



GFirst Local Enterprise Partnership

Board Paper – September 2018

Agenda Item (Title)	Infrastructure investment to Support the Cheltenham Cyber Park
Paper Author & contact details	Luisa Senft-Hayward, Gloucestershire County Council Luisa.Senft-Hayward@gloucestershire.gov.uk 01452 425537
Supporting Papers	7.ii Appendix 1 of the GFirstLEP application for Growth Deal 3 funding to Government: “Business Case - Cheltenham Cyber Park - Cheltenham Cyber Business Park infrastructure & site preparation”
Confidentiality	Open
Purpose	For the Full LEP Board to consider the proposed approach to secure the delivery of Growth Deal 3 funded infrastructure improvements, to contribute to a wider mitigation package of interventions to open up the development site for the Cyber Park.
Summary	<p>Background</p> <p>In February 2017, Government announced a Growth Deal 3 allocation of £22m for the “Cheltenham Cyber Business Park infrastructure and site preparation” which was awarded through a competitive bidding process. This brought the total Growth Deal allocation for Gloucestershire to £101.7 million.</p> <p>The purpose of the bid was to enable the opening up of a strategic employment land allocation by bringing forward highway infrastructure improvements, enabling capacity on the network to accelerate an early phased release of the employment site. The strategic allocation includes 45 ha of much needed employment land, focussed on cyber industries with a target of generating new high skilled/high GVA generating jobs, together with facilitating the delivery of the GCHQ Cyber Innovation Centre. Together with around 1,100 new homes, the strategic allocation will bring forward a sustainable mixed use urban extension to Cheltenham.</p> <p>The funding bid was submitted to Gfirst LEP by Cheltenham Borough Council (CBC), the current scheme promoter for the project. However, as CBC does not hold responsibility for highways nor have transport specialists within its officer team CBC have now approached Gloucestershire County Council (GCC), as the local Highways Authority, to lead on the delivery of these highway infrastructure improvements which will contribute to a wider mitigation package of interventions to open up the development site for the Cyber Park.</p>

GCC recognises the West of Cheltenham development opportunities and is highly supportive of the Cyber Park proposal. GCC will need Cabinet approval to formally make a decision on the request to act as scheme promoter, but is confident that this role can be adopted, subject to the satisfactory outcomes of defining, prioritising and costing exercise of the potential transport elements that could contribute to the wider mitigation package, which is currently being undertaken by GCC officers.

This work will include a high level assessment of potential highway improvement schemes that have previously been identified through the Joint Core Strategy (JCS) transport strategy, developers and GCC capital schemes. It will use an input matrix, based on scores against Economic, Social and Environmental impacts as well as Deliverability and Cost considerations.

The scheme elements currently considered by GCC include junction improvements, bus priority measures signal improvements and corridor widening in the general area of the A4019 and A40 corridors (see Appendix 1). Which and how many of the scheme currently assessed can be delivered through the Growth deal allocation will be the outcome of the work currently undertaken by GCC. Opportunities for potential other funding sources such as S106 developer funding or HIF funding will be considered.

The scheme is likely to be managed as a 'delegated scheme' by GCC in accordance with the latest Local Growth fund Assurance Framework.

Business Case

Like all Growth Deal funded schemes, the £22m allocated to support the Cheltenham Cyber Park, will have to be committed by March 2021. Timescales for the delivery of any transport schemes that could contribute to the mitigation package for the Cyber Park are therefore tight. To enable the project promoter to progress the Business Case(s) for schemes to be funded through the £22m Growth Deal allocation as soon as possible, it is recommended, that these schemes will be progressed and delivered independent of the planning application for the Cyber Park itself, which will have to undergo its own, planning application process.

Therefore, while the transport schemes to be delivered with the £22m Growth Deal allocation will provide clear links to the Cyber Park, by creating capacity in the network to contribute to the mitigation package needed to enable at least the initial phase of the Cyber Park to come forward, the economic appraisal(s) to justify the investment will need to be focused on the associated transport benefits, which will be the basis of funding approval. The wider economic benefits of the cyber Park will also be included in the business case, as additional benefits. The scheme(s) will provide for some immediate congestion relief and journey time improvements in the short/med term and thus contribute to the mitigation of any dis-benefits to businesses and commuters travelling on one of the most important and busiest sections of Gloucestershire's road network once the initial phase of the Cyber Park is developed.

Due to the extremely constrained timescales, it is important to enable the project promoter to progress the Business Case development at the earliest opportunity. It is therefore recommended that the £3.3m GCC already received from Government via a s31 grant is made available to support preparation of the scheme business case(s), ahead of the formal funding by the LEP Board.

	<p>Timescales: The Growth Deal funding profile for the project is currently as follows:</p> <table border="1" data-bbox="446 297 1426 371"> <thead> <tr> <th data-bbox="446 297 774 331">2018/19</th> <th data-bbox="774 297 1098 331">2019/20</th> <th data-bbox="1098 297 1426 331">2020/21</th> </tr> </thead> <tbody> <tr> <td data-bbox="446 331 774 371">£3.3m</td> <td data-bbox="774 331 1098 371">£13.2m</td> <td data-bbox="1098 331 1426 371">£5.5m</td> </tr> </tbody> </table> <p>As GCC still needs to conclude its defining, prioritising and costing exercise of the potential transport schemes that will contribute to the wider mitigation package, there is a risk of an underspend in the first two financial years. This can be managed under the delegated arrangements to mitigate the impact on the spend profile.</p> <p>However, following the final GCC decision to become the scheme promoter, it would be possible for GCC to start spending against the £3.3m allocated for Business Case development this financial year.</p> <p>It is further anticipated, that it will be possible to bring at least one Business Case for at least one project element to the LEP Board in the financial year 2019/20 and GCC is therefore confident, that it will be in a position to start spending on an approved project element in the financial year 2019/20 (subject to GCC Cabinet approval).</p> <p>Key dates for the project are as follows:</p> <ul style="list-style-type: none"> • September 2018: Conclude GCC’s assessment of which transport schemes will form the recommended delivery package • October 2018: start Business Case Development subject to early release of Growth Deal funding for Business Case development and Cabinet approval • October 2018: Intended date for GCC Cabinet to consider taking on the project promoter role for the £22m Growth Deal Funding • December 2018: Proposed date for GCC Cabinet to consider the package of proposed schemes to be delivered • December 2018: GCC to assume project promoter role, subject to Cabinet decisions in October and December 2018. • Autumn 2019: Potential LEP Board approval of BC and potential start of first elements of the project • March 2021: all schemes funded through the £22m Growth Deal allocation in contract and scheduled for delivery 	2018/19	2019/20	2020/21	£3.3m	£13.2m	£5.5m
2018/19	2019/20	2020/21					
£3.3m	£13.2m	£5.5m					
<p>Implications, impacts or risks</p>	<p>Key risks:</p> <ul style="list-style-type: none"> • It is not possible to separate the Growth Deal Investment from the planning application process, leading to further delays • It is not possible to define a set of transport schemes deliverable by/in contract by 2021 • The scale of intervention possible with £22m of investment funding can’t be agreed between all partners involved • Insufficient resources to progress project in line with very tight timeline • Reputational risks/ public opposition • Potential clash with Highways England maintenance works • Ability of scheme promoter to carry the risk of scheme cost overruns 						

Agenda Item 7.i

	<ul style="list-style-type: none"> • Low BCR in any of the proposed schemes, resulting in the LEP Board not approving the FBC • Revenue risk of forward funding the Business Case development work using Growth Deal funding (i.e. if Business Case is not successful, funding has to be reimbursed to the programme and/or Government ultimately) • GCC Cabinet unable to agree to GCC becoming the promoter • The planning application for the cyber park is not successful
<p>Decision required</p>	<p>The Board is asked to:</p> <ol style="list-style-type: none"> a) Approve in principle the transfer of the scheme promoter role to GCC subject to GCC cabinet approval. b) Agree the approach to delivery outlined above, in which the delivery of the transport elements to be funded by the £22m Growth Deal allocation will be progressed ahead of the planning application for the cyber park c) Agree that the £3.3m GCC already received from Government via a s31 grant is made available to support preparation of the scheme business case(s), ahead of the formal funding by the LEP Board.
<p>Recommendations</p>	<p>That the Board:</p> <ol style="list-style-type: none"> a) Agree the approach as outlined above b) Agree the early release of Growth Deal funding to enable business case development

Agenda Item 7.i

Appendix 1:

West of Cheltenham approximate site location and key transport corridors¹



¹ Please note that the site location is indicative only and does not reflect precise boundaries. Please see Appendix 1 of the GFirstLEP application for Growth Deal 3 funding to Government for a precise site location map.