

The template

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

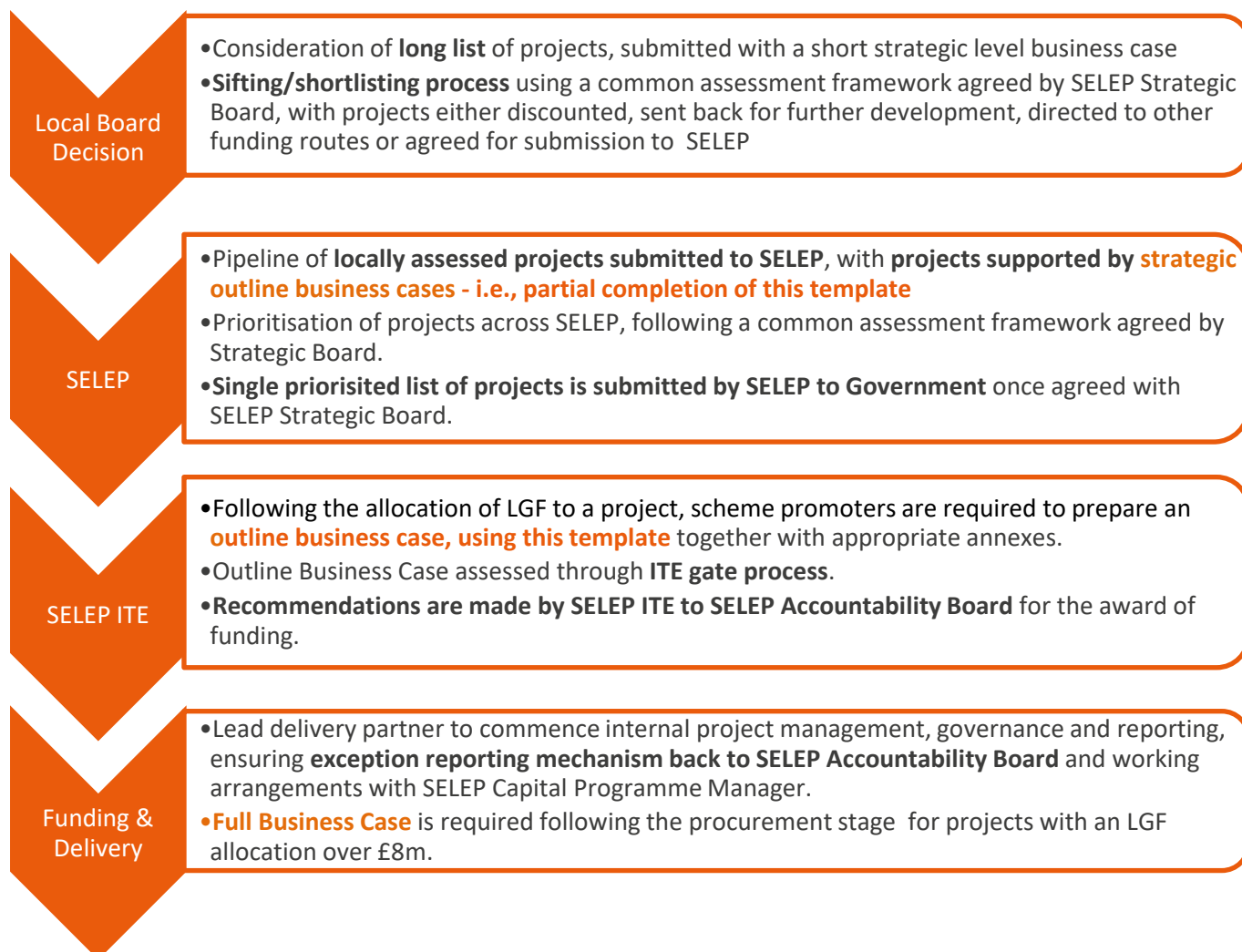
It is also designed to be applicable across all funding streams made available by Government through SELEP. It should be filled in by the scheme promoter – defined as the final beneficiary of funding. In most cases, this is the local authority; but in some cases the local authority acts as Accountable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

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

As described below, there are likely to be two phases of completion of this template. The first, an 'outline business case' stage, should see the promoter include as much information as would be appropriate for submission 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 – 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	M Albano
Document status	Draft
Authorised by	B Morris
Date authorised	2 October 2019

1. PROJECT OVERVIEW

1.1. Project name:

University of Essex Parkside Phase 3

1.2. Project type:

Site Development

1.3. Federated Board Area:

Essex

1.4. Lead County Council / Unitary Authority:

Essex County Council

1.5. Development location:

University of Essex, Wivenhoe Park, Colchester, CO4 3SQ

1.6. Project Summary:

The University of Essex has a vision for the Knowledge Gateway for it to become a national centre of excellence for businesses in high-value, knowledge based sectors linked to the University's research expertise, employing over 2,000 people. This facility is intended to form the next logical development of the Knowledge Gateway, both providing further accommodation for growing businesses and enabling larger businesses to come to site for the first time, driving growth in the wider economy.

This project will be an extension of the Parkside Office Village on the Knowledge Gateway site which is already home to Parkside Phase 1, consisting of nine units, Parkside Phase 1a, consisting of three units and Parkside Phase 2, consisting of seven Units. Parkside Phase 1 completed in June 2014 and has been a significant success. Phase 1a completed in September 2016 and Phase 2 completed in November 2018. There are now 25 businesses located at Parkside Office Village, employing 270 people, of whom 34 are graduates or students of the University, demonstrating how the Knowledge Gateway is providing an effective mechanism for retaining highly skilled individuals within the local economy who would otherwise move away from the area post-graduation. Market interest in the units within Parkside Phase 2, comprising an additional 1,353 sq. m net internal area (14,571 sq. ft.), was strong and all the units were pre-let before opening.

The Parkside Phase 3 project involves the construction of a single four-storey building with a total area of 4,772m² gross (51,355 sq. ft.), ideal for a single tenant (i.e. a new large employer to the area). Each of the floors has the flexibility to be subdivided in a multiple of ways, providing a total net floor area of 3,775 m² (40,645 sq. ft.). The University has a masterplan which includes two further identical buildings which will be constructed subject to future demand.

The strong market appetite for space within the Parkside Office Village units demonstrates proven demand from businesses to co-locate with the University on the Knowledge Gateway and this development is a key opportunity to leverage further the University's engagement with business as a means of securing economic growth.

However, there are no circumstances in which the University of Essex could progress the development of Parkside Phase 3 without external funding, such as from SELEP and the LGF. Other development priorities are already fully utilising all of the investment headroom available to the University. As a consequence, the University is not in a position on its own to progress this development and to deliver the impact on economic growth and job creation that flows from it. The project can only move forward, therefore, with support from the SELEP.

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.)
University of Essex	Land, finance, operator
SELEP	Finance, strategic partner
Essex County Council	Finance, strategic partner

1.8. Promoting Body:

University of Essex

1.9. Senior Responsible Owner (SRO):

Bryn Morris – Registrar & Secretary
University of Essex
bmorris@essex.ac.uk

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
<i>SELEP LGF3</i>	Up to £5m	SELEP have earmarked £3m but will earmark up to a total of £5m depending on the availability of funds as agreed at the SELEP Investment Panel meeting of the 28th June 2019	Availability of SELEP funding
<i>Essex County Council</i>	Up to £2m	The project requires £5m of external funding. SELEP have earmarked £3m initially and hope to be able to offer the full £5m. ECC have offered to underwrite up to £2m should SELEP funding not be available. ECC contribution to the project is forward funding via borrowing within the capital programme	The funding is provided on condition that should further SELEP LGF funding become available it is directed to this scheme subject to agreement from the SELEP Accountability Board (as agreed at the SELEP Investment Panel meeting of the 28 th June 2019).
<i>University of Essex</i>	<i>£5.5m</i>	<i>The funds have been committed in the University Capital Investment Plan to ensure balance of funding is met</i>	<i>Limited resources of the University to support all expenditure aspirations</i>
Total project value	<i>£10.5m</i>	<i>Project includes £500,000 contingency</i>	

The value of the land has been excluded throughout this business case, i.e. assumed to be zero. Although it does have a notional value for the purpose of accounting valuation on the balance sheet, there are restrictive covenants limiting its use and therefore the value is unrealisable.

The project value and the University of Essex contribution include a contingency sum of £500,000, i.e. the project is £10m plus £500,000 contingency.

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.]

The University of Essex is seeking a total of £5m external funding for the project. SELEP have earmarked £3m grant from LGF to contribute to the cost of the construction of Parkside Phase 3, noting that should further SELEP LGF funding become available then up to £2m is directed to

this scheme subject to agreement from the SELEP Accountability Board (as agreed at the SELEP Investment Panel meeting of the 28th June 2019). The funding will enable the University to progress with the development of facilities suitable for larger employers to relocate to the region, addressing identified limitations within the local economy that have been identified in a number of independent assessments. If SELEP are unable to offer the second allocation of funding of £2m, then ECC have offered to grant fund this amount to the project.

The funding has been tested and we believe it does not constitute State Aid.

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]

SELEP Assurance Framework 2017, Section 5.7.4 and 5.7.5 have been reviewed and there are no exemptions

1.13. Key dates:


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

Parkside Phase 3 Timeline			
	Start	Period (months)	End
Planning - Pre Application	01/01/2019	3	31/03/2019
Planning Submission/Determination	30/08/2019	4	20/12/2019
Detailed Design following Planning	21/10/2019	5	06/03/2020
Procurement - OJEU	09/03/2020	5	14/08/2020
Construction	12/10/2020	12	29/10/2021
Occupation/Opening			31/03/2022

The dates above represent prudent, worst case timings to ensure the project can be delivered within the SELEP funding window and to deliver 300 jobs by March 2022. It is the ambition of the project to deliver significantly ahead of this programme by running certain activities in parallel. This approach builds in a natural project time delivery buffer and provides a risk mitigation to project over runs.

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 and Design	The University has been working with architects ADP, to finalise a design which is cost effective and provides best possible use of available land	Design below 	February 2017 – August 2018 <i>(Completed)</i>
Planning - Pre Application	Pre application to Planning	Feedback from the process has been incorporated into the final design and planning submission	Starting Oct 2018 <i>(Complete)</i>
Project development stages to be completed subject to confirmation of external funding			
Task	Description	Timescale	
Planning Submission/Determination	Full planning submission and determination	Starting August 2019	
Detailed Design following Planning	Final detailed design reflecting planning determination	Starting September 2019	
Procurement - OJEU	Full OJEU procurement due to value of contract	Starting December 2019	
Construction	Construction period expected to be a maximum of 55 weeks. SELEP funds will be expended prior to March 2021 with University funds being used to complete the construction and fit out.	Starting December 2020	
Occupation/Opening		March 2022	

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.]

The Parkside Phase 3 project forms part of the Knowledge Gateway development. The SELEP has already provided loans to support the development of Parkside Phases 1 and 1a which kick started development of the site. These loans have now been paid back to the SELEP. The SELEP have also contributed £2m towards the construction of the Innovation Centre located on the Knowledge Gateway. Construction of the Innovation Centre was completed in December 2018, and the Centre opened for business in Spring 2019. On the day of opening, eight businesses had located to the Innovation Centre.

The aim of the Parkside Phase 3 development is to support growth in the region by providing high quality office space on the main campus of a world leading University, with the unique potential to attract and sustain high-value employment within the region.

By extending the number of units in the Parkside office village with the addition of the larger unit planned for Phase 3, this project will complement the facilities for start-up businesses within the Innovation Centre and for scale-up businesses that have already established themselves in the existing Parkside units. By providing facilities for larger businesses to locate on Knowledge Gateway, this project will result in a business eco-system on Knowledge Gateway that can both attract new businesses into the area as well as supporting the development of growing businesses at all stages of the business development cycle.

The previous Knowledge Gateway developments have focused on start-ups and smaller office units. Parkside Phase 3 has design flexibility where a single tenant could occupy a single unit in its entirety or the space could be sub divided into up to 14 units. Through the development of this project, the Knowledge Gateway aspires to secure an anchor tenant occupying the entire unit.

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 Parkside Phase 3 project forms part of the Knowledge Gateway development. The aim of this development is to support growth in the region by providing high quality office space on the main campus of a world leading University, with the unique potential to attract and sustain high-value employment within the region.

The Knowledge Gateway development aims to:

- Leverage the research expertise of the University of Essex more effectively, for the benefit of the local and regional economies;
- Create more jobs in the region, in particular high-value employment opportunities which are under-represented within the Essex economy;
- Provide additional grow-on space to complement the current business eco-system available on Knowledge Gateway, including the Innovation Centre due to open in Spring 2019, further enabling the University to achieve its aim of developing Parkside into a technology cluster and SME hotspot;
- Enable Knowledge Gateway to become the 'location of choice' for innovative companies seeking business premises and innovation services to support their growth;
- Stimulate and support University/business collaboration across the stages of the business cycle, from early-stage, small, and innovative businesses to larger, more established companies;
- Facilitate close collaboration and interchange between business and academic researchers, graduates and placement students both in the University and through extended academic networks, nationally and internationally;
- Facilitate recruitment of skilled graduates by businesses within the local economy;
- Overcome a shortage of private investment in office space suitable for businesses within the knowledge economy;
- Provide and facilitate access to business support to enable businesses on Knowledge Gateway to thrive; and

- Stimulate international collaboration and investment through the SELEP, ECC, CBC, academic, industry and other networks

Parkside Phase 3 has design flexibility where a single tenant could occupy a single unit as an anchor tenant or the space could be sub divided into up to 14 units.

The Knowledge Gateway site provides an opportunity to create an attractive destination for a large, possibly international, business creating high-value employment and generating inward investment into the region. Its location on the University of Essex campus provides a combination of characteristics particularly attractive to businesses creating high-value employment opportunities.

2.2. Location description:

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

The Knowledge Gateway, Colchester is a 43 acre site that adjoins the wider 200 acre site of the University of Essex Colchester Campus. The University was founded in 1964 with the Colchester campus being both the original and largest of the University sites. The Knowledge Gateway site has been identified by the University as a key area for development as a research and business park.

The Knowledge Gateway site is bordered by the Colchester Campus to the South with woodlands to the East and meadows to the West. To the North the site is bordered by the A133 with arable land beyond this. Colchester train station is approximately 15 minutes away with numerous public transport links.

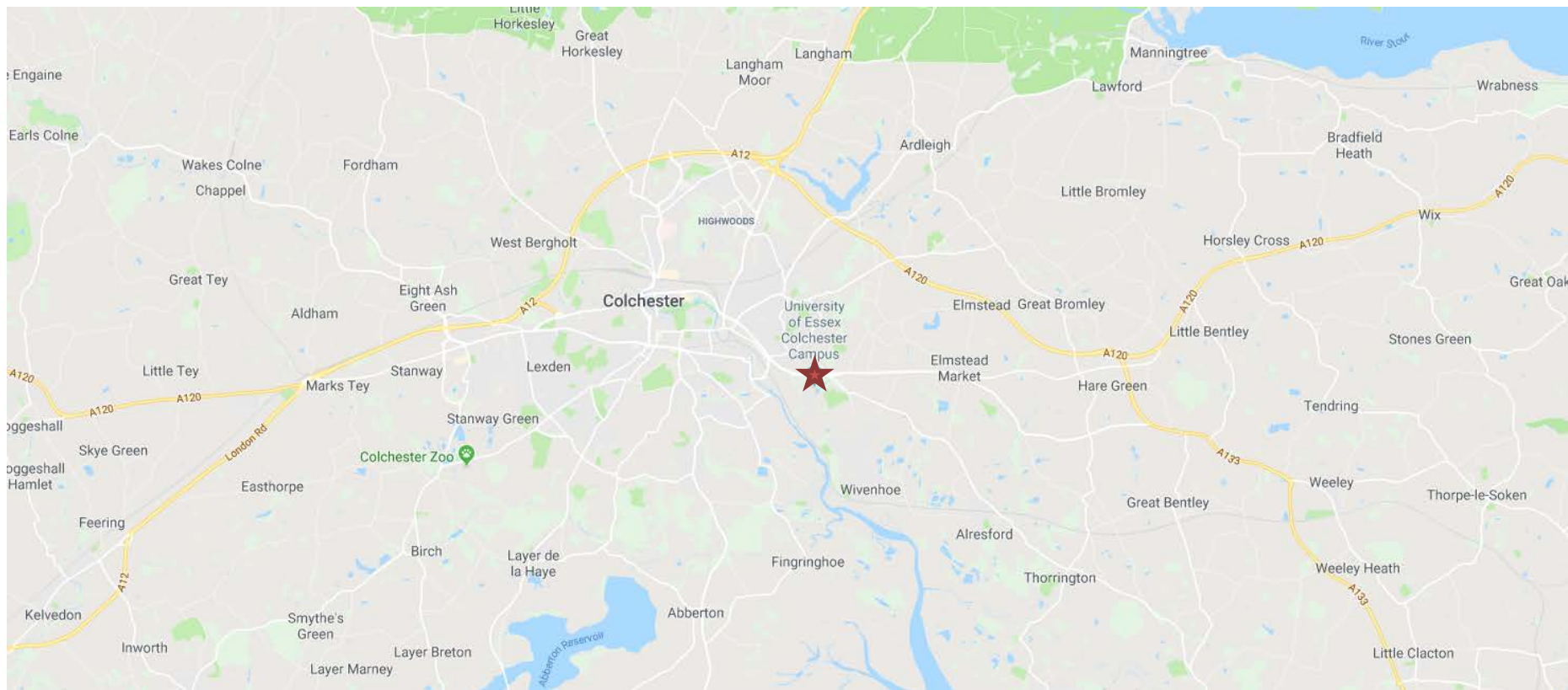
Across the wider site there is a range of building styles and ages. However the buildings specific to the Knowledge Gateway site are all under 10 years old and a mixture of student accommodation and commercial units. There are no existing buildings on the proposed site of Parkside Phase 3.

In 2013 the University completed a £7m infrastructure project in readiness for this and the other Knowledge Gateway Developments.

The Parkside Phase 3 site is located to the North of the Innovation Centre and accessed via Boundary and Nesfield Roads. The site is bordered by the Parkside 1 and 2 developments to the East, the site of a proposed multi-storey car park to the West and The Copse, student accommodation, to the South-West.

Proposals have been developed with an awareness of an existing water main which runs along the Eastern edge of the site and relevant ecological constraints. The design has been developed on the instruction that the water main will be relocated out-with the site boundary prior to the commencement of any Parkside Phase 3 on site works.

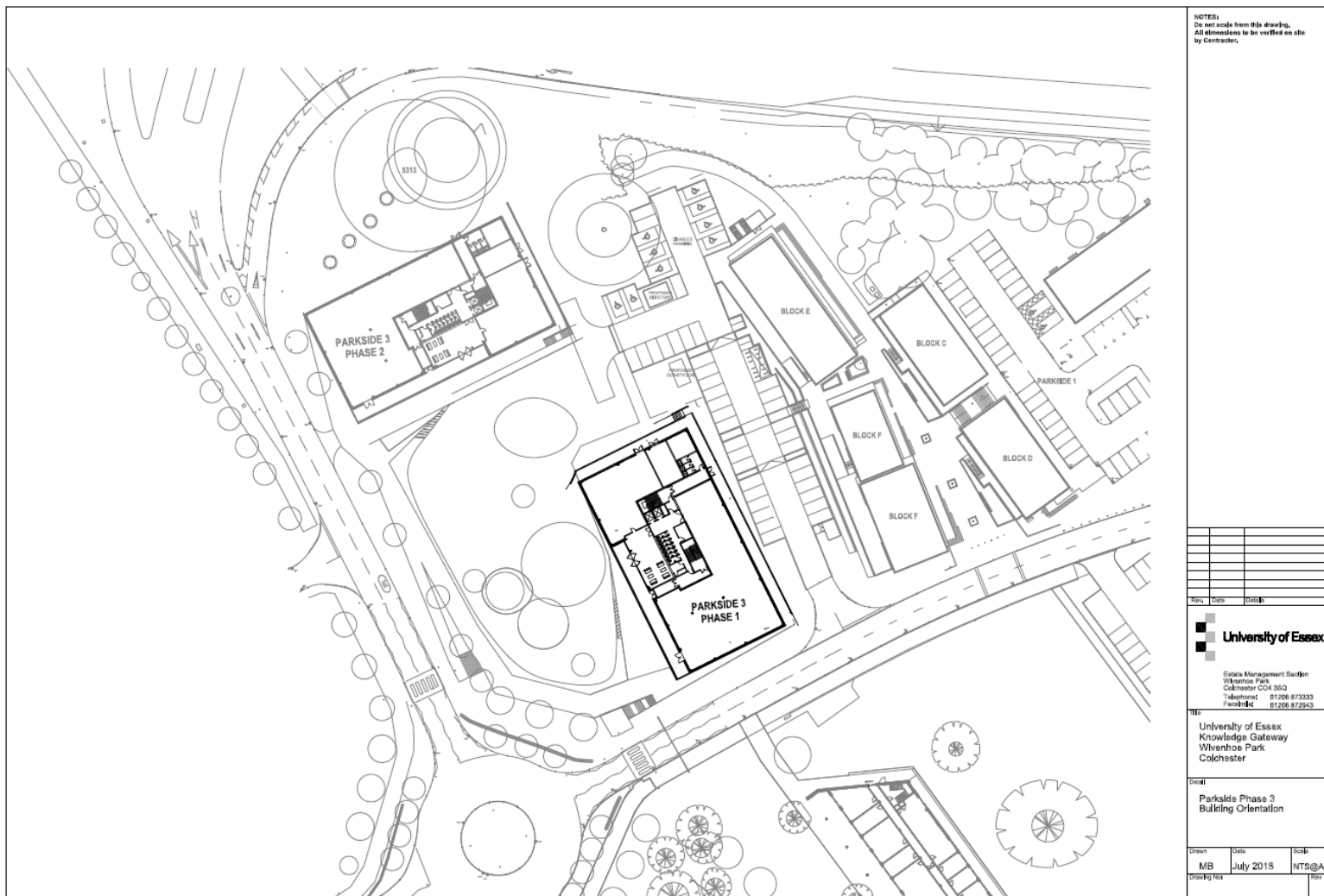
Parkside Phase 3 will sit at the head of the Knowledge Gateway and be visible both to those travelling along the A133 and entering the site and campus. As such, it will provide a strong manifestation of the partnerships between the University and businesses delivering substantial economic benefit to the region.





- 1 Central Campus
- 2 Innovation Centre
- 3 Innovation Centre car park
- 4 Parkside Office Village
Parkside 1
1,648 sq m (17,744 sq ft) **now open**
- 5 Parkside Office Village
Parkside 2
1,353 sq m (14,571 sq ft)
opening autumn 2018
- 6 Parkside Office Village
Parkside 3
2 x 3,700 sq m (2 x 40,000 sq ft)
new buildings ready by 2022
- 7 Essex Business School
- 8 The Copse
student accommodation
- 9 The Meadows
student accommodation
- 10 The Quays
student accommodation
- 11 Proposed office building
and decked car park
3,700 sq m (40,000 sq ft)
- 12 Future development space
- 13 Future development space
- 14 University of Essex
Colchester Campus and
Knowledge Gateway entrance
- 15 A133
Clingoe Hill/St Andrew's Avenue





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]

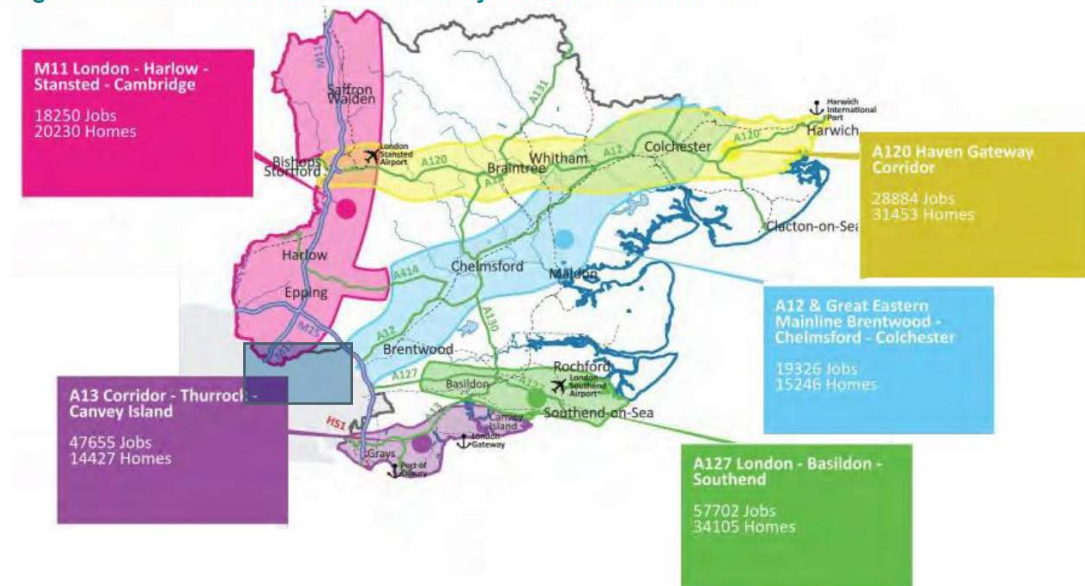
A primary purpose of the SELEP is to drive economic growth in its region by working together with all partners and stakeholders in the area. This has been reinforced by the paper “Strengthened Local Enterprise Partnerships” published in July 2018 which states:

“Since their establishment in 2010, Local Enterprise Partnerships have been integral to economic growth across England. Following the publication of our modern Industrial Strategy, that sets out an approach to ensuring prosperous communities throughout the country, we have reviewed our policy towards Local Enterprise Partnerships to ensure that they continue to support Government in meeting this ambition. In the Industrial Strategy, Government committed to work with Local Enterprise Partnerships to bring forward reforms to leadership, governance, accountability, financial reporting and geographical boundaries. It is critical that Local Enterprise Partnerships are independent and private sector led partnerships that are accountable to the communities they support. At the same time, it is important to set out a model that will underpin future national and local collaboration. This will be essential to the development of Local Industrial Strategies and in the context of the future UK Shared Prosperity Fund.”

The SELEP Strategic Economic Plan Evidence Base published in September 2017 noted the proportion of businesses with skills shortage vacancies increased across the UK between 2011 and 2013. In the SE LEP area more than one in five (21%) establishments reported a skills gap or skills shortage vacancy in 2013, 23.7% of vacancies were due to skill-shortages, compared to 22.3% across England.

The SELEP has identified growth corridors in the region, shown in the diagram below, and it should be noted that the location of the Knowledge Gateway and Parkside is at the intersection between two of these growth corridors – A120 Haven Gateway and A12 Eastern Mainline

Figure 2-14: Growth corridors identified by the South East LEP SEP



Source: SQW adapted from South East LEP SEP

The construction of Parkside Phase 3 provides an opportunity to promote development at a key location within the SELEP target growth corridors where highly skilled students and graduates are available to support the skills needs of start-up, growing and established businesses. This combination of characteristics makes this project particularly impactful in driving economic growth within the region.

The location of Parkside Phase 3 will provide particular support to the development of the east side of Colchester. The planned A120/A133 link road will enhance road access to the Knowledge Gateway whilst relieving pressure on road congestion with Colchester. The accessibility of the site will be further enhanced by the proposed Rapid Transport Scheme supporting movement of people across Colchester in general and linking the Knowledge Gateway to the national rail system in particular.

Large scale Garden Settlement developments are being promoted to both the East and West of Colchester. These development proposals will result in significant population growth in the area and will provide attractive new communities to support the living needs of new businesses being established or attracted into the area. Parkside Phase 3 provides an opportunity to ensure that more of these residents are able to work within the local economy, rather than placing further pressure on transport infrastructure by living within the area but working outside.

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.]

The University is requesting £5m of external funding for the construction of a single, four-storey building with a total area of 4,772m² gross (51,355 sq. ft.), ideal for a single tenant (i.e. a new

large employer to the area). Each of the floors has the flexibility to be subdivided in a multiple of ways, providing a total net floor area of 3,775 m² (40,645 sq. ft.). Experience of recent tenant enquiries with 'large space requirements' is that timing is critical and a number of tenants have been lost due to the lead time for negotiation and then construction of a building. The design of the building will not only fit the landscape constraints of the site but also have a flexible internal layout which makes it suitable for a large anchor tenant or alternatively split for multiple occupations. The four storey building will have a floorplate design which means the floors can be combined into multi floor units, let individually or subdivided to make smaller self-contained units. It is believed that this will be attractive in the market.

The external funding request of £5m will be either from SELEP in total or split between SELEP (£3m) and ECC (£2m)

Without a SELEP/ECC Investment in the project, the University would not be able to proceed with the development of facilities suitable to larger employers including the Parkside Phase 3 proposal.

The University has made a substantial investment in the Knowledge Gateway of over £25m. The University has received SELEP loans, which have now been repaid, and SELEP and ECC grants for the development of the Innovation Centre. However, the University has received no other government, agency or sponsor funding, investing its own cash reserves and borrowings to develop the Knowledge Gateway to its current position

The University has no access to government loans; instead, it relies on its own cash reserves and commercial bank debt to fund its capital investments and currently has a significant debt with Lloyds, circa £100m, and has issued bonds to the value of £65m. The University regulator has controls in place to ensure that Institutions can only borrow to an affordable and prudent level. The University's capital investment plans reflect a range of other commitments that fully utilise its available investment headroom, with only limited scope to make a partial contribution to the development of Parkside Phase 3. Without the availability of external funding, such as from the LEP, therefore, there is no possibility of this development proceeding

It is now clear that without the SELEP intervention the Parkside Phase 3 scheme will not be able to proceed. Only with the availability of LGF funding will the University be able to progress the scheme and, as a consequence, deliver a step change in the quantum of net lettable space available on the Knowledge Gateway and in the opportunities for larger, more established employers to locate onto the site bringing high value jobs to the region.

The University wishes to proceed with the Parkside Phase 3 development to both maximise the impact that its own activities can have on the local and regional economy and to support partners in the region succeed with their own growth agenda. The Essex Economic Commission report, "Enterprising Essex: Meeting the Challenge" identified characteristics within the Essex economy requiring concerted action by partners within the county. In particular, the report highlighted that fewer people within the local economy were employed within the highest occupation groups compared with the national average (42.5% against 44% nationally); low GVA growth within the Essex economy, at 0.6% per annum since 2004 against 1.2% nationally and up to 1.5% in some other counties in the South East; a net outflow of 18-24 year olds from the local economy; and a

lower incidence of larger employers than the national average (0.29% of the total compared to 0.41% nationally).

On the basis of this analysis, the Commission recommended a much more “joined-up” approach to developing the Essex economy. In particular, the report highlighted a need to remove barriers to growth and improve the conditions which enable businesses across Essex to expand and prosper, including finding ways to ensure more commercial premises are made available to support growing businesses in key sectors such as low carbon and renewables, life sciences and healthcare, digital and creative, financial and business services, and logistics.

The Parkside Phase 3 project aligns directly with these areas for action.

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.]

The University of Essex is committed to the Parkside Phase 3 project, however its resources are finite and resources earmarked for this development impact other expansion opportunities for the University. As stated above, the University of Essex is extremely constrained by regulatory limits in terms of its ability to raise further commercial finance. Nearly all of this headroom is already committed against other priority projects for the development of the University’s academic activities. With these other demands on the University, the maximum contribution from the University to the development of Parkside Phase 3 is £5.5m and that would, in itself, involve difficult decisions where the priority of this scheme is evaluated against the competing development needs of the University.

The University has already allocated land to this development project and incurred upfront feasibility and design costs in excess of £450,000 to get the project to a stage where it is ready to be considered by potential funders and potential tenants. As a result of this initial investment by the University, the money from the SELEP will be used solely for the development and construction of the site.

In order to fund the Parkside Phase 3 development, the University has earmarked funding in its Capital Investment Plan and also ring-fenced savings on other projects where, due to efficient design, procurement and cost management, underspends have been generated. For example the Parkside 2 project was delivered £1.1m under budget.

The University of Essex is seeking collaboration from other partners and stakeholders interested in working with the University to support the development of this facility to drive job creation and economic growth in the area.

In conjunction with these partners and other opportunities that may develop in the coming months, the University is expanding its marketing activities through specialist agencies with national and international profiles to secure an anchor tenant for the development. The University would aim to work in partnership with the agent, the SELEP and local authorities responsible for delivering economic growth to find a suitable employer which is mutually beneficial. The securing of an anchor tenant could open up opportunities for complementary funding models, and this could include more traditional commercial type funding or a partner looking for a return on investment. The ability to attract an anchor tenant to the region will also ensure that new jobs are created and that Parkside Phase 3 does not cause job substitution or relocation. LGF funding would allow construction to be accelerated, making Knowledge Gateway a substantially more attractive proposition for suitable employers looking to relocate into the region.

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.]

As described above, the consequence of SELEP not investing in this project will mean that the project will not be able to proceed. As a consequence, the speed at which the University of Essex can enhance both the scale and type of facilities on the Knowledge Gateway would be severely compromised. In particular, were the University to be funding the next phase of development itself, it would be most likely to prioritise additional small business units, delivering more of the same type of facilities, which could be delivered at lower up-front cost. This would result in the full range of benefits for the local economy in terms of job and wealth creation and diversification within the North-Essex economy being lost.

2.7. Objectives of intervention:

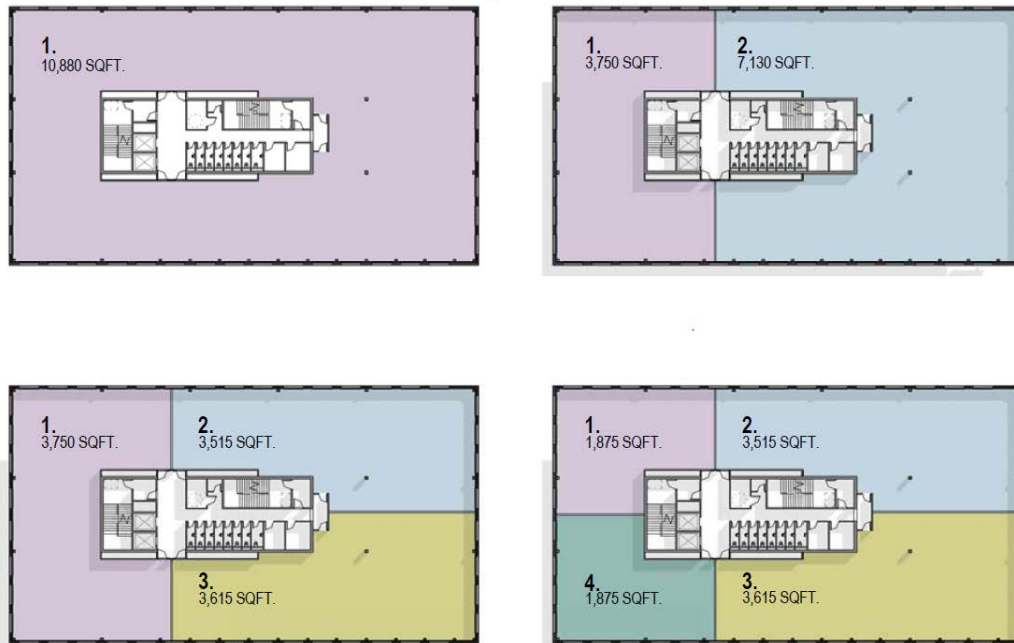
[Outline the primary objectives of the intervention in the table below, and demonstrate how these objectives align with the problems presented in the Need for Intervention section.]

This project will be an extension of the Parkside Office Village on the Knowledge Gateway site which is already home to Parkside Phase 1, consisting of nine units, Parkside Phase 1a, consisting of three units and Parkside Phase 2, consisting of seven Units.

Parkside Phase 3 offers a fully flexible layout which can be used as a single 3,775m² space for an anchor tenant or sub divided into up to 14 units.

The project involves the construction of a single four-storey building with a total area of 4,772m² gross (51,355 sq. ft.), ideal for a single tenant or with the capability of being subdivided. Each of the floors has the flexibility to be subdivided in a multiple of ways, providing a total net floor area of 3,775 m² (40,645 sq. ft.).

There is the potential to create up to 14 office units over four floors with a total area of 3,775 sq. m net. There is a ground floor office of 698 sq. m (7500 sq. ft.) plus three floors of 1014 sq. m (10880 sq. ft.) which can be leased in a number of permutations.



There is proven demand for units of these sizes, alongside the University's aspiration to attract a larger, anchor tenant to the site. This is a key opportunity to signal the University's intent to drive greater business engagement and economic growth. If not progressed, then as Parkside Phases 1, 1a and 2 are full, potential new businesses will have to be turned away.

Future Parkside Phase 3 developments (Parkside Phase 3b and 3c) have been designed and these would create two further buildings, co-located and of the same size and layout to the original Parkside Phase 3 building, to further develop and maximise the opportunity of the land available to the University.

The 2017 Essex Economic Commission report "Enterprising Essex: Opportunities and Challenges" noted "Many local authorities in Greater Essex have articulated concerns about inadequacies of supply and quality of commercial premises, particularly good quality office accommodation of the right size. Larger new developments, including business parks, have a crucial role to play in meeting demand."

In addition the report states:

"Regional surveyor Glenny LLP makes regular assessments of the commercial market in its Databook for office and industrial space in Essex."

Office market: The availability of office space in Essex has declined by 59% from 1.75m square feet in 2013 to 720,000 sq. ft. during 2016, with the availability rate at just 4%, the lowest in the region reviewed by Glenny (which also includes Hertfordshire, Kent and East

London). The drop in office availability has been driven by a rise in office take up from 200,000 sq. ft. in 2013 to 500,000 during 2015. Most grade A space is developed in Chelmsford but Grade A accounts for only 80,000 sq. ft., or 11% of available space.”

“The current shortage of suitable commercial workspace of the right size and quality is already a constraint on the ability of authorities and Invest Essex to attract, retain and grow the businesses that will generate faster growth.”

This work reinforces another report by ECC, “Grow On Space Feasibility Study”, which concludes that:

“From the available data, it is clear that there is a mismatch between the supply of, and demand for, grow-on space across Essex, for both office and industrial space. There is currently just one year’s worth of supply of industrial space available in Essex, and 2.5 years’ worth of office space available.

There are various reasons posited as to why there is a shortage. Essentially, there is a market failure in Essex, whereby the development of grow-on space is not an attractive proposition for the private sector: the returns on their investment are more favourable with other types of development, and the risks are perceived to be relatively high, as smaller, often younger, businesses look for short tenancies.

In addition, a shortage of available land, and focus on housing development, has in many places pushed land values up to the extent that development of this space would not be viable in much of Essex.

Much of the grow-on industrial and office space which is available is in older grade B property. Little new space is being built, due to the reasons set out previously. The result is a lack of the quality space which growing firms look for, as well as a quantum which falls short of demand. This is not only about the fabric of the buildings in question, but also the facilities, including digital infrastructure and parking. Where firms do take space, they are often forced into a sub-optimal solution.

Affordability seems to be less of an issue than the supply of space and its quality. However, this does not mean that affordability is not an implicit concern. If developers were able to charge more for space, they would most likely do so, as there is little point in developing space that no-one can afford. As it is, they are unable to charge rents sufficiently high enough to make development viable, and so development is not taking place at all.

Support services appear to be less of an issue for tenants. Businesses requiring grow-on space are by their nature already established businesses. As such, whilst they may have needed substantial support in their early days, this lessens as they grow.

Flexible tenancies on the other hand are still appealing to firms as they continue to grow. As noted above, this is one of the factors that makes the development of grow-on space undesirable for developers.

Analysis of the data and the consultations undertaken for the study point to the damaging economic effects of this shortfall.

- *Without appropriate grow-on space, firms hold back on expansion plans, and do not move from their current space. If they do, it is possible that they may move outside Essex.*
- *As these firms remain in what has become sub-optimal accommodation, this also prevents other businesses from taking the start-up space that would aid their survival and growth.*
- *Essex also misses out on potential inward investment opportunities, due to a lack of appropriate space for firms to move into.*

The Parkside Phase 3 development directly addresses the issue of high quality grow on space for businesses.

Project Objectives

Objective 1: Create High Quality Office Space

Objective 2: Create High Value, long term employment opportunities

Objective 3: Create an extended business ecosystem, linked to a world class University, capable of supporting businesses at all stages of the business lifecycle

Objective 4: Create a space suitable for attracting a large employer to the region

Problems or opportunities the project is seeking to address

Problem / Opportunity 1: Need for enhance access to skilled employees to support business growth

Problem / Opportunity 2: Need to enhance opportunities for skilled graduates to remain in the region, contributing to the local and regional economy

Problem / Opportunity 3: Need for an increased supply of high-quality office space suitable for high-growth businesses

Problem / Opportunity 4: Increased GVA within the region

Problem / Opportunity 5: Generating research collaborations that support increased productivity and profitability

Problem / Opportunity 6: Generating inward investment into Essex

[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					
	<i>Need for a Skilled Workforce</i>	<i>Need for Student employability</i>	<i>Need for a suitable supply of office space</i>	<i>Increase GVA of region</i>	<i>Generating research collaborations</i>	<i>Generating inward investment into Essex</i>
<i>Create High Quality Office Space</i>			✓✓✓	✓✓✓		✓✓✓
<i>Create High Value, long term employment opportunities</i>	✓✓✓	✓✓✓		✓✓✓	✓✓✓	✓✓✓
<i>Create a business ecosystem linked to a world class University</i>	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓
<i>Create a space suitable for attracting a large employer to the region</i>	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓

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 University of Essex is committed to the Parkside Phase 3 project and has already explored the environmental and legal constraints on such development.

Therefore the key constraints are:

- Availability of funding. This risk has been mitigated by earmarking £5.5m in the University Capital Investment Plan and commitments from SELEP and ECC at the SELEP Investment Panel meeting of 28 June 2019
- Determination by the planning authority of permission for the building. This risk has been mitigated by submission of a pre planning application and changes to the design based on this feedback
- Securing of suitable tenants to deliver the strategic benefits from the investment. This risk has been mitigated by securing the services of four agents, two local and two with national/international reach

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 University of Essex is committed to the Parkside Phase 3 project, however its resources are finite and without SELEP support the project would not be able to proceed. Therefore to unlock the investment opportunities, LGF funding is critical.

The University has already allocated land to the project and incurred upfront feasibility and design costs in excess of £450,000 to get the project to a stage where it is ready to be considered by potential funders and potential tenants. As a result of this initial investment by the University, the money from the SELEP and other potential investors will be used solely for the development and construction of the site. The SELEP should have confidence from both the track record of the University in project delivery, as well as from the up-front investment made by the University in the project to date to ensure it is 'shovel ready' in time to meet SELEP funding criteria. The University has initiated the planning process ahead of the SELEP making its final funding decision, a sign of commitment to delivering this Phase of development on the Knowledge Gateway.

The funding from LGF will be essential to enable the project to proceed and is supporting this drive for job creation, economic growth and diversification of the employer base in the area. The University is seeking funding for this project from other partners and stakeholders interested in working with the University to provide development in the area, to complement the SELEP funding requested in this proposal.

The University has an impeccable track record in delivering projects, especially those supported by the SELEP. The University has bid for projects, delivered them on time and to specification, delivered the specified outputs such as job creation and business growth and has repaid SELEP loans on time.

In the context that the University has the land and has invested in a building design, the only delivery constraint is the submission to the local planning authority and a timely decision being reached to ensure the facility can be constructed and deliver the benefits to the region in terms of growth, productivity, employment and diversification.

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 floor space). Please reference the relevant section of the Economic Case where additional information regarding the assessment approach can be found; max. 0.5 page.]

The project involves the construction of up to 14 office units with a total area of 3,775m² net. Assuming an employment density of 12m² per FTE, this would create in the region of 300 jobs

by 2022 assuming occupation of the building upon completion. This is a conservative estimate of the number of jobs created based on current occupation density but is the standard measure used in our business case to ensure a minimum level of occupation.

It is estimated that, based on the draft business case and jobs created, the total annual GVA of this project is in excess of £1.4m pa excluding the economic impact of the jobs created.

The University of Essex has demonstrated through the Parkside developments a track record of delivering high quality office space. As a result of strict tenant selection criteria the Parkside Office Village has seen jobs created in a number of key areas including Engineering, Health, Care, Logistics, Digital and Creative and Finance. These types of jobs directly address the Priority Sectors published in 'Essex Employment and Skills Board Evidence Base Spring 2016'. The phase 3 development will continue with the ethos of tenancy established on the wider Knowledge Gateway.

Table 4 Priority sectors in Essex			
2015	Employment Thousands	Job vacancies Thousands	% of jobs advertised with salaries over £30,000
Construction	65	10	58
Manufactg. & Engineering	50	13	58
Health	47	12	54
Care	45	6	34
Logistics	37	7	17
IT, Digital & Creative	30	17	67
Finance & Insurance	26	12	42
Source: Essex Employment and Skills Board Evidence Base Spring 2016			

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.]

Risk	Likelihood Score*	Impact Score*	Mitigation
Delays to construction timetable due to external factors	2	2	Proper contractor management and QS monitoring
Cannot fill units once complete	1	2	Market testing and waiting list for units support market need. Units have been designed based on lessons learned and tenant requests from previous phases
Delays to securing funding	2	3	The project will not be able to proceed without SELEP funding. Multiple complementary funding avenues being actively followed; development timeline allows for funding bids to be reviewed and alternative sources to be identified
Planning Risk	1	3	The risk that the design will not be agreed by the planning authority has been mitigated by reflecting the feedback from the planning pre application in the final design

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.

Long list of options considered:

*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.*

Options assessment:

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

Short list of options:

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 University of Essex has developed a long-term strategy for the development of business incubation and growth space on its Colchester campus. The creation of the Innovation Centre and the Office Village has created a pipeline of new business to feed future developments. This strategy was developed in 2012, on the basis of an options appraisal of various potential uses for this part of the University's Colchester campus. At that time, alternative uses of the land such as leisure, residential housing etc. were discounted; while they provided valuable cash inflows to the University, they did not help the University grow in its mission of 'excellence in Education and excellence in Research'. Uses which promoted collaboration with business and provided student

and graduate opportunities provided benefits that were better aligned to the mission of a University and providing wider benefit to the region.

The University is committed to this strategy and has taken market advice regarding the best mix, design and phasing of the buildings on site. With all units fully let on the Parkside site, this is the optimal moment to develop the different range of facilities that will be available in Parkside Phase 3. In creating a building for a larger tenant, the University is seeking to contribute to a step change in the attractiveness of North Essex to larger, more established businesses. The University has confidence that it can create demand in this market segment given the unique offer and business ecosystem that it has developed on Knowledge Gateway. However, to mitigate risks associated with this development, the design of the building allows for flexibility for sub-division into multiple smaller units, the market for which is proven.

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.]

In developing this proposal, the University of Essex has considered local and regional economic needs alongside its own development plans, focusing this project on addressing key constraints to economic growth in the County identified by the County Council and through the work of the Economic Growth Commission.

We have consulted with SELEP, ECC, CBC and the Essex Business Board and they are all supportive of the continued development of Knowledge Gateway in general, and Parkside Phase 3 in particular, as a project aligned with their own strategic objectives.

The report of the Essex Economic Commission highlighted specifically the need to expand the availability of suitable workspace and accommodation in the County, which has a successful track record of business start-ups, with 254 start-ups for each £1bn of GVA between 2010 and 2015 (which is much higher than the UK average). However, this high rate of start-up activity has not translated into those new businesses expanding and driving productivity growth within the local economy. In part, this is attributed to a shortage commercial workspace to facilitate business expansion.

The report highlights that, *“In Greater Essex the decline in availability of office and industrial space has been much steeper and more pronounced than for the UK as a whole..... Quality office space remains in short supply. Prime rents for office and industrial space in Essex tend to be lower than many other centres in the south east, providing an opportunity to attract more business to the county.”*

“High quality regional offices: The option of developing high quality office space with a sector focus in the main urban centres of Greater Essex should be taken into account. This would include flexible workspace for which there is growing demand from start-ups and small businesses.”

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 University and its advisory boards have reviewed many options for the use of the land available and for the next phase of development on Knowledge Gateway. In evaluating these options, the University's goals have been twofold: to enhance the impact of its own activities through improved business engagement across start-ups, SMEs and established businesses, creating employment for students and graduates and opportunities for the research undertaken at the University to promote direct economic benefits; and to stimulate economic growth and high-value employment within the area for the benefit of the wider local community.

The University has sought external advice on the most appropriate developments to deliver these aspirations and also advice on the most cost effective designs which make best use of land while not over developing the natural parkland environment of its Colchester campus. The design ethic has been to create 'Pavilions in the Park' well suited to the needs of knowledge businesses.

The University considers it of utmost importance that the current momentum which has been generated by Parkside and the Innovation Centre on the Knowledge Gateway is maintained, ensuring that the strong demand from businesses to co-locate on the University's campus can be sustained and the pace of economic impact accelerated.

The previous Knowledge Gateway developments have focused on supporting the needs of small start-ups and smaller office units. Parkside Phase 3 has design flexibility providing an opportunity for a single large scale employer to occupy the entire unit as an anchor tenant, meeting a specific development need identified by the Essex Economic Commission. Securing an anchor tenant would address a limiting characteristic of the Essex economy, with its significant under-representation of larger employers, creating facilities alongside the existing popular units on the Knowledge Gateway and attracting knowledge-based businesses to the area across the business development cycle.

The Knowledge Gateway site offers more than just office space. It has been designed with the physical, technical and intellectual infrastructure to offer businesses benefits throughout their development, including access to robust, high-speed internet connections through the JANET network, research knowledge and a pipeline of highly skilled staff. Parkside Phase 3 should be considered the optimal destination for a large, possibly international, business creating high value employment and generating inward investment in the region.

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].

See Appendix E

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](#).]

Cost type	Expenditure Forecast					Total £000
	17/18 £000	18/19 £000	19/20 £000	20/21 £000	21/22 £000	
Capital – Construction cost						
Capital – Development Costs***						
Capital – Contingency						
Total - Capital		450	1,321	6,500	2,229	10,500

All financial years run from first April to match SELEP/ECC accounting periods.

The value of the land has been excluded throughout this business case, i.e. assumed to be zero. Although it does have a notional value for the purpose of accounting valuation on the balance sheet, there are restrictive covenants limiting its use and therefore the value is unrealisable.

*** - the development costs (£xm) exclude costs already incurred by the University to get it to this stage, approximately £450,000 These are in addition to the £450,000 incurred in 2018/19

A further sum of approximately £120,000 has been allocated in the revenue budget for associated costs such as Project Management and this has been separately provided for by the University.

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.]

The benefits of the project can be summarised as:

- Creation of 300 jobs by 2022, assuming an employment density of 12m2 per FTE and assuming occupation of the building upon completion. This a conservative estimate of

the number of jobs created based on current occupation density but is the standard measure used in our business case to ensure a minimum level of occupation.

- Construction of a single four-storey building with a total area of 4,772m² gross (51,355 sq. ft.), ideal for a single tenant (i.e. a new large employer to the area). Each of the floors has the flexibility to be subdivided in a multiple of ways, providing a total net floor area of 3,775 m² (40,645 sq. ft.) of Grade A Floor Space
- Estimated GVA of £1.4m pa excluding the economic impact of jobs created.

The success of this project will also support the continued successful development of the University of Essex as an anchor institution in the region. Each year the University makes an assessment of the economic impact it has brought to the region in direct and indirect financial benefit. It is currently delivering in excess of £500m annually to the Essex economy. As the university continues to expand its educational, research and business engagement activities, the scale of its direct and indirect economic impact will continue to grow.

The additional facilities provided by Parkside Phase 3 will create a research park that is able to foster start-up businesses, providing grow on space for Essex businesses and provide the type of facility which has been identified as being critical to attract larger employers to the region.

Embedded Report 1 - UoE Economic Impact Assessment



34587_50446_Economic_Impact_Report_1

The Business Case shows that over a 50 year period, assuming a discount factor of 3.5% the project generates £xxm of income and a discounted cash flow of £xxm – a rate of return of 5.9%.

Embedded Report 2 - Cash Flow Report

Redacted

The building has undergone a carbon impact assessment and the design reflects the recommendation of the report to include nearly 100 PV cells for energy generation and an Air Source Heat Pump. Full report below

Embedded Report 33 – Carbon Assessment report



AC-PB-5428-ENE04_
Low Zero Carbon Te

3.7. Local impact:

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

The 2017 Essex Economic Commission report “Enterprising Essex: Opportunities and Challenges” noted *“Many local authorities in Greater Essex have articulated concerns about inadequacies of supply and quality of commercial premises, particularly good quality office accommodation of the right size. Larger new developments, including business parks, have a crucial role to play in meeting demand.”*

In addition the report states:

“Regional surveyor Glenny LLP makes regular assessments of the commercial market in its Databook for office and industrial space in Essex.

Office market: The availability of office space in Essex has declined by 59% from 1.75m square feet in 2013 to 720,000 sq. ft. during 2016, with the availability rate at just 4%, the lowest in the region reviewed by Glenny (which also includes Hertfordshire, Kent and East London). The drop in office availability has been driven by a rise in office take up from 200,000 sq. ft. in 2013 to 500,000 during 2015. Most grade A space is developed in Chelmsford but Grade A accounts for only 80,000 sq. ft., or 11% of available space.”

“The current shortage of suitable commercial workspace of the right size and quality is already a constraint on the ability of authorities and Invest Essex to attract, retain and grow the businesses that will generate faster growth.”

This work reinforces another report by ECC, “Grow On Space Feasibility Study”, which concludes that:

“From the available data, it is clear that there is a mismatch between the supply of, and demand for, grow-on space across Essex, for both office and industrial space. There is currently just one year’s worth of supply of industrial space available in Essex, and 2.5 years’ worth of office space available.

There are various reasons posited as to why there is a shortage. Essentially, there is a market failure in Essex, whereby the development of grow-on space is not an attractive proposition for the private sector: the returns on their investment are more favourable with other types of development, and the risks are perceived to be relatively high, as smaller, often younger, businesses look for short tenancies.

In addition, a shortage of available land, and focus on housing development, has in many places pushed land values up to the extent that development of this space would not be viable in much of Essex.

Much of the grow-on industrial and office space which is available is in older grade B property. Little new space is being built, due to the reasons set out previously. The result is a lack of the quality space which growing firms look for, as well as a quantum which falls short of demand. This is not only about the fabric of the buildings in question, but also the facilities, including digital infrastructure and parking. Where firms do take space, they are often forced into a sub-optimal solution.

Affordability seems to be less of an issue than the supply of space and its quality. However, this does not mean that affordability is not an implicit concern. If developers were able to charge more for space, they would most likely do so, as there is little point in developing space that no-one can afford. As it is, they are unable to charge rents sufficiently high enough to make development viable, and so development is not taking place at all.

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Flexible tenancies on the other hand are still appealing to firms as they continue to grow. As noted above, this is one of the factors that makes the development of grow-on space undesirable for developers.

Analysis of the data and the consultations undertaken for the study point to the damaging economic effects of this shortfall.

- *Without appropriate grow-on space, firms hold back on expansion plans, and do not move from their current space. If they do, it is possible that they may move outside Essex.*
- *As these firms remain in what has become sub-optimal accommodation, this also prevents other businesses from taking the start-up space that would aid their survival and growth.*
- *Essex also misses out on potential inward investment opportunities, due to a lack of appropriate space for firms to move into.*

The Parkside Phase 3 development directly addresses the issue of high quality grow on space for businesses.

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.]

	DCLG Appraisal Sections	Option 1 relative to status quo (Do Something)	Option 2 relative to status quo (Do Minimum)
A	Present Value Benefits [based on Green Book principles and Green Book Supplementary and Departmental Guidance (£m)]	£xxm Based on 50 year cash flow discounted at 3.50%	0
B	Present Value Costs (£m)	£10.5m	0
C	Present Value of other quantified impacts (£m)	£xxm Based on 50 year cash flow discounted at 3.50% for an assumed GVA of £xxm	0
D	Net Present Public Value (£m) [A-B] or [A-B+C]	£xxm	0
E	'Initial' Benefit-Cost Ratio [A/B]	0.64	0
F	'Adjusted' Benefit Cost Ratio [(A+C)/B]	7.3	0
G	Significant Non-monetised Impacts	<i>[Please provide details of the non-monetised impacts of the scheme. Please note that, where monetisation is not possible, a qualitative assessment of the potential impacts should be carried out and presented in the Business Case submission.</i> <i>The DCLG Appraisal Guidance provides additional details regarding the use of multi-criteria analysis (MCA) on page 25 or switching values to capture the significance of such impacts on page 26]</i> <i>None which is material to the evaluation</i>	
H	Value for Money (VfM) Category	<i>[A VfM category should be produced for each spending option. The VfM should be based on the overall assessment of both monetised and non-monetised impacts. The VfM category will</i>	



	DCLG Appraisal Sections	Option 1 relative to status quo (Do Something)	Option 2 relative to status quo (Do Minimum)
		<p><i>ultimately represent a judgment based on the size of the monetised benefits relative to the monetised costs (the BCR) and the potential significance of non-monetised impacts. Additional guidance can be found on page 28 of the DCLG Appraisal Guidance]</i></p> <p>Based on the 'Adjusted' Cost Benefit Ratio and the definition on page 28 of the DCLG Appraisal Guidance where schemes with a BCR>2 are 'High Value for Money'</p> <p>= High Value for Money</p>	
I	Switching Values & Rationale for VfM Category	<p><i>[Sensitivity analysis can be used to identify a 'switching value' particularly with respect to additionality]</i></p> <p>N/A</p>	
J	DCLG Financial Cost (£m)	£0m	
K	Risks	See Appendix A	
L	Other Issues	N/A	

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.]

Due to the size of the project, an OJEU procurement is recommended, as has been the case for other Knowledge Gateway projects.

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.]

The procurement strategy, as advised by our QS on the project, is to follow a traditional contract where a predesigned building is tendered for construction. This approach has informed our spend programme and project plan.

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.]

The University has significant experience of this type of project, evidenced by projects such as the previous phases of Parkside development and the Innovation Centre, as well as a University capital programme in excess of £270m over the past 10 years. Lessons from previous projects are reviewed systematically by the University to inform the project management and delivery of each project.

4.4. Competition issues:

[Describe any competition issues within the supply chain; max. 0.5 page.]

An external contractor selected through an OJEU procurement process will carry out the construction of the building.

The building will be let to tenants using the in-house team of the University that are responsible for commercial lettings using the strict tenant selection criteria for Parkside Office Village. The tenants must provide strategic benefit to the University in terms of student entrepreneurship, employability or research opportunities. Tenants pay normal commercial rents to ensure that the local market is not distorted or that any state aid issues are created.

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.]

There are no direct HR issues in relation to this project. The building will be let to tenants using the in-house team of the University that are responsible for commercial lettings using the strict tenant selection criteria for Parkside Office Village.

An external contractor selected through an OJEU procurement process will carry out the construction of the building. Part of the evaluation will be to validate their HR, Equality and Diversity policies and processes around 'Right to Work' validation.

The tenants of the building will be responsible for the HR policies and their staff.

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.]

Risk	Likelihood Score*	Impact Score*	Mitigation
Delays to construction timetable due to external factors	2	2	Proper contractor management and QS monitoring
Cannot fill units once complete	1	2	Market testing and waiting list for units support market need. Units have been designed based on lessons learned and tenant requests from previous phases
Delays to securing funding	2	3	The project will not be able to proceed without SELEP funding. Multiple complementary funding avenues being actively followed; development timeline allows for funding bids to be reviewed and alternative sources to be identified
Planning Risk	1	3	The risk that the design will not be agreed by the planning authority has been mitigated by reflecting the feedback from the planning pre application in the final design

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 University will ensure the procurement process follows OJEU and public procurement regulations. There will be specific questions in the tender asking bidders for evidence of their social value plans and these will be evaluated against the benefit brought to the local community and improving outcomes for the region.

As with the existing facilities on the Knowledge Gateway, the University seeks to maximise the benefits for students arising from developments. In entering into agreements with tenants, the University makes explicit its expectation that businesses will provide opportunities for Essex students and graduates to gain experience working in the businesses on the Knowledge Gateway. Such experiences provide students and graduates with valuable employability skills,

facilitating their transition into the world of work on completion of their studies. This approach allows the University to maximise student benefit from all of its activities.

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 values¹.

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.]

Funding source	Amount (£)	Flexibility of funding scale or profile	Constraints, dependencies or risks and mitigation
<i>SELEP LGF3</i>	<i>£3m</i>		
<i>ECC</i>	<i>£2m</i>	<i>ECC contribution to the project is forward funding via borrowing within the capital programme</i>	<i>The funding is provided on condition that should further SELEP LGF funding become available it is directed to this scheme subject to agreement from the SELEP Accountability Board (as agreed at the SELEP Investment Panel meeting of the 28th June 2019).</i>
<i>University of Essex</i>	<i>£5.5m (up to a maximum of)</i>	<i>Funds committed to ensure balance of funding is met</i>	
Total project value	£10.5m	<i>Project includes £500,000 contingency</i>	

¹ Nominal values are expressed in terms of current prices or figures, without making allowance for changes over time and the effects of inflation.

Analysis of Spend by year:

Cost type	Expenditure Forecast					
	17/18 £000	18/19 £000	19/20 £000	20/21 £000	21/22 £000	Total £000
Capital [For example by stage, key cost elements for construction, and other cost elements such as contingency, overheads and uplifts]						
Capital – Construction cost						
Capital – Development Costs***						
Capital – Contingency						
Total - Capital		450	1,321	6,500	2,229	10,500
Funded By:						
SELEP LGF3 funding				3,000		3,000
ECC (borrowing) funding				2,000		2,000
UoE		450	1,321	1,500	2,229	5,500
Total Funding		450	1,321	6,500	2,229	10,500

*** - the development costs (£xxm) exclude costs already incurred by the University to get it to this stage, approximately £450,000.

A further sum of approximately £120,000 has been allocated in the revenue budget for associated costs such as Project Management and this has been separately provided for by the University

All financial years run from first April to match SELEP accounting periods.

The value of the land has been excluded throughout this business case, i.e. assumed to be zero. Although it does have a notional value for the purpose of accounting valuation on the balance sheet, there are restrictive covenants limiting its use and therefore the value is unrealisable.

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.]

The University of Essex is seeking £3m SELEP Local Growth Funding (LGF) and £2m forward funding from ECC borrowing to co-fund the total construction cost of £10.5m of a key building on Knowledge Gateway, Parkside Phase 3.

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.]

Cost type	Expenditure Forecast					Total £000
	17/18 £000	18/19 £000	19/20 £000	20/21 £000	21/22 £000	
Capital [For example by stage, key cost elements for construction, and other cost elements such as contingency, overheads and uplifts]						
Capital – Construction cost						
Capital – Development Costs***						
Capital – Contingency						
Total - Capital		450	1,321	6,500	2,229	10,500
Non-capital [For example revenue liabilities for scheme development and operation]						
QRA	See 5.4					
Monitoring and Evaluation	See note ##	-	-	-	-	-
Total funding requirement		450	1,321	6,500	2,229	10,500
Inflation (%)	2% included above					

Costs as at December 2017, inflated to Q2 2020 using 2% inflation.
Figures supplied by Castons as QS – report below.

Redacted

Embedded Report 4 - Castons QS Cost Report Dec 2017

*** The University incurred circa £450,000 of initial design costs not included in this bid to fund the design and feasibility in addition to the £450,000 costs incurred in 2018/19.

- A further sum of approximately £120,000 has been allocated in the revenue budget for associated costs such as Project Management and this has been separately provided for by the University

All financial years run from 1 April to match SELEP accounting periods.

The value of the land has been excluded throughout this business case, i.e. assumed to be zero. Although it does have a notional value for the purpose of accounting valuation on the balance sheet, there are restrictive covenants limiting its use and therefore the value is unrealisable.

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 project has three distinct phases:

- Planning and design – largely completed subject to a planning determination by the local authority
- Construction – As the timeline for delivery and the design become more certain, the scope for unexpected costs diminish. Rather than making a QRA allowance in the costings, a construction contingency of £500,000 has been included.
- Tenant Occupation – This is an obvious risk that a single anchor tenant might not be found. However, there is strong interest in the building as a single unit and the limiting factor to a pre-let is the date of completion that cannot be committed to until there is absolute funding certainty. In the event of a change in market demand, the building design allows for sub division into up to 14 units. Based on the waiting list for the other Parkside developments there is a high level of confidence that tenants will be found and there the QRA sum is minimal.

As a result, no provisional sums have been included in table 5.3 above. In the event of financial exposure due to the crystallisation of a risk event, the University commits to fund these costs and will not seek additional funding from SELEP or Essex County Council

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					
Funding source	17/18 £000	18/19 £000	19/20 £000	20/21 £000	21/22 £000	Total £000
SELEP LGF3 funding				3,000		3,000
ECC				2,000		2,000
UoE		450	1,321	1,500	2,229	5,500
Total Funding		450	1,321	6,500	2,229	10,500

In addition, the University has already incurred circa £450,000 of initial design costs not included in this bid, to fund the design and feasibility, and will be contributing the land value to the project.

A further sum of approximately £120,000 has been allocated in the revenue budget for associated costs such as Project Management and this has been separately provided for by the University

All financial years run from first April to match SELEP accounting periods.

The value of the land has been excluded throughout this business case, i.e. assumed to be zero. Although it does have a notional value for the purpose of accounting valuation on the balance sheet, there are restrictive covenants limiting its use and therefore the value is unrealisable.

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.]

The scheme will not be able to proceed without SELEP funding. However, with that funding in place, the University is committed to the scheme and in the unlikely event of cost over-runs, the University will fund these without any further requests to SELEP for additional funding.

The scheme has been endorsed by the University and the Knowledge Gateway (KG) Board in accordance with the governance arrangements for projects in this stage of development. The KG Board has confirmed support and approval for this application.

The procurement process and the total funding package required to deliver the scheme will be approved and assured by both the KG Board and the University Council.

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.]

The University of Essex has made every possible attempt to mitigate funding risk to this stage of the project. The architects, ADP, have been given a tight brief which focuses on functionality; efficiency of space usage and buildability to ensure the design is affordable while being sympathetic to the land constraints. The design has been scrutinised by the KG Board to validate the cost effectiveness of the design, which has also been reviewed by an independent quantity surveyor, Castons (attached in section 5.3), to test the value for money of the scheme and to ensure that correct budgetary provision is made.

Demand risk has been mitigated by taking reports from two commercial agencies to test the need for this scale of building in the market. A national commercial agent will be appointed to market the offer which is supplemented by the intellectual capital of the University, access to research know-how, and a graduate student workforce.

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 Parkside site is managed as part of a wholly owned subsidiary company of the University – Knowledge Gateway Ltd. (KGL). The KGL company has independent directors with specialist knowledge of building and investment properties as well as Directors holding senior positions within the University, including the University's Registrar and Secretary and Director of Finance who are part of the University's Senior Management Team.

This governance structure ensures robust decision making around the activities of the Knowledge Gateway as a whole, as well as individual developments on the site

As a subsidiary company of the University, all decisions of the KGL board are ratified by the University's Council to ensure the proper use of University resources.

Bryn Morris – Registrar and Secretary of the University is Chair of the KGL Board and will be the Senior Responsible Officer (SRO) for this project.

The project will have dedicated project management support and independent QS verification.

6.2. Approvals and escalation procedures:

[Specify the reporting and approval process; max. 0.5 pages.]

The project will have dedicated 'Building Project Steering Group' (BPSG) which meets monthly to review and monitor progress. The BPSG approves use of contingency budgets and minor changes of scope and building design. The BPSG is chaired by Bryn Morris, sponsor of this project and funding application.

The Knowledge Gateway Board has approved the project and funding agreed by the University Council and therefore included in the University's 'Capital Investment Plan' that runs to 2023.

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.]

To ensure the project is delivered within budget and on programme, we will employ an external design team alongside the University's Estates and Campus Services Section. The external team will consist of a Quantity Surveyor and Project Manager to monitor progress against

programme and costs. The contractor will formally sign an amended JCT Suite of Contract which will bind the party in delivering the project within the timescales. The project will be governed by strict University process that report every four weeks to a 'Building Project Steering Group' and every six weeks to the external board members of the Knowledge Gateway. This will cover progress to date, current and predict cost and risks to the project delivery.

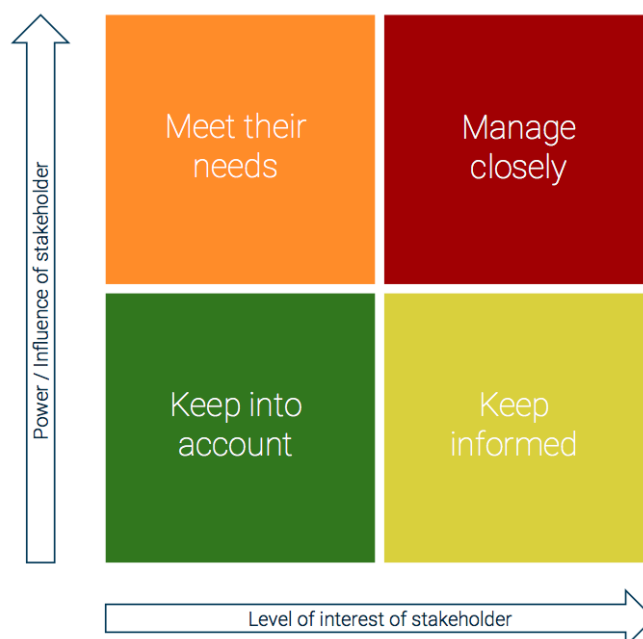
6.4. Key stakeholders:

[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.]

Key Stakeholders:

- University of Essex – Student and Academic Communities
- SELEP
- University of Essex Knowledge Gateway
- Essex County Council
- Colchester Borough Council
- Invest Essex
- Haven Gateway
- Essex Chamber of Commerce
- Oxford Innovation
- Existing tenants of Parkside
- Future tenants of Parkside and Innovation Centre
- Commercial letting agents (to be determined)
- Construction Companies (to be determined)

Stakeholders will be managed proactively over the life of the project in the same way as they have been for other Parkside developments. A detailed plan will be devised in Autumn 2018, following the principles of Stakeholder Strategic Management.



The University, working collaboratively with stakeholders, has secured significant political and media coverage of the Knowledge Gateway and the contribution it is making to regional economic development. Regular media coverage of developments on the Knowledge Gateway has highlighted the contributions of stakeholders and the significance of their input in advancing the University's engagement with business.

The Knowledge Gateway Board and the University of Essex Research and Enterprise Office has named responsibility for stakeholder engagement across the life of the project and post completion to ensure benefits realisation.

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.]

A formal EqIA has not been undertaken for this project in isolation from recent developments on the Knowledge Gateway.

The design developed by the architects includes a summary of access considerations and strategies for the building. In terms of users of the site, the only formal limitation in place is a tenant selection criteria document which ensures that space is only rented to businesses which have a link or benefit to the University and its strategic objectives. The EqIA will be completed once the design is finalised.

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 Parkside Phase 3 project has its own risk and issues log. Risks are monitored through the project manager and there is a formal review process for project risks through a building project steering group and an escalation of risks to the KGL Board. The SRO has regular monitoring meetings to ensure oversight of risks between KGL Board meetings. Construction risks are specifically reported on in detail to the projects 'Building Project Steering Group'

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.]

See Appendix C

Parkside Phase 3 Timeline			
	Start	Period (months)	End
Planning - Pre Application	01/01/2019	3	31/03/2019
Planning Submission/Determination	30/08/2019	4	20/12/2019
Detailed Design following Planning	21/10/2019	5	06/03/2020

Procurement - OJEU	09/03/2020	5	14/08/2020
Construction	12/10/2020	12	29/10/2021
Occupation/Opening			31/03/2022

The dates above represent prudent, worst case timings to ensure the project can be delivered within the SELEP funding window and to deliver 300 jobs by 2022. It is the ambition of the project to deliver significantly ahead of this programme by running certain activities in parallel. This approach builds in a natural project time delivery buffer and provides a risk mitigation to project over runs.

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 University has an impeccable track record in delivering projects, especially those supported by the SELEP. The University has bid for projects, delivered them on time and to specification, delivered the specified outputs such as job creation and business growth and has repaid SELEP loans on time.

In order to fund the Parkside Phase 3 development, the University has earmarked funding in its Capital Investment Plan and also ring fenced savings on other projects where, due to efficient design, procurement and cost management, underspends have been generated. For example the Parkside 2 project was delivered £1.1m under budget. However, without SELEP funding, the project would not be able to proceed as there is no headroom with the University's available investment resources to fund the scheme in its entirety.

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):
 - o Housing unit completion
 - o Jobs created or safeguarded
 - o Commercial/employment floor space completed
 - o Number of new learners assisted
 - o Area of new or improved learning/training floor space
 - o 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.]

A further sum of approximately £120,000 has been allocated in the revenue budget for associated costs such as Project Management and this has been separately provided for by the University

The monitoring of benefits derived from Parkside Phase 3 can be measured with simple metrics. The resource for this monitoring is already part of the Knowledge Gateway administration costs. The additional costs of monitoring this project post completion is marginal.

The project involves the construction of up to 14 office units with a total area of 3,775m² net. Assuming an employment density of 12m² per FTE, this would create in the region of 300 jobs by 2022 assuming occupation of the building upon completion.

It is estimated that, based on the draft business case and jobs created, the total annual GVA of this project is in excess of £1.4m pa.

Parkside Phase 1 and 1a are already delivering the anticipated benefits – it is home to over 25 businesses and has created 140 jobs.

Parkside Phase 2 is already pre-let and will be available in January 2019. This will be home to four substantial businesses.

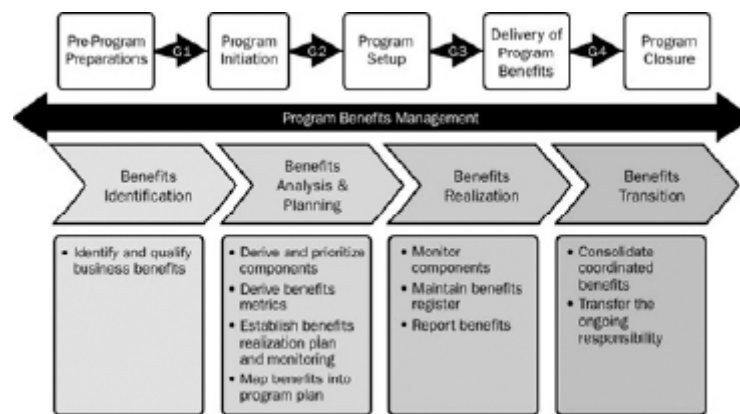
6.10. Benefits realisation plan:

[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.]

A benefits realisation plan will be formally developed as the final shape of the project emerges. There are essential deliverables within the project which flow from creating the building, finding a tenant, creating jobs and bring economic benefit to the region.

Benefits realisation will be managed through standard MSP principals and follow a standard process.



Benefits realisation will be monitored in the early stages through Programme Management methodology (MSP) and in the longer term through a basket of KPI metrics reported through the ongoing governance structure of the KGL and the University.

The Knowledge Gateway Board will review and ensure the delivery of the benefits of the project via its KPI reporting mechanism which is presented to every meeting. The key metrics to be delivered are outlined in the time line above, i.e. a building delivered in late 2021 and occupied in March 2022 creating 300 jobs. This a conservative estimate of the number of jobs created based on current occupation density but is the standard measure used in our business case to ensure a minimum level of occupation.

7. DECLARATIONS

<i>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?</i>	No
<i>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</i>	No
<i>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?</i>	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.

<i>Signature of applicant</i>	
<i>Print full name</i>	Marc Albano
<i>Designation</i>	Deputy Director of Finance

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 [Essex County Council](#) 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)Bryn Morris.....

S151 Officer

9. APPENDIX B – RISK MANAGEMENT STRATEGY

Description of Risk	Impact of Risk	Risk Owner	Risk Manager	Likelihood of occurrence (Very Low/ Low/Med/ High/ Very High) (1/2/3/4/5) *	Impact (Very Low/ Low/ Med/ High/ Very High) (1/2/3/4/5) **	Risk Rating	Risk Mitigation	Residual Likelihood Scores	Residual Impact Scores
Delays to construction timetable due to external factors	Delay in benefits realisation	Bryn Morris (Registrar & Secretary)	Chris Oldham (Director of Estates)	3	3	9	Proper contractor management and QS monitoring Market testing and waiting list for units support market need.	2	2
Cannot fill units once complete	Financial risk to KGL/University	Bryn Morris (Registrar & Secretary)	Chris Oldham (Director of Estates)	2	3	6	Units have been designed based on lessons learned and tenant requests from previous phase	1	2
Delays to securing funding	Financial risk to KGL/University	Bryn Morris (Registrar & Secretary)	Andrew Keeble (Director of Finance)	2	3	6	The project will not be able to proceed without SELEP funding. Multiple complementary funding avenues being actively followed; development timeline allows for funding bids to be reviewed and	2	3

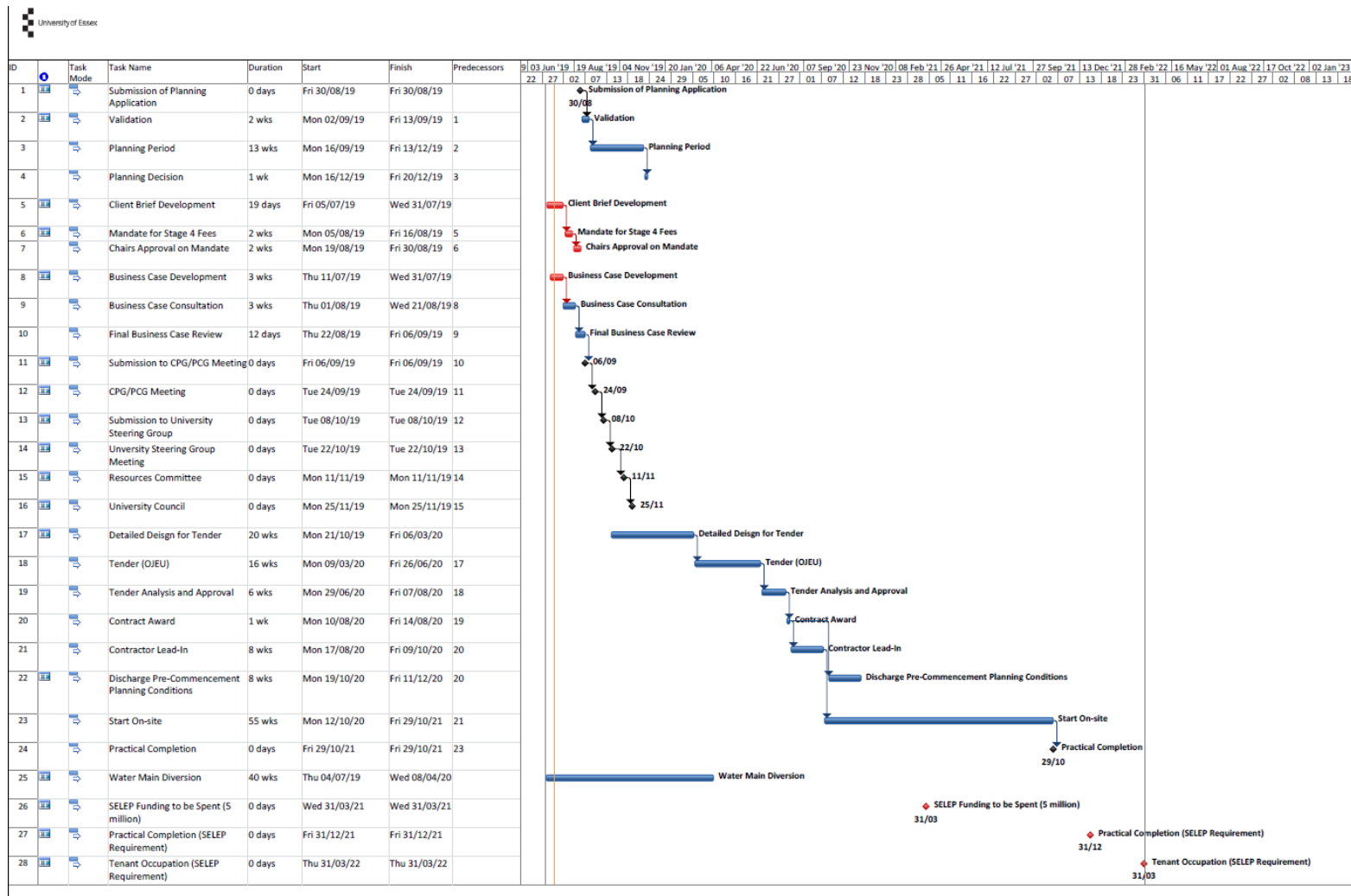
							alternative sources to be identified		
Planning Risk	Financial risk to KGL/University	Bryn Morris (Registrar & Secretary)	Chris Oldham (Director of Estates)	2	3	6	The risk that the design will not be agreed by the planning authority has been mitigated by reflecting the feedback from the planning pre application in the final design	1	3

* 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

Please note, not all sections of the table may require completion.

10. APPENDIX C – GANTT CHART



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)	<p>Assuming an employment density of 12m² per FTE, this would create in the region of 300 jobs by 2022 and assuming occupation of the building upon completion.</p> <p>This a conservative estimate of the number of jobs created based on current occupation density but is the standard measure used in our business case to ensure a minimum level of occupation.</p>
	Commercial floor space planned - please state sqm and class	The Parkside Phase 3 project involves the construction of a single four-storey building with a total area of 4,772m ² gross (51,355 sq. ft.), ideal for a single tenant (i.e. a new large employer to the area). Each of the floors has the flexibility to be subdivided in a multiple of ways, providing a total net floor area of 3,775 m ² (40,645 sq. ft.) of Grade A Floor Space.
	Commercial floor space constructed to date - please state sqm and class	36,986 sq. ft. of other Grade A space created on the site to date known as Parkside 1, Parkside 1a and Parkside 2. Parkside Phase 3 will add a further 51,355 sq. ft. of Grade A space
	Housing unit starts (forecast over lifetime)	N/A
	Housing unit starts (to date)	N/A
	Housing units completed (forecast over lifetime)	N/A
	Housing units completed (to date)	N/A
Transport (outputs)	Total planned length of resurfaced roads (km)	N/A

Category	Key Performance Indicators	Description
	Total completed length of resurfaced roads (km)	N/A
	Total planned length of newly built roads (km)	N/A
	Total completed length of newly built roads (km)	N/A
	Total planned length of new cycle ways (km)	N/A
	Total completed length of new cycle ways (km)	N/A
	Type of service improvement	N/A
Land, Property and Flood Protection (outputs)	Anticipated area of site reclaimed, (re)developed or assembled (ha)	N/A
	Actual area of site reclaimed, (re)developed or assembled (ha)	N/A
	Length of cabling/piping planned (km) - Please state if electricity, water, sewage, gas, telephone or fibre optic	N/A
	Length of cabling/piping completed (km) - Please state if electricity, water, sewage, gas, telephone or fibre optic	N/A
	Anticipated area of land experiencing a reduction in flooding likelihood (ha)	N/A
	Actual area of land experiencing a reduction in flooding likelihood (ha)	N/A
	Follow-on investment at site (£m) - Please state whether Local Authority, Other Public Sector, Private Sector or Third Sector	N/A
	Anticipated commercial floor space refurbished - please state sqm and class	N/A
	Actual commercial floor space refurbished - please state sqm and class	N/A
	Anticipated commercial floor space occupied - please state sqm and class	Total net floor area of 3,775 m2 (40,645 sq. ft.) of Grade A Floor Space
	Actual commercial floor space occupied - please state sqm and class	Total net floor area of 3,775 m2 (40,645 sq. ft.) of Grade A Floor Space Business Case assumes 50% occupation in year 1
	Commercial rental values (£/sqm per month, by class)	Grade A - £xx sqft / £xx sqm
	Anticipated number of enterprises receiving non-financial support (#, by type of support)	N/A

Category	Key Performance Indicators	Description
	Actual number of enterprises receiving non-financial support (#, by type of support)	N/A
	Anticipated number of new enterprises supported	Up to 14
Business, Support, Innovation and Broadband (outputs)	Actual number of new enterprises supported	N/A
	Anticipated number of potential entrepreneurs assisted to be enterprise ready	Up to 14
	Actual number of potential entrepreneurs assisted to be enterprise ready	N/A
	Anticipated number of enterprises receiving grant support	N/A
	Actual number of enterprises receiving grant support	N/A
	Anticipated number of enterprises receiving financial support other than grants	N/A
	Actual number of enterprises receiving financial support other than grants	N/A
	Anticipated no. of additional businesses with broadband access of at least 30mbps	Up to 14
	Actual no. of additional businesses with broadband access of at least 30mbps	N/A
	Financial return on access to finance schemes (%)	N/A

12. APPENDIX E – ECONOMIC APPRAISAL ASSUMPTIONS

[The DCLG appraisal guide data book includes all of the appraisal and modelling values referred to in the appraisal guidance. Below is a summary table of assumptions that might be required. All applicants should clearly state all assumptions in a similar table.]

Appraisal Assumptions	Details
QRA and Risk allowance	0
Real Growth	0
Discounting	2.96% - based on average cost of capital
Sensitivity Tests	N/A
Additionality	<p>100%.</p> <p>Total net floor area of 3,775 m² (40,645 sq. ft.) of Grade A Floor Space.</p> <p>At this stage it is impossible to determine suitable estimates Leakage, Displacement and Substitution to input into the 'Additionality Equation'. The strategy is to bring a major employer to the site from outside the region and therefore the working assumption is that additionality is 100% of space created. This is an ambitious target based on the notion of bringing a new employer to the area. The University would consider a local tenant but only if their other option was to leave the region. Additionality will be tested through the tenant selection criteria in place to ensure that tenants bring mutual benefit to the project and the site. Additionality will monitored through KPI reporting to the KG Board.</p>
Administrative costs of regulation	0
Appraisal period	50 years
Distributional weights	N/A – Until the tenant and business brought to site is known, the impact on individual wealth and its distribution cannot be determined. It is assumed that there will be a mix of income distribution to reflect the different roles the employment opportunity might bring.
Employment	<p>Assuming an employment density of 12m² per FTE, this would create in the region of 300 jobs by 2022 and assuming occupation of the building upon completion.</p> <p>This a conservative estimate of the number of jobs created based on current occupation density but is the standard measure used in our business case to ensure a minimum level of occupation.</p>

External impacts of development	<p>Based on the draft business case and jobs created, the total annual GVA of this project is in excess of £1.4m pa excluding the economic impact of job creation</p> <p>The land will receive no commercial value uplift as there are covenants on the land limiting its use for education related purposes and limited disposal opportunities for alternate use.</p>
GDP	N/A
House price index	N/A
Indirect taxation correction factor	N/A
Inflation	2%
Land value uplift	<p>N/A</p> <p>The land will receive no commercial value uplift as there are covenants on the land limiting its use for education related purposes and limited disposal opportunities for alternate use.</p>
Learning rates	N/A
Optimism bias	<p>N/A</p> <p>The University of Essex has made every possible attempt to mitigate funding risk to this stage of the project. The architects, ADP, have been given a tight brief which focuses on functionality; efficiency of space usage and buildability to ensure the design is affordable while being sympathetic to the land constraints. The design has been through the KGL Board who has provided their commercial expertise to the plans to validate the design. The design has been costed by a quantity surveyor, Castons (attached in section 5.3), to ensure correct budgetary provision is made.</p> <p>Demand risk has been mitigated by taking reports from two commercial agencies to test the need for this type of building in the market. A national commercial agent will be appointed to market the offer – this consists of more than just a building but includes the intellectual capital that being on a University site brings, access to research and access to a graduate student workforce.</p>
Planning applications	N/A
Present value year	2019/20
Private sector cost of capital	N/A
Rebound effects	N/A

Regulatory transition costs	N/A
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13. APPENDIX F - 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.*

The University of Essex request that all commercial information included in this bid is classed as confidential.

- The anticipated construction costs if published could impact the procurement process.**
- The anticipated rental income could impact tenant negotiations**