Riverside Business Centre Expansion, Tilbury

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-governent

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 though 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 –

Local Board Decision

- Consideration of **long list** of projects, submitted with a short strategic level business case
- **Sifting/shortlisting process** using a common assessment framework agreed by SELEP Strategic Board, with projects either discounted, sent back for further development, directed to other funding routes or agreed for submission to SELEP

SELEP

- Pipeline of **locally assessed projects submitted to SELEP**, with **projects supported by strategic outline business cases - i.e., partial completion of this template**
- Prioritisation of projects across SELEP, following a common assessment framework agreed by Strategic Board.
- **Single priorisited list of projects is submitted by SELEP to Government** once agreed with SELEP Strategic Board.

SELEP ITE

- Following the allocation of LGF to a project, scheme promoters are required to prepare an **outline business case, using this template** together with appropriate annexes.
- Outline Business Case assessed through **ITE gate process**.
- **Recommendations are made by SELEP ITE to SELEP Accountability Board** for the award of funding.

Funding & Delivery

- Lead delivery partner to commence internal project management, governance and reporting, ensuring **exception reporting mechanism back to SELEP Accountability Board** and working arrangements with SELEP Capital Programme Manager.
- **Full Business Case** is required following the procurement stage for projects with an LGF allocation over £8m.

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:

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Author	Bernice Lim
Document status	Draft
Authorised by	David Moore
Date authorised	

1. PROJECT OVERVIEW

1.1. Project name:

[Specify the name of the scheme, ensuring it corresponds with the name of the scheme at programme entry (when added to the LGF prioritised list of projects).]

Tilbury Riverside Business Centre Expansion

1.2. Project type:

[Site development, skills, innovation etc.]

Site Development

1.3. Federated Board Area:

[East Sussex, Kent & Medway, Essex, and Thames Gateway South Essex]

Opportunity South Essex

1.4. Lead County Council / Unitary Authority:

[East Sussex, Kent, Medway, Essex, Thurrock, Southend-on-Sea]

Thurrock

1.5. Development location:

[Specify location, including postal address and postcode.]

The Riverside Business Centre
Fort Road, Tilbury,
Essex, RM18 7ND

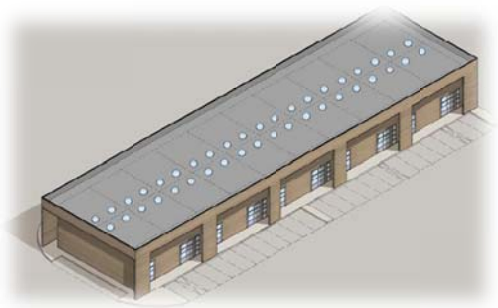


Figure 1: Proposed new block

1.6. Project Summary:

[Provide a summary of the project; max. 0.5 pages.]

Tilbury Riverside Business Centre is part of Thurrock Council's Enterprise Units Programme which seeks to support economic growth and create new job opportunities through the provision of good quality workspace targeted at start-up, small and medium businesses.

There is evidence of market failure in the supply of small business workspace in Thurrock. Whilst there is strong demand for small managed/serviced workspace in the area, private developers are deterred by poor returns. Generally higher capital investments are required for managed workspace. The Council's Enterprise Units Programme is part of the Council's intervention to address the disparity between the supply viability and demand for small business workspace.

In addition to providing the premises with specifications that meets the needs of small and medium sized businesses, the development also provides access to business facilities (such as receptionist, conference rooms and equipment), business support and advice (e.g. finance, marketing, management skills and technical support) providing the best possible start for new and growing businesses.

In Thurrock, the number of early business failures is above national average, so much attention is being given to the quality of support offered to small businesses - to help them overcome the challenges of start-up and growth. Ultimately the support is planned to help these businesses to reach their true potential and ensure their continuing success.

Opened in 2005, the Riverside Business Centre provides around 27,381ft² (2,544m²) of lettable workspace comprising of offices, studios and workshop units ranging from 230 to 1,883ft² (21 to 175m²) alongside business facilities which include a boardroom, reception and breakout area. The centre is well used with occupancy levels consistently over 90%.

Building on its success, Thurrock Council is now looking to build a new c.14,000ft² (1,300m²) extension comprising 20 self-contained workshop units. SELEP's support is critical to bring forth this phase of development.

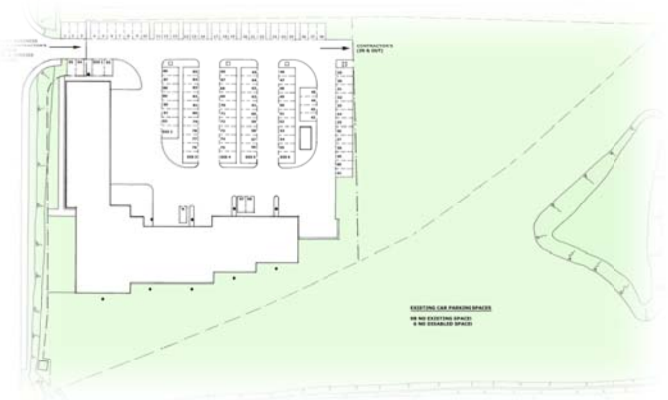


Figure 2: Existing layout of Riverside Business Centre

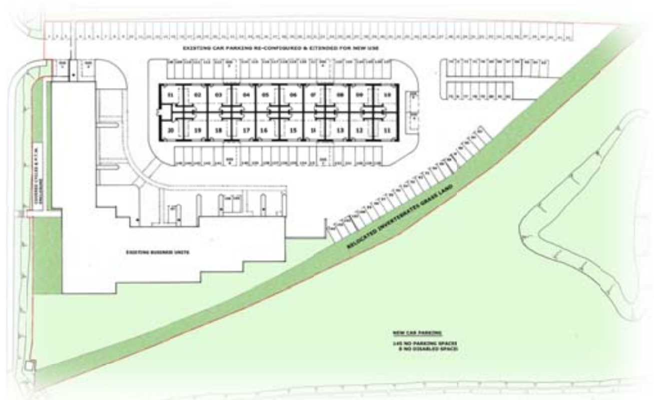


Figure 3: Proposed new block at Riverside Business Centre

1.7. Delivery partners:

[List all delivery partners and specify the lead applicant and nature of involvement, as per the table below.]

Partner	Nature of involvement (financial, operational etc.)
Thurrock Council	Lead Applicant
Frankham Consultancy Group	Lead Consultant for Design and Construction Management
Norfolk & Waveney Enterprise Services (NWES)	Specialist Operational Management Agent

1.8. Promoting Body:

[Specify who is promoting the scheme.]

Thurrock Council

1.9. Senior Responsible Owner (SRO):

[Specify the nominated SRO and provide their contact details. The SRO ensures that a programme or project meets its objectives and delivers projected benefits. This is not the same as a Section 151 Officer.]

David Moore
Interim Assistant Director, Place Delivery
Thurrock Council, Civic Offices, New Road, Grays, Essex RM17 6SL

DAMoore@thurrock.gov.uk
07736 453 244 / 07810 053 310

1.10. Total project value and funding sources:

[Specify the total project value, how this is split by funding sources, any flexibility in funding scale and profile and any constraints, dependencies or risks on the funding sources, as per the table below.]

Funding source	Amount (£)	Flexibility of funding scale or profile	Constraints, dependencies or risks and mitigation
LGF 3B	2,360,000	Scope to delay the commencement of the programme to profile LFG expenditure in FY2020/21.	By slipping the programme, there is a risk of construction cost inflation.
Thurrock Council	2,757,964	Contribution is not time limited, so there is scope to adjust the profile.	-
Total Project Value	**5,117,964**	Excludes £242,036 project expenditure incurred pre-LGF application.	

1.11. SELEP funding request, including type (LGF, GPF etc.):

[Specify the amount and type of funding sought from SELEP to deliver the project. Please also confirm that the funding will not constitute State Aid.]

Thurrock Council is seeking £2.36m from the LGF. Thurrock Council will not be able to raise additional monies if the full LGF grant is not secured.

This project is State Aid compliant. If awarded, the grant will be used develop a new block of workshop units at the Riverside Business Centre which is in the Council's ownership. The aim of this development is to provide business accommodation which will be managed by a third party specialist provider for incubation units. The provider managing the Riverside Business Centre has been procured in accordance with EU directives and the Public Contracts Regulations 2015.

1.12. Exemptions:

[Specify if this scheme business case is subject to any exemptions (and provide details of these exemptions) as per the SELEP Assurance Framework 2017, Section 5.7.4 and 5.7.5]

None.

1.13. Key dates:

[Specify dates for the commencement of expenditure, the construction start date and the scheme completion/opening date.]

The key project milestones are set out in the table below. Please refer to Appendix C for detailed delivery programme.

Key Milestones	Description	Indicative Date
LGF Funding		
Business Case Submission	-	06 Sept 2019
Preliminary Business Case Review	-	20 Sept 2019
Updated Business Case Submission	-	04 Oct 2019
Investment Panel Business Case Review	-	18 Oct 2019
Funding Award Confirmation	-	15 Nov 2019
Design		
Design Team Remobilisation	-	18 July 2019
Update studies and resubmit planning application	-	9 September 2019
Finalise tender package	Review and update tender package.	16 Dec 2019

Key Milestones	Description	Indicative Date
Planning Application		
Submit Planning Application		9 September 2019
Planning decision notice	Planning approval secured	16 December 2019
Building Contract Procurement		
Contract notice and invitation to tender	Publication of contract notice and issue invitation to tender.	13 Jan 2020
Return of tenders	Closing date for tender submission.	23 Mar 2020
Notification of results	Successful and unsuccessful tenderers notified of contract award decision.	01 May 2020
Award of contract	Contract awarded to successful contractor.	05 Jun 2020
Construction		
Commencement on Site	Works starting on site.	Jul 2020
Practical Completion	-	**Apr 2021**

1.14. Project development stage:

[*Specify the project development stages to be funded, such as inception, option selection, feasibility, outline business case, detailed design, procurement, full business case, implementation, the current project development stage, and a brief description of the outputs from previous development stages. Add additional rows as necessary. Please note, not all sections of the table may require completion.*]

Project development stages completed to date			
Task	**Description**	**Outputs achieved**	**Timescale**
Feasibility	Undertake a feasibility study	Feasibility assessment of options	Completed
Business Case	Develop business case	Business Case	Completed
Design Team Procurement	Procure design team for the new build	Design Team appointed	Completed
RIBA Stage 4 Design Development	Develop detailed design.	Detailed design completed.	Completed
Building Contract Tender Documentation	Prepare and compile tender package.	Building Contract tender package ready to be issued.	Completed

Project development stages to be completed		
Task	**Description**	**Timescale**
Planning Consent	Update studies and submit planning application. Full planning application re-submission is required although the development remains unchanged as the approval granted in July 2016 (Decision Notice: 16/00406/TBC) has lapsed. The previous consent places the development in a favourable position as the principle has already been established.	Sept - Dec 2019
Building Contract Procurement	Procure Principal Contractor for construction of the new block.	Jan - May 2020
Start on Site	Commencement of building works on Site.	Jul 2020
Practical Completion	-	Apr 2021

1.15. Proposed completion of outputs:

[Include references to previous phases / tranches of the project (link to the SELEP website) and to future projects to be funded by SELEP. Please see SELEP Programme for more information.]

Outputs	Completion Date (Indicative)
14,000 ft² (1,300m²) new build comprising 20 self-contained workshop units with use classes B1c, B2 and B8.	Apr 2021
Accommodate 48 net additional full time equivalent (FTE) jobs	2026

2. STRATEGIC CASE

The Strategic Case should present a robust case for intervention, and demonstrate how the scheme contributes to delivering the SELEP Strategic Economic Plan (SEP) and SELEP's wider policy and strategic objectives. It includes a rationale of why the intervention is required, as well as a clear definition of outcomes and the potential scope for what is to be achieved.

The outlook and objectives of the Strategic Case need should, as far as possible, align with the Monitoring and Evaluation and Benefits Realisation Plan in the Management Case.

2.1. Scope / Scheme Description:

[Outline the strategic context for intervention, by providing a succinct summary of the scheme, issues it is addressing and intended benefits; max. 2 pages.]

The Council is looking to expand the successful and established Riverside Business Centre onto a 0.277 hectares (2,777m²) site adjoining to the centre. The site has historically been identified as an employment site (for further Business Centre development).

The proposals consist of twenty individual workshops that have been identified for Mixed B Class: Managed Workspace land use, to reflect the existing businesses based in the existing site and therefore the likely businesses which would locate within the extension. This is in addition to the relocation and extension of the existing car park. In total the site accounts for 2,777m^2, of which the commercial building accounts for 1,300m^2 of floorspace (Net Internal Area; 20 units at 65m^2 each) within that site. Each of the units located on the site will be single storey.

The Riverside Business Centre is well-used and occupancy is consistently higher than 90% with a waiting list for additional demand, hence new development space is expected to be mostly occupied following construction.

In July 2016, planning approval was granted for the new building comprising 20 workshop units for Use Classes B1c, B2 and B8 with ancillary office accommodation. (Decision Notice: 16/00406/TBC). Whilst this approval has now lapsed and the re-submission of full planning application is now required, the previous consent places the development in a favourable position as the principle has already been established.

This development addresses issues identified within Thurrock's Economic Growth Strategy in terms of providing the additional business space required to enable the growth in business and jobs set out within the strategy, and also within the SELEP's SEP which sets out priorities around providing more co-ordinated services for business and creating the conditions for growth. There is also a recognised issue with viability for developers to deliver this type of business space despite the growing demand for it due to poor returns on high capital investment.

2.2. Location description:

[Describe the location (e.g. characteristics, access constraints etc.) and include at least one map; max. 1 page excluding map.]

Tilbury Riverside Business Centre is located less than one mile south of Tilbury town centre and approximately 300m North of Tilbury Port.

The proposed site is strategically located within the Thames Estuary; linking to London via Grays and Stratford, linking to Kent via Gravesend Ferry and further afield via Tilbury Port. The A1089 is also nearby which leads up to the A13 and further access to J30 of the M25, whilst Tilbury Town railway station is also a short drive away. Figure 4 below shows the position of the site and the surrounding regional area.

Figure 4: Location of site within Essex region

Source: Mott MacDonald

The Riverside Business Centre is situated at the southern boundary of Tilbury in Thurrock, Essex and lies just east of Tilbury Docks. They are located within a light industrial and distribution landscape along Fort Road. The site is bounded by the Maritime Transport Depot immediately to the north, Fortress Distribution Park separated by Fort Road to the west and informal grazing land/flood basin (rural landscape) to the east, beyond which is Tilbury Fort; a scheduled ancient monument. The Thames River is located approximately 90m to the south of the site.

This site is located within close proximity to a heritage asset, Tilbury Fort, and this and the River Thames have both presented some challenges in the design of the new block on site. These issues have been addressed and planning permission was previously secured for the proposed development.

The site also has challenging ground conditions (work is required to clear the contaminated land on site), as well as proximity to flood risk areas, which requires considerable remedial works in the expansion of the business centre.

2.3. Policy context:

[Specify how the intervention aligns with national/regional/local planning policies and the SELEP SEP; max. 3 pages.

Smaller schemes: *(less than £2 million) are required to complete this section in line with the scale of the scheme; max. 1 page]*

Through the development of the Council's Local Development Framework, Tilbury has been identified as one of the Borough's six Economic Hubs. These form the critical locations for employment growth and are effectively the engines of economic development in Thurrock.

Employment growth will depend upon Thurrock's ability to provide business space within which this growth can take place. Thurrock's Economic Growth Strategy identifies the significant shortage and consequently need for appropriate, accessible and flexible business accommodation in the borough as a priority action for the Council.

The expansion of Riverside Business Centre is a relatively small scheme but it is a very important part of the Council's Enterprise Unit Programme – the increased floor area will support new business and additional jobs.

Consistent with South East LEP's objective to 'strengthen the competitive advantage of strategic growth locations', at the heart of this development is a commitment to deliver an economic-led project that would accommodate opportunities for businesses to thrive and grow in Thurrock. The additional employment space/workspace will bring together a variety of innovative and growing businesses in a well-connected and sustainable location.

This development will contribute towards the 26,000 job target set by the East of England Plan for Thurrock. The offer of high quality business support services and accommodation will make a contribution to creating an enterprising economy and will support employment growth. Policy ETG5 requires local authorities to facilitate job growth by promoting a competitive sub-regional business environment through a range of sites and premises suitable for the needs of existing and future businesses.

This development is strongly aligned with The National Industrial Strategy in terms of strengthening the foundations of productivity by providing the environment to start and grow businesses. It aligns with SELEP's Strategic Economic Plan's ambition to accelerate business starts and support growth by providing the environment for this to occur.

The proposed Riverside Business Centre expansion is aligned with all current Planning Policies at both County and Borough levels. In July 2016, planning permission was granted for a build comprising 20 workshop units for Use Classes B1c, B2 and B8 at the Riverside Business Centre. (Decision Notice: 16/00406/TBC). The proposed scheme will be the implementation of this planning consent.

2.4. Need for intervention:

[Specify the current and future context and articulate the underlying issues driving the need for intervention referring to a specific market failure, need to reduce externalities, Government redistribution objectives etc.; max. 2 pages.]

Market Failure

There is evidence of market failure in the supply of small business workspace in Thurrock. Whilst there is strong demand for small managed/serviced workspace in the area, private developers are deterred by poor returns. Generally higher capital investments are required for managed workspace. The proposed development is part of the Council's intervention to address the disparity between the supply viability and demand for small business workspace.

In addition to providing premises with specifications that meet the needs of small and medium sized businesses, the development also provides access to business facilities (such as receptionist, conference rooms and equipment), business support and advice (e.g. finance, marketing, management skills and technical support) providing the best possible start for new and growing businesses.

The number of early business failures in Thurrock is above national average, therefore much attention is given to the quality of support offered to small businesses - to help them overcome the challenges of start-up and growth. Ultimately helping these businesses reach their true potential and ensure their continuing success. This approach has been proven to be successful in other Council owned business centres in Thurrock.

The site's location, close to the nearby heritage asset of Tilbury Fort, as well as the challenging ground conditions (deep piles), the work required to clear the contaminated land from its previous use for rail sidings, as well as elevated methane gas levels, asbestos dusting and proximity to flood risk areas, mean there are considerable remedial works required for consideration in the expansion of the business centre. This remedial work contributes to the market failure as, although there is high demand for workspace at this location, the cost of this work prevents the private sector from investing in this development.

Contributing Towards Economic Growth Agenda

This development sets out to create the conditions for accelerating business start-ups and supporting growth. Combining a wide spectrum of industry in one building, while providing flexibility and security of tenure in a supportive environment, will provide the conditions needed to maximise creativity and innovation, and boost productivity.

The Council's Economic Growth Strategy identified the need to strengthen and diversify the local economy and to create opportunities for local people. It recognises the importance of good quality, sustainable and flexible sites and premises as a key driver for economic growth and development. The provision of good quality workspace in support of businesses is a key element of this strategy, with firms routinely citing a lack of available accommodation as a barrier to their growth.

The Enterprise Unit programme is the Council's intervention to address market failure in the supply of small serviced workspace (as outlined above). Through the Enterprise Units programme, the Council is investing in business centres in key economic/growth hubs across the borough, delivering quality accommodation for SMEs and supporting local employment opportunities. The income generated in the early years will be used to cover the costs of borrowings whilst future income will be used to support other regeneration projects in the area. The success of the first wave of Enterprise Units has led to an ambitious expansion of the programme.

The expansion of Riverside Business Centre in Tilbury, will attract more industries to the area, bringing additional employment and inward investment contributing towards the physical, social and economic regeneration of Thurrock.

Ultimately, this is another step towards Thurrock's vision of 'A place of opportunity, enterprise and excellence, where individuals, communities and businesses flourish'. Continuing investment in growth hubs across the borough is vital to ensuring the area is able to realise its full potential going forward and ensuring the success of Thurrock.

The provision of quality business workspace in a supportive environment is strongly aligned with SELEP's economic growth agenda and the aims of the SELEP's Strategic Economic Plan.

It should be mentioned that the project is ready to be built, however it has been placed on hold due to high construction tender prices received that are not financially feasible for the Council. Despite value engineering, the project has remained unviable without additional grant funding to fill this gap.

There is already a waiting for units on this site and this can be seen as strong evidence of demand.

This development set outs to create the conditions for accelerating business start-ups and supporting growth. The offer of flexibility and security of tenure will provide the conditions needed to boost innovation and productivity. The proposed expansion of Riverside Business Centre will contribute towards embedding a culture of entrepreneurship in Tilbury.

2.5. Sources of funding:

[Promoters should provide supporting evidence to show that:

- all reasonable private sector funding options have been exhausted; and
- no other public funding streams are available for or fit the type of scheme that is being proposed

Public funding is regarded as a last resort. Promoters are encouraged to think carefully about and provide strong evidence that the intervention they are proposing has exhausted all other potential sources of funding and there is a genuine need for intervention from the public sector; max. 1.5 pages.]

Sources of Funding	Funding Contribution
SE Local Growth Fund 3B	£ 2,360,000
Thurrock Council Excludes £242,036 project expenditure incurred pre-LGF application.	£ 2,757,964
TOTAL	**£ 5,117,964**

The grant funding being sought in this application is to create an additional 14,000 ft² (1,300m²) of use classes B1c, B2 and B8 workspace units at the Riverside Business Centre. The project, and the anticipated benefits, would not be realised without public sector intervention. In the current funding environment the scope for small workspace development is not capable of attracting commercial funding except in specific high value locations. Even then, commercial lenders would require a strong occupier covenant to reduce its real estate exposure, which this scheme cannot provide. Market failure in the supply of managed workspace in Thurrock is set out in the previous section.

There is not scope for the Council to raise additional funding through prudential borrowing, taking into account the Council's financial exposure; the construction contract has been tendered previously with tender returns exceeding the Council's budget and the Council not being able to support an extension to the budget currently committed. A new tender process will be required but this previous tender exercise has provided a very good indication of the likely build costs.

In the absence of LGF funding, the project would have to be placed on hold until full funding is secured. There are no alternative sources available at moment.

2.6. Impact of non-intervention (do nothing):

[Describe the expected outcome of non-intervention. Promoters should clearly establish a future reference case and articulate the impacts on environment, economy and society, if applicable. The future reference case should acknowledge that market conditions are likely to

change in the future, with or without any intervention. 'Do nothing' scenarios where nothing changes are unlikely; max. 1 page]

In the absence of this intervention, the adjoining site is likely to remain as grazing land. It will be a missed opportunity to attract further inward investment, create new job opportunities and support economic growth. The site will remain in public ownership but will not be developed so will not make best use of a public asset.

2.7. Objectives of intervention:

[Outline the primary objectives of the intervention in the table below, and demonstrate how these objectives align with the problems presented in the Need for Intervention section.

Project Objectives (add as required)

Objective 1: Address market failure.
Objective 2: Contribute towards economic growth agenda; creating conditions where successful business can emerge and grow.

Problems or opportunities the project is seeking to address (add as required)

Opportunity 1: To enhance local employment opportunities within a regeneration area
Opportunity 2: To create a business environment that boosts productivity through the provision of high quality, well designed workspace on flexible term.
Opportunity 3: To support small and medium sized businesses to grow through the provision of good quality business support.

[Complete the following using a system of 0, ✓, ✓✓, ✓✓✓ which maps the objectives to their ability to address each problem. Add rows and columns as required and note not all sections of the table may require completion; max. 1 page.]

	Problems / opportunities identified in 'Need for Intervention' section		
	Opportunity 1 Employment Opportunities	**Opportunity 2** High Quality Workspace	**Opportunity 3** Good Quality Business Support
Objective 1 Address market failure.	0	✓✓✓	✓✓✓
Objective 2 Contribute towards economic growth agenda	✓✓✓	✓✓✓	✓✓✓

2.8. Constraints:

[Specify high level constraints or other factors such as social/environmental/financial/ developments/schemes/legal consents and agreements which may affect the suitability of the Preferred Option; max. 0.5 page.]

The key constraints in the delivery of this development relate to project funding and challenging site conditions.

Financial

As highlighted in other sections, the availability of funding to meet the project's shortfall is a key constraint to project delivery. The project will not be able to proceed without external grant funding.

Challenging Site Conditions

This site has challenging site conditions as a result of poor ground conditions (marsh land coupled with contamination from previous uses) and proximity to the River Thames. Intrusive site investigations were undertaken to identify risks and a remediation strategy has been developed for the site. Contingency provision has been made within the budget to cover this element of risk. Flood risk management and mitigation for the site have been addressed through the planning process.

2.9. Scheme dependencies:

[Provide details of any related or interdependent activities that if not resolved to a satisfactory conclusion would mean that the benefits of the scheme would not be fully realised; max. 0.5 page.]

The scheme has been completed to RIBA Stage 4 and already been market tested through previous tender exercises. Whilst planning application re-submission is required, the development proposal remains unchanged from the planning consent previously secured. Thus most of the associated interdependencies have been addressed with the exception of the project funding shortfall.

This scheme is entirely dependent of the availability of grant funding to meet the funding shortfall.

The exceptionally challenging ground conditions and poor returns have rendered the scheme not viable without external grant funding. The Council has considered various approaches to providing additional workspace at Riverside Business Centre, including inviting the market to provide innovative cost solutions to the design and construction of the new build and trying to raise further funds through prudential borrowings without success. As such, LGF support is imperative for the scheme to proceed.

2.10. Expected benefits:

[This section identifies scheme benefits (which will be achieved through delivering the scheme) which may not be valued in the Economic Case. Specify the extent of the scheme benefits referring to relevant economic, social, environmental, transport or other benefits. This is where any 'GVA based' estimates of benefits should be reported together with any dependent development (e.g. commercial or residential floorspace). Please reference the relevant section of the Economic Case where additional information regarding the assessment approach can be found; max. 0.5 page.]

The development will attract industries to the area, bringing additional employment and inward investment contributing towards the physical, social and economic regeneration of Thurrock. Ultimately, it is another step towards Thurrock's vision of 'A place of opportunity, enterprise and excellence, where individuals, communities and businesses flourish'.

Upon completion (year one post development; anticipated to be in 2022) the project has the potential to accommodate 20 gross jobs and £1.0m of GVA pa. At a net level, once adjusting for additionality, the net economic gain is 15 jobs and £0.8m GVA pa in 2018 prices.

Over the longer term (once 95% occupancy is reached, anticipated to be in 2026), the centre has the potential to increase its impact and accommodate a total of 62 gross jobs and £3.2m GVA pa. At a net level, again after adjusting for additionality, the net economic gain is 48 jobs and £2.5m GVA pa in 2018 prices. Further details on the assessment approach taken can be found in section 3.3.

The potential social benefits of this development can be evidenced by its proximity to one of the 10% most deprived areas nationally situated within Tilbury. The predicted jobs increase within walking distance of this area with anticipated low car ownership, has the potential to provide greater opportunity for the residents of Tilbury.

2.11. Key risks:

[Specify the key risks affecting delivery of the scheme and benefit realisation e.g. project dependencies, stakeholder issues, funding etc. Information on risk mitigation is included later in the template. This section should be kept brief and refer to the main risk register in the Management Case; max. 0.5 page.]

The main risks of this project are:

i. Project Funding
The deliverability of the scheme is entirely dependent on the SELEP's support. Without LGF grant, the scheme will remain on hold until full funding is secured.

ii. Unexpected Ground Conditions
Ground investigations and assessments have been undertaken at the Site providing a good understanding of the nature of contamination and risks. A remediation strategy including measures to mitigate the impact of land contamination has been developed. That said, as with all construction projects, the risk of encountering further adverse ground

conditions (not identified in ground investigations so far) will remain until the groundwork is completed.

iii. Construction Cost Price Inflation
The funding requirement has been based on extensive market testing via previous tender exercises however construction materials and labour costs remain volatile and current trends suggest construction costs pressures will continue to rise in the lead up to works starting on site. This is compounded by the uncertainty around Brexit and the risk of further devaluation of the sterling.

iv. Commercial Risks
Whilst demand in the local area has been clearly established, uncertainty around Brexit may impact on the willingness of investors to take up new workspace thereby reducing the anticipated demand. As such, the Council has mapped risk-adjusted income projections to help manage its financial exposure.

3. ECONOMIC CASE

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

In addition to this application form, promoters will need to provide a supporting Appraisal Summary Table (AST). This should provide:

- *a calculation of Benefit-Cost Ratio (BCR) according to the DCLG Appraisal Guidance, with clearly identified, justified and sensitivity-tested assumptions and costs*
- *inclusion of optimism bias and contingency linked to a quantified risk assessment*
- *inclusion of deadweight, leakages, displacement and multipliers*

Smaller schemes (less than £2 million) are not required to provide a supporting AST, and do not have to calculate a BCR.

3.1. Options assessment:

[Outline all options that have been considered, the option assessment process, and specify the rationale for discounting alternatives.

Promoters are expected to present a sufficiently broad range of options which avoid variations (scaled-up or scaled-down version) of the main options. The key to a well scoped and planned scheme is the identification of the right range of options, or choices, in the first instance. If the wrong options are appraised the scheme will be sub-optimal from the onset.

<u>Long list of options considered:</u>
Description of all options which have been considered to address the problem(s) identified in the ***Need for Intervention*** *section above, including options which were considered at an early stage, but not taken forward.*

<u>Options assessment:</u>
Describe how the long list of options has been assessed (assessment approach), rationale behind shortlisting/discarding each option.

<u>Short list of options:</u>
The 'Options Assessment' section is an opportunity to demonstrate how learning from other projects and experience has been used to optimise the proposal, and the Preferred Option is expected to emerge logically from this process; max. 2 pages.

Smaller schemes (less than £2 million) are required to complete an Options assessment which is proportionate to the size of the scheme; max. 1 page.]

The Council is looking to extend Riverside Business Centre on to a 0.277 hectares (2,777m^2) site adjoining to the centre. The site has historically been identified as an employment site (for further Business Centre development). The following options have been identified for this development:

<u>OPTION 1 - Do Nothing</u>
The 'Do nothing' option would involve no investment and would see the site that is next to the existing Riverside Business Centre remain as grazing land. A missed opportunity to attract further inward investment, create new job opportunities and support economic growth.

OPTION 2 – Do Something (preferred)

The preferred option outlined in this application proposes £2.36m of LGF funding, matched with £2.76m (excluding £242,036 project expenditure incurred pre-LGF application) from prudential borrowing raised by Thurrock Council, be used to support the capital cost of the extending the Riverside Business Centre. Once the new extension is completed it will be operated on the Council's behalf by Norfolk & Waveney Enterprise Services (NWES), the specialist operator managing the existing centre, who will provide a range of business support/advice services alongside the accommodation offer. This option was taken forward and was analysed using the TEAM model.

OPTION 3 - Thurrock Council to fund the entire development

The Council has explored the potential funding the entire development through its capital programme however there is insufficient scope to undertake the works solely though prudential borrowings Thurrock Council is facing immense budget pressures from significant reduction in national government funding and increasing demands on local services. Given the current climate, the Council has concluded that this scheme is beyond its affordability limit and is not sustainable. Since this option would not be financially sustainable for Thurrock Council, the option has not been included in this economic assessment.

OPTION 4 - Reduced scope - redesign a smaller building

There is limited scope for a reduced scheme. A significantly reduced building footprint would result in the land's potential not being fully realised and opportunities to create employment not maximised. Additionally, development options for the land adjoining the Riverside Business Centre are limited due to its proximity to Tilbury Fort, a scheduled ancient monument and challenging ground conditions. After significant consultation with Historic England it became clear that only very limited and low structures, landscaping and car parking would be considered for the site; leaving the existing car park the only viable location for the new building. Thus, a smaller building would not negate the requirement to relocate the existing car park. Since reducing the project's scope would not negate the car-park relocation costs, the scaled-down option has been deemed infeasible and has therefore not been included in this economic assessment.

Since the project would be a new development rather than the redevelopment of an existing development or infrastructure, there is no appropriate "Do-Minimum" option in this scheme, but rather only a "Do-Nothing" scenario (Option 1). Therefore, the additional benefits of our preferred option will be compared to the "Do-Nothing" as a base case scenario within the economic analysis set out in this document.

3.2. Preferred option:

[Describe the Preferred Option and identify how the scheme aligns with the objectives. Include evidence of stakeholder support for the Preferred Option either through consultation on the scheme itself or on the strategy the scheme forms part of; max. 1 page.]

Preferred Option: Option 2

Under this option, twenty individual workshops in a 1,300m² Net Internal Area (NIA) extension space would be built in addition to the current Tilbury Riverside Business Centre. The Tilbury Riverside Business Centre currently houses around 30-40 small businesses, with approximately half of current tenants in the trade of logistics, freight and shipping. This strongly aligns with the aims in SELEP's Strategic Economic Plan (SEP) for the Thames Gateway South Essex Economy (TGSE), which has identified transport and logistics as one of the four priority sectors.

The Riverside Business Centre is well-used and occupancy is consistently higher than 90% with a waiting list for additional demand, hence we would expect for the new development space to be mostly occupied following construction.

The final design for the Riverside Business Centre extension is the result of extensive research, consultation and feedback from Historic England, specialist local management operators (Basepoint and NWES - Norfolk & Waveney Enterprise Services) and tenants. Information from these consultations along with initial consultation with the local planning authority was fed directly into the design and viability assessment of the development.

Full consultation was undertaken as part of the pervious planning process and the development is fully supported by the local community and consultees.

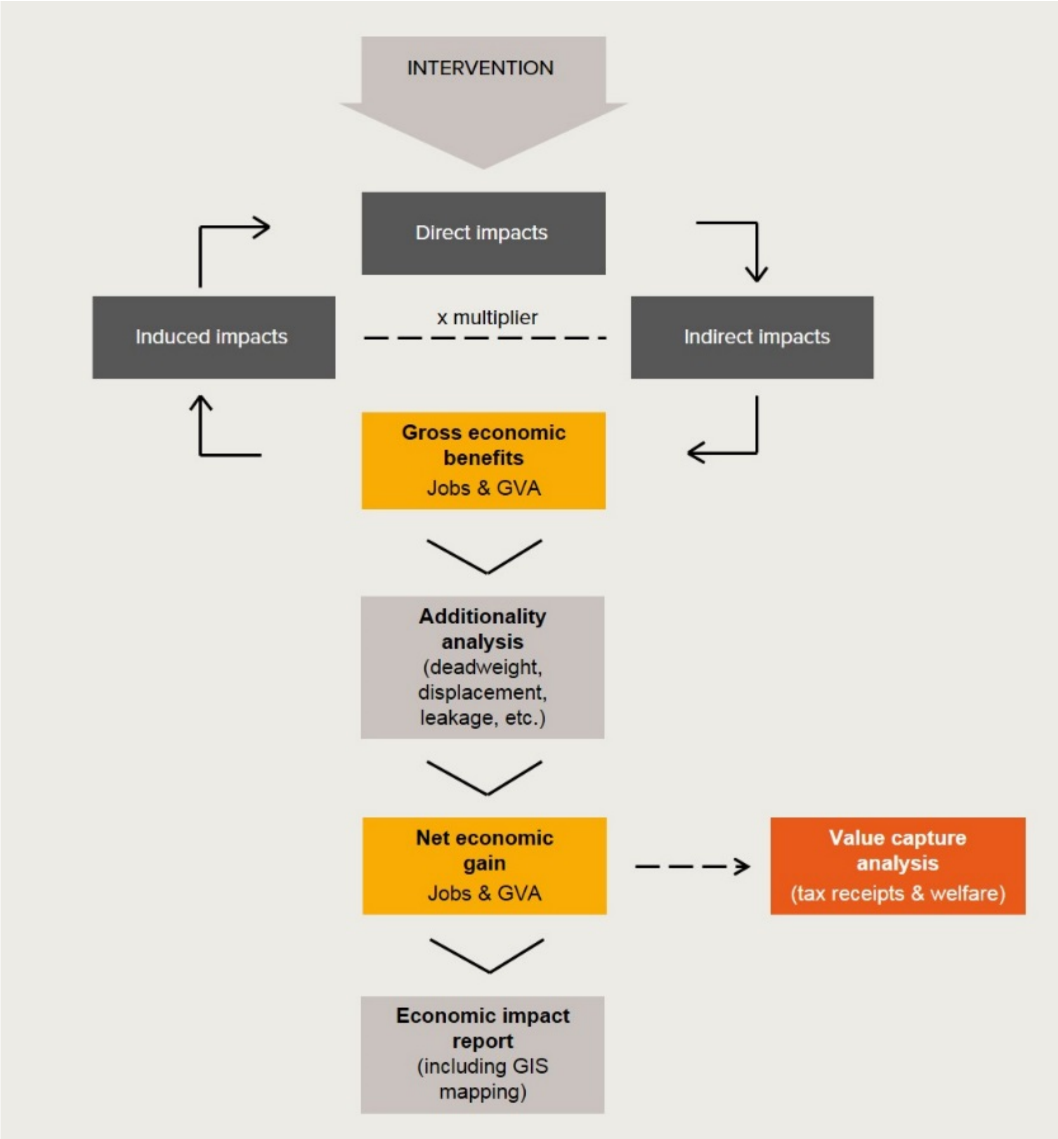
Market testing was undertaken through procurement exercises and it was found that the project requires grant support to be viable due to high abnormal ground cost.

3.3. Assessment approach:

[Describe the approach used to assess the impacts of the scheme, describing both the quantitative and qualitative methods used, and specify the Do Minimum and Do Something scenarios. The assessment approach should be a proportionate application of the DCLG guidance; max. 1.5 pages.].

The economic benefits of the project have been calculated using Mott MacDonald's Transparent Economic Assessment Model (TEAM), which assesses the economic benefits arising from land-use change, calculated in-line with HM Treasury Green Book principles of additionality. The model assesses the core economic benefits of the associated land-use changes relating to jobs and GVA). The model uses Office of National Statistics (ONS) datasets alongside bespoke local area analysis, in this case for the Eastern region, South East LEP area, and Thurrock, to inform specific assumptions. A supporting Technical Note is provided as an appendix to this document which further details the assessment approach and assumptions used[1]. TEAM operates as follows:

Figure 5: TEAM methodology



Source: Mott MacDonald

A traditional assessment approach would compare the Value for Money (VfM) resulting in the ratio of benefits over costs between a 'Do Something' scenario and an alternative 'Do Minimum' scenario. Since a 'Do Minimum' scenario has not been defined in this Business Case, the economic assessment taken forward below will only assess the VfM for the 'Do Something' scenario. The 'Do Something' scenario which has been assessed using TEAM is based on completion of the Riverside Business Centre expansion which will support the existing business

[1] Please note that the figures presented in the Technical Note differ from those presented in this Economic Case. Whilst the assessment approach remains the same as set out in the Technical Note, the difference in the figures presented reflect updates to project expenditure, phasing and expected completion date since the initial economic assessment was conducted in Autumn 2018. These changes are clearly set out in the attached document 'Riverside Business Centre Expansion, Tilbury, Local Growth Fund 3B: Stage 2 SOBC Technical Clarifications'.

centre and offer managed workspaces which will be available to rent by distribution and logistics businesses. The anticipated total capital project cost is £5,117,964 (excluding £242,036 project expenditure incurred pre-LGF application). The 'Do Nothing' scenario against which the 'Do Something' scenario is being assessed is based on the Business Centre undergoing no further extension works and would therefore require no immediate funding.

3.4. Economic appraisal assumptions:

[Provide details of the key appraisal assumptions by filling in the table in Appendix A, expand if necessary. Key appraisal assumptions as set out in Appendix providing justification for the figures used and any local evidence, where appropriate (different from the standard assumptions or the ones with the greatest influence on the estimation of benefits). Explain the rationale behind displacement and deadweight assumptions.

Smaller schemes (less than £2 million) are not required to complete this section].

The potential economic benefits of the development site are calculated through the following steps:

- Inputting of key site details into TEAM including the development footprints and land uses.
- Calculation of economic impacts through feeding the proposed uses by size through TEAM to calculate:
    - Gross direct effects of the development site in terms of employment and economic output (measured by GVA) once fully developed. These are calculated using the land use assumptions below relating to development footprints, land uses, occupancy rates and employment densities to convert land use to jobs. The GVA is then calculated using GVA per worker aligned to the jobs created.
    - The net economic gain to SELEP from this proposed extension to Tilbury Riverside Business Centre is captured by adjusting the gross impacts for additionality, that is ***"the net, rather than [the gross impact of an intervention] after making allowances for what would have happened in the absence of the intervention"***. The assessment therefore adjusts the gross impacts by considering the following additionality assumptions:
        - Additionality assumptions relating to deadweight, leakage & displacement (see below).
        - Indirect and induced effects of the developed site from those businesses supported further down the supply chain.
- The economic impacts have been presented at both a gross and net level throughout the analysis. It is important to note that, of gross and net impacts, it is the anticipated net additional economic impacts which indicate the true economic 'benefit' of a scheme to the existing and projected economy.

Assumptions

The key assumptions used in the economic impact assessment relate to additionality. These are fully detailed below and programmed into TEAM to calculate the associated jobs and GVA.

Table 1: TEAM Key assumptions

Assumption	Level	Justification
Land use	Mixed B Class Managed Workspace	The project team has applied Mixed B Class Managed Workspace throughout the Tilbury Riverside Business Centre extension, based on known plans for the units. This has been applied in agreement Thurrock Council.
Employment Density	$20m^2$ / FTE where floorspace is Mixed B Class	The 2015 HCA Employment Density Guide[2] recommends employment density for Managed Workspace to be $30m^2$ / FTE. The employment density of this lettable space has been adjusted from $30m^2$ to $20m^2$ / FTE to reflect the likely number of tenants per unit, understood from examining proposed unit plans. This has been applied in agreement Thurrock Council.
Occupancy Rate	95% in Year 5 post build out	Occupancy rate has been applied in line with the estimated occupancy post development as part of Thurrock Council's feasibility assessments. These assessments assume the following occupancy rates post construction: 30% in Year 1, 50% in Year 2, 70% in Year 3, 90% in Year 4 and 95% in Year 5.
Displacement	25%	This is in line with HCA Additionality Guide 2014[3] which advises 25% as a low level of displacement. Given the evidence of excess demand for this type of industrial space in the area (current occupancy rates exceeding 95%, waiting lists for vacant units), the project team is satisfied that 25% represents a likely level to apply to this site to reflect this. This has been applied in agreement Thurrock Council.
Leakage	11%	Leakage is assumed to be at 11%, based on 2011 Census travel-to-work data[4]. This is the level of leakage that is expected to flow outside of the SELEP study area. This has been applied in agreement Thurrock Council.
Deadweight	10%	It is considered by the project team unlikely that many of the jobs and GVA generated by this development would have been created without this intervention. Accordingly, a low figure of 10% for deadweight has been selected in agreement with Thurrock Council.
Composite Multiplier	1.44	In the absence of any detailed information regarding staff salaries or supplier expenditure, a composite multiplier value of

[2] Homes and Communities Agency (HCA), Employment Density Guide, 2015
[3] HCA, Additionality Guide, 2014
[4] ONS, Census 2011

Assumption	Level	Justification
		1.44 has been applied. This is based on the regional level ready reckoner from the HCA's Additionality Guide[5].
GVA per worker	£51,971	Based on review of GVA per filled worker figures for UK, regional and NUTS3 level (Thurrock)[6], a GVA per filled worker figure of £51,971 has been applied for Tilbury Business Centre. This reflects the level of national productivity for broad sector H: Transportation and Storage.
Appraisal period	20 years	A 20-year appraisal period (2019-2039) was selected in which the benefits of this investment would be assessed. This is in line with best practice for such appraisals.
Present value year	2019	This is the year that costs start.
Price base year	2018	Benefits and costs are based on 2018 prices, unless otherwise stated.

Source: TEAM Mott MacDonald assumptions, various sources listed.

3.5. Costs:

[Provide details of the costs of the scheme. All public-sector costs should be included:

- *Public sector grant or loan*
- *[Public sector loan repayments] (negative value)*
- *Other public sector costs*
- *[Other public sector revenues] (negative value)*

If the land is owned by the public sector, then the public sector will be incurring holding costs assumed to be 2% of the existing value of the land per year. Should the land be used for non-residential development these holding costs will be avoided. This needs to be reflected in the appraisal as a negative cost.

Please note that any private costs associated with the development should be included in the appraisal as a dis-benefit and therefore feature in the numerator of the BCR calculation rather than the enumerator.

Additional details regarding the consideration of costs as well as standard assumptions that can be used in the absence of local data can be found in the DCLG appraisal data book.]

The costs mentioned in this section will refer to the total project costs applicable to the 'Do Something' preferred option scenario, estimated to total £5,117,964 (in 2018 prices). This excludes £242,036 project expenditure incurred pre-LGF application. This assessment is based on the costs being divided over four fiscal years:

[5] HCA, Additionality Guide, 2014
[6] ONS, GVA (B) per filled worker by sector and region, 2018.

	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23 (Retention)	TOTAL
% of total costs	1%	84%	**14%**	**1%**	**100%**
Total in £	£ 70,500	£ 4,285,000	£ 700,178	£ 62,286	**£ 5,117,964**

As per the breakdown shown above, the discounting factor used for future benefits (3.5% per year) has been applied from the first year after the base year (2019) in this economic analysis, i.e. from 2020/2021 fiscal year for the full length of the appraisal period.

The total capital project cost for the preferred option is anticipated to be £5,117,964, with Thurrock Council is seeking £2.36m from the LGF. The council is also seeking to provide £2,757,964 (excluding works. £242,036 project expenditure incurred pre-LGF application) as match funding through prudential borrowings to support the capital.

As the land is not being used for residential development, it is assumed that Council will not incur any holding costs and, as such, holding costs have not been considered in the appraisal.

3.6. Benefits:

[Provide details of the benefits of the scheme identifying the 'initial' and adjusted benefits that were used to calculate the 'initial' and 'adjusted' BCR. The DCLG Appraisal Guidance provides additional details regarding the initial and adjusted benefit calculations on page 17.

'Initial' Benefits

All impacts quantified based on the Green Book Guidance and Green Book Supplementary and Departmental Guidance should feature in the 'initial' BCR calculation. These impacts currently include:

- *Air quality*
- *Crime*
- *Private Finance Initiatives*
- *Environmental*
- *Transport (see WebTAG guidance)*
- *Public Service Transformation*
- *Asset valuation*
- *Competition*
- *Energy use and greenhouse gas emissions*
- *Private benefits e.g. land value uplift*
- *Private sector costs if not captured in land value*
- *Public sector grant or loan if not captured in land value*
- *Public sector loan repayments if not captured in land value*

'Adjusted' Benefits

There are several external impacts to the users or entities already present in a development area or to the society that are additional to the impacts included in the Green Book Supplementary and Departmental Guidance.

Such external impacts include potential agglomeration impacts on third parties, health impacts of additional affordable housing and brownfield land clean-up, educational impacts of additional housing, transport externalities, public realm impacts, environmental impacts, and cultural and amenity impacts of development. Such externalities should still form part of the appraisal and included in the 'adjusted' BCR.

Promoter should present here additional estimates of impacts based on their own evidence. These estimates might be based on tentative assumptions where the evidence base is not well established. Additional guidance regarding the identification of externalities and ways of estimating the 'adjusted' impacts are available in Annex F of the DCLG Appraisal Guidance.]

'Initial' Benefits

Employment impacts

The economic impacts of the proposed extension of Tilbury Riverside Business Centre have been summarised in the table below.

One year post completion (anticipated to be 2021), the extension of Tilbury Riverside Business Centre has the potential to accommodate 20 gross jobs and £1.0m of GVA pa. At a net level, once adjusting for additionality, the net economic gain is 15 jobs and £0.8m GVA pa.

Over the longer term (once 95% occupancy is reached, anticipated to be in 2026), the centre has the potential to increase its impact and accommodate a total of 62 gross jobs and £3.2m GVA pa. At a net level, again after adjusting for additionality, the net economic gain is 48 jobs and £2.5m GVA pa.

Over the course of 20 years (assuming first year of spend is 2019), net present value (NPV) of these benefits is equivalent to £27.30m.

Table 2: Gross and net economic impacts, Tilbury Riverside Business Centre Extension

	Tilbury Riverside Business Centre One year post completion		**Tilbury Riverside Business Centre Longer-term impacts**	
	Number of jobs	Gross Value Added (GVA), £m	Number of jobs	Gross Value Added (GVA), £m
Gross direct impacts	20	£1.0	62	£3.2
Net direct impacts (minus leakage, displacement and substitution)	12	£0.6	37	£1.9
Multiplier impacts (indirect or induced jobs)	3	£0.2	11	£0.5
Total net impact	**15**	**£0.8**	**48**	**£2.5**

Source: Mott Macdonald TEAM

This assessment does not reflect the significant non-monetised benefits of the project, however, which include the impacts for the project's wider role in supporting the freight and logistics sector in Thurrock. The local strategic impacts of the project and the importance of these have been outlined in section 3.7 below.

To compare the anticipated initial benefits to the 'Do Nothing' scenario, if the project does not go ahead then the strategic site adjacent to the Business Centre would remain undeveloped. This would mean that no new jobs would be created at the site for the SELEP area under the 'Do nothing' scenario.

3.7. Local impact:

[If the scheme has a significant level of local impacts these should be set out in this section.]

Through the development of the Council's Local Development Framework, Tilbury has been identified as one of the Borough's six economic hubs[7]. These six economic hubs form the critical locations for employment growth and are effectively the engines of economic development in Thurrock.

Employment growth will depend upon Thurrock's ability to provide business space within which this growth can take place. Thurrock's Economic Growth Strategy[8] identifies the significant shortage and consequently need for appropriate, accessible and flexible business accommodation in the borough as a priority action for the Council.

The Tilbury Riverside Business Centre currently houses around 30-40 small businesses, with approximately half of current tenants in the trade of logistics, freight and shipping. This strongly aligns with the aims in SELEP's Strategic Economic Plan (SEP) for the Thames Gateway South Essex Economy (TGSE), which has identified transport and logistics as one of the four priority sectors[9]. The Port of Tilbury, which has recently undertaken a series of expansions, is expected to support up to 1,200 new jobs. The further development of the Tilbury Riverside Business Centre, with its close proximity to the Port, is strategically located to facilitate the growth of business in the supporting logistics industry.

The logistics focus on site also closely aligns with the site's location, which includes its access to the A13. The A13 has been identified by SELEP as a key link in the nation's trunk road network. The A13 corridor, connecting London to Thurrock, has been reported in SELEP's SEP as the largest single growth opportunity in the SELEP area; therefore, supporting the Riverside Business Centre expansion would provide funding for a key economic corridor in the region.

The expansion of the Riverside Business Centre has been identified by Thurrock Council as a key project to support local small businesses in the area. The rate of early business failure in

[7] Thurrock Council, Thurrock Economic Growth Strategy, 2016, p34
[8] Thurrock Council, Thurrock Economic Growth Strategy, 2016, p34
[9] South East LEP, Growth Deal and Strategic Economic Plan, March 2014

the Thurrock region is above national average; accordingly, additional local and regional support is required to help small businesses overcome the challenges of start-up and growth. There is a high demand for small-scale managed workspace in the area, however, the local property market has a significant lack of supply as many private investors are deterred by the high level of risk associated with small business tenants. One solution to this market failure is for the public sector to provide the required workspace, which Thurrock Council have already begun in the development of the existing site. However, with the Business Centre now consistently exceeding a 90% occupancy rate, an extension of the development would assist in providing the additional space that these local businesses need to develop, particularly in the key priority logistics industry.

The local area in particular can experience additional economic benefits from the agglomeration of logistics sector industry, including improved supply networks and a supply of skilled employees. An agglomeration economy is a particular type of placed based effect, in which individuals and firms derive productivity benefits from locating in close proximity to other individuals and firms.[10]

The expansion of Riverside Business Centre is a relatively small scheme, but it is a very important part of the Council's Enterprise Unit Programme – the increased floor area will support local new business and additional jobs.

3.8. Economic appraisal results:

[Please provide details of the key appraisal results (BCR and sensitivity tests) by completing the table below. Please note, not all sections of the table may require completion.

Promoters should also include a statement which identifies other schemes which may have potentially contributed to the same benefits/impacts.
Smaller schemes (less than £2 million) are not required to complete a quantified economic appraisal but are required to include a Value for Money rationale.]

The benefit cost ratio has been updated for both a 20 year and 10 year appraisal period, based on the updated expenditure, phasing and expected completion date.

When calculating Net Present Value (NPV) of costs and benefits, a base year of 2019 and a discount rate of 3.5% has been applied. For NPV benefits, an appraisal period of 20 years (2019-2039) and 10 years (2019-2029) have been applied. Completion date is anticipated to be 2021 as per updated programme. No benefits are anticipated for the year of completion, with limited occupancy (30%) in the first year post completion (anticipated to be 2022). Occupancy rate builds to 95% in Year 5 post development (anticipated to be 2026). For more detail on these calculations and assumptions used, please refer to the detailed economic analysis technical note in the appendix of the OBC[11].

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[10] DfT Tag Unit A2.4 - Appraisal of Productivity Impacts, p.2

[11] Please note that the figures presented in the Technical Note differ from those presented in this Economic Case. Whilst the assessment approach remains the same as set out in the Technical Note, the difference in the figures presented reflect updates to project expenditure, phasing and expected completion date since the initial economic assessment was conducted in Autumn

SOUTH EAST
LOCAL ENTERPRISE
PARTNERSHIP

	DCLG Appraisal Sections	Option 2 relative to status quo (Do Something) 20 year appraisal period	Option 2 relative to status quo (Do Something) 10 year appraisal period
A	Present Value Benefits [based on Green Book principles and Green Book Supplementary and Departmental Guidance (£m)]	£27.30m	£12.69m
B	Present Value Costs (£m)	£4.92m	£4.92m
C	Present Value of other quantified impacts (£m)	-	-
D	Net Present Public Value (£m) [A-B] or [A-B+C]	£22.38m	£7.77m
E	'Initial' Benefit-Cost Ratio [A/B]	5.55	2.58
F	'Adjusted' Benefit Cost Ration [(A+C)/B]	-	-
G	Significant Non-monetised Impacts	-	-
H	Value for Money (VfM) Category	High Value for Money	High Value for Money
I	Switching Values & Rationale for VfM Category	Based on a BCR of 5.55 and in line with DCLG Appraisal Guidance, Option 2 represents a high value for money. That Option 2 represents high value for money is further reinforced by further additional benefits which have been excluded from the economic impact assessment and BCR. The BCR likely understates the economic benefit and value for money of the project as it excludes the temporary economic benefits from the construction phase of the development, or indeed potential agglomeration benefits of further supporting the logistics and distribution industry in the local area.	Based on a BCR of 2.58 and in line with DCLG Appraisal Guidance, even with an appraisal period of 10 years, Option 2 represents a high value for money.
J	DCLG Financial Cost (£m)	N/A	N/A

2018. These changes are clearly set out in the attached document 'Riverside Business Centre Expansion, Tilbury, Local Growth Fund 3B: Stage 2 SOBC Technical Clarifications'.

	DCLG Appraisal Sections	Option 2 relative to status quo (Do Something) 20 year appraisal period	Option 2 relative to status quo (Do Something) 10 year appraisal period
K	Risks	The economic benefits and BCR calculated for the project are based on a target occupancy rate of 95% in Year 5 post development. If this target occupancy rate is not achieved, the Riverside Business Centre expansion will not only lose out on revenue from renting out the units, but a lower occupancy rate will also have knock on effects for jobs and GVA. * Please note that this is based on a conservative risk-adjusted projection.	
L	Other Issues	-	

Sensitivity Analysis

Sensitivity analysis has been applied to a number of assumptions which underpin the economic appraisal analysis. This is to demonstrate the impact of different assumption values on the BCR, and provide some reassurance that this scheme can experience varying outcomes and still deliver a high Value for Money BCR according to MHCLG VfM categories.

The variables which have had sensitivity testing applied to them are:

- **Appraisal period** - all scenarios are run for both a 10 and 20 year appraisal.
- **Long term occupancy rate** - evidence of the current occupancy rate exceeding 95% and a waitlist for tenants suggests the long term occupancy rate will be 95%. Long term occupancy rate has also been tested at 80% and 60% to demonstrate the change in BCR if a lower occupancy rate is achieved in the long term.
- **Employment density** - employment density of this lettable space has been adjusted to 20m²/ FTE to reflect the likely number of tenants per unit following review of the proposed plans and engagement with Thurrock Council. Employment density has also been tested at 30m²/FTE and 40m²/FTE to demonstrate the change in BCR if fewer FTEs are facilitated within the units.
- **Leakage** - travel to work data has been used to model leakage (11%) in the central case. This assumption has also been tested at 20% and 30% to demonstrate the impact on the BCR in the event that a smaller proportion of employees live and work in the local area.
- **Displacement** - the waiting list for units evidences excess demand for industrial office space, suggesting an increase in supply is unlikely to result in displacement. As a result, 25% displacement has been applied in the central case (recommended by HCA as appropriate for 'low' displacement). This assumption has also been tested at 35% and 45% to demonstrate the impact on the BCR in the event that a higher proportion of this activity is as a result of similar firms relocating from nearby rather than new additional activity.

The graph below illustrates the sensitivity of the BCR to a change in each of these assumptions. Scenarios with a BCR of less than 2 have been highlighted in orange to indicate which assumptions the BCR is most sensitive to.

All 20-year appraisals return a BCR of 2 or more, ie high Value for Money according to MHCLG guidance. It is unlikely that the development at Tilbury Riverside Business Centre will require redevelopment within 20 years, therefore the BCR is robust to a number of potential outcomes over the course of 20 years.

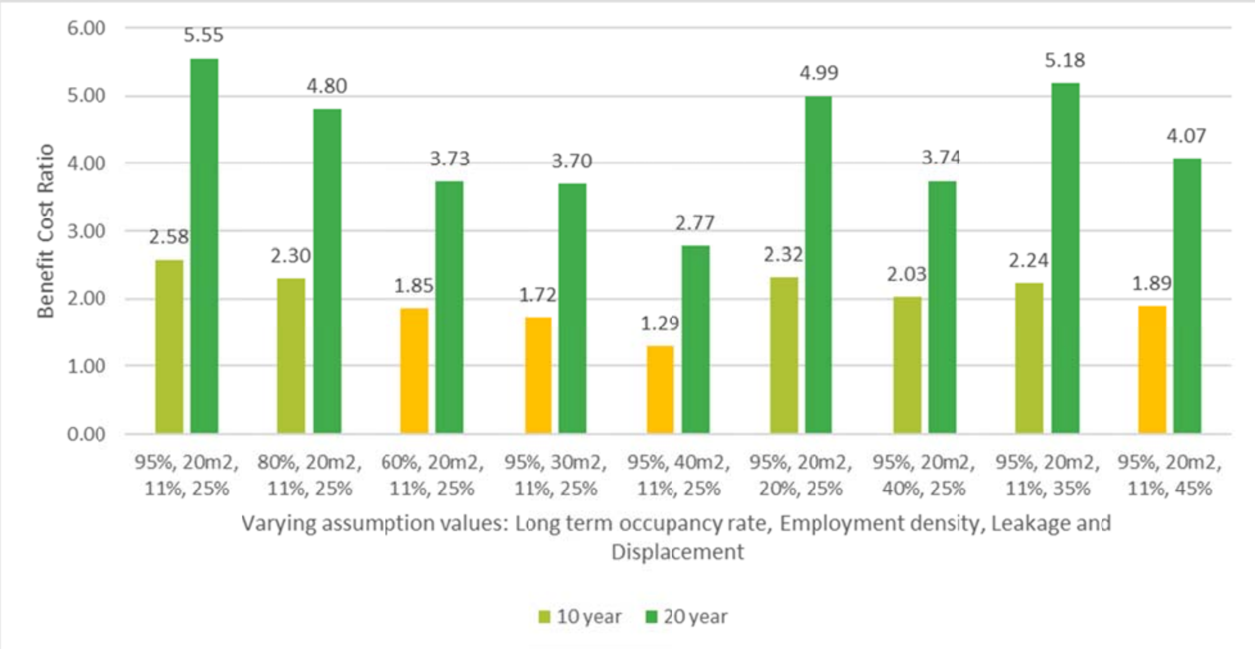
When applying a 10-year appraisal period, all scenarios return a BCR with an acceptable Value for Money category (between 1 and 2), or High Value for Money (2 or higher). The assumption that the BCR is most sensitive in a 10-year appraisal is employment density; the central case models 20m²/FTE, however if this increases to 30 or 40m²/FTE the BCR is less than 2 (1.72 and 1.29 respectively). The employment density assumptions in the central case are based on direct engagement with the Council and Tilbury Riverside management about the number and size of the proposed units, so employment densities are unlikely to increase to 30 or 40m²/FTE.

In terms of long term occupancy rate, under a 10-year appraisal the BCR still returns a high VfM (2.3) when long term occupancy drops to 80% (from 95% in the central case). At 60% long term occupancy, the BCR is 1.85 (acceptable VfM). There is lots of evidence to suggest that there is significant demand for this type of industrial space, so occupancy rates are unlikely to fall to 60%.

When displacement is increased from 25% in the central case (based on evidence of excess market demand) to 35% under a 10-year appraisal, the BCR is still a high VfM (2.24). When displacement increases to 40% the BCR is 1.89 (acceptable VfM). Given the evidence for excess demand, it is unlikely that such a large proportion of industrial space within this development will be taken up by existing firms relocating from nearby unit space.

Overall, the appraisal presents a BCR which returns a high VfM and is robust to a change in most factors. There are some factors which the appraisal is more sensitive to, however the assumptions behind such factors in the central case are informed by local scheme specific evidence, therefore reducing the risk of these outcomes.

Figure 6: Sensitivity testing of assumptions



Source: Mott MacDonald

4. COMMERCIAL CASE

The commercial case determines whether the scheme is commercially viable and will result in a viable procurement and well-structured deal. It sets out the planning and management of the procurement process, contractual arrangements, and the allocation of risk in each of the design, build, funding, and operational phases.

4.1. Procurement options:

[Present the results of your assessment of procurement and contracting route options and the supplier market, and describe lessons learned from others or experience; max. 1 page.]

A restricted procurement route has been selected as a high level of interest is envisaged for the building contract. The building contractor will be procured through a two-stage open tender process and the contract notice will be advertised on the Council's preferred electronic procurement portal as a platform for inviting expressions of interest from potential contractors. The building contract will be awarded to the Most Economically Advantageous Tenderer in terms of quality and cost.

Previous tender exercises have elicited returns from a number of contractors and it is anticipated that a future exercise would have sufficient competition to ensure that returns provide competitive responses.

4.2. Preferred procurement and contracting strategy*:*

[Define the procurement strategy and contracting strategy (e.g. traditional, (design and build, early contractor involvement) and justify, ensuring this aligns with the spend programme in the Financial Case and the project programme defined in the Management Case; max. 2 pages.]

It is envisaged that a JCT Standard Building Contract with Quantities will be used for the construction of the new block. As with all construction projects there are a number of inherent risks, such as insolvency or poor quality of workmanship or performance of the main contractor or sub-contractor. Therefore, the requirement to provide a performance bond will be included in the contract terms to guarantee satisfactory completion of the project and consideration of financial strength, past performance and reference will be given at tender.

The building works contract is anticipated to be in the region of £4 million. As the contract value is sub-OJEU, it will be tendered in accordance with the Public Contracts Regulations 2015.

4.3. Procurement experience:

[Describe promoter (and advisor) experience of the proposed approach including any lessons learnt from previous procurement exercises of a similar scale and scope; max. 0.5 pages.]

Thurrock Council has extensive experience in delivering projects of similar scale and scope across the borough. All procurement exercises led by the Council is managed by a dedicated Procurement Team who will ensure that it complies with all relevant legislation and the Council's own policies.

The selection and appointment of the building contractor will be undertaken by the Project Manager and the professional team who has developed the design, and will be based on a thorough assessment of the contractor's skills, experience, capacity and understanding of the project to ensure that the scheme benefits from the right team.

This approach has been successfully applied to procure all works (circa £60m of direct services and works to-date) undertaken to create High House Production Park in Purfleet.

4.4. Competition issues:

[Describe any competition issues within the supply chain; max. 0.5 page.]
This is not required at SOBC stage.

Competition is assured on this project with works and services being tendered in accordance with the Public Contracts Regulations 2015. Please refer to sections 4.1 and 4.2 for details of building contract procurement. No competition issues are anticipated on this project.

4.5. Human resources issues:

[Where possible, describe what you have done to identify and mitigate against any human resource issues; max. 0.5 pages.]
This is not required at SOBC stage.

Thurrock Council has a dedicated project manager whose role is to co-ordinate with the stakeholders, and manage consultants and contractors working on the project. No human resources issues have been identified at this stage and it is expected that any issues arising will be identified early with appropriate mitigating actions.

4.6. Risks and mitigation:

Specify the allocation of commercial risks (e.g. delivery body, federated area, scheme promoters) and describe how risk is transferred between parties, ensuring this is consistent with the cost estimate and Risk Management Strategy in the Management Case; max. 1 page.]

Thurrock Council is responsible for all delivery and operational risks associated to this development. Details of the identified risks and measures taken to mitigate its impact are set out in Appendix B.

4.7. Maximising social value:

[Where possible, provide a description of how the procurement for the scheme increases social value in accordance with the Social Value Act 2012 (e.g. how in conducting the procurement process it will act with a view of improving the economic, social and environmental well-being of the local area and particularly local businesses); max. 0.5 page.]

The Council is committed to the implementation of the Public Services (Social Value) Act 2012; embedding social value in the procurement of all works and services to secure benefits for the local area and/or communities.

Provider of works and services to the Council are required to demonstrate commitment to social initiatives in the area. The social value assessment of each provider is undertaken during procurement; it is one of the evaluation criteria for contract award.

5. FINANCIAL CASE

The Financial Case determines whether the scheme will result in a fundable and affordable Deal. It presents the funding sources and capital requirement by year, together with a Quantitative Risk Assessment (QRA), project and funding risks and constraints. All costs in the Financial Case should be in nominal values[12].

The profile of funding availability detailed in the Financial Case needs to align with the profile of delivery in the Commercial Case.

5.1. Total project value and funding sources:

[Specify the total project value and how this is split by funding sources by year, as per the table below (expand as appropriate). This should align with the total funding requirement described within the Project Overview section. Please include details of other sources of funding, and any conditions associated with the release of that funding. LGF can only be sought to 2020/21.]

	Expenditure Forecast				
Capital Expenditure	**FY 2019/20**	**FY 2020/21**	**FY 2021/22**	**FY 2022/23 (Retention)**	**Total**
Build Costs	-	3,490,000	468,750	60,286	**4,019,036**
Fees (including studies, surveys, statutory and legal fees)	66,000	219,000	73,819	2,000	**360,819**
Contingency Poor Ground Conditions	-	550,000	143,284	-	**693,284**
Internal Capital Costs					
Project Management Salaries	4,500	26,000	14,325	-	**44,825**
Total Expenditure	**70,500**	**4,285,000**	**700,178**	**62,286**	**5,117,964**
Projected Receipts	**FY 2019/20**	**FY 2020/21**	**FY 2021/22**	**FY 2022/23 (Retention)**	**Total**
Local Growth Fund 3B	-	2,360,000	-	-	**2,360,000**
Thurrock Council	70,500	1,925,000	700,178	62,286	**2,757,964**
Total Receipts	**70,500**	**4,285,000**	**700,178**	**62,286**	**5,117,964**
Note: Excludes £242,036 expenditure incurred prior to FY 2019/20 (Pre-LGF Application)					

[12] Nominal values are expressed in terms of current prices or figures, without making allowance for changes over time and the effects of inflation.

5.2. SELEP funding request, including type (LGF, GPF, etc.,):

[Specify the amount and type of SELEP funding sought to deliver the project. This should align with the SELEP funding requirement described within the Project Overview section.]

Thurrock Council is seeking £2,360,000 LGF grant for the expansion of Riverside Business Centre in Tilbury

5.3. Costs by type:

Detail the cost estimates for the project by year as per the table below (expand as appropriate) and specify how the inclusion of the Quantitative Risk Assessment (QRA) and other overheads aggregate to the total funding requirement. Where conversion has been made between nominal and real cost estimates (and vice versa) please provide details of any inflation assumptions applied. The Financial Case should not include Optimism Bias. Please confirm that optimism bias has not been applied in the Financial Case. Also, include details of the agreed budget set aside for Monitoring and Evaluation, and ensure this aligns with the relevant section in the Management Case. Please note, not all sections of the table may require completion.]

	Expenditure Forecast				
Capital Expenditure	**FY 2019/20**	**FY 2020/21**	**FY 2021/22**	**FY 2022/23 (Retention)**	**Total**
Build Costs	-	3,490,000	468,750	60,286	**4,019,036**
Fees (including studies, surveys, statutory and legal fees)	66,000	219,000	73,819	2,000	**360,819**
Contingency Poor Ground Conditions	-	550,000	143,284	-	**693,284**
Internal Capital Costs					
Project Management Salaries	4,500	26,000	14,325	-	**44,825**
Total Expenditure	**70,500**	**4,285,000**	**700,178**	**62,286**	**5,117,964**

Note:
- Excludes £242,036 fees expenditure incurred prior to FY 2019/20 (Pre-LGF Application)
- Existing business centres management contract with NWES includes provisions for monitoring and evaluation of outputs. Thus, there will be no additional cost to the project.

5.4. Quantitative risk assessment (QRA):

[Provide justification for the unit costs and a Quantitative Risk Assessment (QRA) provisions (detailed in the capital and non-capital tables above); max. 2 pages. Please provide supporting documents if appropriate.]
This is not required at SOBC stage.

All identified risks have been assessed and priced and reflected in the contingency allocation. The key risks at tender and construction stages are as set out overleaf:

Tender Stage

Construction Cost Price Inflation:

Construction materials and labour costs remain volatile and current trend suggests construction costs pressures will continue to rise in the lead up to works starting on site. Delays in award of LGF grant funding with significant impact on the overall delivery programme will increase the project's exposure to construction cost price inflation.

Risk: circa £240,000 (based on current 12 months slippage at 6% inflation per annum)

Construction Stage

Unexpected Ground Conditions:

Unforeseen ground conditions such as contamination, ground gas and obstructions (archaeology, UXO), would extend the construction timescales and likely to incur significant cost. Ground investigations have been undertaken and a remediation strategy including measures to mitigate the impact of land contamination has been developed. Nonetheless, as with all construction projects, the risk of encountering further adverse ground conditions (not identified in ground investigations) will remain until the groundwork is completed.

Risk: circa £300,000

Operational site environment: Working and Access Restrictions:

Unplanned disruption may present an operational risk to occupiers of the business centre. Restrictions on working hours, use different working methods and/or undertaking mitigation works to avoid disruption during peak traffic periods (e.g. creating a separate temporary access to minimise disruptions whilst utilities works are undertaken at the only entrance to an operational site) and disruption (namely noise and vibration transmission into the building on site via open windows or through structure) to occupiers, may add to the cost of the new build and delay the project.

Risk: £5,000 to £60,000 (Some increase in costs due to additional restrictions, £5K to significant increased costs with provision of an alternative temporary access route to the Riverside Business Centre £60K)

Changes to design (after construction has commenced):

Changes to design during construction would result in increased costs and delays to the programme. To mitigate this, the design information for the contract tender documents will provide as much detail as possible on the site conditions and methods of construction; so as to avoid questions around "buildability".

Risk: £120,000 to £400,000 (3%-10% of estimated build cost)

Adverse weather (risk of flooding/ major snow falls during works etc.) during construction:

Adverse weather conditions would cause disruptions to site operation resulting in extended construction timescales with potential increase in costs depending on nature of the contract. The construction programme contingency would cover for weather events.

Risk: £5,000 to £20,000 (1 to 4 weeks @ say £5k per week)

5.5. Funding profile (capital and non-capital):

[Where possible, explain the assumed capital and non-capital funding profile, summarise the total funding requirement by year, and funding source (add rows / columns as appropriate). Please note, not all sections of the table may require completion. Also, explain the external factors which influence/determine the funding profile, describe the extent of any flexibility associated with the funding profile, and describe non-capital liabilities generated by the scheme; max. 1 page.]

	Expenditure Forecast				
Capital Funding Source	**FY 2019/20 £ 000**	**FY 2020/21 £ 000**	**FY 2021/22 £ 000**	**FY 2022/23 (Retention) £ 000**	**Total**
Local Growth Fund 3B	-	2,360	-	-	**2,360**
Thurrock Council	71	1,925	700	62	**2,758**
Total Funding Requirement	**71**	**4,285**	**700**	**62**	**5,118**
Note: Excludes £242,036 expenditure incurred prior to FY 2019/20 (Pre-LGF Application)					

The funding profile above is an indicative estimate based on the delivery programme set out in Appendix C.

5.6. Funding commitment:

[Provide signed assurance from the Section 151 officer to confirm the lead applicant will cover any cost overruns relating to expenditure and programme delivery, as per the template in Appendix A. Please also confirm whether the funding is assured or subject to future decision making.]

Please refer to Appendix A for signed assurance. All Thurrock Council contributions are fully secured and can be drawdown as required.

£3 million project funding for the Expansion of Riverside Business Centre provided by the Council's Capital Programme using prudential borrowings was approved by the Council's Cabinet on the 5th November 2014 (Cabinet Decision: 01104330) and the Council on 23rd September 2015.

5.7. Risk and constraints:

[Specify project and funding risks and constraints. Describe how these risks have, where appropriate, been quantified within the QRA/contingency provisions; max 0.5 pages.]

Thurrock Council has a good understanding of the project risks based on knowledge gained from the delivery other capital projects and portfolio of business centres. The Council is able to drill down on risks in the proposed project, and listed below are the key project and funding risks. Please refer to Appendix B for the project's risk management strategy.

Financial: Funding

The deliverability of the scheme is entirely dependent on the SELEP's support. Without LGF grant, the scheme will remain on hold until full funding is secured.

Financial: Construction cost price inflation

Construction costs have increased considerably over the past year. This increase in costs is in part compounded by the escalating cost of materials due to the devaluation of the sterling since the EU referendum; the supply chain is increasingly passing on these costs as it is no longer able to absorb it. Construction materials and labour costs remain volatile and current trend suggests construction costs pressures will continue to rise in the lead up to works starting on site. Taking this into consideration, the project has made adequate allowance in its build cost allocation.

Financial: Overoptimistic future cash flow

Overoptimistic outlook and assumptions of performance increases the likelihood of income falling short of loan repayment requirements. With this in mind, the Council has considered uncertainty around Brexit may dampen demand in the short term even though historically there is strong demand for serviced workspace in the area. As such, income projections for the new facility have been risk-adjusted to help the Council to manage its exposure and make it more resilient to the risk.

6. MANAGEMENT CASE

The management case determines whether the scheme is achievable and capable of being delivered successfully in accordance with recognised best practice. It demonstrates that the spending proposal is being implemented in accordance with a recognised Programme and Project Management methodology, and provides evidence of governance structure, stakeholder management, risk management, project planning and benefits realisation and assurance. It also specifies the arrangements for monitoring and evaluation in terms of inputs, outputs, outcomes and impacts.

6.1. Governance:

[Nominate the project sponsor and Senior Responsible Officer, explain the project governance structure (ideally as a diagram with accompanying text) and describe responsibilities, project accountability, meeting schedules etc.; max. 1 page.]

The objective will be to implement best practice project management arrangements. For the delivery of Riverside Business Centre expansion, the governance arrangement will comprise a Programme Board which will have strategic overview of the project delivery and ensure engagement of external partners. Project delivery is divided into two components; the capital build and business support. Both the capital build and business support teams report to the Programme Board. Roles will be allocated as follows:

- David Moore, Interim Assistant Director of Place Delivery, will act as Senior Responsible Owner for the project and Chair of the Tilbury Programme Board, reporting into the Council's Board of Directors, who will have ultimate responsibility for the scheme.

- Rebecca Ellsmore, Regeneration Programmes and Projects Manager, will be Responsible Owner/Project Director responsible for the global overview of the programme, budget and quality control.

CAPITAL BUILD

- Bernice Lim, Capital Projects Manager, will be responsible for the day to day management of the professional team and will act as the Project Manager and Client's Representative throughout the design and construction stage. The Project Manager will be tracking project milestones, expenditure and outputs, and will provide detailed report on progress, budget, project issues and risks to both Project Director and the Senior Responsible Officer.

The Programme Board will meet on a bi-monthly basis (subject to review) to monitor and manage the overall progress and performance of the project to time and budget, and to ensure the project continues to deliver and meet the set requirements and outputs.

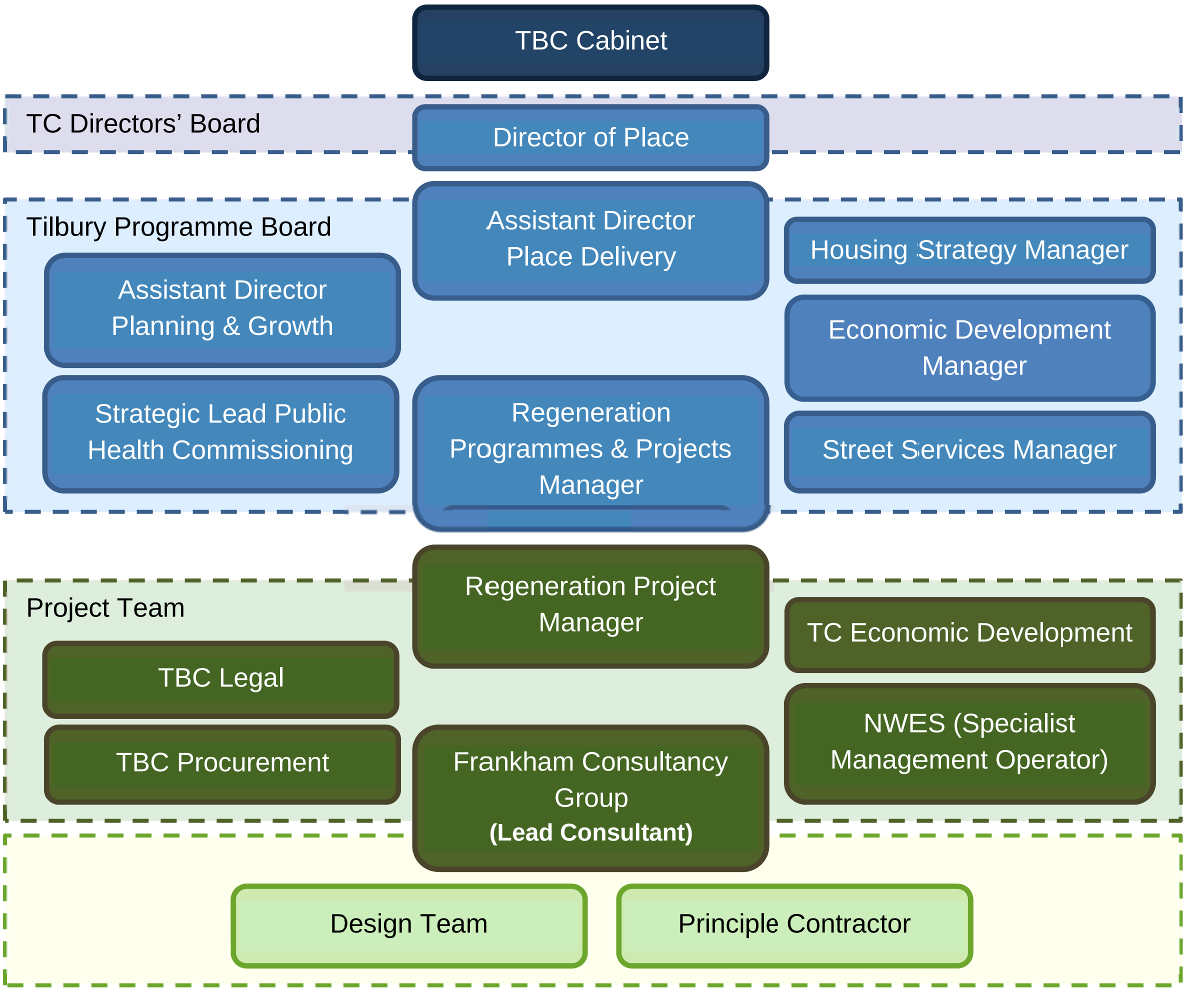
Appropriate delegation will be given to the Project Director, who will lead, develop and deliver the capital build elements under the agreed mandate with pre-agreed terms of reference that sets out decision making, change control and escalation procedures for the project. The Project Director will be supported by the Project Manager who will liaise with members of the Delivery Team which includes technical representatives and operational staff from NWES, to ensure that the project requirements are met.

Whilst the Project Manager will ensure that the professional team are working to programme, the management of the professional team itself is conducted by the Lead Consultant. The Lead Consultant will be responsible for the management and coordination of all of the required inputs from the other consultants and the ultimate management of the contractor once appointed.

The Delivery Team will meet with the professional team on a fortnightly basis (subject to review) throughout the design stages and monthly progress meetings will be held to review the works on site during the construction stage. These meetings will be coordinated with the Programme Board meetings to ensure that the Project Manager can effectively feedback any issues.

Great care will be taken in the specification of requirements to ensure that the project achieves a good standard of design quality in terms of function, form, build quality, sustainability, and accessibility and is economical to manage and maintain.

Figure 6: Capital build project organisation chart.

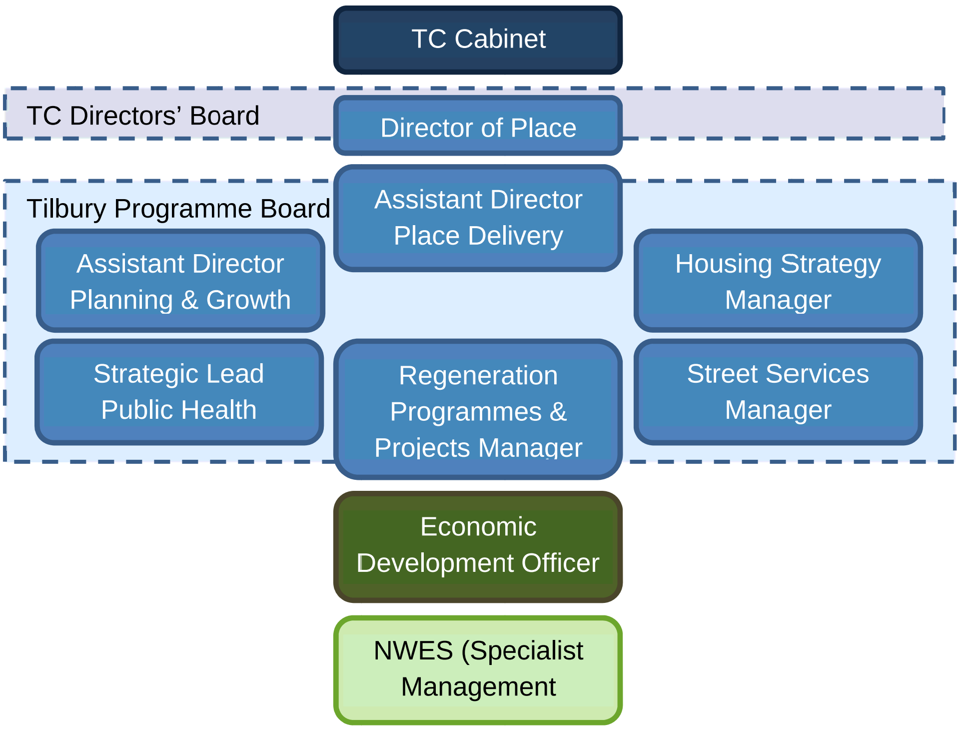


BUSINESS SUPPORT

- Emma McCulloch, Economic Development Officer, is responsible for the operation of Riverside Business Centre which includes day-to-day management of NWES, the specialist management operator for the centre. She will be responsible for the delivery of the business support outputs for this development. She will be tracking occupancy rates, level and quality of business support offered, and will provide detailed operational report on the centre's performance, financial accounting, issues and risks to both Project Director and the Senior Responsible Officer.

  She will meet with NWES on a quarterly basis (subject to review) to monitor and manage the overall performance of the centre and to ensure the development continues to deliver and meet the set outputs.

Figure 7: Riverside Business Centre operational organisation chart.



6.2. Approvals and escalation procedures:

[Specify the reporting and approval process; max. 0.5 pages.]
This is not required at SOBC stage.

Ultimate decision making responsibility will rest with the Council's Cabinet and the escalation process will follow the upward chain as identified in the previous section.

6.3. Contract management:

[Explain your approach to ensuring that outputs are delivered in line with contract scope, timescale and quality; max. 0.5 pages.]
This is not required at SOBC stage.

The outputs of the project will be monitored in line with the governance set out in section 6.1. The Project Director will have oversight of the programme, budget and quality control.

Capital Build: Day-to-day management of the professional team and contractor will be undertaken by the Capital Project Manager as the client's representative throughout the design and construction stage. The Project Manager will meet with them on a monthly basis throughout the construction period, or more frequently if this is deemed necessary. Both the professional team and contractor will be contractually obliged to provide monthly progress and financial updates to the Project Manager, which will include updates to the project programme. They will be encouraged to work collaboratively with each other and the Council to ensure that the outputs are delivered on time, in line with the scope and to budget.

Business Support: Day-to-day management of NWES, specialist management operator for Riverside Business Centre, will be undertaken by Economic Development Officer. The Economic Development Officer will meet with NWES on a quarterly basis (subject to review) to monitor and manage the overall performance of the centre and to ensure the development continues to deliver and meet the set business support outputs.

6.4. Key stakeholders:

[Describe key stakeholders, including any past or planned public engagement activities. The stakeholder management and engagement plan should be provided alongside the Business Case; max. 0.5 pages.]

The final design for the Riverside Business Centre extension is the result of extensive research, consultation and feedback from Historic England, specialist local management operators (Basepoint and NWES) and tenants. Information provided and concerns raised (such as car parking) at these consultations along with initial consultation with the local planning authority was fed directly into the design and viability assessment of the development.

Full consultation was undertaken as part of the pervious planning process and the development is fully supported by the local community and consultees.

Below is an outline summary of key stakeholders:

Stakeholder	Role	Interfaces
Consultants and Contractor	Design / Construction	Specification and tender. Meetings, e-mail, telephone, contact lists circulated.
Councillors: Cabinet, Overview and Scrutiny.	Impact on Council's priorities Decisions about implementation	Reports to committees, briefing for key members

Stakeholder	Role	Interfaces
	and funding.	
Councillors: Ward,	Impact on ward.	e-mail updates, reports to committees, briefing meetings
Statutory Consultees: Various Identified	Statutory consultees in the planning process	Meetings, correspondence, consultation in design and consent processes.
Local Community	Community groups and neighbouring properties	Correspondence, meetings, consultation
Land owners adjacent scheme area (freehold, leasehold, tenant/occupier)	Amenity impact of works and operation and possible impact on business.	Correspondence, e-mail, meetings, consultation
Occupiers	Amenity impact of works and operation and possible impact on business.	Correspondence, meetings, consultation
Press and media	News information on the general public	Communication team.

6.5. Equality Impact:

[Provide a summary of the findings of the Equality Impact Assessment (EqIA) and attach as an Appendix to the Business Case submission. If an EqIA has not yet been undertaken, please state when this will be undertaken and how the findings of this assessment will be considered as part of the project's development and implementation. The EqIA should be part of the final submission of the Business Case, in advance of final approval from the accountability board; max. 0.5 pages.]

This project is committed to a policy of equality, inclusion and accessibility in the delivery of its services and is active in ensuring that any potential sources of discrimination are addressed in both the physical attributes of the new build and the management practices it adopts. The new facility will afford its users the opportunity to maximise their individual abilities and enjoy safe and, wherever possible, independent participation.

The aim is to offer a high quality facility that is inclusive. In addition to the obligation under the Disability Discrimination Act 1995 (DDA), the designers of this development will be working to the latest legislation and good practice guidance on accessibility available at the design and construction stages.

The designers have also taken into consideration how the design, the provision of features and facilities, and the selection of material will influence any obligations imposed by other legislation affecting the management of the facility such as Occupiers Liability Acts 1957 and 1984, the Human Rights Act: 1998 and The Equal Treatment Directive 1975 - Amended 2002.

Examples of some of the provisions made within the proposed building include having sufficient space to enable access for wheelchair users; provisions for accessible WC facilities within every workshop unit; and directional and information signage designed in accordance with the recommendation of the Design Signage Guide.

6.6. Risk management strategy:

[Define the Risk Management Strategy referring to the example provided in Appendix B (expand as appropriate), ensuring this aligns with the relevant sections in the Financial and Commercial Case. Please provide supporting commentary here; max. 0.5 pages.]

The Council has in place an active risk register which is periodically updated by the project manager and programme manager. Risks are actively identified and recorded in the risk register, analysing the potential impact of the risk and the likelihood and project exposure it could cause. The register also identified the appropriate implemented mitigating actions that are to be put in place. Where risks require further action, this is noted in the register where the risk will be flagged for future actions by a relevant date and the current status. This is managed by the project manager who will involve relevant members of the project team and advisors as necessary.

The risk management strategy is interlinked with the project governance structure set out in section 6.1 via an escalation process. The escalation of a risk is dependent upon the level of the risk, or whether it requires management at a higher level.

6.7. Work programme:

[Provide a high-level work programme in the form of a Gantt Chart which is realistic and achievable, by completing the table in Appendix C (expand as appropriate). Please describe the critical path and provide details regarding resource availability and suitability here; max. 0.5 pages.]

Tasks	Start	Finish	2019				2020				2021			
LGF Grant Application & Decision	26/07/2018	15/11/2019												
Planning Approval (re-submission)	09/09/2019	16/12/2019												
Building Contract Procurement														
Tender Documentation	18/11/2019	13/01/2020												
Tender Action	13/01/2020	15/05/2020												
Contract Formalisation	15/05/2020	05/06/2020												
Construction														
Construction Period	07/07/2020	21/04/2021												

Please refer to Appendix C for a detailed delivery programme.

The scheme has been completed to RIBA Stage 4 with the remaining elements being re-submission of planning application, procurement and commissioning of building works.

Securing planning approval is the one of the main elements on the critical path. That said, whilst a full planning process is required, the previous consent places the development in a favourable position as the principle has already been established.

It is anticipated that new build could be completed by April 2021, providing a comfortable level of tolerance to meet LGF's grant defrayment timescales. Nonetheless, delays in confirmation of LGF funding will result in a slippage in the overall delivery programme. This slippage will result in expenditure targets not being achieved and may place some element of project grant at risk. Additionally, it increases the project's exposure to construction cost inflation.

6.8. Previous project experience:

[Describe previous project experience and the track record of the project delivery team (as specified above) in delivering projects of similar scale and scope, including whether they were completed to time and budget and if they were successful in achieving objectives and in securing the expected benefits; max. 0.5 pages.]

The function of the Council's team leading this project is specifically to deliver capital programmes in Thurrock. The team has the relevant skills gained from previous employments and from within the Council. It has amassed significant experience in the delivery of complex capital projects and understands the particular challenges associated with the locality.

Successful capital projects delivered by the team include the phased development of the £60m High House Production Park in Purfleet. All phases of this development were delivered to programme and on budget and the Production Park is now established as a national centre of excellence for the creative industries.

In recent years the Council has refurbished the former Post Office and Magistrate Court building in Grays to provide business accommodation giving the Council a good understanding of the specification required to create a successful business centre.

6.9. Monitoring and evaluation:

[SELEP are required to submit detailed quarterly project monitoring reports to the Department for Business, Energy and Industrial Strategy for schemes that have been funded through the LGF to enable ongoing monitoring and evaluation of individual projects. Monitoring and evaluation metrics should be aligned to these reporting requirements (South East Local Enterprise Partnership Assurance Framework 2017, Section 5.8 – see SELEP Business Case Resources document). A proportionate approach to Monitoring and Evaluation should be followed ensuring evaluation objectives relate back to the business case and build on assumptions used in the appraisal process.

Specify the following:

Inputs

- *Describe what is being invested in terms of resources, equipment, skills and activities undertaken to deliver the scheme*

Outputs (delivering the scheme/project)

- *Identify what will be delivered and how it will be used*

Outcomes (monitoring)

- *Identify and describe how the relevant performance indicators (KPIs) will be used to monitor the outcomes, including high-level outcomes, transport (outputs), land, property and flood protection (outputs) and business, support, innovation and broadband (outputs) (as per the table in Appendix D)*

Impacts (evaluation)

- *Describe how the impacts will be evaluated 2 and/or 5 years post implementation depending on the size of the project. Consider the impact of the intervention on the following Growth Deal outcomes (if relevant):*
    - *Housing unit completion*
    - *Jobs created or safeguarded*
    - *Commercial/employment floor space completed*
    - *Number of new learners assisted*
    - *Area of new or improved learning/training floor space*
    - *Apprenticeships*

Promoters should also include a statement which identifies other schemes which may have potentially contributed to the same benefits/impacts.
Max. 1 page excluding table.
Smaller schemes (less than £2 million) are required to complete Monitoring and Evaluation which is proportionate to the size of the scheme; max. 0.5 page.]

Inputs

Resources invested:

- Technical expertise in regeneration and development management.
- 0.277 hectares (2,777m²) Employment Land
- Capital investments: £3m investment from the Council (including £242,036 project expenditure incurred pre-LGF application), and £2.36m investment from LGF.

Outputs

- 14,000 ft² (1,300m²) new build comprising 20 self-contained workshop units with use classes B1c, B2 and B8.
- 48 FTE supported

Outcomes Monitoring

The monitoring and evaluation framework will allow Thurrock Council to monitor the Riverside Business Centre against the identified Key Performance Indicators (KPIs). This framework is intended to be used in conjunction with the project governance processes and not in replacement of it. The plan can be used to track performance of the Riverside Business Centre Expansion.

The proposed framework below details each KPI, the approach to measuring performance, including data sources, proposed frequency of monitoring and the baseline against which progress should be measured.

Outcomes Category	Key Performance Indicators	Description [Add description where relevant to describe how the relevant KPIs will be used to monitor the outcomes]
Land & Property	Commercial workspace created: 14,000 ft² (1,300m²) new build comprising 20 self-contained workshop units with use classes B1c, B2 and B8.	Monitoring during design and construction: Review RIBA end stage reports to ensure that required commercial workspace and associated facilities are incorporated in the design of the new build. Frequency of Assessment: End of each RIBA design stage and planning consent granted.
Business Support	Jobs connected to intervention: 48 FTE supported	The number of direct FTE jobs supported will be based on the employment in the new build. Frequency of Assessment: Annually
	Anticipated number of enterprises supported: 20 SMEs	Business support (e.g. advise, training workshops) to the enterprises will be measured based on number of enterprises supported. The total hours of support provided will also be recorded. Frequency of Assessment: Annually

Project Delivery	Key Performance Indicators	Description
Programme	Key milestones	Monitor project delivery against set key milestones in the delivery programme. Frequency of Assessment: Quarterly
Budget	Expenditure Profile	Monitor expenditure against set budget lines and projected expenditure profile. Frequency of Assessment: Quarterly
Council and LGF Funding	Funding Receipts	Monitor LGF and Council's funding drawdown against expenditure profile and funding receipts. Frequency of Assessment: Quarterly

Impacts

The full impact of this intervention will be evaluated in the second and fifth year post implementation. In additional to assessing the numbers of FTE jobs supported by this intervention, the Council will also seek to evaluate the level and quality of business support provided.

6.10. Benefits realisation plan:

[A Benefits Realisation Plan provides details of the process that will be followed to ensure that benefits are sustained and that returns on investment are maximised where possible. The Benefits Realisation Plan identifies the potential benefits and how these will be tracked and measured, the risks that may prevent benefits being realised and the critical success factors that need to be in place to ensure that benefits are realised. In many cases, benefits realisation management should be carried out as a duty separate from day to day project management. Describe the proposal for developing a Benefits Realisation Plan which should involve continuous public engagement to ensure the anticipated benefits are realised. The Benefits realisation plan should be consistent with the Strategic and Economic Case; max. 0.5 page.]

Thurrock Council has existing governance structures and processes in place that will enable that monitoring processes to feedback into decision making and actions to ensure that the expected benefits from the project are realised. Project output monitoring, set out in the monitoring framework in section 6.9 will be used to inform Thurrock Council's understanding of its performance

The Council is also closely engaged with local businesses through its Centre management operator (NWES). They will be responsible for identifying any other issues relevant to business occupiers and will systematically log comments and feed these through to the Regeneration Project Manager to ensure they are addressed.

7. DECLARATIONS

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*
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*
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, shared with the South East Local Enterprise Partnerships Independent Technical Evaluator, Steer Davies Gleave, and other public sector bodies who may be involved in considering the business case.

I understand that a copy of the main Business Case document will be made available on the South East Local Enterprise Partnership website one month in advance of the funding decision by SELEP Accountability Board. The Business Case supporting appendices will not be uploaded onto the website. Redactions to the main Business Case document will only be acceptable where they fall within a category for exemption, as stated in Appendix E.

Where scheme promoters consider information to fall within the categories for exemption (stated in Appendix E) they should provide a separate version of the main Business Case document to SELEP 6 weeks in advance of the SELEP Accountability Board meeting at which the funding decision is being taken, which highlights the proposed Business Case redactions.

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. Any expenditure defrayed in advance of project approval is at risk of not being reimbursed and all spend of Local Growth Fund must be compliant with the Grant Conditions.

I understand that any offer may be publicised by means of a press release giving brief details of the project and the grant amount.

Signature of applicant	
Print full name	David Moore
Designation	Interim Assistant Director of Place Delivery

8. APPENDIX A - FUNDING COMMITMENT

Draft S151 Officer Letter to support Business Case submission

Dear Colleague,

In submitting this project Business Case, I confirm on behalf of [Insert name of County or Unitary Authority] that:

- *The information presented in this Business Case is accurate and correct as at the time of writing.*
- *The funding has been identified to deliver the project and project benefits, as specified within the Business Case. Where sufficient funding has not been identified to deliver the project, this risk has been identified within the Business Case and brought to the attention of the SELEP Secretariat through the SELEP quarterly reporting process.*
- *The risk assessment included in the project Business Case identifies all substantial project risks known at the time of Business Case submission.*
- *The delivery body has considered the public-sector equality duty and has had regard to the requirements under s.149 of the Equality Act 2010 throughout their decision-making process. This should include the development of an Equality Impact Assessment which will remain as a live document through the projects development and delivery stages.*
- *The delivery body has access to the skills, expertise and resource to support the delivery of the project*
- *Adequate revenue budget has been or will be allocated to support the post scheme completion monitoring and benefit realisation reporting*
- *The project will be delivered under the conditions in the signed LGF Service Level Agreement with the SELEP Accountable Body.*

I note that the Business Case will be made available on the SELEP website one month in advance of the funding decision being taken, subject to the removal of those parts of the Business Case which are commercially sensitive and confidential as agreed with the SELEP Accountable Body.

Yours Sincerely,

SRO (Director Level) ……………………………………………………

Andrew Millard
Corporate Director of Place

S151 Officer ……………………………………………………

Sean Clark
Director of Finance and IT

Jonathan Wilson
Assistant Director – Finance

9. APPENDIX B – RISK MANAGEMENT STRATEGY

No	Description	Implication / General Notes	Risk Owner	Probability 1=Very Low 5=Very High	Impact 1=Very Low 5=Very High	Risk Rating 1=Very Low 25=Very High	Mitigation	Residual Likelihood / Impact Score
1.0	**FINANCIAL - FUNDING**							
1.1	Full funding package not secured.	Insufficient funds to meet project costs. Project will not be viable and will be placed on hold until full funding is secured.	PM	3	5	15	Ensure a robust grant application is developed and submitted. In the event that LGF grant is not secured, the project will be placed on hold.	10
1.2	LGF Application Timescale - Unable to complete or submitted the application within the specified timescales.	Missed opportunity to secure LGF grant. Project unable to proceed.	PD	2	5	10	Ensure adequate resources are allocated and clear timeline and milestones are set for all aspects of the project development.	5
2.0	**FINANCIAL - GENERAL**							
2.1	General financial risks.	Even when full funding is secured, overall financial risks remains present until costs are confirmed through the tender of the build contract.	PM	3	5	15	Ensure that the project brief is clear and project costs monitored closely thought the development of design and construction.	10
2.2	Insufficient contingency built into project costs.	Project is insufficiently protected against rising costs from unforeseeable events.	PM	2	5	10	Ensure contingencies are built into all project costs at the outset and that the contingency is sufficient to reflect any risk or	5

No	Description	Implication / General Notes	Risk Owner	Probability 1=Very Low 5=Very High	Impact 1=Very Low 5=Very High	Risk Rating 1=Very Low 25=Very High	Mitigation	Residual Likelihood / Impact Score
							uncertainty in relation to the specific elements. Level of funding secured to include provision for contingency.	
2.3	Not meeting the expenditure profile set in the LGF agreement.	Any unspent funding allocation within the set period will be at risk.	PM	2	5	10	Project Manager to monitor actual project expenditure and review expenditure profile against progress on delivery programme throughout the development.	5
3.0	**GOVERNANCE**							
3.1	Poor project governance	Project objectives and targets not met due to ad hoc approach to project development and management.	PD	2	3	6	Ensure that a project governance structure is in place with clear descriptions of roles and responsibilities and reporting procedures.	3
4.0	**DELIVERY PROGRAMME**							
4.1	Extended delivery programme	Delays in confirmation of LGF funding will result in a slippage in the overall delivery programme. This slippage will result in expenditure targets not being achieved and will place some element of project grant at risk.	PM	2	5	10	Highlight concerns to funder.	5
5.0	**PLANNING**							

No	Description	Implication / General Notes	Risk Owner	Probability 1=Very Low 5=Very High	Impact 1=Very Low 5=Very High	Risk Rating 1=Very Low 25=Very High	Mitigation	Residual Likelihood / Impact Score
5.1	Delay in re-submission of planning application.	Significant delay may impact the construction programme.	PM	2	5	10	Ensure that the Design Team is made aware of the implications of any delay. Ensure that the planning application is prioritised accordingly and adequate resources are allocated to complete the application.	10
5.2	Planning consent not granted or delayed.	This will have an adverse impact on the delivery programme and may impact the deliverability of the scheme as a whole.	PM	1	5	5	Design Team to engage with planners at the earliest opportunity. Ensure that concerns raised are addressed, the plans submitted are consistent with the site master plan and application submitted in accordance with regulations after appropriate consultation.	5
6.0	**PROCUREMENT: BUILDING CONTRACT**							
6.1	Tenders returned exceed the allocated provisions.	Insufficient funds to meet construction costs.	PM	3	5	15	Prior market testing has provided a good understanding of costs. Post tender value engineering (VE) will be required to bring construction costs back inline.	10
6.2	Insufficient response to tender or bids of inadequate quality.	Low number of tender returns.	PM	3	5	15	Clear tender specification developed. Likely suitable organisations notified of	10

No	Description	Implication / General Notes	Risk Owner	Probability 1=Very Low 5=Very High	Impact 1=Very Low 5=Very High	Risk Rating 1=Very Low 25=Very High	Mitigation	Residual Likelihood / Impact Score
							opportunity.	
7.0	**CONSTRUCTION**							
7.1	Abnormal ground conditions or unforeseen issues/events.	The risk of encountering further adverse ground conditions (not identified in ground investigations) will remain until the groundwork is completed	PM	3	5	15	Intrusive site investigations have been undertaken to identify risks and a remediation strategy has been developed for the site. Ensure contingency provision is made within the budget to cover this element of risk	5
7.2	Changes to design after construction has commenced.	Changes to design during construction would result in increased costs and delays to the programme.	PM	3	3	9	Ensure that the design information for the contract tender documents provides as much detail as possible on the site conditions and methods of construction; so as to avoid questions around "buildability".	6
7.3	Utilities connections: Statutory authorities failing to deliver to programme.	Potential delays to the commencement of works or duration of works. May incur standing costs.	PM	3	4	12	Order utilities connections in advance. Consider an enabling works contract undertaken separately and in advance of main building contract.	8
7.4	Adverse Weather Conditions	Delays to the construction programme. Possibility of increased costs due to weather related construction delays.	PM	3	3	9	Ensure that the Contractor has made adequate provisions to mitigate the impact of adverse weather conditions on	6

No	Description	Implication / General Notes	Risk Owner	Probability 1=Very Low 5=Very High	Impact 1=Very Low 5=Very High	Risk Rating 1=Very Low 25=Very High	Mitigation	Residual Likelihood / Impact Score
							construction programme.	
7.5	Completion of new build delayed.	It will have negative impact on the revenue stream and the Council's loan repayment. Delivery of outputs delayed.	PM	3	3	9	Handover and completion dates will be included within the contract. Project's progress will be monitored closely to ensure that the new build is completed on time.	6
7.6	Principal Contractor being insolvent.	Escalating costs to recover programme.	PM	2	5	10	Ensure financial due diligence is undertaken and that adequate bond is in place.	5
8.0	**OPERATIONAL**							
8.1	Vacant workspace	In addition to loss of revenue, there will also be ongoing maintenance costs and empty business rates to cover. May impact the Council's loan repayment.	PM	2	5	10	Ensure there is a robust marketing strategy. Income projections to be risk-adjusted to help the Council to manage its exposure and make it more resilient to the risk.	5

* Likelihood of occurrence scale: Very Low (1) more than 1 chance in 1000; Low (2) more than 1 chance in 100; Medium (3) more than 1 chance in 50; High (4) more than 1 chance in 25; Very High (5) more than 1 chance in 10.
** Impact scale: Very Low (1) likely that impact could be resolved within 2 days; Low (2) potential for a few days' delay; Medium (3) potential for significant delay; High (4) potential for many weeks' delay; Very High (5) potential for many months' delay

11. APPENDIX D - MONITORING AND EVALUATIONS METRICS

Please note, it is not necessary to report against all the Monitoring and Evaluation Metrics below unless they are relevant to the scheme. There is scope to add further Monitoring and Evaluation Metrics where necessary.

Category	Key Performance Indicators	Description
High-level outcomes	Jobs connected to intervention (permanent, paid FTE)	48 FTE
	Commercial floorspace planned - please state sqm and class	14,000 ft² (1,300m²) commercial workspace of classes B1c, B2 and B8
	Commercial floorspace constructed to date - please state sqm and class	-
Land, and Property and (outputs)	Anticipated commercial floorspace occupied - please state sqm and class	14,000 ft² (1,300m²) commercial workspace of classes B1c, B2 and B8.
	Actual commercial floorspace occupied - please state sqm and class	-
Business, Support (outputs)	Anticipated number of new enterprises supported	20 SMEs
	Actual number of new enterprises supported	-

12. APPENDIX E - CATEGORIES OF EXEMPT INFORMATION

There is a clear public interest in publishing information and being open and transparent. But sometimes there is information which we can't publish because it would cause significant harm to the Council - for example by damaging a commercial deal or harming our position in a court case. Equally sometimes publishing information can harm someone who receives a service from us or one of our partners.

The law recognises this and allows us to place information in a confidential appendix if:

(a) it falls within any of paragraphs 1 to 7 below; and
(b) in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

1. *Information relating to any individual.*
2. *Information which is likely to reveal the identity of an individual.*
3. *Information relating to the financial or business affairs of any particular person (including the authority holding that information)*
4. *Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority.*
5. *Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.*
6. *Information which reveals that the authority proposes— (a) to give under any enactment a notice under or by virtue of which requirements are imposed on a person; or (b) to make an order or direction under any enactment.*
7. *Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.*