

Cheshire and Warrington Urban Development Fund – Project Summary

Applicant	Cheshire East Borough Council	
ERDF Sought	£20,000,000 Comprising of £7m from Priority Axis (PA) 1, £5m from PA3 and £8m from PA4.	
Total Project Cost	£40,000,000 The UDF is reliant on co-investment. The match funding will be from either the private or public sector, with each of the match funding being secured at the point of investment. The Ex-Ante Assessment provided confirmation that there is market appetite to provide this level of investment on a project-by-project basis.	
Project Dates	Start date: 1 April 2019	Practical and Financial completion date: 31 December 2023
Key outputs	<ul style="list-style-type: none"> • £38m Private investment matching public support to enterprises (non-grants) • 20,000 square metres of public or commercial buildings built or renovated • 6,045 tonnes of Greenhouse Gases reductions 	

The Cheshire and Warrington Urban Development Fund (CW UDF) will see the creation of a new Financial Instrument which will deliver research and innovation space, floorspace to support the growth of SMEs and energy efficient property developments.

The Ex-Ante Assessment, completed by Regeneris and CBRE, has identified market failures in the availability of development finance outside of core cities, high upfront enabling costs and limited debt levels from traditional lenders. The Ex-Ante identified a demand for additional investment.

Cheshire East Borough Council (CEBC) have been entrusted to implement the CW UDF, they will establish a new Special Purpose Vehicle to deliver the Fund. The Vehicle will be supported by the Cheshire and Warrington LEP. An Investment Board will be created which will have representatives from each of the three Local Authorities and the LEP, who will be responsible for overseeing the performance of the Fund.

Overall, Cheshire and Warrington LEP area will benefit significantly through the development of new, refurbished and energy efficient premises which will support their local growth plans.

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Strategic Fit

The application demonstrates a direct alignment with the Operational Programme, as the financial instrument will invest in enhancing research and innovation infrastructure, the creation and refurbishment of SME employment space and the promotion of energy efficiency within premises. The Ex-Ante also provided strong evidence to demonstrate that there is prevalent market failure in the availability of commercial finance for property development projects. As a direct response to this

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market failure the fund does not duplicate existing provision. The FI is designed to complement other public funding streams.

Deliverability

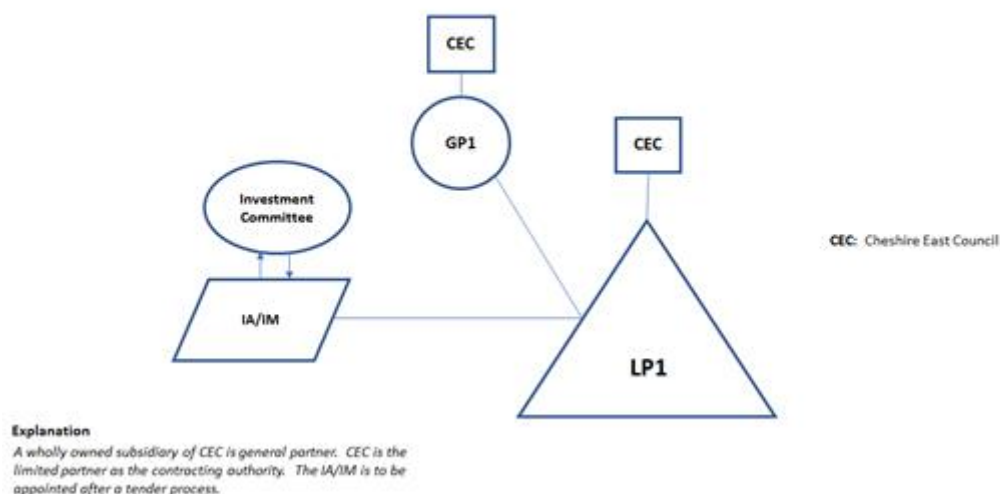
The appraiser has considered the project's deliverability against Article 7 of the Common Delegated Regulation and overall is content with the approach. The applicant appears to have met the criteria of Article 38 4(b) of the Common Provision Regulations and the Commission's Selection Guidance. Overall, the core project activities appear compliant under the ERDF eligibility rules.

Value for money

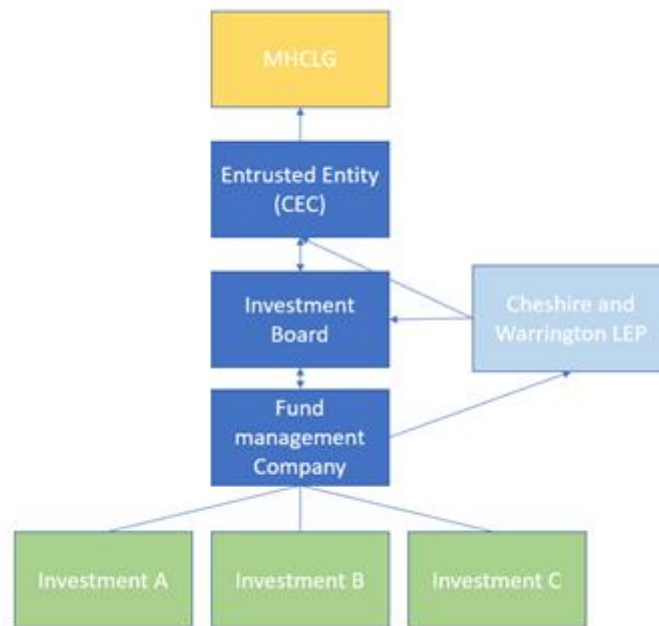
The UDF will comprise of £20m ERDF and co-investment on a project-by-project basis. Of the ERDF, £7m will be for PA1, £5m for PA3 and £8m for PA4. The budget appears to be appropriate for a project of this nature. Services will be competitively procured to drive value for money further. The proposed outputs compare favourably against benchmarks in the Operational Programme and will deliver tangible growth outcomes for the LEP area.

Management and financial control

CHESHIRE AND WARRINGTON UDF STRUCTURE



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The application outlines the legal and delivery structure to a satisfactory standard. The UDF will be established as a separate entity owned by CEBC with a procured Fund Manager appointed to manage the end-to-end investment process.

Compliance

The applicant has provided adequate detail in the application and compliance report as to how State Aid will be managed. The CWLEP have engaged with Cirrus Purchasing, a specialist procurement consultancy, who will support the Fund Management procurement process. The proposed procedures appear to be compliant.

Cross Cutting Themes

The CWUDF will make a positive contribution towards sustainable development by supporting physical assets that are built to the highest environmental credentials. The applicant has confirmed they have well-established equality policies and practices in place, which will be adhered to in terms of employment of any new staff. Any procured suppliers will be expected to have similar policies in place.