

South East Local Enterprise Partnership: South East Growing Places Fund (GPF)

Introduction and background – GPF Round 2

The Growing Places Fund (GPF) was established by the Department for Communities and Local Government (DCLG) and the Department for Transport (DfT) in 2011 to unlock economic growth, create jobs and build houses in England. GPF operates as a recyclable loans scheme. In the case of South East Local Enterprise Partnership (SELEP) a total of £49.2m GPF was made available, of which £48.7m GPF has been already allocated. Repayments are now being made on these original loan investments, creating the opportunity for reinvestment of GPF through Round 2. Through GPF Round 2, SELEP seeks to invest up to £9.317m (amount of GPF available over the next three years to 2019/20), in projects which require capital loan investment.

The process for the allocation and award of GPF includes three stages:

- *Stage 1 – Expression of interest*
- *Stage 2 – Scheme prioritisation*
- *Stage 3 – SELEP Accountability Board funding decision*

In Stage 2 (scheme prioritisation), schemes selected by the Federated Areas will be required to develop and submit a Strategic Outline Business Case (SOBC) which provides the strategic, economic, financial and deliverability evidence in support of the proposal. Applicants who have applied for GPF for projects which have been assessed as having the potential to progress (Stage 1) are invited to complete the following document (comprised of 10 sections) which sets out the prioritisation process (Stage 2).

Loan agreements

SELEP will allocate GPF primarily through loan agreements with the County Council/ Unitary Authorities, who will then enter agreements with scheme promoters.

Primary Loan Agreements will be entered into between Essex County Council (Accountable Body for SELEP), the 'Lender' and the applicant authority, the 'Borrower' (County or Unitary Authorities).

The Primary Loan Agreement will include:

- *A capped facility for capital expenditure;*
- *A definition of the works (infrastructure);*
- *Drawdown conditions based on certification of works;*
- *A loan term;*
- *Drawdown profile;*
- *Repayment profile;*
- *A finance rate - Interest will be charged at two percent below the Public Works Loan Board (PWLB) or zero, (whichever is higher) at the point of the loan agreement being entered into. The rate will be fixed at the point of the loan agreement being entered into and will be fixed through the duration of the agreement. Based on the current PWLB interest rate, GPW will be awarded with zero percent interest.*
- *Missed repayment fine - A late repayment fine will be incurred if the project fails to make loan repayments as per the schedule agreed within each Project's Loan Agreement. This fine will be equivalent to the charging of interest at market rate from the point of default on the loan repayment; and*
- *Monitoring requirements.*

Where appropriate Primary Loan Agreements will be conditional upon a subsidiary agreement being entered into between the Borrower and a third party – for example a developer or infrastructure providing for works to be undertaken and/or contributions based on planning agreements, tariffs or CIL.

The Primary Loan Agreement will provide a contractual obligation for the Borrower to repay the loan according to the repayment profile.

Growing Places Fund (GPF) Business Case Template

1. Scheme summary

Scheme promoter:

Medway Council

Project Name:

Innovation Park Medway southern site enabling works

Federated Board Area:

Kent & Medway

Lead County Council/Unitary Authority:

Medway

Development Location:

Land adjacent to Innovation Centre Medway, Maidstone Road, Chatham, ME5 9FD

Project Description:

[Please provide a brief description of the overall proposed scheme; max. 0.5 pages.]

Innovation Park Medway is sited within the North Kent Enterprise Zone. The Innovation Park includes the southern site supported by this application, and the northern site, which is to be brought forward for development using £3.7 million Local Growth Fund (site plan at appendix A). The Innovation Park is unique because it is situated alongside a fully operational airfield regularly used by light aircraft, police and air ambulance services.

The vision for Innovation Park Medway is to attract high GVA businesses focused on the technological and science sectors – particularly engineering, advanced manufacturing and digital creative industries. These businesses will deliver high value jobs in the area and contribute to upskilling the local workforce. This is to be achieved through general employment and the recruitment and training of apprentices including degree-level apprenticeships through collaboration with the Higher Education sector. Facilitating close links between industry and academia will also offer benefits to both parties including opportunities for research and development to enable continued business growth and fostering entrepreneurial start-ups. Higher Education students will have the opportunity to develop specialist industry related skills through exposure to high GVA businesses which will provide invaluable support as they complete their studies and look to progress in the business world.

It is vital to develop Innovation Park Medway as soon as possible to ensure that businesses have the greatest opportunity to benefit from Enterprise Zone status, which commenced in April 2017. The GPF will allow enabling works to be completed on the southern site, which is required to bring forward development. These works will de-risk the site for potential occupiers.

This funding will allow the following works to be completed:

- Access road with shared footpath, cycle route, lighting and signage
- Utility ducting/service strip
- Fencing around site boundary (as required)
- Demolition of unused building

Completion of works will make the site attractive to businesses looking to relocate to Medway and to expand within Medway. The site will be actively marketed prior to and during the construction of enabling works to attract companies looking to build their own premises on the site (subject to the outcome of the development options consultancy work currently being developed in conjunction with the Masterplan). Businesses investing in the site will benefit from being within the Enterprise Zone and from potentially being able to custom design their own buildings (subject to site design guide compliance). Companies will occupy the site by 2021/22, prior to the end of the Enterprise Zone period.

Project Development Stages:

[Please specify the current stage of development confirming the roles of developer, and other partners involved in delivering the scheme e.g. bank, contractor. Please specify the project development stage(s) to be funded through GPF as per the table below. Add additional rows as necessary.]

Project development stages			GPF funding required
Stage	Partners	Status	✓ or ✗
Design	None	To be completed	✓
Planning consent for enabling works	LPA	To be completed	✗
Marketing of the site	Commercial agent	To be completed	✗
Construction of enabling works	Contractor	To be completed	✓
Design, planning and construction of business premises	Private sector businesses (TBC), LPA	To be completed	✗

GPF required:

£650,000 capital funding is being sought through the Growing Places Fund.

2. Strategic fit

Policy and Strategic Context:

[Please specify how the overall scheme aligns with the policy and strategic context, including local policies, strategies and investment plans, SELEP Strategic Economic Plan (SEP) objectives and SELEP emerging Skills Strategy; max. 1 page.]

The importance of development at Rochester Airport has been identified in several local and regional documents and aligns with a number of SELEP Strategic Economic Plan (SEP) objectives.

Innovation Park Medway is situated within the nationally recognised Thames Gateway regeneration area, which is an area identified by Government as a location for growth. This project will bring forward development within the Thames Gateway, focusing on innovation and growth in knowledge-intensive sectors, aligning well with priorities set out in the Government's Industrial Strategy White Paper and emerging thinking on SELEP's Strategic Economic Plan as well as the existing SEP (chapters 2 and 4). It targets locations where high value employment will boost land values and confidence to support housing delivery, by helping provide impetus to commercial growth and creation of high value jobs. It will improve the productivity of the economy, raising GVA and investor confidence and strengthen linkages between business and the higher education sectors, both through on-site provision and governance arrangements.

Medway's current Local Plan 2003 (Policy ED1) states that the airport site 'has the potential to become an employment centre of the highest quality'. The policy indicates that on the airport site development will only be permitted for Business (Class B1), general industry (Class B2) and storage and distribution (Class B8) uses.

A new Local Plan is currently being developed which also references the development of Innovation Park Medway. The emerging Local Plan outlines the ambitions for Innovation Park Medway – 'the ambition is to develop a very high quality commercial environment for predominantly B1 and B2 uses, including workspace for advanced manufacturing, engineering, R&D and prototyping.' Policy E1: Economic Development, within the emerging Local Plan, sets out the Council's commitment to increase the productivity of Medway's economy, as measured through GVA, through support for higher value employment. This will include the designation of specific employment sites as suitable for higher value employment. In addition, the council and its partners will promote growth of employment sectors that have the best potential for higher value jobs. The new Local Plan is supported by Medway's regeneration and economic development framework – Medway 2035. Currently out for public consultation (until 11 May), Medway 2035 has the stated objective:

'Medway Council will lead by example in championing, and policy-protecting, high value employment opportunities at Innovation Park Medway.'

Development of Innovation Park Medway will significantly contribute to the Council Plan 2016/17 to 2020/21 (the Council's strategic business plan) by supporting the strategic priority of 'maximising regeneration and economic growth'. This project will help to achieve the following outcomes listed in the Council Plan:

- A 'strong diversified economy' through business investment;
- 'Residents with jobs and skills' through creating job opportunities for Medway residents on the site.

Medway Council adopted the Rochester Airport Masterplan in January 2014 which sets out the vision for the Rochester Airport site. The vision includes supporting high value business, employment and skills opportunities at the site. An updated Masterplan for the site will be adopted by late 2018.

In particular, this project meets the objectives of the SEP by:

- Delivering employment growth, particularly within higher-skilled occupations, helping to close the GVA gap currently experienced by Medway;
- Supporting the growth of the advanced manufacturing sector (an area in which Medway has strengths, anchored by major employers such as BAE Systems, which is adjacent to the site, Delphi and a large base of medium-sized, cutting edge manufacturing and engineering companies and supply chains);
- Contributing to the North Kent Enterprise Zone by offering businesses the opportunity to exploit the benefits offered to companies locating within the Enterprise Zone;
- Providing employment opportunities for local graduates from the Medway University Technical College and the Universities at Medway.

As part of the North Kent Enterprise Zone, Innovation Park Medway is also a strategic priority for the Thames Gateway Kent Partnership and the Kent and Medway Economic Partnership (signified by their endorsement of the Memorandum of Understanding with Government to support delivery of the enterprise zone). The project is also fully supported by the Medway Innovation Board, a private sector led advisory group.

Creation of high GVA jobs will undoubtedly contribute to the delivery of the emerging SELEP Skills Strategy.

Need for Intervention:

[Please articulate the underlying issues driving the need for intervention, with reference to the specific market failure that the GPF will address. The request should consider whether the problem reflects a market failure or evidence that the market demand for the proposed project has weakened; max. 0.5 pages.]

The project will promote Innovation Park Medway as a prime business location. This will lead to job creation and productivity gains in Medway, as high value businesses are able to locate in the area, helping to alleviate key economic problems including:

- Gross Value Added (GVA) per capita – The latest data from the Office of National Statistics (ONS) published in December 2016, show that the GVA per capita for Medway is £17,338. This figure is far below that of Kent as a whole at £20,878, and even further below the wider South East average of £27,847. As a percentage, Medway's output per capita amounts to only 62% of the wider region and results in a large productivity gap in the area.
- Low Economic Base – Medway's economic base is currently focussed on lower value, less knowledge-intensive activity. This is in spite of Medway accommodating four universities, a state-of-the-art Further Education College and a newly opened University Technical College. Medway produces skilled employees that largely go elsewhere because the economic makeup of the local area is not able to support these skilled people into employment.
- Over-reliance on the public sector – In 2013, the public sector represented 23% of local employment, a significantly higher percentage than that seen across the South East region. Traditionally the public sector has generated low levels of GVA per capita. Medway is less well represented in areas such as financial and other business services and information and communication, which offer a higher GVA per capita. It is important to re-balance the local economy with business and jobs that can generate high-level output and provide opportunities for local residents, particularly students with the necessary qualifications, to remain in the area. Medway Council is committed to addressing this issue and reducing the relative level of economic deprivation in the area. One of the key mechanisms to help achieve this is by making commercial land available that will support higher value businesses and employment.

Impact of Non-Intervention (Do nothing):

[Describe the expected outcome of non-intervention. Promoters should clearly articulate the impacts of not receiving GPF funding and how this is reflected against the SELEP objectives to support the creation of jobs, homes, skills and strategic connectivity as well as the environment, economy and society, if applicable. This section should also highlight whether the project is expected to still go ahead without GPF and whether it is likely to have a reduced impact or a slower impact due to non-intervention; max. 0.5 pages.]

If funding cannot be secured to complete the enabling works on the southern site then it will not be possible to proceed with these works on a timescale that aligns with Medway Council's vision for the Innovation Park within the period that business incentives will be available in the North Kent Enterprise Zone. There is the potential for the site to be sold as a whole to the private sector; however, this raises concerns regarding deliverability of future phases of the project and presents a risk to the quality of the appearance of the site, the type of business which locate on the site and the calibre and density of jobs they provide.

Delay in bringing forward development of the Enterprise Zone would likewise delay generation of business rates that could then be reinvested in the site. Furthermore, if this site is not brought forward companies may seek alternative employment locations outside the South East.

If this site is not brought forward the anticipated jobs will not be created and there will be fewer opportunities for local people to gain employment and training within a highly skilled industry, such as the scientific or technological fields. This will impede the retention of a skilled workforce, which will have a negative impact on the local economy. Failure to provide employment opportunities in highly skilled industries is likely to lead to increased out-commuting from Medway and the surrounding area, which will in turn have negative implications on the environment.

Funding Options:

[Please demonstrate the need for GPF by providing evidence 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; max. 0.5 pages.]

Funding sources considered include:

- Private sector funding – private sector funding could be generated through the disposal of the site. However, if the site is disposed of prior to the enabling works detailed in this Business Case being undertaken Medway Council will have little/no influence over the access arrangements. Given the desire in the future to incorporate the adjacent caravan park into Innovation Park Medway (the caravan park is within the Enterprise Zone boundary), it is important that the access arrangements are such that they allow access between the southern site and the caravan park site. Use of private funding through the disposal of the site does not guarantee a satisfactory access arrangement and may lead to segregation within the Innovation Park. Furthermore, disposal of the site in its entirety will remove any influence Medway Council has over the type of company that uses the site. The vision is for highly skilled companies in the technological and scientific fields to establish themselves on the Innovation Park Medway site; this may not be achievable if the site is disposed of as a whole. Private sector funding does not allow for future proofing of the site in line with Medway Council's long term vision for the Innovation Park. Private sector funding is unlikely to be available unless it is linked with site disposal, as there is no guaranteed benefit to the private company.
- Local Growth Fund – an application for funding for infrastructure works at Innovation Park Medway was submitted in round three of the Local Growth Fund. This application focused on provision of utility and access infrastructure required to enable development of the northern site of the Innovation Park. Consideration has been given as to whether the scope of the application could be amended to include works required on the southern site. However, if this amendment was made there would be insufficient funding available to complete all the works required to bring forward the northern site, therefore jeopardising the success of the project and diluting the benefits offered.
- Borrowing – consideration was given to borrowing funds from the Public Works Loan Board. However, this was not considered to be a viable option due to the repayment requirements. The Public Works Loan Board lending arrangements indicate that the first repayment must be made within 6 months of the advance of funding. In this instance, this was considered to be impractical as the enabling works will not be complete within this time period and therefore no income will be generated on the site. In addition, Medway Council would be required to pay both interest and fees on any borrowing from the Public Works Loan Board, which has an impact on the viability of the proposal.

3. Infrastructure requirements

Infrastructure Requirements:

[If appropriate, please outline the infrastructure requirements for which GPF is sought, and provide evidence and supporting information in the form of location, layout and site plans; max. 3 pages included as an Appendix to this document.]

Infrastructure requirements for which GPF is sought:

- Access road with shared footpath, cycle route, lighting and signage
- Utility ducting/service strip
- Fencing around site boundary (as required)

Location plan and a high level layout plan have been provided in Appendix A.

4. Cost and funding

Total Project Cost and Funding Required:

[Please specify the total project cost and the percentage already funded through other sources; breaking down the funding in the percentage that is private and public. Please specify the capital funding sought through the GPF and what percentage of the total project cost and project stage cost it represents. Please note that it is recommended projects should seek GPF of between £250,000 and £2,000,000. Projects outside this threshold may be considered by exception where there is an overwhelming strategic case.

To ensure a proportionate approach to the scale of funding available, no Federated Area should nominate projects or programmes to SELEP for Stage 2 which, in total, exceed £4.65m (50% of the total GPF pot available for allocation)].

The total project cost is £3,501,000, of which £650,000 is being requested from the GPF. The remaining project cost is being funded through public sector investment (£851,000) and private sector investment (£2,000,000). The funding breakdown by percentage is as follows:

Source of funding	Total funding required	% of total project cost
Growing Places Fund	£650,000	18.6%
Public Sector Investment	£851,000	24.3%
Private Sector Investment*	£2,000,000	57.1%
Total	£3,501,000	100%

* Private sector investment in the site will be generated through the development of buildings by businesses.

The GPF funding will be used to design and deliver the enabling works required to bring forward commercial development on the site. These works will be undertaken during the first two years of the project. It is anticipated that the GPF funding will cover 100% of the costs incurred during the initial stages of the project.

Cost breakdown:

[For the stages of development where GPF is sought please provide a breakdown of the associated costs, including any overheads, contingency, quantified risk allowances etc., as per the table below. Add row for each cost]

Cost type	Expenditure profile						Total
	17/18 £000	18/19 £000	19/20 £000	20/21 £000	21/22 £000	22/23 £000	
Design and surveys*		19.100	14.325				33.425
Demolition of unused building		95.500					95.500
Construction of enabling infrastructure			424.975				424.975
Utilities			66.850				66.850
QRA		5.400	23.850				29.250
Monitoring and Evaluation							
Total cost		120.000	530.000				650.000
Inflation (%)							

Risk margin of 4.5% included in costs contained within the Expression of Interest.

* Survey costs include £1,000 for an asbestos survey in relation to the unused building which will be demolished as part of this project.

Funding breakdown:

[Please specify the total project funding and breakdown, as per the table below.]

Funding source	Funding security	Funding profile						Total
		17/18 £000	18/19 £000	19/20 £000	20/21 £000	21/22 £000	22/23 £000	
Growing Places Fund	Funding is not yet secure. Funding security depends on completion of the Business Case, review by the ITE and decision of the Investment Panel		120	530				650
Land	The land is already under council ownership and the project is sponsored by the Property team; therefore, there is no risk to this contribution.		850					850
Public Sector contribution – Medway Council financial contribution	Funding is secure. Funding has been agreed with the S151 officer at Medway Council.		1					1
Private Sector contribution -	Upon completion of enabling works significant private sector investment in the site will be generated through the development of buildings by businesses. This funding is considered to be relatively secure due to the level of interest expressed in the site prior to any active marketing or enabling works.				1,000	1,000		2,000
Total funding available			971	530	1,000	1,000	0	3,501

5. Deliverability

Planning, Approvals and Specialist Studies:

[Please provide evidence regarding the planning status of the project by stage, if applicable, and whether any other approvals or specialist studies such as Environmental Impact Assessment are required. Schemes should be ready for delivery. Please include references to planning decisions and reports if available and describe the timescales associated with securing any additional approvals required; max. 0.5 pages.]

LDA Design were appointed in February 2018 to develop an updated Masterplan for the entire Innovation Park Medway site. As part of the Masterplan process all essential surveys will be undertaken including:

- Traffic impact assessment
- Ecology survey (in progress due to seasonal constraints)
- Land and Contamination desk study

These surveys and other background investigations will gather the evidence base required to inform the Masterplan. It is expected that the Masterplan will be adopted in late 2018.

Following completion of the Masterplan development of the Innovation Park will begin. To aid this process Medway Council, in conjunction with Tonbridge and Malling Borough Council, is working towards establishing two Local Development Orders (LDO) to cover the entire Innovation Park site (one LDO is required for each administrative area). The content of the LDO will be informed by the Masterplan and will provide planning and design guidance applicable to the entire Innovation Park site. Final adoption of an LDO is dependent upon the evidence base gathered as part of the Masterplan process. It is anticipated that, subject to the evidence base, the LDO's will be adopted by mid 2019 at the latest.

An LDO has numerous benefits but has predominantly and successfully been used to simplify the planning process for businesses looking to locate on the site and thereby help deliver the aspirations of Local Authorities.

Given the complicated planning history at the Rochester Airport site, it is considered that an LDO will significantly reduce the level of risk associated with planning applications for both the enabling works and the construction of business premises. There will be public consultation, as part of the LDO process; however, following adoption of the LDO there will be no requirement for individual planning applications but simply a prior approval process to ensure compliance with the LDOs. This removes the requirement for application related public consultation which at present is a significant issue with all planning applications impacting on the airport. Use of an LDO will offer businesses greater certainty in relation to the timetable and outcome of the streamlined planning process (subject to compliance with the LDOs). In addition, it should be noted that the primary cause of public objection in relation to current and previous Rochester Airport planning applications stem from public safety and environmental concerns related to the paved runway (note: due to budgetary constraints the paved runway has now been removed from the scope of the LGF project). Development on the southern site has no bearing on the operation of the airport; however, development on this site is currently subject to CAA flightpath safeguarding which restricts the height and form of any development on the site. This means that the second grass runway will need to be closed to facilitate the works; however, this will be closed voluntarily by Rochester Airport Ltd. to allow progression of the airport infrastructure works funded through the second round of the Local Growth Fund. Closure of this runway will remove the CAA restrictions on development on the southern site.

In light of the Masterplan and proposed LDO, the programme for delivering the enabling infrastructure has been adjusted to tie in with the Masterplan and LDO timetable. Should the decision be made to not progress with the LDO there is sufficient time in the programme to revert to obtaining planning consent for the enabling works through normal planning processes.

The Masterplan process will facilitate the completion of all essential surveys and investigations covering the entire Innovation Park Medway site. However, one further survey will be required on the southern site as part of this project and that is an asbestos survey in relation to the unused building, which is due to be demolished. It is anticipated that this survey will cost between £500 and £1,000 and will be completed as soon as practicable after confirmation of funding award.

Procurement:

[Please comment on the proposed procurement route and how opportunities to maximise social value through supporting SME's and local supply chains has been considered; max. 0.5 pages.]

Enabling works

Subject to a value for money assessment, the intention is to use the internal design team to draw up the proposed works. The internal design team will also organise any surveys that are required as part of this work. These surveys will be procured through the appropriate framework.

The enabling works will be delivered through the Highways Infrastructure contract. This contract is held by VolkerHighways. There are terms in the contract that stipulate that VolkerHighways must support SME's and local supply chains. These terms include a requirement to use local suppliers (increasing from 50% in year 1 to 70% in year 3 and beyond) and a need to recruit and/or support a minimum of one local graduate or apprentice per year.

Site development

Work is continuing on a study evaluating a number of development options for the entire Innovation Park Medway site. Once this report has been completed and the optimal development approach for the southern site identified, the consultancy framework agreement will be used to appoint a commercial agent to market the site appropriately.

Much of Medway Council's procurement is now completed through the use of frameworks. As well as having access to external frameworks, such as SCAPE, Medway Council have established a number of their own frameworks in order to give the council the best opportunity to achieve best value.

In order to establish the frameworks a full OJEU compliant process has been followed:

- The opportunity to apply to be included on a Medway Council framework was advertised – both locally and more widely;
- Companies interested in appearing on the framework were asked to complete a Pre-qualification Questionnaire (PQQ);
- The PQQ responses were evaluated and the companies which passed the PQQ were invited to complete the Invitation to Tender (ITT);
- The ITT responses were evaluated and assessed before a decision was made as to which companies should appear on the framework;
- Cabinet approve the creation and use of the framework.

The use of frameworks is being considered for this project as their use will reduce the time required for procurement. The frameworks allow for either a direct appointment or a mini-competition – both of which offer a significant time saving compared to a full open procurement exercise.

The tendering process requires companies interested in appearing on a Medway Council framework to consider social value elements in terms of use of local suppliers and apprentices, for example. Companies appearing on the frameworks will have shown a commitment to use local suppliers or a pre-existing apprentice scheme.

Property Ownership and Legal Requirements:

[Please provide evidence of land/property ownership, including the steps being taken and the timescales if land/property is required, and specify any legal requirements that might delay the programme of implementation/development; max. 0.5 pages.]

The southern site at Innovation Park Medway is already in Medway Council ownership, as is the unused building which is to be demolished as part of the project. A plan showing land ownership can be found in Appendix B. Land registry title and plan reference K729307 can be provided if required.

No additional land or property needs to be acquired in order to deliver this project.

There are no legal requirements which might delay the programme of implementation/development.

Equality:

[Please state whether an Equality Impact Assessment has been completed for the overall project and state the main outcomes of this assessment. If an Equality Impact Assessment has not yet been completed then please state the expected timescale for completion and how the outcomes of this assessment will be considered in the projects development; max. 0.5 pages.]

A Diversity Impact Assessment has been completed for Innovation Park Medway. This Diversity Impact Assessment considers the enabling infrastructure development for new plots for employment as part of the technology park.

The main outcomes of this assessment are that the works will advance equality for the following protected characteristics groups: Age, Disability and Other. In addition the Innovation Park Medway project will foster good relations for all ten protected characteristics groups (age, disability, gender reassignment, marriage/civil partnership, pregnancy/maternity, race, religion/belief, gender, sexual orientation and other).

The action plan to improve equality of opportunity and foster good relations focused on the Local Development Order process and indicated that the DIA would be reviewed at each planning stage. It should be noted that the use of a Local Development Order is dependent upon the evidence base gathered during the Masterplan process. The development of an updated Masterplan for the entire Innovation Park Medway site has commenced. During this process a large number of surveys will be conducted including a transport assessment, land and contamination desk study and an asbestos survey. The masterplan will cover the entire Innovation Park Medway site.

The LDO will be progressed, subject to the evidence base, and will be used to provide planning and design guidance for the entire Innovation Park Medway site, which will allow a consistent approach across the whole site. Engagement with Tonbridge and Malling regarding the use of an LDO for the site is ongoing, however, subject to the evidence base; it is believed that this approach will hold significant benefits for the site.

The Diversity Impact Assessment can be found in Appendix C.

6. Expected benefits

This scheme involves the demolition of an unused building and construction of a series of supporting infrastructure to enable the development of the southern site in the Innovation Park Medway. This will accelerate the development of the 2.83 acre site for commercial uses, thus allowing businesses to relocate in time to benefit from the incentives of the North Kent Enterprise Zone¹.

Under the 'do nothing' scenario (Option 1), there will be no investment into the supporting infrastructure for the site. This will slow down the development of the site and might act as a deterrent for businesses currently expressing interest in the site who might otherwise choose to locate elsewhere outside Medway.²

Under the 'do something' scenario (Option 2), £650,000 of the GPF investment will initially be used to demolish an unused building on the site (2018/19) and then to undertake a series of construction works

¹ The Government will support business rates discounts of up to £55,000 per year for companies that locate within an Enterprise Zone by 31 March 2022.

² In light of the high level of uncertainty, this assessment assumed that under Option 1 the site is not brought forward for development within the 10-year appraisal period.

to develop the supporting site infrastructure (2019/20). The land will then be developed by private sector businesses who will then have the opportunity to construct their own premises to suit their needs (subject to the outcome of the development options report which is currently being prepared).

Overall Project Impacts:

[Please specify the expected impacts of the overall project in terms of 'direct' outputs (jobs, homes and other outputs arising from the project) and 'indirect' outputs.

Direct outputs should be presented in 'gross' terms and 'net' terms after making adjustments for additionality factors³, as per the table below.

Please describe the basis for these estimates and specify if the realisation of benefits is contingent on further investment not yet secured, max 0.5 pages.]

Expected scheme impacts have been considered for Option 2 compared to Option 1. An assessment approach adopted is consistent with the DCLG Appraisal Guide⁴ and the HM Treasury's Green Book⁵. The section below considers potential direct and indirect impacts, both in gross and net additional terms⁶. Initial benefits are expected to be realised by 2022.

Direct Impacts:

- **2018-2019:** Construction of the supporting infrastructure and utilities, and demolition of the unused building on the site has been estimated to cost approximately £587,325⁷. With the assumption that £101,000⁸ worth of construction is equivalent to 1 employment year, the construction of the enabling infrastructure would create 6 gross direct construction jobs for the period 2018-2019, of which 4 would be net additional to the Medway Council area.
- **2019:** Under Option 2, 4,500 sqm of the Net Internal Area (NIA) would be available for B1 land use purposes, i.e. business uses that include offices, R&D facilities, and for any industrial processes that can be carried out in any residential area without detriment to the amenity of that area.
- **2019:** the current value of the site is estimated at £300,000/acre. Once the supporting infrastructure is constructed and the site is prepared for development in 2019, the new land value is estimated at approximately £500,000/acre.⁹ The net present value of the land value uplift has been estimated at £596,275 over the 10-year appraisal period¹⁰.

³ Additionality is the extent to which something happens as a result of an intervention that would not have occurred in the absence of the intervention (see [Homes and Communities Agency, Additionality Guidance, 2014](#))

⁴ The DCLG Appraisal Guide, DCLG, 2016.

⁵ The Green Book: Appraisal and Evaluation in Central Government, HM Treasury, 2003 with amendments in 2011.

⁶ The assessment has assumed a high level of additionality (75%) for a number of reasons. Firstly, the limited availability of high quality commercial property in Medway makes it unlikely that the land would be used for alternative uses. Secondly, it is anticipated that the businesses interested in the site would either be local businesses looking for new sites to expand or businesses outside Medway looking to relocate, thus it is unlikely that business activity would be displaced from elsewhere in Medway to the site.

⁷ £95,500 demolition costs, £424,975 infrastructure construction costs, and £66,850 utilities installation costs.

⁸ Office for National Statistics.

⁹ Based on internal assessment by Medway Council property team.

¹⁰ Discounted at 3.5% rate.

- **2020 – onwards:** Medway is home to a number of high class technology and specialist companies, such as BAE Systems, Delphi, and Clean Room Construction. It is anticipated that the site will attract businesses focusing on the technological and science sectors. It has been assumed that 4,500 sqm of the available floorspace will be used as office space with the employment density of 11 sqm per one Full-Time Equivalent (FTE) job¹¹. This will create 409 gross direct FTE jobs and 307 net additional direct FTE jobs. These jobs will facilitate the upskilling of the local workforce. The realisation of this benefit will be contingent on the private sector investment into the development of the site once the supporting infrastructure works are complete.

Indirect Impacts:

- **2020 – onwards:** Creation of 119 gross indirect FTE jobs as a result of the development of the southern site, e.g. supply chain jobs, of which 89 would be net additional to the Medway Council area.
- **2020 – onwards:** Development of the southern site will encourage uplift in investment in surrounding Industrial Estates in Medway. Investment in these sites will prevent buildings falling into disrepair and safeguard existing jobs in Medway.
- **2020 – onwards:** Creation of additional commercial jobs will improve local skills retention, i.e. reduced out-commuting, as well as contribute to upskilling the local workforce through the recruitment and training of apprentices. This will also reduce the reliance of Medway's local economy on the public sector.

The Role of GPF in Benefit Realisation:

[Provide evidence that without GPF support the project would not proceed, would proceed at slower rate or would have fewer impacts and benefits than estimated; max. 0.5 pages].

If funding cannot be secured to complete the enabling works on the southern site, then it will not be possible to progress with these works. The site will not come forward within the North Kent Enterprise Zone period, which means that businesses will not receive the associated benefits, such as discounted business rates. There is already interest in the site, and delaying the enabling works could lead to companies finding alternative employment locations outside the South East.

There is the potential for the site to be sold as a whole to the private sector. However, this raises concerns regarding:

- Deliverability of future phases of the project as it does not guarantee satisfactory access arrangements between the Innovation Park Medway and the adjacent sites. For example, if the site is disposed of prior to the enabling works being undertaken, Medway Council will have little to no influence over the access arrangements between the southern site and the adjacent caravan park. This could hinder the potential incorporation of the caravan park into the Innovation Park Medway in the future should it come forward; and
- Deliverability of the Medway Council's long term vision for the Innovation Park Medway to specialise in technological and scientific fields, as it will remove any influence Medway Council has over the type of businesses that use the site.

Value for Money (VfM):

[The VfM category should be presented as a summary of the project benefits in relation to project costs. Where the overall project has already had a VfM assessment undertaken the promoter should include

¹¹ Employment Density Guide: 3rd Edition, HCA, 2015.

this and provide an evidence on the potential for GPF to support or, if applicable, enhance the VfM of the overall project. Where no previous VfM assessment has been undertaken, promoters should follow the relevant appraisal guidance (DCLG Appraisal Guidance¹² - page 28 or the DfT Value for Money Framework¹³) and define both the overall VfM and the GPF contribution. This should be proportionate to the size of the overall project and the GPF ask; max. 0.5 pages. Please note the following:

- for projects requesting funding towards the upper limit of the recommended GPF loan (£2m) a quantified Value for Money assessment will be required*
- the VfM should be based on the overall assessment of both monetised and non-monetised impacts.]*

The approach adopted for assessing the value for money of this scheme is consistent with the recommended approach for projects loan-funded by the Growing Places Fund. It provides a clear and transparent account of costs, benefits, risks and significant non-monetised impacts for Option 2 compared to Option 1 (summarised in the table shown in Appendix D). An appraisal period of 10 years has been considered.

The Benefit-Cost Ratio (BCR) has been calculated using the estimated Present Value Benefits and dividing them by the estimated Present Value Costs. The 'initial' BCR has been calculated using the estimated land value uplift¹⁴ and dividing it by the cost of capital¹⁵. The 'adjusted' BCR has been estimated to be the same as the 'initial' BCR as no 'adjusted' benefits have been identified.

The Net Present Public Value has been calculated using the estimated Present Value Benefits and subtracting them by the estimated Present Value Costs.

The Present Value Benefits have been estimated at £396,275 and the Present Value Costs at £101,000. Based on these estimates the initial BCR of 3.92 would fall within the High Value for Money category.

Even when a higher discounting rate of 6.5% is applied to the cost of capital calculation, the initial BCR would be 3.02 which would still fall within the High Value for Money category.

Full workings can be made available upon request.

¹² [DCLG Appraisal Guide](#)

¹³ [DfT value for money framework](#)

¹⁴ The external impact of the scheme is assumed to be zero under both options.

¹⁵ The cost of capital is the cost to the public sector of providing the Growing Places Fund-type loan, i.e. the value of interest foregone assuming full and timely repayment. A risk adjusted discount rate of 5% has been used to calculate the cost of capital.

7. Contribution to the Establishment of a Revolving Fund

GPF Repayment:

[Please specify how the GPF will be repaid e.g. through developer contributions, and include supporting documentation where appropriate (e.g. draft S106 agreements) as an Annex to this document; max 0.5 pages.]

The proposed enabling works will make the site more attractive to businesses looking to relocate within/to Medway. Alongside the works the site will be actively marketed to bring high GVA businesses to the Enterprise Zone. The GPF repayment mechanism is expected to be:

- Use of income generated through development of the site following the completion of the infrastructure improvements. The development approach will be informed by consultancy work regarding development options for the entire Innovation Park Medway site.
- Business rates income from companies within the Enterprise Zone could be used to contribute towards the repayments if required.

GPF Repayment Schedule:

[Please outline the proposed timetable for GPF repayment, committing to repaying the loan before 31st March 2022. The Repayment Profiles should match those in the Financial Viability section]

	2018/19	2019/20	2020/21	2021/22	2022/23	Total
GPF Repayment (Capital)			50,000	600,000		650,000

Financial Viability:

[Please provide an initial statement highlighting the underlying assumptions and expected viability of the GPF investment; max 0.5 pages. Following this, please include a cashflow that would show both the Drawdown and Repayment Profiles for GPF. All costs and revenues need to be sourced and clearly referenced. If the GPF is expected to unlock further funding that will be used, in part to repay the GPF loan this should be clearly annotated].

Underlying assumptions:

- It has been assumed that whilst the enabling works are being completed a competitive procedure will be undertaken to market and develop the site. It is anticipated that due to interest already demonstrated in the site, there will be significant interest in the procedure. For the purposes of the cash flow below, it has been assumed that the site will be sold following completion of the enabling works.
- It is assumed that private businesses will start to occupy the site from 2020/21, with the remaining businesses moving onto the site in 2021/22. It is estimated that 50% of the businesses will be onsite by the end of 2020/21.
- The Business Rate return on the site has been estimated based on the model used for Gillingham Business Park. Whilst the land development approach for the site has not yet been determined, it is anticipated that this will have little to no bearing on the Business Rate return.

Expected viability:

- The cash flow below shows that the scheme is viable. Income will first be generated in 2020/21 when initial site disposal and occupation take place. In both 2020/21 and 2021/22, the expected income will exceed the GPF repayments due for payment, leaving a cushion to facilitate repayment in accordance with the schedule if there are any delays with the project. Moving forward there will be continued income from Business Rates, and potentially rental income depending on the land development option chosen.

Cash flow:

	2018/19	2019/20	2020/21	2021/22	2022/23 onwards
Incoming					
Growing Places Fund	120,000	530,000			
Medway Council contribution	1,000				
Business Rates			50,000	100,000	100,000 per annum
Disposal of land*			700,000	700,000	
Outgoing					
Design and surveys	21,000	15,000			
Demolition of disused building	100,000				
Enabling Infrastructure	0	445,000			
Utilities		70,000			
Growing Places Fund repayment			50,000	600,000	
Net income	0	0	700,000	200,000	100,000 per annum
Cumulative total	0	0	700,000	900,000	1,000,000 (2022/23)

* Approach to disposal of land to be determined following completion of the development options report, which is currently being developed in conjunction with the Masterplan. Cash flow assumes disposal of land through sale. For the purposes of this cash flow, a conservative land value of £1,400,000¹⁶ following completion of the enabling works has been assumed.

8. Risks

Risk Register:

[Please complete a Risk Register, identifying overall and GPF related project risks, likelihood, impacts and mitigations as per the table in Appendix A.

For the most significant project risks provide supporting commentary which considers the implementation risks associated with the project, such as risks associated with not securing GPF and risks to the repayment of GPF.

The risk assessment should consider the risks associated with the repayment schedule and mitigation to address this. max. 0.5 pages.]

During the project the Risk Register will be continuously monitored and updated as required by the Project Manager. A plan for managing significant project risks will be developed as the project progresses.

The most significant project risks are:

- Planning permission is not granted for development on the site;

If planning permission is not granted for development on the site there is a significant risk that it will not be possible to repay the GPF funding, however, this is dependent upon the land development option selected for the site. Work is underway on a development options report which is aiming to identify the most viable options for development of the site. This report is being developed in conjunction with the Masterplan. This project risk would also lead to the benefits outlined in this Business Case not being delivered.

- Buildings delivered on site by companies do not tie in with Medway Council's vision for the Innovation Park;

A Masterplan for the entire Innovation Park Medway site will be adopted by late 2018. As part of this Masterplan, a design guide will be delivered which will include clearly set out guidelines for businesses interested in developing premises on the site. This design guide will minimise the risk that buildings delivered on site by companies do not tie in with Medway Council's vision for the Innovation Park.

- Asbestos in the unused building which is to be demolished;

There is a significant risk that asbestos will be found in the unused building, which is to be demolished. This risk has been taken into account in the programme and costing of this part of the work. A survey will be conducted at the start of the project to identify the type and quantity of asbestos in the building. It is not considered that this risk will have a significant impact on project progress and will therefore offer little additional risk in relation to the repayment schedule.

As detailed in section 2, failure to secure GPF funding will place progression of the project at significant risk. Without the GPF funding it will not be possible to deliver the infrastructure required to bring the southern site forward for development. As highlighted in section 2, other options for developing the site are available, however, there are significant concerns regarding the suitability and deliverability of these options.

Risk Register is supplied in Appendix E.

9. State aid

State Aid:

[Please confirm that by supporting this project the GPF will not be providing State Aid; max 0.5 pages;]

This project complies with State Aid regulations due to the following:

- The enabling infrastructure will be delivered by Medway Council. Any contractors used will be appointed through a legally compliant procurement process.
- Future development of the site will be through a competitive procedure.

In addition Innovation Park Medway is situated within the Medway Swale Arc and benefits from Assisted Area Status.

10. Monitoring and evaluation

Monitoring and Evaluation:

[Please provide evidence how you will monitor and evaluate the effectiveness of the GPF funding. If GPF funding is sought to unlock a stage of development a monitoring and evaluation schedule should be in place to understand whether the GPF funding has addressed the need and generated the expected benefits¹⁷; max. 1 page.]

The GPF funding will be used to deliver enabling works which will unlock the southern site of Innovation Park Medway for commercial development. The project will deliver a number of benefits and outcomes which will be monitored as the project progresses. The table below shows the benefits that will be monitored, the point at which realisation of the benefit is expected and how the delivery of each benefit will be assessed.

¹⁷ For more details, please see the [HM Treasury The Green Book](#) and the [SELEP Assurance Framework 2017](#), Section 5.8

Benefit	Timescale	Performance measure	Target
Highly skilled jobs in the technological and science fields	Initial jobs created in 2020/21. Target to be reached by 2021/22	FTE	As detailed in section 6
Commercial floor space created	Initial development to begin on site in 2019/20, with full development by 2021/22	Sqm	4500m ²
Infrastructure provided	Infrastructure to be delivered between July and December 2019	Type and size of provision	Access road with shared footpath/cycle route, lighting, signage, fencing, service strip/utility ducting
Businesses onsite exploiting Enterprise Zone benefits	Delivery of buildings by private businesses to commence in late 2019/20	No of businesses established within this part of the NKEZ	Depends on development option selected
Re-investment in the Enterprise Zone through receipt of Business Rates	First businesses to be occupying the site by 2020/21	£ reinvested	Depends on development option selected and type of business on site
Construction jobs to deliver project	Enabling works to be completed between July and December 2019. Private businesses to deliver buildings between 2019/20 and 2021/22	FTE/direct	As detailed in section 6
Apprenticeships created by private businesses occupying the site	First businesses to be occupying the site by 2020/21	No of apprenticeships	Depends on development option selected and type of business on site
Number of graduates from Medway universities employed by private businesses occupying the site	First businesses to be occupying the site by 2020/21	No of local graduates employed	Depends on development option selected and type of business on site
Reduction in the reliance of Medway's Economy on the Public Sector	Site to be fully occupied by 2021/22	% of local employment	Depends on development option selected and type of business on site

In addition to the benefits outlined above it is anticipated that there will be uplift in investment in surrounding Industrial Estates, as a result of the works on the Innovation Park. Whilst this will not be directly monitored as part of this project, the condition of surrounding Industrial Estates will be reviewed qualitatively by Medway Council.

It is expected that the required monitoring and evaluation can be completed with minimal expenditure. The information required will be obtained through discussion with the private businesses who locate on the site, through reference to Government published papers and through engagement with other council departments (including the planning and business rates teams).

11. Declaration (To be completed by applicant)

<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.

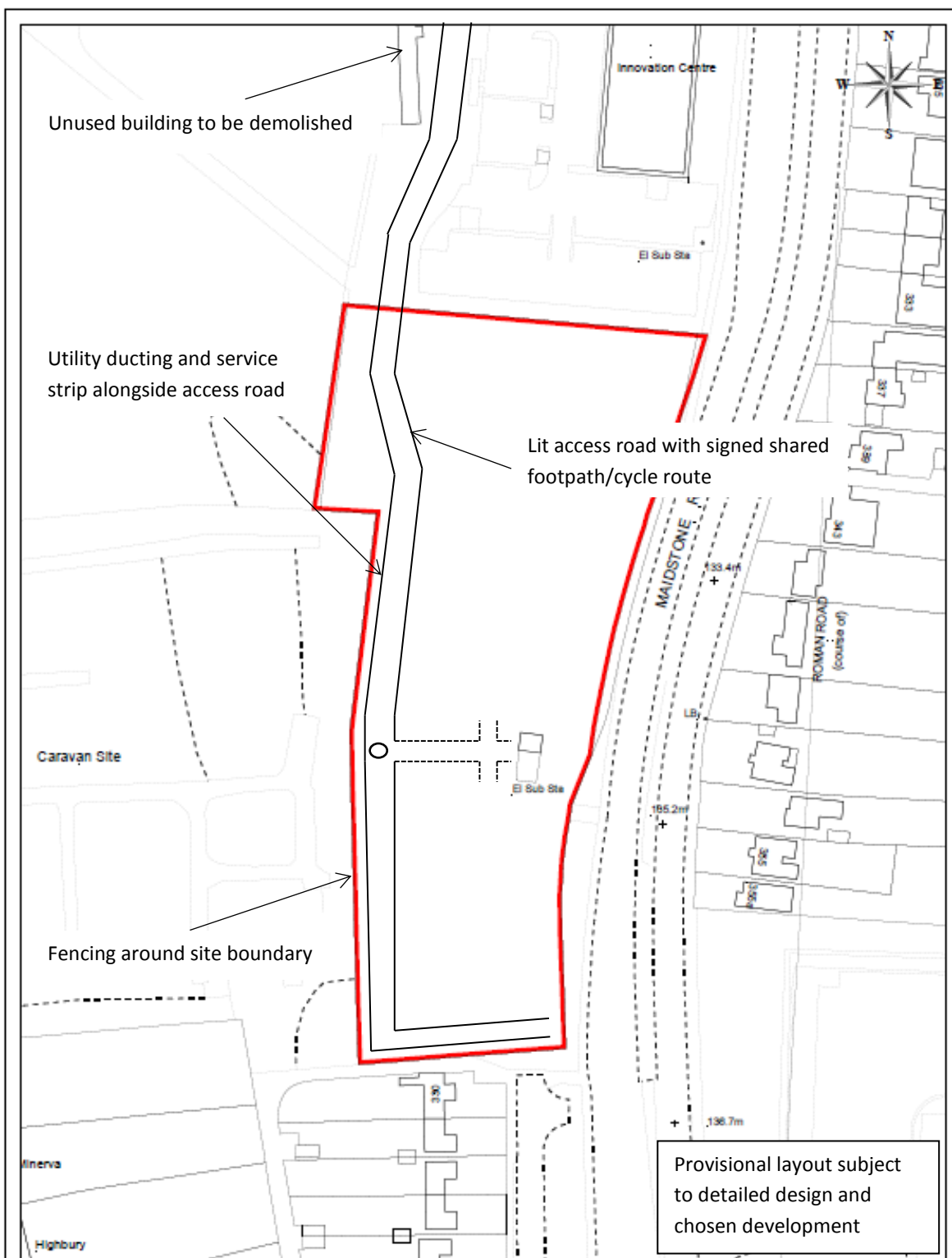
I understand that any offer may be publicised by means of a press release giving brief details of the project and the grant amount.

<i>Signature of applicant</i>	
<i>Print full name</i>	<i>TOMASZ KOZLOWSKI</i>
<i>Designation</i>	<i>AD Physical & Cultural Regeneration</i>

Appendix A – Location Plan



High level layout plan



**Land at Maidstone Road
Chatham
ME5 9FD**

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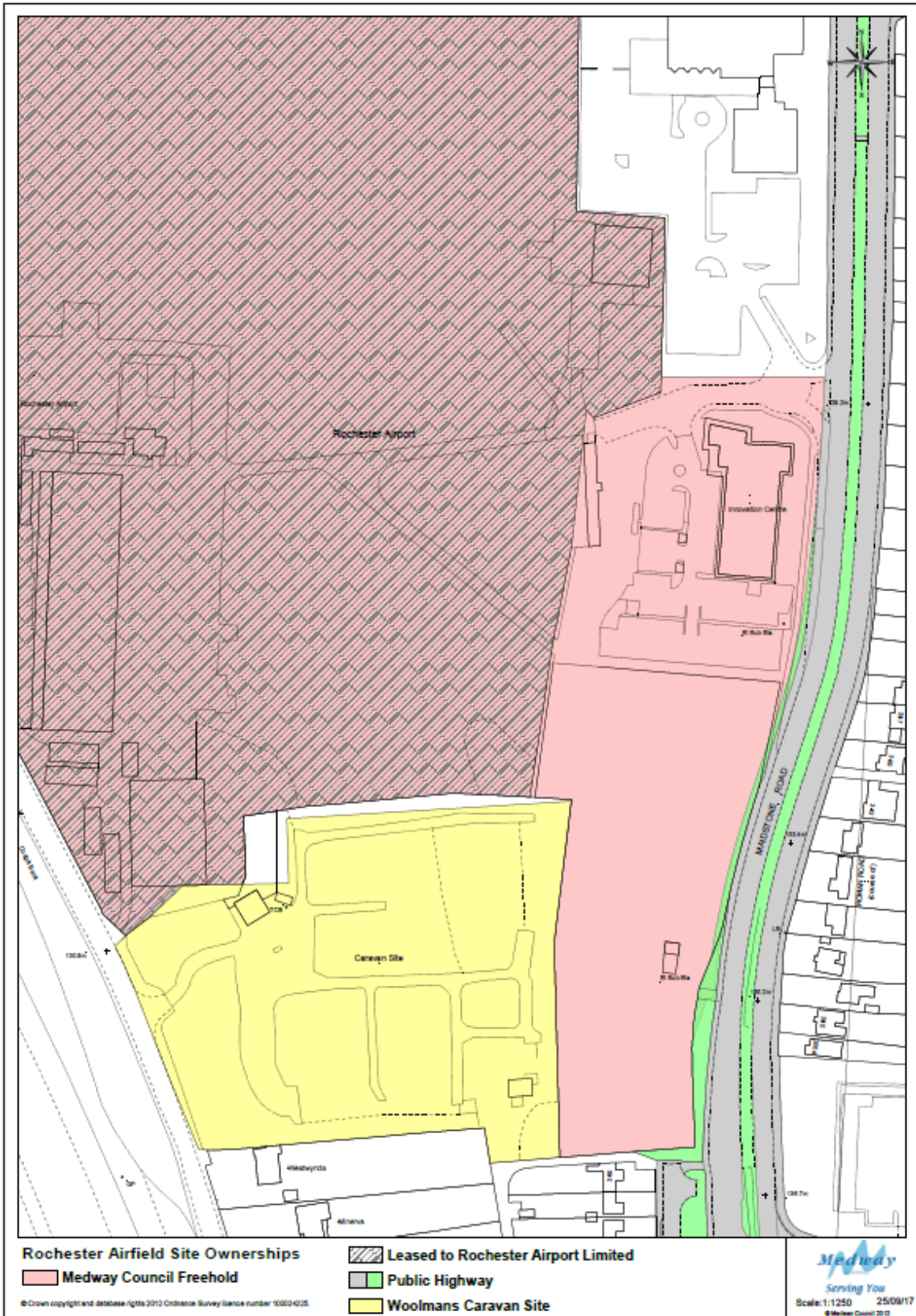
Medway
COUNCIL

Serving You

Scale: 1:1250 29/04/14

© Medway Council, 2012

Appendix B – Land ownership plan



Appendix C – Diversity Impact Assessment

TITLE <i>Name / description of the issue being assessed</i>	Innovation Park Medway
DATE <i>Date the DIA is completed</i>	20 th April 2018
LEAD OFFICER <i>Name, title and dept of person responsible for carrying out the DIA.</i>	Janet Elliott Regeneration Programme Manager
1 Summary description of the proposed change	
<ul style="list-style-type: none"> • <i>What is the change to policy / service / new project that is being proposed?</i> • <i>How does it compare with the current situation?</i> 	
<p>Enabling infrastructure development for new plots for employment as part of the technology park.</p>	
2 Summary of evidence used to support this assessment	
<ul style="list-style-type: none"> • <i>E.g.: Feedback from consultation, performance information, service user records etc.</i> • <i>E.g.: Comparison of service user profile with Medway Community Profile</i> 	
<p>An initial screen DIA was carried out on 23rd July 2013 on the Rochester Airport Masterplan (consultation draft). The DIA was then reviewed on 1st July 2016.</p> <p>The masterplan is a land use and design framework that promotes opportunities for improved airport operations, aviation heritage facilities and new employment. These opportunities are open to all.</p> <p>Formal public consultation took part from 22nd July to 20th September 2013. Leaflets were sent to 7,300 households and businesses in the local area and 222 people attended an exhibition which was held over two days. During the consultation period a total of 908 responses were received.</p> <p>Medway was ranked as the 118th most deprived Local Authority of the 326 authorities (1st being the most deprived) in England in the 2015 Index of Multiple Deprivation. This is a relatively worse position than that shown in the index in 2010, when Medway was ranked 132nd most deprived of 326.</p> <p>In July 2017 Medway’s unemployment level was at its lowest for the last ten year period, indicating a rejuvenation of Medway’s economy since the downturn in 2008. Unemployment levels in Medway still remain higher than those of the South East and Great Britain as a whole. This indicates that whilst Medway is following the national trend of economic recovery since the downturn, it is doing so at a slightly slower pace than the wider South East and Great Britain.</p> <p>Compared to the South East and Great Britain, Medway has a higher percentage of both economically active people seeking work and economically inactive people that would like to find a job.</p>	

Evidence identifies several factors that influence unemployment levels in Medway. Medway has a lower job density than the rest of the South East and Great Britain, meaning that there are fewer jobs per person available. Medway also has lower academic attainment levels than the South East and Great Britain that would result in a barrier to employment opportunities both inside and outside of Medway.

Current population projection figures and low job density levels in Medway indicate that more employment opportunities will need to be generated in Medway over the next 20 years in order to keep future unemployment levels from spiking.

Job density describes the level of jobs per resident aged 16 - 64. Latest ONS figures from 2016 show that Medway has a lower ratio of jobs per individual than the regional and national average. Medway has a ratio of 0.6 jobs per individual aged 16 - 64, compared to 0.88 in the South East and 0.84 in Great Britain.

Estimated figures from the Department of Education identify that the percentage of 16 to 18 year old NEET's in Medway has increased from 7.3% in 2014 to 9.8% in 2016. The percentage of NEET's in the South East has also increased from 4.2% in 2014 to 6.4% in 2016.

In Medway the greatest proportion of NEET's is 17 year olds with 12.1%, followed by 16 year olds at 7.2%.



3 What is the likely impact of the proposed change?

Is it likely to :

- *Adversely impact on one or more of the protected characteristic groups?*
- *Advance equality of opportunity for one or more of the protected characteristic groups?*
- *Foster good relations between people who share a protected characteristic and those who don't?*

(insert ✓ in one or more boxes)

Protected characteristic groups	Adverse impact	Advance equality	Foster good relations
Age		✓	✓
Disability		✓	✓
Gender reassignment			✓
Marriage/civil partnership			✓
Pregnancy/maternity			✓
Race			✓
Religion/belief			✓
Gender			✓
Sexual orientation			✓
Other (e.g. low income groups)		✓	✓

4 Summary of the likely impacts

- *Who will be affected?*
- *How will they be affected?*

The Masterplan is a land use and design framework that promotes opportunities for improved airport operations, aviation heritage facilities and new employment. These opportunities are open to all. Consideration of specific issues regarding access will be addressed through subsequent planning applications and further detailed site design; this will help to advance and foster good relations for equalities. Design will consider equalities and encourage good relations with regards to all protected characteristics.

These plans should assist to advance and foster good relations for equalities in relation to all protected characteristics, as they will be available for all to take advantage of. From the evidence shown above particular groups are the young and those on a low income to improve job prosperity and training opportunities.

5 What actions can be taken to mitigate likely adverse impacts, improve equality of opportunity or foster good relations?

- *Are there alternative providers?*
- *What alternative ways can the Council provide the service?*
- *Can demand for services be managed differently?*

There are currently no adverse impacts; equality and access will be reviewed at each planning stage through subsequent Diversity Impact Assessments (DIA).

6 Action plan

- *Actions to mitigate adverse impact, improve equality of opportunity or foster good relations and/or obtain new evidence*

Action	Lead	Deadline or review date
The Local Development Order and Masterplanning process for Phase 2 will require a number of surveys and assessments to be undertaken	Project team	December 2018 to July 2019
Local Development Order Policy Development (subject to the background work towards establishment of an evidence base)	Project team	July 2019
Review DIA at each planning stage	Project team	Ongoing

7 Recommendation

The recommendation by the lead officer should be stated below. This may be:

- *to proceed with the change, implementing the Action Plan if appropriate*
- *consider alternatives*
- *gather further evidence*

If the recommendation is to proceed with the change and there are no actions that can be taken to mitigate likely adverse impact, it is important to state why.

To implement the action plan and proceed with the proposed Masterplan and development.

8 Authorisation

The authorising officer is consenting that:

- *the recommendation can be implemented*
- *sufficient evidence has been obtained and appropriate mitigation is planned*
- *the Action Plan will be incorporated into the relevant Service Plan and monitored*

Assistant Director

Tomasz Kozlowski
Assistant Director - Physical and Cultural Regeneration

Date

25th April 2018

Appendix D – Value for money assessment

	DCLG Appraisal Sections	Option 1: Do nothing	Option 2: Do something
A	Present Value Benefits (£m)	£0	£396.28k
B	Present Value Costs (£m)	£0	£101.0k
C	Present Value of other quantified impacts (£m)	-	-
D	Net Present Public Value (£m) [A-B] or [A-B+C]	£0	£427.37k
E	'Initial' Benefit-Cost Ratio [A/B]	n/a	3.92
F	'Adjusted' Benefit Cost Ration [(A+C)/B]	n/a	3.92
G	Significant Non-monetised Impacts	n/a	<ul style="list-style-type: none"> Enhanced employability and skills training for the local workforce Improved local skills retention, i.e. reduced out-commuting Increased productivity of the local economy
H	Value for Money (VfM) Category	n/a	Acceptable
I	Switching Values & Rationale for VfM Category	No present value benefits have been identified for this option so VfM category is not applicable	Initial BCR is within the High VfM category, thus switching values are not applicable
J	DCLG Financial Cost (£m)	none	£120k in 2018/19 and £530k in 2019/20
K	Risks	Analysis based on estimated land value data	Analysis based on estimated land value data
L	Other Issues	n/a	6 direct construction person years 409 direct FTE commercial jobs

Appendix E – Risk register

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/Impact Scores
Runway 16/34 is not closed in advance of proposed development programme	Development on the site will not be able to take place	Medway Council	Medway Council	2	5	10	As landowner Medway Council has a degree of control over the use of the runway. However, as part of the LGF2 project Rochester Airport Ltd. have programmed the closure to happen during 2018 to allow delivery of the required outputs.	Likelihood 1, Impact 5, Risk Rating 5
No/fewer private sector businesses are interested in building on the site.	The site will not be developed	Medway Council	Medway Council	2	5	10	Interest has been expressed in the site, prior to any active marketing exercise taking place. Development options consultancy will be considering the most attractive method of development to maximise business interest.	Likelihood 1, Impact 5, Risk Rating 5
Asbestos in the	Delay to the	Medway	Medway	4	3	12	As part of the	Likelihood 4, Impact

unused building which is to be demolished	programme and possible additional cost	Council	Council				project, surveys will be carried out to determine the presence and type of asbestos in the building. Appropriate disposal methods will be employed by Medway Council appointed contractors to ensure safe removal of any asbestos found.	1, Risk Rating 4
Planning permission is not granted for development on the site due to challenge from the anti-airport campaign which is continuing to disrupt work on the main airport site	Development on the site will not progress or will progress after significant delay	Medway Council	Medway Council	2	5	10	The primary cause of public objection in relation to current and previous Rochester Airport planning applications stem from public safety and environmental concerns relating to the proposed paved runway (note: due to budgetary constraints the paved runway has now been removed from the scope of the LGF project). This site is separate from the airport and the	Likelihood 1, Impact 5, Risk Rating 5

							<p>airport infrastructure improvements will have no bearing on any planning applications submitted for this site and therefore it is considered that there will be no basis for challenge from the anti-airport campaign. Therefore, it is considered that the risk of challenge is low. However, care will be taken throughout the planning process to ensure there are no grounds for challenge. An LDO for the entire site will significantly reduce planning uncertainty for businesses looking to locate on the site and will reduce the risk of planning permission not being granted. Adoption of an LDO is dependent upon</p>	
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							the evidence base currently being gathered during the Masterplan process.	
Buildings delivered on site by companies do not tie in with Medway Council's vision for the Innovation Park	Medway Council's vision for the Innovation Park will not be realised. May impact on future phases of the Innovation Park.	Medway Council	Medway Council	3	4	12	A design guide will be developed to inform companies looking to build on the site of the type of development expected. In addition the masterplan for the site (due to be completed: late 2018) will set out the vision for the site in terms of the type of business envisaged for the Innovation Park. Should an LDO be progressed this will also ensure that all the buildings on the site tie in with the over-arching vision for the Innovation Park.	Likelihood 1, Impact 4, Risk Rating 4
GPF funding is not secured	The site will not be brought forward for development	Medway Council	Medway Council	3	5	15	Robust Business Case developed which demonstrates the project viability and significant	Likelihood 2, impact 5, Risk Rating 10

	in line with proposals						benefits offered by the project	

* 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.

Appendix F – Funding commitment

Draft S151 Officer Letter to support Business Case submission – Growing Places Fund

Dear Colleague

In submitting this project Business Case, I confirm on behalf of Medway Council that:

- The information presented in this Business Case is accurate and correct.
- 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 of the Loan Agreement which will be agreed with the SELEP Accountable Body, including the repayment of the Growing Places Fund loan in accordance with an approved repayment schedule.

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)

Richard Hicks

S151 Officer

Phil Watts