD are currently unknown. But majority of public sector monies will be grant rather than loans.
- Income from car parking and docks is assumed to be fully utilised once operational.

EQUALITY IMPACT ASSESSMENT

City Deal – South Yard MIPC



PLYMOUTH
CITY COUNCIL

STAGE I: What is being assessed and by whom?

<p>What is being assessed - including a brief description of aims and objectives?</p>	<p>Development of a Marine Industries Production Campus at South Yard currently part of the RN Dockyard in Plymouth. The aim is to redevelop 7.5 ha of land for industrial and commercial activities with a focus on promoting the marine and advanced manufacturing sectors. Once complete the site will create 1200 jobs. The Marine Industries Production Campus is the flagship project in the Plymouth and South West Peninsula City Deal Programme which also includes a Growth Hub to support businesses and a Youth Deal to improve employability and skills of young people.</p> <p>Given the scale of the development at South Yard the completed scheme will be of benefit to the whole of Plymouth and the south west peninsula in terms of jobs created, private sector investment and supply chain opportunities for local businesses. South Yard is situated in the neighbourhood of Devonport to the west of Plymouth City Centre. Therefore, the scheme will be of particular benefit to residents living in Devonport and surrounding neighbourhoods which are closest to South Yard. Unemployment and deprivation levels are higher in this part of the City than Plymouth as a whole.</p> <p>Recent public consultations in Devonport and with businesses identified strong support for the scheme particularly with the prospect of creating 1200 jobs</p>
<p>Responsible Officer</p>	<p>Mark Turner</p>
<p>Department and Service</p>	<p>Place/Economic Development</p>
<p>Date of Assessment</p>	<p>27th November 2014</p>

STAGE 2: Evidence and Impact

Protected Characteristics (Equality Act)	Evidence and information (e.g. data and feedback)	Any adverse impact?	Actions	Timescale and who is responsible?
Age	<p>Plymouth as a whole has a similar population profile to that of England with exception of the 16-24 year old age group where Plymouth has significantly more than England. This is due in part to the higher student population in the City.</p> <p>The proportion of older people living in Plymouth (45+) is consistent with the national profile. A quarter of the Plymouth population is in the 45-64 age bracket indicating that a lot more people will reach retirement age in the next twenty years.</p> <p>The Devonport population profile is similar to Plymouth particularly in respect to</p>	<p>Plymouth along with the England faces a problem of an aging population with an increasing proportion of the population either retired or close to retirement. Employers will need to be increasingly flexible when recruiting older people</p> <p>It has been recognised that Plymouth struggles to retain graduates. It will be important for Plymouth to retain graduates to ensure local employers have a good supply of skilled people</p> <p>At a local level the demographic profile in Devonport indicates there is likely to be significantly more young</p>	<p>There will be ongoing consultation, monitoring and evaluation as this is a long term project and will be delivered at different stages and therefore will be constantly reviewed.</p> <p>Consultation has been undertaken and already influenced and determined the specific nature of how this programme of work is developed i.e. increase in job opportunities for the local community.</p> <p>As well as overall programme evaluation, the plans relating to each plan within the overall Programme Plan will be monitored and depending upon the nature of each of these plans will be subject to appropriate and specific</p>	<p>Start in next six months as part of planning for first phase of the project</p>

STAGE 2: Evidence and Impact				
Protected Characteristics (Equality Act)	Evidence and information (e.g. data and feedback)	Any adverse impact?	Actions	Timescale and who is responsible?
	<p>young adults. The latest neighbourhood profile for Devonport (2014) neighbourhood shows there are more young adults (20-29) in Devonport than other adult working age groups. However, it is likely that there will be higher numbers of younger parents in this age group than the City average as there is a higher percentage of young children in Devonport.</p> <p>There are fewer older retired people living in Devonport than the Plymouth profile</p>	<p>adults of working age with young children in Devonport than the wider Plymouth population. This may impact on working age population accessing job opportunities</p>	<p>public consultation.</p> <p>Regular reports outlining the ongoing progress will be presented to the South Yard Project Board and Growth Plymouth Panel.</p> <p>Will follow our corporate recruitment and retention policies and procedures. Where we commission we will ensure that this is built into the contract agreement to ensure there is no discrimination based upon Age.</p> <p>An example of the detail that will reviewed is the provision of childcare opportunities in area.</p>	
Disability	<p>The Devonport Census profile (2011) indicates that there are significantly higher numbers of 16 to 64 year olds 'whose</p>	<p>High levels of sickness and incapacity in the surrounding neighbourhood will impact on ability of local</p>	<p>As above</p> <p>Ensure new buildings in first phase of development are DDA</p>	<p>Built into detailed planning application in next six months</p>

STAGE 2: Evidence and Impact				
Protected Characteristics (Equality Act)	Evidence and information (e.g. data and feedback)	Any adverse impact?	Actions	Timescale and who is responsible?
	activities are limited a lot' in Devonport (7.9%) compared to Plymouth (4.7%). The Devonport Area Profile indicates that in 2013 there were 20% of adults claiming Incapacity Benefit and Employment Support Allowance compared to the Plymouth average 8.2	residents to access jobs often this will be the result of mental health issues associated with long term unemployment.	compliant and reasonable adjustments will be made as appropriate	
Faith, Religion or Belief	The Devonport Census Profile (2011) indicates that the predominant religion is Christianity (50%). There are traces of other religions most notably Muslim at 1%. This is consistent with the Plymouth profile	None at this stage	As above in Age	N/A
Gender - including marriage, pregnancy and maternity	The Devonport Area Profile (2104) indicates there are slightly more men than women in Devonport 51.6% as opposed to 48.4%. The Plymouth Census Profile	Nationally there are lower numbers of women entering professions in manufacturing and engineering.	As above in Age Ensure recruitment policies particularly apprenticeships encourage women to consider opportunities in manufacturing science	Within the next year working with Plymouth City Council Economic Development team, local training providers and employers.

STAGE 2: Evidence and Impact				
Protected Characteristics (Equality Act)	Evidence and information (e.g. data and feedback)	Any adverse impact?	Actions	Timescale and who is responsible?
	(2011) is a 50:50 gender split. The Devonport Census Profile (2011) indicates that household characteristics are broadly similar to Plymouth the profile		based roles. The Skills and Employability Strategy commissioned by Plymouth Growth Board has certain actions which will seek to address the gender gap in engineering and manufacturing careers.	
Gender Reassignment	None at this moment	None identified	As above in Age	N/A
Race	The Devonport Census Profile (2011) indicates 94.8% white population compared to 96.1% for Plymouth. Of the 5.2% Black and Minority Ethnic Groups in Devonport Black British is the largest contingent at 1% A proportion of the BAME community will be recent migrants, e.g. EU accession or Refugees.	No significant impact at this stage There is a potential for an emphasis on local recruitment to disadvantage these groups.	As above in Age Ensure that we monitor take up of skills development programmes etc to ensure that recruitment to skills development programmes reflect the make up of the local population.	N/A

STAGE 2: Evidence and Impact				
Protected Characteristics (Equality Act)	Evidence and information (e.g. data and feedback)	Any adverse impact?	Actions	Timescale and who is responsible?
Sexual Orientation -including Civil Partnership	The Devonport Census Profile (2011) indicated there were 4 same sex Civil Partnership Households in Devonport	No significant impact at this stage	As above in Age	N/A

STAGE 3: Are there any implications for the following? If so, please record 'Actions' to be taken		
Local Priorities	Implications	Timescale and who is responsible?
Reduce the inequality gap, particularly in health between communities.	Significant inequality gaps as evidenced by the Index of Multiple Deprivation (2010) in western parts of Plymouth particularly Devonport and Stonehouse with pockets in the 3% most deprived in the country. As indicated above the health of the local population is significantly worse than Plymouth and national averages *	See above for health inequalities
Good relations between different communities (community cohesion).	No implications at this stage	N/A
Human Rights	Article 14 of Human Rights Act states that - people have the right not to be treated differently because of their race, religion, sex, political views or any other status and therefore the right to receive Equal Treatment and prohibit discrimination including sex, race, religion and economic and social status in	N/A

STAGE 3: Are there any implications for the following? If so, please record 'Actions' to be taken		
Local Priorities	Implications	Timescale and who is responsible?
	<p>conjunction with the Equalities Act which includes age and disability.</p> <p>We are committed to ensuring that everyone is treated fairly and human rights will be respected.</p> <p>No adverse impact on human rights has been identified.</p>	

STAGE 4: The Principles of Fairness	
Principles	Comment
People should be able to access opportunity whatever their circumstances	Working with agencies such as Job Centre Plus and local employers to ensure everyone has access to opportunities
The city should give priority to those in greatest need when it allocates resources	High quality jobs created in area of high unemployment and deprivation
Things that make the biggest difference to people's lives should get priority when deciding where resources go	Provision of jobs has been the top priority in successive council surveys on resource allocation
The way things are done in the city matters just as much as what is done	Public consultations and local stakeholder engagement have already taken place on the sorts of jobs and activities that will take place in South Yard. This process will continue. Models of MIPC governance need to be developed and resident inclusion will be considered
Unfairness which takes time to remove needs policies for the long term	The programme will provide a sustainable source of employment in the long term which will help address deprivation and inequality in the local area.
Preventing inequalities is more effective than trying to eliminate them	Provision of well paid jobs in parts of the city that have high inequalities and lack of access to good jobs will help this
Services should be provided 'with' people, not 'for' them	See above on consultations

<p>The needs of future and current generations should be balanced when making decisions.</p>	<p>South Yard is a long term regeneration project. It will require a skilled force for generations to come. Other parts of the City Deal programme are targeting young people to encourage them to take up opportunities in advanced manufacturing sectors. Focused attempts by local agencies and employers to recruit locally in construction and implementation phases will be implemented</p>
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STAGE 4: Publication			
Director, Assistant Director/Head of Service approving EIA.		Date	