

The template

This document provides the business case template for projects seeking funding which is made available through the **South East Local Enterprise Partnership**. It is therefore designed to satisfy all SELEP governance processes, approvals by the Strategic Board, the Accountability Board and also the early requirements of the Independent Technical Evaluation process where applied.

It is also designed to be applicable across all funding streams made available by Government through SELEP. It should be filled in by the scheme promoter – defined as the final beneficiary of funding. In most cases, this is the local authority; but in some cases the local authority acts as Accountable Body for a private sector final beneficiary. In those circumstances, the private sector beneficiary would complete this application and the SELEP team would be on hand, with local partners in the federated boards, to support the promoter.

Please note that this template should be completed in accordance with the guidelines laid down in the HM Treasury's Green Book. <https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government>

As described below, there are likely to be two phases of completion of this template. The first, an 'outline business case' stage, should see the promoter include as much information as would be appropriate for submission through SELEP to Government calls for projects where the amount awarded to the project is not yet known. If successful, the second stage of filling this template in would be informed by clarity around funding and would therefore require a fully completed business case, inclusive of the economic appraisal which is sought below. At this juncture, the business case would therefore dovetail with SELEP's Independent Technical Evaluation process and be taken forward to funding and delivery.

The process

This document forms the initial SELEP part of a normal project development process. The four steps in the process are defined below in simplified terms as they relate specifically to the LGF process. Note – this does not illustrate background work undertaken locally, such as evidence base development, baselining and local management of the project pool and reflects the working reality of submitting funding bids to Government.



In the form that follows:

- **Applicants for funding for non-transport projects should complete the blue sections only**
- **Applicants for funding for transport projects should complete both the blue and the orange sections**

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1. PROJECT SUMMARY

1.1. Project name	East Sussex Strategic Growth Project
1.2. Project type	Integrated
1.3. Location (inc. postal address and postcode)	<p>Various locations throughout the county of East Sussex:</p> <p>Sovereign Harbour Phase2 - BN23 6FA</p> <p>North East Bexhill - TN39 5ES</p> <p>South Wealden – BN26 5DD</p> <p>Priory Quarter Phase 4 - TN34 1BP</p>

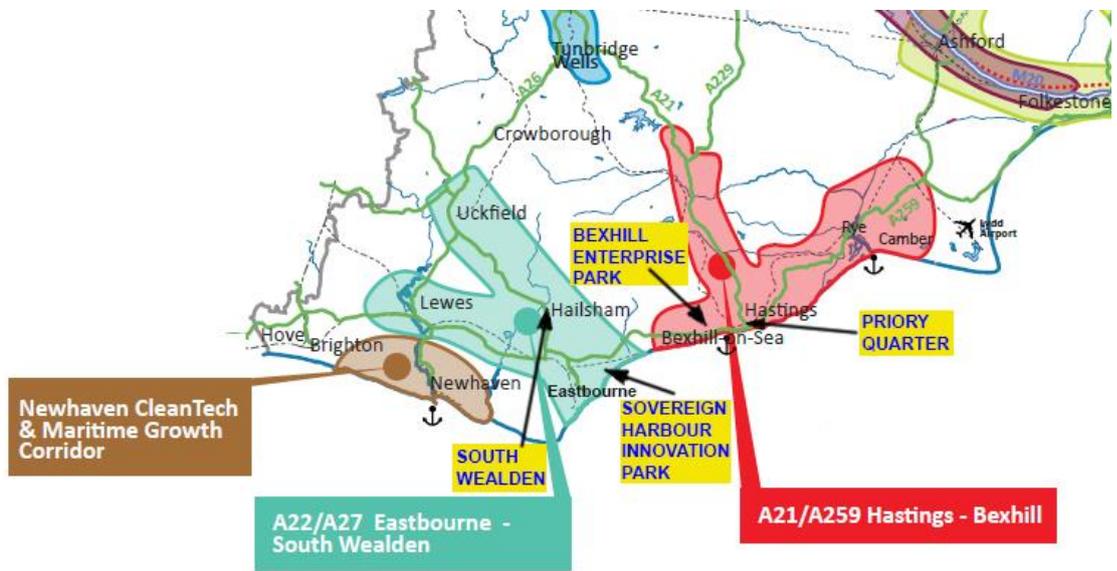
1.4. Local authority area	<p>East Sussex County Council</p> <p>Eastbourne Borough Council</p> <p>Hastings Borough Council</p> <p>Rother District Council</p> <p>Wealden District Council</p>
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1.5. Description (max 300 words)

It is intended to develop strategic business space and utilise its generated income as flexible recyclable investment funding to ensure the continued growth of quality employment space for all types of potential occupiers throughout the county. The programme will enable the development of 34,632 sq m of additional business floorspace (NIA) in East Sussex.

The project is aligned with identified growth areas in East Sussex and capitalises on existing and programmed infrastructure investment. The key elements of this project are:

- Bexhill Enterprise Park Phase 2
- Sovereign Harbour Innovation Park Phase 2
- South Wealden
- Follow on projects including Priory Quarter Phase 4



Scalability
 Funds released from letting rates/sales from initial phases of this project will be used to re-finance ‘follow on’ development including Priory Quarter Phase 4. Effectively the LGF will be recycled through the follow-on projects.

Flexibility
 Whilst the programme is site specific and is ready to develop, the project is totally flexible in that there are additional serviced sites available for development in Hastings, Bexhill and

	<p>Eastbourne and development can be adjusted, should commercial pressure require, to deliver development on alternate sites to provide similar or additional outputs.</p> <p>Building on the proven success of the developments for employment space in Hastings, Bexhill and Eastbourne, this project expands the scope of these developments both to complement existing developments and to satisfy pent up demand, but also to provide further development in South Wealden.</p> <p>Previous developments were funded by Growing Places Funds (GPF) which is wholly repayable and therefore offered no reinvestment potential for continuing supply of business premises.</p> <p>Experience has shown that letting rates on existing developments have exceeded expectation as forecast in the business case. Market research anticipates that this letting trend will continue with the proposed developments allowing for re-financing.</p>
1.6. Lead applicant	Sea Change Sussex
1.7. Total project value	£21,200,000
1.8. SELEP funding request, including type (e.g. LGF, GPF etc.)	£8,200,000 LGF
1.9. Rationale for SELEP request	<p>SELEP has identified the coastal communities as a priority area and has designated a number of 'Growth Corridors' prioritising funding to develop employment opportunities. East Sussex has, historically lagged behind the regional and national economic average, largely due to a strong presence of low-value added sectors. There is significant polarisation between the more deprived areas – particularly in coastal towns, for example in Hastings – and the rest of the county. Experience has shown that public sector intervention is needed to kick start development and to give the private sector the confidence to invest in the area.</p> <p>Building on the successful developments within the eastern end of the county, this project will create a pipeline of key growth projects within East Sussex that have been identified as priorities in local planning and economic policies, the Growth Deal and the Strategic Economic Plan.</p> <p>The projects are located in the following identified priority growth corridors/areas:</p> <ul style="list-style-type: none"> • A21/A259 Hastings – Bexhill • A22/A27 Eastbourne – South Wealden [NB – Sea Change Sussex continues to work with Lewes District Council in the A22/A27 Growth Corridor but is not seeking funding as part of this LGF bid] <p>The Hastings and Bexhill projects are located within the defined 'Assisted Area'</p> <p>The operation of the strategic growth project relies on initial funding from LGF with the later phases being dependent on recycling funds. Recycled funding will be raised from several sources dependent on the market in each of the project areas and will comprise a basket of rental streams, direct sale of land or completed development or refinancing against rental income; the latter becoming more attractive to the market presently. Experience shows that the private sector does respond to the early injection of public funding and it is anticipated</p>

	that later stages will be strongly supported by private finance.												
1.10. Other funding sources	<p>It is considered that the range of product delivered within the Strategic Growth Project will generate a number of different funding packages with LGF providing the initial seed corn for the earlier stages of development. Experience has shown there is a strong market for quality office development for start-up and small businesses. Sea Change’s experience shows that where such developments are undertaken occupancy rates quickly exceed levels set in Sea Change business plans.</p> <p>With the delivery of site infrastructure Sea Change Sussex is able to offer sites for private development or bespoke developments for individual clients. Finance can be raised on the open market for larger companies, refinancing against rental streams from existing developments or from the direct sale of land or developments to the private sector.</p> <p>It is considered that the combination of these funding sources allied to the fact that most of the development land is either in the hands of Sea Change Sussex or its local authority partners gives flexibility and speed of delivering development that can be directly related to the availability of funds.</p> <p>It is seen that with this level of control the generation of other sources of funding is seen to be low to medium risk.</p>												
1.11. Delivery partners	<table border="1" data-bbox="384 882 1398 1144"> <thead> <tr> <th data-bbox="384 882 767 958">Partner</th> <th data-bbox="767 882 1398 958">Nature and/or value of involvement (financial, operational etc)</th> </tr> </thead> <tbody> <tr> <td data-bbox="384 958 767 994">East Sussex County Council</td> <td data-bbox="767 958 1398 994">Operational</td> </tr> <tr> <td data-bbox="384 994 767 1030">Eastbourne Borough Council</td> <td data-bbox="767 994 1398 1030">Operational</td> </tr> <tr> <td data-bbox="384 1030 767 1066">Hastings Borough Council</td> <td data-bbox="767 1030 1398 1066">Operational</td> </tr> <tr> <td data-bbox="384 1066 767 1102">Rother District Council</td> <td data-bbox="767 1066 1398 1102">Operational</td> </tr> <tr> <td data-bbox="384 1102 767 1144">Wealden District Council</td> <td data-bbox="767 1102 1398 1144">Operational</td> </tr> </tbody> </table>	Partner	Nature and/or value of involvement (financial, operational etc)	East Sussex County Council	Operational	Eastbourne Borough Council	Operational	Hastings Borough Council	Operational	Rother District Council	Operational	Wealden District Council	Operational
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1.12. Key risks and mitigations	<p>Risks are outlined in more detail in the Risk Register (section 7)</p> <p>Site Ownership Bexhill –Sites are in the ownership of Sea Change Sussex, sites are serviced Sovereign Harbour – Sites are in Sea Change ownership and are serviced South Wealden – number of sites under consideration. At present a site owned by University of Brighton, local authority and private sector is being pursued as a mixed housing and employment development with the potential for Sea Change Sussex to be the delivery partner for the employment uses.</p> <p>Planning Permission Bexhill - Outline Planning permission granted, reserved matters application required Sovereign Harbour – Outline Planning permission granted South Wealden - within local plan designation</p> <p>Onerous Site Conditions Bexhill - Extensive survey work undertaken Sovereign Harbour - Survey work undertaken. Pacific House, the adjacent site, investigated prior to construction South Wealden – desk top investigations undertaken but site is not brownfield.</p> <p>Build programme - Bexhill - built in 2017/18 and let during 2018- 2020 with refinancing in 2019/2020. Bexhill 3 will commence development in 2020/21. Sovereign Harbour - built 2018/19 let 2019-2021 refinancing 2020/21</p>												

	<p>South Wealden - built in 2020/21</p> <p>Re-financing to enable further development will depend on letting and occupancy rates in the proposed developments in North East Bexhill and in Sovereign Harbour Eastbourne. Sea Change's successful track record in exceeding expectations for occupancy rates coupled with continuing market research suggest that this trend is likely to continue.</p> <p>If marketing information suggests an area is not likely to perform on sales/lettings, Sea Change Sussex has a portfolio of serviced sites in Hastings, Bexhill and Eastbourne which are capable of being brought forward for bespoke developments or for similar business mall development should demand become stronger in one area.</p>
1.13. Start date	2016/2017
1.14. Practical completion date	Initial Investment Phase 2017/2018 dependent on award date.
1.15. Project development stage	A number of elements of the project and follow-on developments have planning permission now – one with detailed planning and others requiring reserved matters consent. Site servicing and a masterplan are in place. Detailed Designs are in place for the business buildings, which can be tendered in parallel. Therefore development stages are mainly detailed design and implementation.
1.16. Proposed completion of outputs	It is proposed that outputs will be completed by 2025/26.
1.17. Links to other SELEP projects, if applicable	<p>Priory Quarter - Phase 3</p> <p>North Bexhill Access Road</p> <p>Bexhill Enterprise Park – Glovers House</p> <p>Sovereign Harbour Innovation Park – Pacific House</p>

2. STRATEGIC CASE

The strategic case determines whether the scheme presents a robust case for change, and how it contributes to delivery of the SEP and SELEP's wider policy and strategic objectives.

2.1. Challenge or opportunity to be addressed	<p>What is the need?</p> <p>East Sussex as a county has a diversified private sector business base, a number of businesses in higher value added sectors, such as financial and business services, and advanced manufacturing and engineering, high levels of self-employment and a high quality natural environment – all of which can be capitalised on.</p> <p>Economic performance in East Sussex has, however, historically lagged behind the regional and national average, largely due to a strong presence of low-value added sectors. There is significant polarisation between the more deprived areas – particularly in coastal towns, for example in Hastings – and the rest of the county, poor levels of connectivity (road, rail and broadband connectivity and speed) and a heavy reliance on the public sector for employment. This is evidenced in the Economic Development Strategy, Local Economic Assessment and in data such as that from Office for National Statistics and interpreted by East Sussex in Figures.</p> <p>Specific wards within the Hastings and Bexhill area that score highly in the Indices of Multiple Deprivation (IMD) have been designated as having Assisted Area Status (AAS). These are consistent with the key defined economic development projects in the Hastings and Bexhill area, including Priory Quarter in Hastings Town Centre, sites adjacent to the Bexhill Hastings Link Road Corridor at Queensway in Hastings and Bexhill Enterprise Park in Bexhill.</p>
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	<p>The projects are located in the following identified priority growth corridors/areas defined by SELEP within the Strategic Economic Plan:</p> <ul style="list-style-type: none"> • A21/A259 Hastings – Bexhill • A22/A27 Eastbourne – South Wealden <p>Why now?</p> <p>The opportunity is to build on momentum in the east of the county, using the expertise developed to progress the identified growth priorities within East Sussex. Marketing has shown there is a need for new quality business accommodation within the county. The East Sussex County Council Employment Survey identified that there is lack of suitable accommodation.</p> <p>Sea Change Sussex has a successful track record for delivering quality accommodation and achieving high levels of occupancy. There is the opportunity to capitalise on the existing and programmed infrastructure investment such as the Bexhill/Hastings Link Road, previous SELEP investment and the government support for the Assisted Area in Hastings and Bexhill. This project builds on the specific success of such projects to de-risk the LGF investment.</p> <p>Marketing surveys have established there is a need for a portfolio of projects to give a scale of development to make East Sussex a place to do business, for local companies to expand and for new businesses to locate to.</p> <p>By developing a range of development opportunities Sea Change is providing a project that is totally flexible and scalable, minimising risk to the project of a slowing of interest on one particular area, by being able to rapidly respond to specific demands across a number of sites.</p>
<p>2.2. Description of project aims and SMART objectives</p>	<p>East Sussex economic performance has historically lagged behind the regional and national average, largely due to a strong presence of low-value added sectors. There is significant polarisation between the more deprived areas - particularly in coastal towns- and the rest of the county. The East Sussex County Council Economic Development Strategy (2012) highlights businesses’ dissatisfaction with the appropriateness, quality or quantity premises available.</p> <p>The primary aim of the Project is to strategically enable growth within identified growth areas in East Sussex to redress the imbalances set out above, to provide quality accommodation for existing business to grow and to provide bespoke accommodation options for companies seeking to relocate to the area.</p> <p>The following benefits and outcomes are estimated to arise from the project directly and indirectly:</p> <ul style="list-style-type: none"> • A total of 34,632 sq m of additional business floorspace (NIA) in East Sussex • A total of 2,938 gross FTE jobs by 2032/33 • A total of 2,465 FTE jobs additional to the SELEP labour market by 2032/33 <p>A cumulative total of £1.54bn in GVA generated within the SELEP economy by 2035/36 (£1.03bn in GVA at present value).</p>

2.3. Strategic fit

The project fully aligns with and supports the LEP vision and objectives and also the wider policy/strategy base at all spatial scales. Details of this alignment are summarised below.

a) South East Local Enterprise Partnership (SELEP)

Fit with SE LEP vision

The SELEP has a mission statement to **“create the most enterprising economy in England”**. Within the next 20 years the LEP seeks to have achieved the following as part of its vision:

- *Established and New Businesses across the area creating between 250,000 and 300,000 new jobs.*
- *All coastal and rural communities will aim to match the prosperity of the small cities and market towns.*
- *Formerly deprived areas will be making significant progress towards becoming thriving communities*
- *Unemployment to be below the average for other prosperous regions.*

These projects have the potential to contribute towards all of the above objectives through the direct provision of Grade A business floorspace to create a significant inward investment opportunity in a highly deprived and economically underperforming coastal part of the LEP area. There is a recognised gap in the current property market offer for high quality employment floorspace of sufficient scale to attract inward investment opportunities within the coastal and rural communities and the proposals seek to address this.

Fit with SE LEP strategic objectives

The SELEP identifies 4 strategic objectives and the proposed project is directly aligned with **Objective 2 – “Promote investment in our Coastal Communities”**. The LEP recognises the significant deprivation that some of its coastal communities face, but also the considerable unrealised potential and the possibility of significant economic growth. It identifies key strategic growth opportunities in low carbon technologies, creative and cultural industries, manufacturing, engineering and business services and identifies these communities as key locations for investment as part of this objective.

These projects will provide high quality employment floorspace for existing local employers as well as providing major inward investment opportunities across the County in areas which have shown the need for additional quality employment space but which exhibit a gap between development costs and potential rental for such accommodation. PQ Phase 4, Bexhill Enterprise Park and Sovereign Harbour will provide high quality employment floorspace for major inward investment opportunities in already established business districts in the currently deprived and underperforming coastal Boroughs of Hastings, Bexhill and Eastbourne. These projects will fill the ‘gap’ in current business infrastructure provision, addressing the proven latent demand for high quality business premises from businesses currently located both inside and outside of the area. The Bexhill Hastings Link Road and other infrastructure will therefore play a major role in attracting new businesses to the area, importantly, it will lead to the delivery of new private sector jobs in an area currently over-dependent upon the public sector. The project will also capitalise upon the success of previous phases of development and catalyse future phases of commercial development, to promote the area as a key business location within the

South East LEP.

By establishing development in South Wealden where in economic development terms, the provision of new employment sites and premises will fill the void in business infrastructure in Wealden, addressing a local demand for high quality and business space and safeguard existing employment opportunities in the area. It will provide existing companies with the opportunity of retention and expansion and attracting new companies to the area.

Local Policies and Strategic Context

The East Sussex Economic Development Strategy

Sets the following Vision:

“By 2021, East Sussex will have a stronger, more resilient, inclusive and balanced economy, built on an expanded private sector base in a county recognised for its distinctive character and excellent connectivity.”

The Strategy identifies 7 strategic priorities to deliver the Vision. Strategic Priorities 1 and 4 are of particular relevance to Priory Quarter Phase 4 and these are set out below:

Strategic Priority 1: Right environment to attract new businesses, retain existing ones and foster enterprise, job creation and innovation – the strategy recognises the need to encourage further business investment and growth, suggesting that the County should build on existing businesses whilst also encouraging higher-value added niche sectors which could help boost productivity in the county.

Strategic Priority 4: Upgrade the provision of commercial sites and premises - ensure workspace is sufficient, appropriate, sustainable and flexible – the strategy identifies that this is key to attracting, retaining and growing businesses and jobs. It identifies the potential to explore the use of alternative/innovative funding mechanisms where there are viability issues with site/building development. In terms of a spatial focus, it points to *key development sites across East Sussex, in particular Sovereign Harbour, Hastings town centre, the A21 corridor (Enviro 21), N/NE Bexhill (following the build of the Link Road); and Eastbourne/ South Wealden.*

Recent Government support for granting Hastings and Bexhill Assisted Area Status further develops the strategic significance of the SELEP strategy of supporting its coastal communities and the local growth areas.

The Strategy recognizes the County’s strengths in terms of its diversified private sector base and space for new employment sites. However, it identifies that there is an insufficient supply of business premises and many of those that do exist are not appropriate to the needs of businesses. These projects fully align with and support the above strategic priorities of the Economic Development Strategy

The Local Plans and Economic Strategies of each of the local authorities involved all support the objectives of the SELEP SEP and provide the framework within which these projects fit.

<p>2.4. Summary outputs (3.2 will contain more detail)</p>	<p>The LGF investment in the East Sussex Strategic Growth Project has the potential to bring forward a total of 2,990 gross FTE jobs (2,495 net) within the SELEP labour market by 2032/33. This would be brought about through the provision of 34,632 m² of Net Internal Area (NIA) floorspace for B1(a) office and B1c light industrial production uses.</p> <p>The table below presents a summary of initial and cumulative total outputs achieved through the Project.</p> <table border="1" data-bbox="480 421 1461 723"> <thead> <tr> <th></th> <th>16/17</th> <th>17/18</th> <th>18/19</th> <th>19/20</th> <th>20/21</th> <th>2021/22</th> <th>Total by 2035/36</th> </tr> </thead> <tbody> <tr> <td>Floorspace</td> <td>0</td> <td>3,261</td> <td>5,609</td> <td>7,957</td> <td>9,718</td> <td>16,892</td> <td>34,632</td> </tr> <tr> <td>Gross Jobs</td> <td>0</td> <td>9</td> <td>146</td> <td>385</td> <td>582</td> <td>791</td> <td>2,990</td> </tr> <tr> <td>Net jobs</td> <td>0</td> <td>5</td> <td>126</td> <td>335</td> <td>509</td> <td>690</td> <td>2,495</td> </tr> <tr> <td>GVA</td> <td>£0</td> <td>£3.6m</td> <td>£11.0m</td> <td>23.9m</td> <td>33.4m</td> <td>£48.6m</td> <td>£1.57bn</td> </tr> </tbody> </table>		16/17	17/18	18/19	19/20	20/21	2021/22	Total by 2035/36	Floorspace	0	3,261	5,609	7,957	9,718	16,892	34,632	Gross Jobs	0	9	146	385	582	791	2,990	Net jobs	0	5	126	335	509	690	2,495	GVA	£0	£3.6m	£11.0m	23.9m	33.4m	£48.6m	£1.57bn
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<p>2.5. Planning policy context, consents and permissions</p>	<p>All individual projects are designated as key planning policy objectives within each of the local authority areas.</p> <p>A number of elements of the project and follow-on development have planning permission now – one with detailed planning and others requiring reserved matters consent. The reserved matters applications are currently in preparation.</p>																																								
<p>2.6. Delivery constraints</p>	<p>The proposed sites have been allocated for employment use in the local authorities' development plans; in most cases planning applications have been approved. Major infrastructure for the sites has been, or is in the process of being delivered. Some funding for site infrastructure is required.</p> <p>Detailed site condition surveys are still required for South Wealden.</p> <p>The availability of funds for recycling will dictate the pace of the development of the overall programme. This will depend on the uptake and or direct purchase of land or premises by the private sector.</p> <p>The Strategic Growth Project allows for total flexibility within the programme to bring forward or delay progress on individual projects to match market conditions and demand but expenditure will be within the timescales set out elsewhere in the application.</p>																																								
<p>2.7. Scheme dependencies</p>	<p>The developments are dependent on utility providers and statutory bodies being able to meet development timetables. Sea Change Sussex has good working arrangements with these organisations and has secured or are securing the total infrastructure at present.</p> <p>Major hurdles have been overcome with site investigation already having been undertaken and planning permissions being granted in three instances with the remaining sites being safeguarded in planning terms.</p>																																								
<p>2.8. Scope of scheme and scalability</p>	<p>The primary economic benefit of East Sussex Strategic Growth Project will be its capacity to support new long-term employment opportunities in the SELEP and East Sussex area. As such, the approach to modelling the economic benefits has focussed on estimating the net additional job gains within the labour market of the SELEP area up to 2025/2026.</p> <p>The scheme is for a flexible scalable package of projects providing employment space on 3 sites:</p>																																								

	<ul style="list-style-type: none"> • Bexhill Enterprise Park • Sovereign Harbour Enterprise Park • South Wealden <p>with the follow on development of :</p> <ul style="list-style-type: none"> • Hastings Priory Quarter Phase 4 <p>Given the market trigger for a phase the programme has the inherent flexibility to switch to a different locational priority, should market take-up rates indicate the need.</p> <p>The Local Growth Fund application enables the 1st phase of development of this project allowing progress to be made in providing the employment space in three of the four areas with Priory Quarter in 2020/21. Subsequent phases utilise recycled funding from capital receipts and re-financing against income streams.</p> <p>It is therefore anticipated that the East Sussex Strategic Growth Project will generate 2,495 new FTE jobs in the SELEP labour market over the coming 20 years arising through a mix of construction (50 net FTEs) and operational (2,445 net FTEs). Based on the LGF requirement of £8.2m, the cost per net additional FTE job would be £3,286 per job.</p> <p>Public interventions such as the Bexhill Hastings Link Road, the designation of Assisted Area Status for Hastings and Bexhill provide a catalyst to the projects and the relevant local authorities will be keen to see an early start to projects in the area.</p> <p>As a scalable and flexible scheme, the follow-on element of the programme is driven by market forces and the availability of recycled funds from capital receipts and refinancing the programme, this approach minimises risk. Refinancing will occur in 2019/20 keeping finance available for further developments.</p>
<p>2.9. Options if funding is not secured</p>	<p>If nothing is done, it may be some considerable time before the individual projects within the Strategic Growth Project could be developed, there is some incentive for the private sector within the designated areas but experience shows that these projects need the kick-start of public funding to bring development to fruition in areas where financial returns do not necessarily cover development costs.</p> <p>Previous development has been undertaken where infrastructure has been in situ but further development would depend on being purely market driven.</p>

3. ECONOMIC CASE

The economic case determines whether the scheme demonstrates value for money. It presents evidence on the impact of the scheme on the economy as well as its environmental, social and spatial impacts.

For projects requesting over £5m of SELEP directed funding, a separate economic appraisal should be undertaken and supplied alongside this application form. This should provide:

- *A calculation of Benefit Cost Ratio according to Government guidelines*
- *Proper inclusion of optimism bias and contingency linked to a quantified risk assessment*
- *Inclusion of deadweight, leakages, displacement and multipliers*
- *An appraisal spreadsheet with clearly identified, justified and sensitivity-tested assumptions and costs (note: alignment with ITE expectation down the line?)*

3.1. Impact Assessment

The primary economic benefit of East Sussex Strategic Growth Project will be its capacity to support new long-term employment opportunities in the SELEP and East Sussex area. As such, the approach to modelling the economic benefits has focussed on estimating the net additional job gains within the labour market of the SELEP area over the next 20 years.

It is anticipated that the LGF funds would be used to enable the delivery of initial development and job outputs on three sites by 2020/21:

- Bexhill Enterprise Park (Phases 2, 2.5 and 3);
- Sovereign Harbour; and,
- South Wealden.

These impacts are treated as ‘direct’ effects of the proposed investment as they will directly utilise LGF funds to deliver new jobs in the SELEP area by 2021. It is anticipated that the investment in new business space development on the sites will facilitate and stimulate demand for further rounds of private sector led ‘follow-on’ development at four sites across East Sussex by 2030/31:

- Bexhill Enterprise Park (Phases 2 and 3);
- Sovereign Harbour;
- South Wealden; and,
- Priority Quarter (Phase 4).

This levered private investment and associated employment impacts are treated as ‘indirect’ effects within the economic modelling.

Once developed, the effects of 10-year business occupation in the initial and follow-on development have been estimated based on established floorspace per job densities published by the Homes and Communities Agency (HCA, 2015).

The investment in delivering the development will also bring initial temporary employment opportunities in the construction sector. Temporary construction effects have been quantified using HCA benchmarks alongside estimated construction costs for the site infrastructure works and the built floorspace that will come forward on the sites.

From this gross jobs profile arising from ‘direct’ and ‘indirect’ development, the net additional employment gains has been assessed within the modelling. This has drawn on national guidance on economic appraisal and local market evidence to estimate the deadweight, leakage, displacement adjustments and multiplier effects and these adjustments have been applied to the gross job estimates.

Finally, GVA per job metrics for East Sussex have been used to monetise the effects of net additional employment gains to the economy and these are also expressed in Net Present Value (NPV) terms.

It is anticipated that the benefits of the project will make an important positive contribution to economic growth in East Sussex and the wider South East. There is a recognised need for additional employment space in East Sussex to support employment

growth projections linked to projected population growth. To capitalise on market opportunities to secure business investment in the County, there is also a recognised need to provide a high quality of site infrastructure and business accommodation.

The benefits of the LGF investment will include:

- A temporary boost to construction sector goods and services demands;
- A temporary boost to local sub-contracting opportunities in the construction sector;
- An increase in employment floorspace directly, contributing towards identified local need for enhanced business growth capacity; and,
- The potential to stimulate additional private sector development on the sites.
- Long-term job gains / contribution towards identified need for an enhanced portfolio of employment space.

The limited disbenefits of the investment could be considered to be:

- A temporary construction-related disturbance effect to surrounding communities;
- A loss of agricultural land / greenspace; and,
- Longer-term small increase on localised infrastructure pressures.

These matters are all taken into account in the positive planning status of the Project of sites.

A number of options have been explored for delivering the sites (discussed at Section 3.6). The preferred option is for public investment from the LGF to deliver initial speculative development at three sites. This is considered to be the most appropriate and effective means of stimulating further private sector led development and maximise the economic benefits for the SELEP and East Sussex areas.

Social Impacts – Equality & Distributional impacts (people)

The East Sussex Strategic Growth Project will enable the development of strategic business space for the growth of SMEs in four of East Sussex's districts – Eastbourne, Hastings, Rother and Wealden – which will have the capacity to support new long-term employment opportunities in East Sussex and the wider SELEP area. As such, the wider social impacts of the scheme arise from improved access to employment opportunities within the local and wider SELEP labour market.

This is particularly important given some of the key challenges in East Sussex, including:

- Concentrations of deprivation;
- Slow growth of higher level professional occupations; and
- Relatively low qualification profile.

Of the 329 Lower Layer Super Output Areas (LSOA) in East Sussex, 19 are ranked amongst the 10% most deprived neighbourhoods in England (DCLG, Index of Multiple Deprivation (IMD), 2015). In 2015, 10% of neighbourhoods ranked in a worse decile than in 2010 and deprivation is highly concentrated – 16 of the 19 LSOA in East Sussex ranked amongst the 10% most deprived neighbourhoods in England are in Hastings; the East Sussex areas (19 in total) in the second decile of the IMD are largely in Hastings, Eastbourne and Rother; and the East Sussex areas (27 in total) in the third decile of the IMD are largely in Hastings, Eastbourne and Lewes. On this basis, there is a strong link between the location of the proposed investments and areas of deprivation. Indeed, the development proposed at Priory Quarter (Phase 4) will be specifically located in one of Hasting's LSOA neighbourhoods ranked amongst the 10% most deprived neighbourhoods in England.

In September 2016, the number of people claiming Jobseeker's Allowance and Universal Credit in East Sussex increased by 0.4% from the previous month to 4,140, while the claimant count rate in SELEP decreased by 0.5% (ONS Claimant Count 2016). There are significant variations in the claimant count across East Sussex but there were significant increases in Wealden (+3.6%) and Hastings (+1.9%) between August 2016 and September

2016.

In addition, the profile of occupations of East Sussex's residents is changing in a slightly different pattern in comparison with wider structural economic changes: particularly in terms of professional support and skilled trade occupations and lower order occupation levels. As shown in the table below, the proportion of residents in elementary and unskilled occupations has remained the same over the last decade (at 15%) – but lower than the wider averages – while the LEP and national averages have fallen. The proportion of residents in professional support and skilled trade occupations increased slightly by 1% while the LEP and national averages reduced relatively significantly over the decade.

The share in managerial, professional and technical jobs in East Sussex increased very slightly by 0.3% compared with the LEP (3.6%) and national (4.2%) average increases. However, significant falls were recorded in Eastbourne (-3.6%) and Wealden (-2.8). This would suggest a significant shift towards skilled and professional jobs is still needed in East Sussex if the workforce is to remain in line with the wider occupational profile in the near future.

Proportion of working residents in different occupations and change since 2005 (Annual Population Survey, 2015)						
	East Sussex		SELEP		England	
	2015	2005-15	2015	2005-15	2015	2005-15
	%	% pt	%	% pt	%	% pt
Managerial, professional and technical (SOC 1-3)	42	0.3	43	3.6	45	4.2
Professional support and skilled trade (SOC 4-5)	26	1.0	24	-2.9	21	-3.5
Caring and service (SOC 6-7)	17	-1.1	11	0.5	17	0.5
Elementary and unskilled (SOC 8-9)	15	0.0	16	-1.1	17	-1.1

A similar trend is evident with the skill levels of East Sussex residents. The share of the working age population with a higher level qualification (NVQ4+) has only increased by 3% in the last decade (2005 28%; 2015 31%). This is significantly below the LEP (8%) and national (11%) average increases over the decade (Annual Population Survey, 2005; 2015).

Given that the scheme will deliver employment opportunities in some of East Sussex's high deprivation districts, the scheme will help to increase standards of living in East Sussex and the SELEP area through income effects of increased employment in the area. Employment creation could also help to reduce the number of claimants and contribute towards diversifying local labour skills/occupations and improving the level of skills attainment in the future.

Social Impacts – Regeneration (place)

The scheme will deliver high quality new developments as part of wider spatial and regeneration plans for target communities in East Sussex. Therefore, the scheme is expected to make an important contribution to ongoing place-making and physical renewal supporting wider economic growth in East Sussex. It is anticipated that the investment in the scheme will also help to catalyse further rounds of private sector led 'follow-on' development at Bexhill Enterprise Park, Sovereign Harbour, South Wealden and Priory Quarter (Phase 4), further enhancing physical regeneration impacts.

The scheme could encourage further infrastructure upgrades and economic regeneration to strengthen business confidence and improve the image and marketing of the County as a high quality environment for growing SMEs. For example, those schemes in proximity to town centres, notably Priory Quarter and Sovereign Harbour, will contribute to wider effects on vitality, and encourage further improvements to transport links and the wider

	<p>business environment.</p> <p>The plans for the sites in East Sussex would offer a significant opportunity to generate new activity and economic opportunity into East Sussex and wider surrounding areas in the LEP area, with significant regeneration and place-making benefits.</p>
<p>3.2. Outputs</p>	<p><i>Approach to economic modelling</i></p> <p>Economic modelling has been applied to derive an estimate of net additional full time equivalent (FTE) employment gains realised through the construction and occupation of the four sites within the East Sussex Strategic Growth Project over a 20 year benefit period (2016/17-2035/36).</p> <p>In the preferred option it is anticipated that a total of 9,718 sq. m of Net Internal Area (NIA) floorspace could be achieved through the initial direct development by 2020/21 and following this initial round of development a further 24,914 sq. m of NIA floorspace could be achieved in follow-on development across the sites.</p> <p>As outlined in section 3.1 above, the overall approach to the modelling has been to estimate the gross direct jobs which could be supported by the initial development on the sites and to replicate the approach taken for the follow-on “indirect” development that could come forward following the initial investment.</p> <p>The approach has then considered the net additional impacts of the Project. The approach taken is in line with HM Treasury “Green Book” guidance for economic appraisal and wider research into additionality for similar types of projects supported by public sector investment.</p> <p>For the construction jobs, total construction cost estimates for the initial development (£19,000,000) and the follow-on development (£39,650,000) have been used alongside a construction job benchmarks reported by the HCA (Calculating Cost Per Job, 2015). The HCA benchmarks consider direct construction-related job years per £1m of investment based on a range of development types. The modelling applies a benchmark of 16.6 direct job years per £1m of investment in Private commercial Development in all sites except for BEP Phase 2.5. As this site includes a mix of B1a office and B1c Light Industrial development, a benchmark of 14 construction-related job years per £1m investment has been applied.</p> <p>In the preferred option (see Section 3.6) it is assumed that these costs would support construction related employment directly between 2017/18 and 2030/31. Having adjusted gross construction employment gains to account for leakage (10%) and displacement (50%) effects (see below), a multiplier of 1.3 has been applied to assess the indirect and induced effects of direct construction related employment gains.</p> <p>For the assessment of new additional operational jobs supported directly and indirectly by the East Sussex Strategic Growth Project, the following assumptions have been used in the modelling:</p> <ul style="list-style-type: none"> ▪ Gross direct job estimates – Gross direct employment estimates have been derived from recognised floorspace per job benchmarks published by the HCA (Employment Densities Guide, 3rd ed., 2015). Based on current plans, it is anticipated that three of the four sites would wholly accommodate B1(a) office space, at 10m² of NIA floorspace required to support an office-based job. At the remaining site (Bexhill Enterprise Park) it is anticipated that the majority of the development would also accommodate B1(a) office space, alongside 1,500m² of mixed B1(a) office and B1(c) light industrial space jobs, at an average of 10m² of NIA floorspace per office job and 47 m² NIA floorspace per light industrial / manufacturing job. ▪ Take-up rates – It been assumed that the development coming forward would achieve at least 85% occupancy once fully developed. The profiled annual take up of

development has been based on SeaChange Sussex estimates, informed by local market demand intelligence. The following table sets out the assumed delivery profile and take-up rates in the initial and follow-on development in the preferred option.

East Sussex Strategic Growth Project – take-up – preferred option				
	Floorspace (Sq. m, NIA)	Construction	First occupation	Full occupancy
<i>Initial Development</i>				
BEP Phase 2	2,348 B1(a)	2017/18	2018/19	2019/20
BEP Phase 2.5	1,500 B1(a) / B1(c)	2017/18	2018/19	2019/20
BEP Phase 3	1,174 B1(a)	2020/21	2020/21	2020/21
Sovereign Harbour	2,344 B1(a)	2018/19	2019/20	2020/21
South Wealden	2,344 B1(a)	2019/20	2020/21	2021/22
<i>Follow-on Development</i>				
Priory Quarter Phase 4	12,000 B1(a)	2021/22 – 2022/23	2023/24	2026/27
BEP Phase 2	4,696 B1(a)	2025/26 – 2030/31	2027/28	2032/33
BEP Phase 3	1,174 B1(a)	2021/22	2022/23	2022/23
Sovereign Harbour	4,688 B1(a)	2023/24 – 2029/30	2025/26	2032/33
South Wealden	2,344 B1(a)	2025/26 – 2026/27	2027/28	2029/30

- Deadweight – The sites have not come forward for development despite being within the planning system for some years. It is considered unlikely that development would occur on the sites without public investment to deliver initial speculative development. The deadweight assumption is that no development would occur in the absence of public intervention.
- Leakage – A 10% deduction to gross employment estimates has been applied to account for leakage effects. This is based on current commuting trends, which show particularly high levels of self-containment within the County labour force. At the time of the last Census, 89.9% of people working in East Sussex lived within the SELEP area (Census origins and destinations, 2011).
- Displacement – a 25% deduction to gross employment estimates has also been applied to account for displacement effects. This is based on ready reckoner assumptions (HCA Additionality Guide, 4th ed, 2010) and research into additionality by BIS (Occasional Paper No 1, 2009). It is anticipated that the jobs supported within the new development would be largely additional to the area. This is because Local Plan evidence from across the County has identified a significant need for additional

floorspace provision to meet the expected demand for jobs over the coming 20 years. Moreover, the Local Plans identify the East Sussex Strategic Growth Project sites as being major potential contributors towards meeting some of local area floorspace deficits.

- Multiplier effects – a composite multiplier of 1.3 has been applied to the gross operational jobs (minus leakage and displacement) to reflect indirect and induced employment effects arising from the Project. This is in line with Enterprise Zone research (HMSO, 1995) for multiplier effects arising from development, reported in the HCA Additionality Guide (4th ed, 2010).

From the above, it has been possible to reach an estimate of the direct and indirect net additional FTE employment gains that could be supported by the East Sussex Growth Project through both the construction and operational phases.

Gross and net additional employment effects

Based on the approach and assumptions outlined above, under the preferred option, the results of the economic modelling are as follows:

Gross and net additional employment gains – preferred option				
	Construction effects		Operational effects	
	Gross direct jobs (10 years per job)	Net additional FTE jobs (10 years per job)	Gross FTE jobs	Net additional FTE jobs
Initial Development				
BEP Phases 2, 2.5 & 3	15	8	377 by 2021/22	318 by 2021/22
Sovereign Harbour	8	4	200 by 2020/21	169 by 2020/21
South Wealden	8	4	200 by 2021/22	169 by 2021/22
Total	31	16	777 by 2021/22	656 by 2021/22
Follow-on Development				
Priory Quarter Phase 4	22	11	1,020 by 2026/27	862 by 2026/27
BEP Phases 2 & 3	20	10	499 by 2032/33	422 by 2032/33
Sovereign Harbour	16	8	399 by 2032/33	337 by 2032/33
South Wealden	8	4	200 by 2029/30	169 by 2029/30
Total	66	34	2,118 by 2032/33	1,790 by 2032/33
Total – Full Project	97	50	2,894 by 2032/33	2,445 by 2032/33

In the preferred option, it is estimated that initial investment in construction activities associated with the East Sussex Strategic Growth Project will generate 310 gross job years of employment in the labour market through direct “on-site” jobs gains.

Adjusting for leakage, displacement and induced multiplier effects and an assumption that 10 job years of employment is equivalent to 1 FTE job, it is anticipated that investment in construction activities will support 16 net additional FTE jobs in the SELEP labour market during the construction period. Once developed, it is anticipated that the initial investment in the East Sussex Strategic Growth Project could support 777 gross (656 net) jobs by 2021/22.

Following the initial development phase, it is anticipated that a further 66 gross FTE jobs (34 net) jobs could be supported through private sector led investment in future construction activities associated with the delivery of follow-on development. Once developed, it is anticipated that this follow-on development could support a further 2,118

gross (1,790 net) jobs by 2032/33.

It is therefore anticipated that the East Sussex Strategic Growth Project will generate 2,495 new FTE jobs in the SELEP labour market over the coming 20 years arising through a mix of construction (50 net FTEs) and operational (2,445 net FTEs). Based on the LGF requirement of £8.2m, the cost per net additional FTE job would be £3,286 per job.

Based on this, it is anticipated that the preferred option **would achieve exceptionally good value for money** when compared to established benchmarks. For example HCA guidance identifies a cost per net additional job benchmark of £28,700 for projects with a key focus on job creation (HCA, Calculating Cost Per Job, 3rd ed. 2015).

Sensitivity analysis

A number of sensitivity tests have been applied to the preferred option to reflect scheme risks. The main risks to the delivery of East Sussex Strategic Growth Project include; (a) the initial phase of the Project does not stimulate sufficient private sector demand to deliver aspects of the follow-on development; (b) that there are higher than anticipated levels of under-occupancy across the development, thus lower job outcomes; and (c) the potential for delays associated with the delivery of the Project (delivery risk etc).

Based on these main risks, four potential scenarios have been considered within the modelling. These are as follows:

- **Scenario 1:** Delivery of the initial “direct” development only;
- **Scenario 2:** 25% fewer jobs achieved through the development;
- **Scenario 3:** Three-year delay in the delivery of the planned development; and,
- **Scenario 4:** Three-year delay in the delivery of the planned development and 25% fewer jobs.

The table below presents the gross and net additional employment effects when these scenarios are applied to the modelling:

Gross and net additional employment gains – Sensitivities				
	Construction effects		Operational effects	
	Gross Direct and Indirect FTE jobs (10 years per job)	Net additional FTE jobs (10 years per job)	Gross Direct FTE jobs (at capacity)	Net additional FTE jobs (at capacity)
Preferred Option	97	50	2,894	2,445
Scenario 1: Delivery of initial “direct” development only	31	16	777	656
Scenario 2: 25% fewer jobs	73	38	2,170	1,834
Scenario 3: Three year delivery delay	97	50	2,894	2,445
Scenario 4: Three year delay + 25% fewer jobs	73	38	2,170	1,834

Even after applying these sensitivities, it is anticipated that the East Sussex Strategic Growth Project still has the potential to bring a very positive contribution to the SELEP labour market.

While in a “worst case” scenario, whereby the delivery of the initial development does not unlock the delivery of the follow-on development, the cost per job increases to circa

	<p>£12,200. This scenario is very unlikely to arise given the evidence of demand for new business space across the County. Under all other scenarios the cost per job outcome would fall well within benchmarks, indicating strong confidence in the value for money case for the Project.</p>
<p>3.3. Wider benefits</p>	<p>The primary benefit of the East Sussex Strategic Growth Project will be the provision of employment space and the associated impacts on the County and SELEP labour market and economy. Beyond the most tangible (and quantified) benefits, the scheme has the potential to bring the following wider benefits to surrounding local communities, businesses and those employed on the sites:-</p> <ul style="list-style-type: none"> • The development of a major employment land allocation in East Sussex suitable for bespoke developments • Provides the opportunity for local companies looking to expand or transfer their operations within the East Sussex area • Part of the overall development package supporting the growth potential within the SELEP Growth Corridors • Provide high quality premises for growth companies • Fill the void in East Sussex business infrastructure, addressing a proven local demand for high quality business premises; • Contribute directly to private sector employment in a location over-reliant on the public sector for jobs; • Safeguarding existing employment opportunities in the coastal and rural communities • Provide existing companies with the opportunity of retention and expansion and attracting new companies to the coastal and rural communities; • To put in place a ladder of quality business accommodation to meet the needs of both indigenous small businesses as well as providing commercial property product capable of attracting larger companies to the area.
<p>3.4. Standards</p>	<p>Wider Environmental Impacts</p> <p>Detailed Environmental assessments have been progressed with an Environmental Statement approved as part of the Planning approval for the Bexhill Enterprise Park for example. This covers an assessment of effects including base line conditions, mitigation and likely effects in a number of areas.</p> <p>Overall design of developments include measures to reduce any identified possible adverse environmental effects. Through consultation and engagement it is ensured that proposals respond to the community, local vernacular and have a positive contribution towards the local and wider built environment.</p> <p>Environmental statements cover the following areas in detail: Ecology and Nature Conservation, Noise and Vibration, Air Quality, Landscape and Visual, Water Quality and Drainage, Cultural Heritage, Economic Impacts, Transport and Access and Ground Conditions.</p> <p>In addition Construction Environmental Management Plans (CEMP), Site Waste Management Plans (SWMP) and Landscape and Ecological Management Plans are/ will be implemented where required.</p> <p>The nature of projects allow for a more strategic approach for measures. Mitigation that has a net benefit in terms of increasing biodiversity for a variety of species is being implemented in Bexhill. Strategies to increase connectivity for a variety of transport modes is also analysed for all sites including for example new pedestrian, cycle and equestrian paths in Bexhill, increasing public and business sustainable accessibility.</p>

Environmental Impacts – Carbon

All projects will seek to exceed the prevailing Building Regulation standards whilst remaining efficient. Buildings will take account of passive design principles including solar shading, orientation and natural ventilation. Effective material specification will be used to achieve higher performance.

3.5. Value for money assessment

GVA and Benefit Cost Ratio (BCR)

The project offers very good value for money in terms of **the headline cost per net additional job of £3,286.**

To establish a benefit cost ratio (BCR), further economic modelling has been undertaken to monetise the job impacts by assessing the levels of cumulative GVA that could be supported by the development and occupation of the East Sussex Strategic Growth Project over the period to 2035/36, accounting for job benefit persistence of 10 years.

GVA per job estimates for East Sussex (ONS, Workplace Based GVA, NUTS-3, 2014 and ONS, Business Register and Employment Survey, 2014) have been used to monetise the economic effects of net additional employment gains in the SELEP labour market.

As the East Sussex Strategic Growth Project will support employment across a range of sectors, the following GVA per job metrics have been applied to the relevant aspects of the Project:

- £82,597 annual GVA per construction job
- £62,953 annual GVA per office job (business services)
- £87,904 annual GVA per industrial job (light industrial / manufacturing)
- £55,460 annual GVA per job (whole East Sussex economy)

Profiling annual employment and GVA gains over time has allowed for the estimated cumulative GVA gains to be expressed in Net Present Value (NPV) terms, from which a project BCR has been derived.

In order to estimate the NPV (discounted at 3.5% p/a) of the GVA gains, it has been assumed that each operational job would persist for 10 years from delivery. This is in line with guidance developed to support the national evaluation of Regional Development Agencies (BIS / PwC, 2009) which assumed a 10 year persistence of benefits for bringing land back into use. Construction-related employment effects have already been assessed in terms of job years’ and as such, no persistence effects have been considered within the modelling.

In the **preferred option**, the results of this modelling and the overall assessment of Cost Benefit is outlined in the table below:

GVA – Preferred Option			
GVA	NPV GVA	LGF	Benefit Cost Ratio (BCR)
£1.57bn	£1.05bn	£8.2m	127.6 : 1

In the preferred option, it is anticipated that **every £1 of LGF investment would generate £128 in GVA (NPV) up to 2035/36**, representing **exceptional value for money.**

Applying the same assumptions and considerations for the scenarios developed set out in section 3.2 for the **sensitivities** gives the following results:

GVA – Sensitivities				
	GVA	NPV GVA	LGF	Benefit Cost Ratio (BCR)
Scenario 1: Delivery of initial “direct” development only	£427m	£328m	£8.2m	40.0 : 1
Scenario 2: 25% fewer jobs	£1.17bn	£784m	£8.2m	95.7 : 1
Scenario 3: Three year delivery delay	£1.29bn	£805m	£8.2m	98.1 : 1
Scenario 4: Three year delay + 25% fewer jobs	£966m	£603m	£8.2m	73.6 : 1

Even with these sensitivities applied, the scheme still represents a very good return to the economy based on the level of public sector investment required.

Moreover, the scheme offers a very positive public to private investment leverage ratio. The end value of the completed development has been estimated at circa £62m, giving a leverage ratio of around 8 : 1.

At an estimated end value of circa £21m, The initial phase of the project alone is estimated to have a leverage ratio of 2 : 1.

Optimism Bias

A 44% increase in project cost requirements has been applied to the overall public sector project costs to account for unmitigated optimism bias. This is based on Supplementary Green Book Guidance for Optimism Bias (HM Treasury) and reflects the upper end levels of optimism bias in capital projects for standard civil engineering. In practice, there is no cost risk to the public sector given that all cost overruns beyond the £8.2m of LGF will be the responsibility of the developer. Notwithstanding this risk transfer, some optimism bias can in any event be mitigated based on the cost evidence and SeaChange Sussex’s experience from other development projects in the area. For robustness, optimism bias is retained at 44% for worst case sensitivity purposes.

Under the preferred option, even allowing for “upper bound” optimism bias, the BCR would be very positive at 88.6 : 1 and cost per net additional job £4,732.

3.6. Options assessed

Options process

An options appraisal has been undertaken in order to arrive at a preferred strategy for investment that responds to the specific challenges holding back development on the four sites that form the East Sussex Strategic Growth Project, balancing project risks and potential public benefits. A key consideration has been how best to maximise private sector investment to bring forward new development on the sites.

The following options have been considered:

Option 1: No LGF – Reference Case

This option would see the sites continue to be promoted to developers, but without the delivery of public sector-led speculative development. Despite being within the planning system for a number of years, none of the four sites have come forward for development without initial public investment and as such, it is considered unlikely that the sites would come forward for development without public investment.

Thus, under this option no development would occur in the foreseeable future. This option

	<p>would therefore deliver no economic benefits to the SELEP area.</p> <p>Option 2: Reduced LGF contribution to deliver BEP Phase 2 only</p> <p>As the most oven-ready scheme, one option explored has been to utilise LGF funds to deliver the Bexhill Enterprise Park Phase 2 site only. This would see the utilisation of LGF to deliver 3,848m² of speculative development on the site (office and light industrial space) during 2017/18. It is anticipated that the delivery of speculative development on the BEP Phase 2 site could lever a further 7,044m² of NIA floorspace on the BEP site.</p> <p>This could offer a quick win for the LEP at a reduced cost (£6,300,000). However this more limited scale of commercial development will not generate the level of return to SeaChange Sussex to support further speculative development on follow-on sites nor create the critical mass of successful commercial schemes to stimulate wider private sector interest in other sites.</p> <p>Option 3: Full LGF - Preferred option</p> <p>Recognising that the East Sussex Strategic Growth Project is scalable, the preferred option has been reached, as cost benefit analysis and market demand evidence suggests that this option will secure the maximum economic benefits at the lowest cost to the public purse.</p> <p>The preferred option is based on delivery of an initial mix of B1(a) office and B1(c) light industrial space over a period from 2017/18 to 2020/21. Investment in delivery of ‘follow-on’ development would then be phased over time as previous phases are completed, with development proceeds recycled to support future phases in response to market demand. This enables a programme of employment space development to be sustained following the initial LGF investment.</p> <p>The advantages of this phased approach include:-</p> <ul style="list-style-type: none"> • Delivering the greatest employment and GVA growth potential; • Enabling initial phases of speculative development to be delivered; • Leveraging private sector investment to bring forward follow-on development; • Securing a programme of investment to deliver an ongoing supply of business space in the County; • Delivering a suitable spread of local job opportunities; and, <p>Maintaining a flexible ‘evergreen’ fund to adapt and respond to market needs and to balance risk and return between public and private sectors.</p>
<p>3.7. Scheme assessment</p>	<p>The East Sussex Strategic Growth Project seeks to achieve the following objectives:-</p> <ul style="list-style-type: none"> • Objective 1: To meet identified demand for employment floorspace; • Objective 2: To facilitate a pipeline of speculative development of employment floorspace that meets market demand and maximises economic benefits; and, • Objective 3: To deliver a range of employment space opportunities that meet business and workforce needs across East Sussex. <p>The economic case for the preferred option is strong, with the potential to offer very good value for money in terms of cost per job, BCR against GVA impacts, leverage of private investment and creating a sustainable funding model for ongoing investment in business floorspace across East Sussex.</p> <p>Against the alternative options explored, the preferred option best meets the strategic objectives for the East Sussex Growth Project. It offers the most effective and efficient solution to meeting demand for employment floorspace in the County and will deliver the greatest economic outcomes for SELEP.</p>

3.8. Transport KPIs

Key performance indicators	Unit	AM Peak – Weekday	PM Peak – Weekday	Interpeak - Weekday
Congestion relief road schemes				
Congestion relief through public transport, demand management and others				
Access to development site schemes				
Structural maintenance schemes				

3.9. Assumptions

List all assumptions made for transport modelling and approach. WebTAG sets out assumptions that should be used in the conduct of transport studies.

In addition, please list any further assumptions supporting the analysis.

3.10. Sensitivity tests

Set out your sensitivity tests considering risks, uncertainties and sensitivities associated with the project

3.11. Appraisal summary

Provide positive and negative impacts of the scheme in the table below. Please adhere to WebTAG guidance.

Category of impact	Impacts typically monetised	Impacts that can be monetised	Impacts currently normally monetised
Economy	Business users and providers	Reliability regeneration Wider impacts	Townscape heritage Biodiversity Water Security Access to Services Affordability Severance
Environment	Noise; Air Quality Greenhouse Gas	Landscape	
Social	Commuting and other users Accidents Physical activity and journey quality	Reliability option and non-use values	
Public accounts	Cost to broad transport budget Indirect tax		

3.12. Transport value for money statement – See guidance

	Present values in 2010 prices and values
PVB	
PVC	
NPV = PVB – PVC	

Initial BCR = PVB/PVC

3.13. Value for money summary - worked example

Please identify the category of VfM based on Benefit Cost Ratio (BCR) of the scheme using monetised impacts in line with WebTAG guidance.

VfM assessment should take into account qualitative and quantitative impacts in 2 stages:

- I) Construct 'adjusted' BCR
- II) Take into account all impacts that could not be monetised

VfM statement report should include:

- I) VfM category
- II) PV of benefits, costs and range around BCR
- III) Summary of assessed benefits and costs, including assumptions that influenced the results
- IV) Assessment of non-monetised impact
- V) Key risks, sensitivities and uncertainties

	Assessment	Detail
Initial BCR	1.5 (BCR)	Estimated using WebTAG guidance
Adjusted BCR	1.9 (BCR)	Includes estimates for reliability impacts
Qualitative Assessment	Largely beneficial	There is strong evidence of impacts relating to severance and security benefits
Key risks, sensitivities	Risks reflected in VfM conclusion	Cost estimates are not final. Higher optimism bias rate applied to account for uncertainty in cost estimates
VfM category	Medium/high	Qualitative assessment suggests BCR may be high. Medium/high value for money is judged appropriate as it is not possible to distinguish between the two categories with any certainty.

4. COMMERCIAL CASE

The commercial case determines whether the scheme is commercially viable. It presents evidence on risk allocation and transfer, contract timescales, implementation timescales and details of the capability and skills of the team delivering the project.

4.1. Procurement

The procurement strategy objective is to minimise exposure to liability for design changes and the associated costs. Therefore, the chosen procurement route is Design and Build where the risks associated with the development of the detailed design are transferred to the Contractor. A standard form of D&B contract will be used such as the JCT D&B contract 2011. This route also offers some time saving by allowing the detailed design development (by the Contractor) to run concurrently with the early construction activities as opposed to this activity being completed prior to tender.

The Build contract will be tendered as a new award i.e. not framework. The European Procurement Directives and thresholds will be taken into account and tenders advertised through the Official Journal of the European Union where required.

General anticipated timescale including a pre-qualification stage, obtaining tender returns, assessment and award is expected to take around 3-4 months.

Other procurement routes considered:

Route	Description	Pros	Cons
Traditional	Full design from Client	Full control of design	Full liability for cost; more lengthy design timescale; less control over quality
Management fee/ Management contracting	Contractor manages, for a fee, a series of packages including tendering, design co-ordination, build	Allows faster procurement as packages can be tendered as design develops	Less cost certainty
Construction Management	Client tenders works packages and manages design and construction interfaces	Full control of design; saving on main contractor o/h and profit	Resource heavy on the Client organisation; Client team may not have appropriate skills to manage and co-ordinate
Target cost	Can be used in combination with a number of the other standard procurement options. The target is agreed and a mechanism established regarding the apportionment of	Possibly increase incentive on contractor to cost effective solution	Less cost certainty; not suitable for projects that are not particularly novel or complex

		cost savings or extras		
	Cost reimbursable	Costs of the works are reimbursable on the basis of actual costs incurred plus a pre-agreed percentage for on-costs (ie site running costs, overheads, profit	Allows a fast start on the construction phase through design not having to be complete and shorter tendering period	Less cost certainty; possibly little control over design quality

Given that cost control is the most critical risk for the successful delivery of these projects it has been concluded that D&B is the best procurement route with the added benefit of some time saving as well.

4.2. Commercial dependencies

A full options appraisal for flexibility will be undertaken, the aim will be to arrive at a preferred strategy for investment that responds to the specific challenges holding back development on the five sites that form the East Sussex Strategic Growth Project – the key challenge being the need for generating sufficient private sector demand to bring forward new development on the sites.

The approach will need to further consider future demand for development in East Sussex. This would be informed by market demand analysis which will better consider the use, delivery timing and scale of development that could be achieved, alongside considering the potential policy responses needed to bring forward the sites for development.

Recognising that further options analysis will need to be undertaken on a site-by-site basis, at this stage the preferred option appears to deliver the greatest economic benefits.

Sea Change Sussex continually takes independent advice on the commercial property market from local and national agents. Local and regional property agents Bray Fox Smith (BFS), Cluttons and Dyer and Hobbs provide regular reviews of supply and demand of office space. BFS identify that Hastings has attracted a number of public sector relocations since the 1970s, including the Child Support Agency and a select number of private sector companies including Hastings Direct, General Dynamics and more recently, Saga. However, other than any developments delivered by Sea Change, Hastings and Rother office stock predominantly comprises older 1960s and 1970s offices with inferior specifications with the prevailing market view that these properties are not capable of creating the necessary working environment to satisfy local demand, nor to attract inward investment.

There has been unsatisfied demand for industrial floorspace in Hastings where 8.1% of the economically active population are engaged in manufacturing activity – higher than the South East average. At Bexhill Enterprise Park, Glovers House, the first speculative business unit has been completed and has been let to a single occupier in December 2015

Further enquiries are awaiting resolution of the strategic infrastructure and give confidence of the assumed take-up rates should this LGF award be granted. The take-up rate should be regarded as pessimistic as the total Employment Land Supply in North East Bexhill allocated in the 2014 Rother Local Plan is 60,000 m². Of this total

	<p>allocated space, including the site potentially benefitting from this LGF application, all is in Sea Change Sussex ownership and is being connected to the A21/A259 Hastings to Bexhill Growth Corridor by the North East Bexhill Access Road (NBAR) – currently under construction.</p> <p>The full development of the Bexhill Innovation Park phases enabled by this Local Growth Fund allocation represents a third of the forecast needs to 2028 as contained in the Hastings and Rother Employment Land Supply update. There are no competing (B1) business sites in the A21/A259 Hastings to Bexhill Growth Corridor.</p> <p>On the Sovereign Harbour Innovation Park, 8750m² represents all the balance of the Employment Land supply immediately available in Eastbourne with further acquisition of 5,500m² of allocated land bringing a total of 16,600m² within the 2028 horizon. This supply position of employment land and the level of enquiries being received for Sovereign Harbour Innovation Park with tenants already in occupation in Pacific House, give a considerable marketing advantage for the unlocked sites potentially accessed by this LGF bid for infrastructure funding.</p> <p>South Wealden where, the provision of new business space will fill the void in strategic business infrastructure in Wealden and the A27/A22 Corridor, addressing a local demand for high quality and business space and contribute directly to private sector employment. It will safeguard existing employment opportunities in the area and provide existing companies with the opportunity of retention and expansion and attracting new companies to the area. The preferred site would have the capacity of at least 30,000m².</p>
<p>4.3. Commercial sustainability</p>	<p>The preferred option would see investment from the LGF in each of the four sites to deliver an initial mix of B1 (a) (b) (c) business and light industrial space by 2020/21. Investment and delivery of new development would be phased over time in order to ensure that the delivery of new employment space is triggered by take-up rates. It is anticipated that this is the minimum necessary level of intervention to unlock development in each of the strategic sites which will have the capacity for higher levels of development content.</p> <p>A cash flow projection post completion will be included in the full case.</p>
<p>4.4. Compatibility with State Aid rules</p>	<p>Use of funding for this scheme would not constitute state aid.</p> <p>Any infrastructure provided will serve a number of units all of which will be available to any employer on commercial terms.</p>
<p>4.5. Commercial viability</p>	<p><i>Please provide:</i></p> <ol style="list-style-type: none"> 1. <i>Evidence to show the risk allocation and transfer between the promoter and contractor and timescales identified in procurement and/or contract management strategy</i> 2. <i>Definition of approach taken to assess commercial viability</i> 3. <i>Arrangements for cost overrun</i> 4. <i>Letter from local authority S151 officer.</i>

Risk	Owner	Comment
Funding	Client	
Land assembly and provision	Client	Depends on response of existing land owners
Planning Permission	Client	Ensure full discussions are held with planning authority to ensure application will be recommended
Site conditions	Client	Work may be required prior to construction being able to commence ie Ecology/Archaeology; early investigatory work to be implemented to improve knowledge of site
Design changes during design to planning and tender stages	Client	Establish clear brief and budget; obtain site knowledge as quickly as possible to confirm adequacy of design etc
Tendering costs	Client	
Adequacy of Utility infrastructure	Client	Client will contact all relevant Utility bodies to establish level and adequacy of existing infrastructure
Discharge of planning conditions	Client/Contractor	Risk shared based on most appropriate party to prepare relevant info
Design changes during construction	Contractor	Excludes changes to scope that might be requested by the Client which would be to the Client's account
Ground Conditions	Contractor	Chosen contract allocates this risk to the Contractor
Availability of materials to meet the programme	Contractor	Chosen contract allocates this risk to the Contractor
Weather	Contractor	Chosen contract allocates this risk to the Contractor unless exceptional
Subcontractor failure	Contractor	Chosen contract allocates this risk to the Contractor
Co-ordination of Utility orders		Contract will require the Contractor to place orders with the Utility companies and co-ordinate their installation

Sea Change Sussex continually takes independent advice on the commercial property market from local and national agents. Local and regional property agents Bray Fox Smith (BFS), Cluttons and Dyer and Hobbis provide regular reviews of supply and demand of office space.

The flexible and scalable approach to further development ensures that further projects will be deliverable as market demand arises. With the majority of the land in the ownership of Sea Change Sussex or partner local authorities and with

infrastructure either in place, or in the course of delivery, the individual projects within the Growth Project are ready to be delivered subject to market demand with total flexibility to progress in any of the areas within the project whilst staying within the overall funding package.

The advantages of this phased approach are set out in section 5.8 below.

Cost consultants have been employed and together with SCS's experience in these matters strongly indicate that costs can be contained within the expenditure plan. Cost overruns is covered in Section 5.6.

5. FINANCIAL CASE

To be completed in conjunction with the spreadsheet in Part B

5.1. Total project cost and basis for estimates	<p>£21,200,000</p> <p>These costs are based on the applicant's estimates of likely costs. Sea Change Sussex has extensive experience of developing and marketing similar business sites in this area. It therefore has a very strong grasp of the likely capital and marketing cost implications.</p> <p>The partners have access to real-time experience of tendered prices, material costs, utility diversions, sub-contractor availability etc. based on other recent projects.</p> <p>Sea Change Sussex will seek external verification of these assumed costs by an independent cost consultant as the project progresses.</p>
5.2. Total SELEP funding request	<p>The SELEP funding request is for £8.2m capital grant</p>
5.3. Other sources of funding	<p>With the delivery of site infrastructure Sea Change Sussex is able to offer sites for private development or bespoke developments for individual clients. Finance can be raised on the open market for blue chip companies, refinancing against rental streams from existing developments or from the direct sale of land or developments to the private sector.</p> <p>It is considered that the combination of these funding sources allied to the fact that most of the development land is either in the hands of Sea Change Sussex or its local authority partners. The speed of delivering development can be directly related to the availability of funds.</p> <p>It is seen that with this level of control the generation of other sources of funding is seen to be low to medium risk.</p>

5.4. Summary financial profile – expand as appropriate

(£m)		16/17	17/18	18/19	19/20	20/21 21/22	Total
Source of funding – List here the amount of funding sought							
SELEP request			6.30	1.90			8.20
Applicant contribution							
Third party & other contributions (specify per row)			1.50	3.40		8.10	13.00
Borrowing							
Local contribution total (leverage)							
Total			7.80	5.30		8.10	21.20

Bexhill Enterprise Park

(£m)	Cost estimate status	16/17	17/18	18/19	19/20	20/21	Total
Costs - List here the elements of gross costs, excluding optimism bias.							
e.g.							
Procurement							
Feasibility			0.10			0.05	0.15
Detailed design			0.28			0.15	0.43
Management			0.25			0.1	0.35
Construction			6.17			2.4	8.57
Contingency			0.20			0.1	0.30
Other cost elements			0.80			0.5	1.30
VAT							
Total			7.80			3.3	11.10

Sovereign Harbour Innovation Park

(£m)	Cost estimate status	16/17	17/18	18/19	19/20	20/21	Total
Costs - List here the elements of gross costs, excluding optimism bias.							
e.g.							
Procurement							
Feasibility				0.05			0.05
Detailed design				0.15			0.15
Management				0.10			0.1
Construction				4.4			4.4
Contingency				0.1			0.1
Other cost elements				0.5			0.5
VAT							
Total				5.30			5.30

South Wealden

(£m)	Cost estimate status	16/17	17/18	18/19	19/20	20/21	Total
Costs - List here the elements of gross costs, excluding optimism bias.							
e.g.							
Procurement							
Feasibility						0.05	0.05
Detailed design						0.15	0.15
Management						0.10	0.10
Construction						4.4	4.40
Contingency						0.10	0.10
Other cost elements							
VAT							
Total						4.80	4.80

<p>5.5. Viability: How secure are the external sources of funding?</p>	<p><i>Please provide evidence of the security of the specified third party contributions</i></p> <table border="1" data-bbox="475 170 1489 533"> <thead> <tr> <th data-bbox="475 170 727 277">Type</th> <th data-bbox="727 170 1082 277">Source</th> <th data-bbox="1082 170 1294 277">How secure?</th> <th data-bbox="1294 170 1489 277">When will the money be available?</th> </tr> </thead> <tbody> <tr> <td data-bbox="475 277 727 385"><i>Public</i></td> <td data-bbox="727 277 1082 385">SELEP LGF</td> <td data-bbox="1082 277 1294 385"><i>£8,200,000 bid for</i></td> <td data-bbox="1294 277 1489 385"><i>2017/2018</i></td> </tr> <tr> <td data-bbox="475 385 727 533"><i>Private</i></td> <td data-bbox="727 385 1082 533">Mixture of rental streams and capital receipts from refinancing and sales.</td> <td data-bbox="1082 385 1294 533"><i>Dependent on market circumstance</i></td> <td data-bbox="1294 385 1489 533"><i>For subsequent phases</i></td> </tr> <tr> <td data-bbox="475 533 727 607"></td> <td data-bbox="727 533 1082 607">Land contribution</td> <td data-bbox="1082 533 1294 607"><i>Available now</i></td> <td data-bbox="1294 533 1489 607">Available now</td> </tr> </tbody> </table>	Type	Source	How secure?	When will the money be available?	<i>Public</i>	SELEP LGF	<i>£8,200,000 bid for</i>	<i>2017/2018</i>	<i>Private</i>	Mixture of rental streams and capital receipts from refinancing and sales.	<i>Dependent on market circumstance</i>	<i>For subsequent phases</i>		Land contribution	<i>Available now</i>	Available now
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<i>Public</i>	SELEP LGF	<i>£8,200,000 bid for</i>	<i>2017/2018</i>														
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	Land contribution	<i>Available now</i>	Available now														
<p>5.6. Cost overruns</p>	<p>The preferred option would see investment from the LGF in each of the sites to deliver an initial mix of B1 (a) (b) (c) business and light industrial space by 2021/22. Investment and delivery of new development would be phased over time in order to ensure that the delivery of new employment space meets market demand. It is anticipated that this is the minimum necessary level of intervention to unlock development in each of the sites. Sea Change Sussex has extensive experience of actual costs for recent developments of a similar size and nature. Current prices are closely monitored and an external cost consultant is actively engaged. Pre development work has been undertaken in most case so the likelihood for unforeseen costs is minimised. Any cost overruns will be met within the existing contracts or funded from Sea Change Sussex funds.</p>																
<p>5.7. Delivery timescales</p>	<p>Risks are identified in Section 7.</p>																
<p>5.8. Financial risk management</p>	<p>The preferred option would see investment from the LGF in each of the five sites to deliver an initial mix of B1 (a) (b) (c) business and light industrial space by 2021/22. Investment and delivery of new development would be phased over time in order to ensure recycled funds and that the delivery of new employment space meets market demand. It is anticipated that this is the minimum necessary level of intervention to unlock development in each of the sites.</p> <p>The advantages of this phased approach include:-</p> <ul style="list-style-type: none"> • Delivering the greatest employment and GVA growth potential. • Enabling initial phases of development to be delivered; • Stimulates sufficient private sector demand to bring forward follow-on development; • Provides a suitable range of business location opportunities in the County • Provides a suitable spread of local job opportunities; and, • Offers flexibility to adapt and respond to market changes – minimises risk. 																
<p>5.9. Alternative funding mechanisms</p>	<p>Grant applied for. Recycling funds by re-financing achieved income streams to finance subsequent phases.</p>																

6. DELIVERY/MANAGEMENT CASE

The management case determines whether the scheme is achievable. It provides evidence of project planning, governance structure, risk management, communications and stakeholder management, benefits realisation and assurance.

6.1. Project management

Funding from SELEP will pass via the LEP's Accountable Body, Essex CC, to East Sussex County Council, who will be the accountable body for the project and they will enter into a legal agreement with East Sussex Energy Infrastructure and Development Company (ESEID) trading as Sea Change Sussex, who will deliver the project. The Section 151 Officer of ESCC will monitor the legal and financial probity of the contract.

The delivery vehicle for the project is East Sussex Energy, Infrastructure and Development Ltd trading as Sea Change Sussex. The company is limited by guarantee (company number 07632595) and is not for profit. The members of the company are:

Hastings, Bexhill and East Sussex Business Association Ltd	50%
East Sussex County Council)
Rother District Council) 19.9%
Hastings Borough Council)
University of Brighton	19.9%
Voluntary Sector	10.2%

Governance of the company is regulated by its Articles of Association which set out, among other matters, the membership, operation and conduct of the Board and its meeting requirements. The Board is currently chaired by Professor Julian Crampton, Vice Chancellor of University of Brighton. Currently, general meetings take place every 2 – 2.5 months with the AGM approving the annual accounts.

The financial transactions of the company are regulated by the current Financial Regulations and Scheme of Delegation approved by the Board on 11th January 2012. Basically, all significant contractors are selected by competitive tendering and are the subject of Board approval.

Financial payments are made by the tried practice of purchase orders and payments authorised on compliance and financial checks by the appropriate staff. Financial monitoring and management accounts are provided from a computer-based system (Access Dimensions, approved by HMRC and Institute of Chartered Accountants) which allows flexible interrogation. The system is specifically designed for project accounting. Each Board meeting receives an 'income and expenditure' report which also informs bank balances. Separately, 'expenditure commitments' are identified to the Board informing the project and extent of financial commitments relating thereto. These sets of information identify the source of funding and the expenditure incurred on a project by project basis against that funding commitment. The accounts are annually audited externally (currently by Reeves & Co) and corporate legal advice is provided to the Board on a regular basis (currently by Pinsent Masons).

The County Council has also established an internal Sea Change Governance Board. This involves senior officers from Legal, Finance and the Economic Development services within the authority to manage the governance between the County Council and Sea Change Sussex as a delivery partner.

Project Governance Structure



Scheme Project Management

Each project will be managed on a daily basis by an experienced project manager in this type of development project. A multi-disciplinary team of consultants will progress each scheme including:

- Architects
- Civil and Structural Engineers
- Ecologist
- Services Engineering
- CDM Co-ordinator
- Quantity Surveyor
- Fire Consultant
- Clerk of Works

The following are the key project management tasks to be undertaken:

- Monitor and review the project through all stages and report regularly to the Employer on the status of the Project (monthly report required in a form to be advised by the Employer); obtain decisions needed and with the Employer's approval amend the development proposals;
- Maintain and update as necessary the development budget and cashflow; provide reports as required by the Employer's finance department on the financial status of the project and update Employer project monitoring systems as necessary;
- Initiate action in the event that any aspect of the Project appears to be likely to fail to achieve the Employer's objectives, public organisations, budget and programme. Agree suitable corrective action and monitor its implementation;
- Throughout the project brief and manage consultants and contractors on their duties, the Project procedures and the Project as necessary to achieve the project brief and so that all parties and individuals understand what is needed to achieve the Employer's objectives;
- Establish communication, reporting and authorisation procedures to operate between Employer, Project Manager, Consultants and Contractors;
- Develop with the team a detailed Project Brief to include all relevant objectives, statutory duties, constraints and their relevant priorities;

The following project controls will be applied during the project lifetime:

- Monthly progress reports will be provided;

- Appropriate meeting structures will be implemented;
 - An issues log and risk management plan will be produced and reviewed at appropriate intervals;
 - Compliance reviews of Development Framework and Cost plan will be held at regular intervals;
 - A Request For Information and a Change Control system will be put in place;
- A Project Execution Plan (PEP) for each scheme will be established and constantly reviewed and updated for the duration. This includes:
- Project Objectives and Priorities** – Objectives and Constraints
Project Brief – Details, scope
Project Organisation – Project Team, Work Structure, Authority, Procurement
Risk – Risk Register, Risk Management and Strategy
Communications – Requirements, Document Control, Site Organisation, Instructions, Meetings
Control – Design Management, Time management, Cost Control, Quality, Commissioning, Interfaces
Health and Safety – Competencies, CDM, Health and Safety File, Site Arrangements
Post Project Review - Procedures

6.2. Outputs

The following table presents the outputs annually delivered through the Project.

Output	16/17	17/18	18/19	19/20	20/21	Total
Direct FTE jobs (gross)	-	9	146	246	206	607
Indirect FTE jobs (gross)	-	-	-	-	-	-
Employment space (Sq m, NIA)	-	3,261	2,348	2,348	1,761	9,718

Output	21/22	22/23	23/24	24/25	25/26	Total
Direct FTE jobs (gross)	200	-	-	-	-	200
Indirect FTE jobs (gross)	15	111	259	259	329	973
Employment space (Sq m, NIA)	7,174	6,000	1,174	1,174	2,348	17,870

Output	26/27	27/28	28/29	29/30	30/31	Total
Direct FTE jobs (gross)	-	-	-	-	-	-
Indirect FTE jobs (gross)	329	233	170	74	71	878
Employment space (Sq m, NIA)	2,348	-	1,174	2,348	1,174	7,044

	<table border="1"> <thead> <tr> <th>Output</th> <th>31/32</th> <th>32/33</th> <th>33/34</th> <th>34/35</th> <th>35/36</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Direct FTE jobs (gross)</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Indirect FTE jobs (gross)</td> <td>166</td> <td>166</td> <td>-</td> <td>-</td> <td>-</td> <td>333</td> </tr> <tr> <td>Employment space (Sq m, NIA)</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> </tbody> </table>	Output	31/32	32/33	33/34	34/35	35/36	Total	Direct FTE jobs (gross)	-	-	-	-	-	-	Indirect FTE jobs (gross)	166	166	-	-	-	333	Employment space (Sq m, NIA)	-	-	-	-	-	-
Output	31/32	32/33	33/34	34/35	35/36	Total																							
Direct FTE jobs (gross)	-	-	-	-	-	-																							
Indirect FTE jobs (gross)	166	166	-	-	-	333																							
Employment space (Sq m, NIA)	-	-	-	-	-	-																							
<p>6.3. How will outputs be monitored?</p>	<p>The Project Execution Plan (see 6.1) will include provision for the monitoring and evaluation of the scheme both during construction and operation, and in respect of the key agreed economic outputs.</p> <p>ESCC and Sea Change Sussex will work collaboratively to monitor progress of scheme delivery based on contractual milestones to be agreed with the appointed contractor/s. Following completion operational performance will be subject to ongoing monitoring.</p> <p>The project will be evaluated by the successful development of the serviced sites and by monitoring the levels of employment on each of the sites against the forecast employment benefits. Monitoring will continue throughout the life of the project both by Sea Change Sussex and by the local authorities as part of their Economic Development Programmes and their statutory planning obligations to ensure the effective use of designated employment land and the ongoing land use requirements.</p>																												
<p>6.4. Milestones</p>	<p>Project Milestones - Bexhill - built in 2017/18 and let during 2018- 2020 with refinancing in 2019/2020. Bexhill 3 will commence development in 2020/21. Sovereign Harbour - built 2018/19 let 2019-2021 refinancing 2020/21 South Wealden - built in 2020/21</p> <p>Individual Construction Milestones -</p> <table border="1"> <thead> <tr> <th>Project milestone</th> <th>Indicative duration</th> </tr> </thead> <tbody> <tr> <td>Appointments</td> <td>2 weeks</td> </tr> <tr> <td>Design to Planning</td> <td>5 weeks</td> </tr> <tr> <td>Planning</td> <td>15 weeks (if required)</td> </tr> <tr> <td>Design to Tender</td> <td>12 weeks</td> </tr> <tr> <td>Tender Period</td> <td>3 weeks</td> </tr> <tr> <td>Assess and award</td> <td>2 weeks</td> </tr> <tr> <td>Mobilisation</td> <td>2 weeks</td> </tr> <tr> <td>Build</td> <td>32 weeks</td> </tr> <tr> <td>Utilities</td> <td>13 weeks</td> </tr> </tbody> </table> <p>Note some elements occur concurrently within the programme. Final programme will be determined by the successful construction contractor.</p>	Project milestone	Indicative duration	Appointments	2 weeks	Design to Planning	5 weeks	Planning	15 weeks (if required)	Design to Tender	12 weeks	Tender Period	3 weeks	Assess and award	2 weeks	Mobilisation	2 weeks	Build	32 weeks	Utilities	13 weeks								
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<p>6.5. Stakeholder management & governance</p>	<p>The delivery vehicle for the project is East Sussex Energy, Infrastructure and Development Ltd (ESEID) trading as Sea Change Sussex. The company is limited by guarantee (company number 07632595) and is not for profit. The members of the company are:</p>																												

	<table data-bbox="467 129 1444 347"> <tr> <td>Hastings, Bexhill and East Sussex Business Association Ltd</td> <td>50%</td> </tr> <tr> <td>East Sussex County Council</td> <td>)</td> </tr> <tr> <td>Rother District Council</td> <td>) 19.9%</td> </tr> <tr> <td>Hastings Borough Council</td> <td>)</td> </tr> <tr> <td>University of Brighton</td> <td>19.9%</td> </tr> <tr> <td>Voluntary Sector</td> <td>10.2%</td> </tr> </table> <p>The company, through the structure has direct links with all these stakeholders. It includes a strong representation of the local business community.</p> <p>Additionally ESEID is a member of the Hastings and Bexhill Taskforce, members of which include the Local Authorities, Homes and Communities Agency, education providers, the Chamber of Commerce and local business including SAGA.</p> <p>ESEID is also a member of strategic partnerships such as the A21 Reference Group, whose membership includes MP's, SELEP, Kent County Council, East Sussex County Council, Borough and District Councils and other representatives.</p> <p>It is anticipated that a similar stakeholder structure to the Hastings and Bexhill Task Force is established for Eastbourne and Wealden; based on the A27/A22 Reference Group partners.</p> <p>The majority of the schemes have already been subject to extensive public consultation through the Local Authority Strategic Planning process, Outline and Detailed Planning Applications. Where relevant further consultation will be conducted both directly and through electronic means with feedback reviewed and taken into account.</p> <p>Engagement through regular contact with a variety of groups and forums for the local residential and business community will continue throughout the project. A full Communication and Stakeholder Management Strategy will be established.</p> <p>The business community is also represented on the Sea Change Sussex Board.</p>	Hastings, Bexhill and East Sussex Business Association Ltd	50%	East Sussex County Council)	Rother District Council) 19.9%	Hastings Borough Council)	University of Brighton	19.9%	Voluntary Sector	10.2%
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<p>6.6. Organisation track record</p>	<p>Sea Change Sussex, and its predecessor Sea Space, has extensive experience in delivering major projects in Hastings/Bexhill and East Sussex following the Five Point regeneration plan adopted by the Hastings & Bexhill Task Force in 2003. Sea Space was established as the delivery vehicle for the Task Force and has delivered projects in excess of £150 m.</p> <p>Projects include the provision of major office accommodation, now owned by Saga, giving employment opportunities for up to 800 staff, the development of academic space for 1200 students and the provision of new industrial employment space. More recently Sea Change Sussex is undertaking the development of the North Bexhill Gateway Road linking into the Bexhill Hastings Link Road (BHLR), opening up employment and housing space. This project was completed on time and within budget and was completed in 2015, at the same time as the BHLR.</p> <p>Sea Change Sussex has comprehensive governance and project execution protocols and a wide experience over 11 years in delivering large capital projects.</p>												
<p>6.7. Assurance</p>	<p>The Section 151 Officer of ESCC will monitor the legal and financial probity of the contract with East Sussex Energy Infrastructure and Development Company (ESEID) trading as Sea Change Sussex.</p>												

	<p>The Sea Change Sussex Board has representatives from East Sussex County Council, Hastings Borough Council, Rother District Council and fully complies with local authority legal and accounting procedures.</p>
6.8. Equalities Impact Assessment	<p>Specific Equalities Impact Assessment will be established utilising organisation protocols.</p>
6.9. Monitoring and evaluation	<p>The Project Execution Plan will include provision for the monitoring and evaluation of the scheme utilising agreed key performance indicators both during construction and operation, and in respect of the key agreed economic outputs. Lessons learned from previous projects will be taken into account in terms of the approach to project execution.</p> <p>ESCC and Sea Change Sussex will work collaboratively to monitor progress of scheme delivery based on contractual milestones to be agreed with the appointed contractor/s. Following completion operational performance will be subject to ongoing monitoring.</p> <p>A stand alone evaluation plan will be established. Once the project is completed and the evaluation complete key lessons learned will be highlighted to be taken into account in future projects.</p>
6.10. Post completion	<p>The Strategic Growth Project is sensitive to the market and flexible to respond to enquiries within the programme area. The LGF contribution will enable the initial development of office units in each of the programme areas. These can provide much needed accommodation for start-up or smaller businesses unless there is a market demand for bespoke premises.</p> <p>The programme is reliant on refinancing to develop the later phases of the programme, either by direct sale of land or developments or by refinancing on the income stream from previous developments. Latter stages may be able to support borrowing at commercial rates, particularly should a blue chip company wish to move into one of the areas.</p>

7. RISK ANALYSIS

Likelihood and impact scores:

5: Very high; 4: High; 3: Medium; 2: Low; 1: Very low

Bexhill Enterprise Park

Risk	Likelihood*	Impact*	Mitigation
Sites and Land			
Sites and land cannot be secured for delivery.	1	5	Site secured and in the ownership of Sea Change Sussex.
Highway access and servicing for sites delayed	1	5	Site has infrastructure, servicing and highway access in place, including a direct connection to the new Combe Valley Way
Planning and Approvals			
Planning Permission for individual projects not granted	1	5	Site is designated as key planning policy objectives by Rother District Council. Outline planning consent granted. Reserved matters application underway.
Onerous planning conditions difficult to discharge within timeframe	2	3	Early submission of information to Local Planning Authority detailing information required
Design and Procurement			
Technical design issues due to site conditions	1	3	Extensive site investigations undertaken on site as a whole
Impact of project on existing services	2	3	Extensive strategic investigations and liaison with utility companies has been undertaken. Consultants in Place. No issues have been identified.
Onerous delays as a result of the procurement process	1	4	Ensure all parties understand the procurement process and that all key decision points are factored into the project programme
Delays in approvals required from statutory organisations	2	3	Strategic discussions with statutory organisations undertaken. Early involvement with regard to specific detail.
Availability of adequate service capacities to service the development	2	3	Extensive strategic liaison with utility companies has been undertaken. At Bexhill Enterprise Park new capacity has been installed.
Construction			
Delays as a result of ecology present on the sites	1	3	Extensive surveys and studies have been undertaken for sites and appropriate mitigation progressed.
Actual build costs exceed projected cost	1	3	Cost consultants have been employed and together with SCS's experience in these matters strongly indicate that costs can be contained within the expenditure plan.
Abnormal ground conditions and service	2	3	Intrusive site investigations

requirements			undertaken together with service requirement assessments.
Issues around materials access/egress to the sites	1	2	Review as part of instructions to tenderers earthworks review and waste management strategy
Contractor delays due to resource issues	2	2	Actively monitor progress and contractors management to ensure compliance with the contractual obligations
Design Error	1	3	Select suitable procurement ie D&B to ensure design risk is allocated to the contractor

Sovereign Harbour Innovation Park

Risk	Likelihood*	Impact*	Mitigation
<u>Sites and Land</u>			
Sites and land cannot be secured for delivery.	1	5	Site secured and in the ownership of Sea Change Sussex.
Highway access and servicing for sites delayed	1	5	Site has infrastructure, servicing and highway access in place.
<u>Planning and Approvals</u>			
Planning Permission for individual projects not granted	1	5	Site is designated as key planning policy objectives by Eastbourne Borough Council. Outline planning permission granted. Reserved matters application underway.
Onerous planning conditions difficult to discharge within timeframe	2	3	Early submission of information to Local Planning Authority detailing information required
<u>Design and Procurement</u>			
Technical design issues due to site conditions	1	3	Extensive site investigations undertaken as part of first phase.
Impact of project on existing services	2	3	Extensive strategic investigations and liaison with utility companies has been undertaken. No issues have been identified.
Onerous delays as a result of the procurement process	1	4	Ensure all parties understand the procurement process and that all key decision points are factored into the project programme
Delays in approvals required from statutory organisations	2	3	Strategic discussions with statutory organisations undertaken. Early involvement with regard to specific detail.
Availability of adequate service capacities to service the development	2	3	Extensive strategic liaison with utility companies has been undertaken.
<u>Construction</u>			
Delays as a result of ecology present on the sites	1	3	Extensive surveys and studies have been undertaken.
Actual build costs exceed projected cost	1	3	Cost consultants have been employed and together with SCS's experience in these matters strongly indicate that costs can be contained

			within the expenditure plan.
Abnormal ground conditions and service requirements	2	3	Intrusive site investigations undertaken together with service requirement assessments.
Issues around materials access/egress to the sites	1	2	Review as part of instructions to tenderers earthworks review and waste management strategy
Contractor delays due to resource issues	2	2	Actively monitor progress and contractors management to ensure compliance with the contractual obligations
Design Error	1	3	Select suitable procurement ie D&B to ensure design risk is allocated to the contractor

South Wealden

Risk	Likelihood*	Impact*	Mitigation
Sites and Land			
Sites and land cannot be secured for delivery.	1	2	Specific site identified. Alternative development on owned sites can be substituted.
Highway access and servicing for sites delayed	1	3	Assessment of infrastructure, servicing and highway access being progressed
Planning and Approvals			
Planning Permission for individual projects not granted	1	5	Designation as key planning policy objectives by Wealden District Council.
Onerous planning conditions difficult to discharge within timeframe	2	3	Early submission of information to Local Planning Authority detailing information required
Design and Procurement			
Technical design issues due to site conditions	1	3	Site investigations progressed at an early stage
Impact of project on existing services	2	3	Site investigations and engagement with utility companies progressed at an early stage
Onerous delays as a result of the procurement process	1	4	Ensure all parties understand the procurement process and that all key decision points are factored into the project programme
Delays in approvals required from statutory organisations	2	3	Strategic discussions with statutory organisations undertaken at an early stage
Availability of adequate service capacities to service the development	2	3	Strategic liaison with utility companies undertaken at an early stage
Construction			
Delays as a result of ecology present on the sites	1	3	Surveys and studies undertaken at an early stage
Actual build costs exceed projected cost	1	3	Cost consultants together with SCS's

			experience in these matters strongly indicate that costs can be contained within the expenditure plan.
Abnormal ground conditions and service requirements	2	3	Intrusive site investigations and service requirement assessments undertaken at an early stage.
Issues around materials access/egress to the sites	1	2	Review as part of instructions to tenderers earthworks review and waste management strategy
Contractor delays due to resource issues	2	2	Actively monitor progress and contractors management to ensure compliance with the contractual obligations
Design Error	1	3	Select suitable procurement ie D&B to ensure design risk is allocated to the contractor

Project

Risk	Likelihood*	Impact*	Mitigation
Marketing and Letting			
Letting and occupancy slower than programmed	2	3	Marketing Team and professional agents already in place. Extensive experience in marketing and market research demonstrating demand. Flexibility to deliver bespoke sites or sell land. Only impacts follow-on phases.
Financing			
Ability to obtain funding for follow-on	1	4	Follow-on projects will require further refinancing from lettings or sales and commercial loans. Trigger will be high levels of occupancy eg at Bexhill Enterprise Park and Sovereign Harbour Innovation Park.

8. DECLARATIONS

8.1. Has any director/partner ever been disqualified from being a company director under the Company Directors Disqualification Act (1986) or ever been the proprietor, partner or director of a business that has been subject to an investigation (completed, current or pending) undertaken under the Companies, Financial Services or Banking Acts?

Yes/No

8.2. Has any director/partner ever been bankrupt or subject to an arrangement with creditors or ever been the proprietor, partner or director of a business subject to any formal insolvency procedure such as receivership, liquidation, or administration, or subject to an arrangement with its creditors

Yes/No

8.3. Has any director/partner ever been the proprietor, partner or director of a business that has been requested to repay a grant under any government scheme?

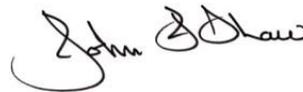
Yes/No

If the answer is "yes" to any of these questions please give details on a separate sheet of paper of the person(s) and business(es) and details of the circumstances. This does not necessarily affect your chances of being awarded SELEP funding.

I am content for information supplied here to be stored electronically and shared in confidence with other public sector bodies, who may be involved in considering the business case.

I understand that if I give information that is incorrect or incomplete, funding may be withheld or reclaimed and action taken against me. I declare that the information I have given on this form is correct and complete. I also declare that, except as otherwise stated on this form, I have not started the project which forms the basis of this application and no expenditure has been committed or defrayed on it. I understand that any offer may be publicised by means of a press release giving brief details of the project and the grant amount.

8.4. Signature of Applicant



8.5. Print Full Name

John Shaw

8.6. Designation

Chief Executive

8.7. Date

23nd December 2016