

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.

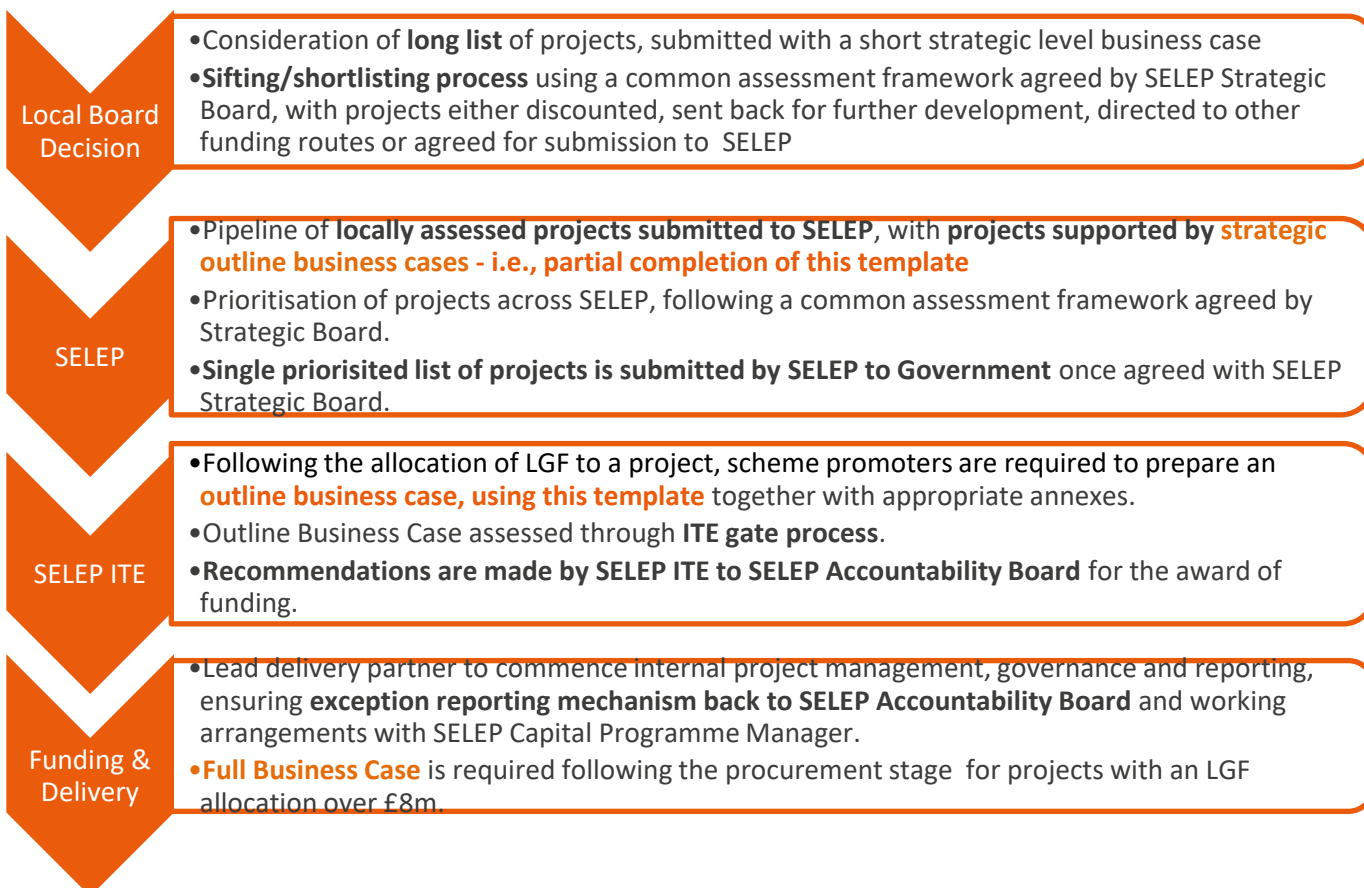
It is also designed to be applicable across all funding streams made available by Government through SELEP. It should be filled in by the scheme promoter – defined as the final beneficiary of funding. In most cases, this is the local authority; but in some cases the local authority acts as Accountable 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:



Version control	
Document ID	
Version	Version 1
Author	South Essex College
Document status	Full Business Case
Authorised by	
Date authorised	

1. PROJECT OVERVIEW

- 1.1. **Project name:**
Basildon Digital Technologies Campus
- 1.2. **Project type:**
Skills & Innovation
- 1.3. **Federated Board Area:**
Essex
- 1.4. **Lead County Council / Unitary Authority:**
Essex County Council
- 1.5. **Development location:**
Market Square, Basildon, Essex. SS14 1DD

- 1.6. **Project Summary:**
The project involves development of a new 3,200m² (GIA) Digital Technologies Campus in the heart of Basildon town centre, on the former market site directly adjacent to the bus hub and train station, thereby linking it to the whole South Essex catchment area and other South Essex College (SEC) hubs in Southend and Thurrock. It also involves linking with the new business start-up and incubator space in the Eastgate Centre, providing training, support and incubation / forum space for start-up companies linked to digital technologies.

Noted as a key project by Essex County Council, Basildon Council and SELEP, it is now also noted as a key priority in the Thames Estuary 2050 Growth Commission report. This innovative centre will provide leading edge facilities and learning opportunities across the digital technologies spectrum to meet identified industry and employer needs. Spanning from IT networking to cyber-security, animation, games and programming, plus many others, it serves to provide training and learning in key identified skills shortage areas where there are also significant employment opportunities. This business case shows how this will secure over 150 jobs at the centre (including 20.5 new FTE net additional teaching/support jobs as well as relocated staff from the existing Basildon campus which is due to close and so will be safeguarded through this project) together with over 800 students per annum by 2021 (including 143 net additional FE learners and 200 net additional HE learners per annum) together with associated wider employment and town centre regeneration benefits. In total, the project will support 16,000 FE and HE learners over the 20-year model period. Through linkages and involvement of major employers and technology brands such as Huawei, Microsoft and Cisco, the connections to the new start-up / incubator facility also provide much needed facilities and support for digital technology start-ups and entrepreneurial opportunities.

The College has already invested in the development of the project to date “at risk” and it is at the point now where a SELEP funding approval is required to enable the College to progress it to the delivery stage. RIBA Stage 3 designs and costs have been developed and planning consent has been granted. An agreement has been reached with Basildon Council to lease the site for the scheme on a long term 999-year lease at a peppercorn rent and Morgan Sindall has been successfully appointed via the pre-procured Pagabo framework on basis of two stage design and build JCT contract on a GMP basis. The College is now keen to progress to the next stage of the design process and to commence the enabling works but in order to do so requires some degree of certainty around the prospects of securing an LGF award from SELEP to enable delivery.

Without a SELEP funding commitment, the project cannot proceed and this would represent a significant missed opportunity for Basildon, Essex and the wider SELEP economy. The College has already agreed to dispose of its existing Basildon campus and proceeds from this are contributing to the delivery of this scheme, but are insufficient to meet all of the total scheme costs and the College does not have access to any other forms of funding.

This is a low risk and readily deliverable project that will be delivered on public sector owned land by South Essex College, which has significant experience of delivering similar capital projects. A full professional team is in place to support delivery and it will deliver significant net additional economic benefits to the SELEP economy, providing a value for money outcome to 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.)
<i>South Essex College (Lead Applicant)</i>	Building developer, owner and operator for the new Digital Technologies Campus. Providing £13.65m funding towards the project through disposal of its existing Nethermayne Campus for housing.
<i>Essex County Council</i>	Lead upper tier authority for the LEP promoting the scheme.
<i>Basildon Council</i>	Partner in the wider Nethermayne Scheme and lead on relocating the market to its new location in St Martin's Square. Landlord for the Market Square site providing the College with the 999-year ground lease at a peppercorn rent.
<i>Homes England</i>	Adjacent land owner to the College's Nethermayne campus and partner in the scheme providing promotion costs and expertise to achieve town planning for the Nethermayne site and subsequent disposal of the joint site for residential development to unlock College capital to contribute to the delivery of the Digital Technologies Campus.

1.8. Promoting Body:

South Essex College

1.9. Senior Responsible Owner (SRO):

Anthony McGarel, Deputy CEO & Principal of South Essex College

E: Anthony.McGarel@southessex.ac.uk

T: 07717 652 077

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>South Essex College</i>	£13.65m	There is no flexibility as this is funded through the Nethermayne campus land sale receipt which is fixed.	The sale contract became unconditional in January 2018. Funding for the scheme is in place through two avalised / guaranteed promissory notes issued by Barclays Bank. This is essentially a formal guarantee from Barclays Bank to provide the agreed amount of £13.65m relating to the unconditional sale of the College's Nethermayne Campus but has been structured in this way to reflect the fact that the College is remaining on the site until 2020. This funding is formally committed to the delivery of this scheme and has been approved for such by the College.
<i>SELEP</i>	£2.15m	Unknown at this stage. The College is seeking the minimum level of SELEP funding required to unlock delivery based on the current capital cost estimates which have been developed to RIBA Stage 3 and cannot realistically be scaled back.	<i>SELEP funding is ultimately dependent upon the SELEP approval of the College's business case for investment. There are no other known critical dependencies/constraints to delivery.</i>
Total project value	£15.8m		

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

The College is applying for a £2.15m LGF grant from SELEP.

1.12. Exemptions:

The scheme does not benefit from any exemptions as denoted in the SELEP Assurance Framework 2017 sections 5.7.4 or 5.7.5.

1.13. Key dates:

The table below identifies key project milestones to delivery:

Key Milestones	Description	Indicative Date
Site lease agreement	999 year ground lease at peppercorn rent for Market Square site	Completed (Apr 2016)
Relocation of Market	Relocation of existing market to St Martin's Square	Completed (Sep 2018)
RIBA Stage 2 Design	Complete RIBA design stage	Completed (Jun 2018)
Contractor Stage 1 Appointment	Appoint contractor under two stage D&B contract	Completed (Sep 2018)
Town Planning Consent	Approval of amended town planning application	Planning consent granted 12 Sep 2018
RIBA Stage 3 Design	Complete RIBA design stage 3	Completed (Sep 2018)
RIBA Stage 4 Design	Contractor led design stage 4	Oct 2018 – Feb 2019
Enabling works	Ground clearance, obstruction removal, remediation, services and infrastructure diversions	Nov 2018 – Apr 2019
Second Stage Tender	Contractor stage 2 tender to within GMP figure	Feb 2019 – Apr 2019
Construction	Construction of new building	May 2019 – Jul 2020
FF&E and migration	College FF&E, commissioning, training and relocation	Jul 2020 – Aug – 2020
College operational	College opens and operational	Sep 2020

1.14. Project development stage:

The project is currently at the stage where RIBA Stage 3 designs have been developed and planning consent has been granted. An agreement has been reached with Basildon Council to lease the site for the scheme on a long term 999-year lease at a peppercorn rent and Morgan Sindall successfully appointed via the pre-procured Pagabo framework on basis of two stage design and build JCT contract on a GMP basis. The College is now working with Morgan Sindall to finalise RIBA Stage 4 designs and complete second stage tenders to sub-contractors to agree the contract sum. Cost projections from the Cost Consultant and Morgan Sindall indicate costs are on budget within the £15.8m.

SELEP funding is only required for the construction stage of the project. All other development stages have or are being funded by the College directly. SELEP funding will be expended on contributing to the capital build costs of the new building.

Project development stages completed to date			
Task	Description	Outputs achieved	Timescale
Site lease agreement	999-year ground lease at peppercorn rent for Market Square site	Lease terms agreed with Council	Completed (Apr 2016)
Relocation of Market	Relocation of existing market to St Martin's Square	Market relocation completed	Completed (Sep 2018)
RIBA Stage 2 Design	Complete RIBA design stage	RIBA Stage 2 designs completed	Completed (Jun 2018)
Contractor Stage 1 Appointment	Appoint contractor under two stage D&B contract	Morgan Sindall appointed as preferred contractor	Completed (Sep 2018)
Town Planning Consent	Approval of amended town planning application	Planning consent achieved	Planning consent granted 12 Sep 2018
RIBA Stage 3 Design	Complete RIBA design stage 3	RIBA Stage 2 designs completed	Completed (Sep 2018)
RIBA Stage 4 Design	Contractor led design stage 4	Oct 2018 – Feb 2019	Completed (March 2019)
Project development stages to be completed			
Task	Description	Timescale	
Enabling works	Ground clearance, obstruction removal, remediation, services and infrastructure diversions	Nov 2018 – Apr 2019	
Second Stage Tender	Contractor stage 2 tender to within GMP figure	Feb 2019 – Apr 2019	
Construction	Construction of new building	May 2019 – Jul 2020	
FF&E and migration	College FF&E, commissioning, training and relocation	Jul 2020 – Aug – 2020	
College operational	College opens and operational	Sep 2020	

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 outputs for this project are linked only to this project. They involve no previous phases, nor are they dependent on future stages or phases. The project does, however, contribute towards the Basildon Town Centre highways improvements strategy part funded by SELEP through its contribution to the infilling of the underpass and new surface level crossings on Southernhay.

The new campus as proposed will be operational by September 2020. At this point the 3,200 sqm (GIA) of new floorspace will have been delivered and the additional learner and employment outputs will commence with a gradual build up on benefits over the early years of operation to the point where the facility is operating at full capacity within 4 years of reaching practical completion (2023/24). These outputs will then continue in perpetuity for the lifetime of the new asset, estimated to be 60 years.

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:

In line with the national, regional and local skills requirement for highly skilled, high level technicians and professionals, South Essex College has developed a College wide curriculum and Estates Strategy which focuses on establishing Centres of Professional and Technical specialisms at each of its campuses.

This project will take the College a step closer to reaching that ambition through establishing a specialist campus in Basildon Town Centre, concentrating on delivery of high quality, industry relevant, high level training facilities to support the Digital Technology Sector.

The need for this centre is clearly articulated in section 2.4 below.

The new campus will provide programmes from Level 2 through to Level 6 (Full Honours Degrees). We will be developing the new 'T' Levels in Digital Technologies, growing our Apprenticeship offer and will deliver a number of Degree programmes to provide young people and adults with the skills required by both local and regional employers.

The key strategic objectives for this development are:

1. To provide high quality state of the art learning and training facilities in Basildon Town Centre.
2. To increase the number of 16-18 year olds along the Thames Gateway undertaking STEM subjects in Digital Technology, including IT infrastructure and programming at Levels 3 and above.
3. To increase the number of adults across the Thames Gateway re-training and upskilling in the Digital Skills Sector at Levels 3 and above.
4. To increase Digital Apprenticeships at Levels 2-6.
5. Increase the number of women studying in the Digital Technologies Sector.
6. Provide opportunities for those from low socio-economic backgrounds to progress to high skilled technical roles.
7. Increase the number of young people and adults with learning difficulties and disabilities (SEND – Special Educational Needs and Disabilities) to access jobs in Digital Industries.
8. To raise the profile of Digital Technologies with school pupils across the Thames Estuary through the provision of taster and Saturday programmes delivered in this hi-tech environment.

9. To contribute to the regeneration of Basildon Town Centre.
10. Support high value employment through skills acquisition, including at Level 4.
11. Support digital skills development as an 'enabling' skill to support other identified growth sectors.

The new centre will provide training in:

- Programming/Software Development
- Computing
- IT Infrastructure Planning and Maintenance
- Networking through the provision of a dedicated CISCO/Microsoft/Huawei Centre, which will offer vendor qualifications
- Digital Animation/Motion Capture
- Games Design/Development
- Social Media/Web Design

In addition, we will make the hi-tech facilities available to local businesses and industry in return for them providing guest lectures, work placements, mentoring etc. for the young people and adults studying at the campus.

The Town Centre Campus will be easily accessible from all parts of the Thames Estuary via the C2C trainline which has a station opposite the campus and the bus station which is located very close to the campus. Large numbers of our students already travel between the three main towns to access specialist curriculum and facilities.

2.2. Location description:

Market Square is located in the heart of Basildon town centre, directly adjacent to the bus centre and across the road from Basildon mainline station which connects it to the wider South Essex area and the College's other hubs in Southend and Thurrock. As such it is located at an ideal public transport node.

The site is "L" shaped, primarily level in nature and extends to circa 0.54 hectares. To date, it has been occupied by Basildon Market (a series of canopies and timber construction kiosks) together with a public car park and public realm space. The site is accessed and dissected by two un-adopted highways and, pre-project, is in the freehold ownership of Basildon Town Centre Ltd (BTCM) – a not for profit organisation formed from the major landowners in the town centre for the benefit of the town. Historically BTCM has run the market and the car park whilst maintaining the roads and public realm. The market has been relocated to new purpose-built facilities outside the Council offices in St Martins Square.

Although developed as part of the wider Basildon new town scheme, relocation of the market and investigation on market square has revealed significant buried structures, areas of contaminated land, and a plethora of unmarked service routes which will require diversion (drainage, electrical, water and telecommunications). This is not ideal and surprising given the relatively recent development of Basildon as a town.

Bordered to the North and East by retail outlets, the site is bordered to the West by roadways and a further retail centre. To the South of the site is the Beehive public house, Colours Nightclub and an underpass across Southernhay which is infilled with new surface level crossings at similar timescales to the project and partly funded through S106 / unilateral undertaken contributions. Maps of the site are appended to this business case.

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

2.3. Policy context:

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

Demand for people with STEM skills is increasing globally. Many STEM workers are approaching retirement age. Some forecasts suggest around 7 million technical job openings will emerge between 2016 and 2025. Whilst demand for technical skills continues to increase, the number of people choosing to pursue technical careers continues to fall.

Skills shortages are particularly acute in technological occupations (Engineering and TECH) and for professionals.

There is an increasing global tech-talent market place which is characterised by an increasingly mobile population of skilled workers and young people.

Data coming from 'Indeed' shows that Computer and Mathematical web-based job postings are between two and three times more likely to be clicked by international jobseekers than the average job in the US and UK.

One of the Government's Grand Challenges in its Industrial Strategy based on global trends is AI (Artificial Intelligence) and data – Putting the UK at the forefront of the AI revolution.

The UK Digital sector has grown rapidly in recent years. It contributes almost 9% of total UK GVA and employs 2.1 million people.

A shortage of suitable digital skills persists in the UK labour market which is a risk to business growth, innovation and broader societal development.

According to research by Tech Nation, there are 1.56 million jobs in Digital Tech Economy, covering all jobs in the Digital Tech Industries and digital tech jobs within Traditional Industries. This continues to outpace the rest of the economy: jobs grew 11.2% between 2011 and 2014 which is 2.8 x faster than the rest of the workforce.

Further growth in demand for digital content and services, in particular, is expected to drive expansion of the UK digital sector and is expected to need 1.2 million new workers between 2012 and 2022, to both support growth and replace those leaving the sector. This is equivalent to half the current workforce.

Only 17% of tech specialists are women which falls to only one in ten for programmers and software development professionals.

The predicted skills requirements in the UK Digital sector by 2025 are identified as:

	Increase by:
• Technical Directors	37%
• Specialist IT Managers	27%
• IT Project/Programme Managers	22%
• Business Analysts and Systems Designers	22.5%
• Programmers and Software Development Professionals	47%
• Web Designers and Development Professionals	47%

These predicted growth areas do not include new technologies yet to be developed or the potential massive growth in virtual reality (VR) in many of our industries over the next 5 years.

Industry drivers for continued growth in digital ability include:

- Continued rapid technological change
- Economy-wide digitisation
- Increasing risk of cyber threats
- Convergence of content across platforms
- Mobile and cloud computing
- Big data
- Increased automation of routine tasks
- Social media
- New business models and collaborative platforms

This UK Digital Sector is a priority sector for growth with a clear Government focus to grow professionals to meet the requirements of the Digital revolution.

Digital Skills has been identified by SELEP as a major growth sector. In Greater Essex, Chelmsford, Basildon and Southend on Sea are identified as sector clusters. South Essex College serves two of these towns, and recruits students from the third.

In the SELEP area, Digital and Creative Industries employ 85,000 people in 19,700 enterprises and generate £2.5 billion in GVA (the largest GVA contribution of any LEP outside of London). There are 30,000 vacancies at present across SELEP.

The sector is made up of a high proportion of small and micro businesses, with many people being self-employed. In addition, many industries now require digital skills, but they are not “digital companies”.

The major sectors in Greater Essex are Computing Consultancy activities, Computer Programming and Specialised Design activity. Basildon alone, where the campus will be based, has 705 Creative Digital enterprises.

In the South East region Basildon has the largest cluster of employees (6,145 in this sector), which is why we are developing this specialist campus in this location.

Basildon is a centre for growth in Essex. IT, Digital and Creative is the sector with the highest number of unfilled vacancies. Basildon has seen a very large increase in small and micro enterprises many of which are within this sector. Basildon have identified this sector as a priority sector for growth within the Borough with the ambition to make it a 'digital destination' for companies. The development of this campus in Basildon Town Centre will provide a focal point for this ambition creating highly skilled adults and young people available to grow and develop this sector.

The South East LEP is currently in process of publishing an updated SEP and the 2014 version remains the currently most up to date published version. This identifies the following challenges, opportunities and priorities in relation to Essex specifically which this proposed scheme fully aligns with and supports:

- Identifies the digital, cultural and creative sector as one of five priority sectors within Essex
- Invest in a portfolio of capital projects that will cement Essex's competitive advantage in key sectors and positions its skills infrastructure to support future growth
- Essex has a significant amount of opportunity for economic and employment growth - large offshore developments off our north coast, advanced medical technologies in the mid and west, a rapidly growing care industry, a thriving creative sector and opportunity for advancements in IT and Big Data.
- Our goal is to develop a workforce and a network of education and skills provision that is responsive to the needs of local business. This will ensure that local businesses, particularly those in STEM-related sectors, can access the skills they need to grow and that our residents can fulfil their ambitions.
- STEM facilities in mid Essex, supporting engineering, manufacturing, creative and capitalising on innovation and entrepreneurial skills
- Too few apprenticeships and vocational training opportunities are in STEM-related sectors;
- Much of our activity to date has been in response to a mismatch between the availability of skills provision and the needs of growth sectors, and the need to create pipelines through a clear vocational pathway to employment and higher education.

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

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 market analysis and assessment of skills need in Section 2.3 clearly identifies a need for increased skills in the Digital Sector across both SELEP and within Greater Essex.

There are already skills shortages without the predicted growth as digital companies begin to move from East London out into Essex or the increasing requirements in non-tech companies to improve their productivity through digitisation.

Digital communications infrastructure and technology are transforming the workplace and digital technologies are now a cross cutting theme in many other sectors, including Health and Care, Education, Leisure and Tourism and Construction with new building techniques.

This campus will contribute to filling the identified skills gaps by providing training from Level 2 through to Level 6 in a wide range of technical and digital skills.

We will train those who will work on establishing and maintaining IT and digital infrastructure to those who can programme and develop the software to meet the ever growing demand.

It will contribute skills to a range of sectors including:

- Web Development
- IT Networking
- Software Development
- IT Support
- Graphic Design
- Animation
- Games and Entertainment

Providing a specialist centre for Digital Technologies will help raise the profile of the industry alongside exciting young people about the industry and its potential as a career route.

As part of the development we will develop opportunities and provision which focuses on attracting non-traditional recruits (particularly women and those with learning difficulties and disabilities) into training by providing women friendly environments, child care support and a range of specialist expertise to support those with a range of specific support needs, particularly autism.

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.]

South Essex College embarked on a property transformation strategy in 2010 following the merger of South East Essex College and Thurrock & Basildon College. The strategy involves relocation of historical poorly located, poor condition and functionally unsuitable accommodation in Thurrock and Basildon to new, leading edge facilities matched to identified skills needs in associated town centres. Town centre locations next to public transport hubs not only improves access to those individual campus sites from the local catchment areas, it also joins the campuses via the C2C line enabling students to travel between campus sites to access leading educational provision and facilities across all the subject areas delivered by the College. Reducing duplication of provision at higher course levels means the associated facilities can be appropriately resourced.

Prior to embarking on the strategy, the College already had significant borrowings through investment in relocating and redeveloping its 26,000m² Southend campus against the same objectives as Thurrock and Basildon. The College's borrowing capacity was then maximised in delivering the £43m Thurrock campus redevelopment which opened in 2014. The market for borrowing in further education has subsequently been made more difficult post achieving this loan through general economic changes, but also through introduction of the insolvency regime in the sector and knock on effects. This makes any further borrowing by the College to meet the additional costs of the project unviable.

Working with Homes England and Basildon Council as strategic partners the College successfully obtained residential planning consent on its existing Nethermayne campus and adjacent Homes England land in 2014. The land was then successfully marketed by Homes England and sold to Redrow Homes under a sales contract which went unconditional in January 2018. This sale contract is for a fixed figure which delivers the £13.65m to fund the College capital contribution to this project. Funds from the sale are secure and in place to deliver the project but cannot be increased.

Along with the majority of colleges in the further education sector, the College does not operate on the basis of significant operational surpluses which could be vired to offset the project funding shortfall. In combination with already maximised borrowing and a fixed asset receipt, the inability to fund the project funding shortfall from operational surpluses means the College has exhausted all alternative sources of funding bar this grant application as there are no other grant / bid process available.

A summary of the project funding sources is presented below:

Funding source	Amount (£)	Flexibility of funding scale or profile	Constraints, dependencies or risks and mitigation
<i>South Essex College</i>	£13.65m	There is no flexibility in the value, as this is funded through the Nethermayne campus land sale receipt which is fixed.	The sale contract became unconditional in January 2018. Funding for the scheme is in place through two avalised promissory notes issued by Barclays Bank. This funding is formally committed to the delivery of this scheme and has been approved for such by the College.
<i>SELEP</i>	£2.15m	Unknown at this stage. The College is seeking the minimum level of SELEP funding required to unlock delivery based on the current capital cost estimates which have been developed to RIBA Stage 3 and cannot realistically be scaled back.	<i>SELEP funding is ultimately dependent upon the SELEP approval of the College's business case for investment. There are no other known critical dependencies/constraints to delivery.</i>
Total project value	£15.8m		

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

Should this bid for LGF funding support not be successful the College would proceed with the project but, given the inability to reduce the scale of the project, the scope of fit out and industry level equipment would need to be significantly reduced (the specification is not ostentatious in any way to start with). It may be possible to reduce the level of fit out within the building or the equipment provided within the building but not to the levels involved to offset the loss of the grant funding sought through this bid. Furthermore, both of these actions would seriously and significantly reduce the overall student experience and success of the project leading to reduced recruitment, retention and success rates.

Ground conditions, remediation, obstruction removal and utilities diversions cannot be avoided. Whilst allowances were made in the cost plan based on information available at the time, the level of obstructions and diversions now apparent from work at St Martins Square and extensive surveys of Market Square as the market transferred could not realistically have been foreseen. As with all public sector projects funding levels are constrained and the specification for the building is already effective and cost efficient.

In the unlikely event the College did not proceed with the project at all, the existing Nethermayne campus has already been sold and must be vacated by the end of 2020. Hence in this scenario this key education provision in terms of both the key STEM academic subjects and access to FE education in Basildon town centre itself would be lost.

The College and partners have worked extensively and hard to make the project possible, overcoming many significant hurdles to get this far. Without the SELEP funding however, there is the real potential for this project to fail and the extensive benefits identified by numerous public and private bodies not to be delivered.

2.7. Objectives of intervention:

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

Project Objectives (add as required)

- 1) To provide high quality state of the art training facilities in Basildon Town Centre.
- 2) To increase the number of 16-18 year olds along the Thames Gateway undertaking STEM subjects in Digital Technology, including IT infrastructure and programming at Levels 3 and above.
- 3) To increase the number of adults across the Thames Gateway re-training and upskilling in the Digital Skills Sector at Levels 3 and above.
- 4) To increase Digital Apprenticeships at Levels 2-6.
- 5) Increase the number of women studying in the Digital Technologies Sector.
- 6) Provide opportunities for those from low socio-economic backgrounds to progress to high skilled technical roles.
- 7) Increase the number of young people and adults with learning difficulties and disabilities (SEND) to access jobs in Digital Industries.
- 8) To raise the profile of Digital Technologies with school pupils across the Thames Estuary through the provision of taster and Saturday programmes delivered in this hi-tech environment.
- 9) To contribute to the regeneration of Basildon Town Centre.
- 10) Support high value employment through skills acquisition, including at Level 4.
- 11) Support digital skills development as an 'enabling' skill to support other identified growth sectors

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

- 1) Provision of hi-tech industry standard training opportunities in Thames Estuary Corridor
- 2) Lack of skilled people to fill employer vacancies
- 3) Lack of training opportunities at Level 4 and above
- 4) Raise the profile of careers in the IT and Digital Industries

- 5) Contribute to the regeneration of Basildon Town Centre
- 6) Establish Basildon as a Hub in South Essex for Digital Companies

[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.]

Section 2.7	Problems / opportunities identified in Need for Intervention section Support digital skills development as an 'enabling' skill to support other identified growth sectors					
	Problem / Opportunity 1	Problem / Opportunity 2	Problem / Opportunity 3	Problem / Opportunity 4	Problem / Opportunity 5	Problem / Opportunity 6
Objective 1	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓
Objective 2	✓✓✓	✓✓✓	0	✓✓✓	✓	✓✓✓
Objective 3	✓✓✓	✓✓✓	✓✓✓	✓✓	✓	✓✓✓
Objective 4	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓	✓✓✓
Objective 5	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓	✓✓✓
Objective 6	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓	✓✓✓
Objective 7	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓	✓✓✓
Objective 8	✓✓	✓✓	0	✓✓	✓	✓✓✓
Objective 9	✓✓✓	✓	✓	✓	✓✓✓	✓✓
Objective 10	✓✓✓	✓✓✓	✓✓✓	✓✓	✓	✓✓
Objective 11	✓✓✓	✓✓✓	✓✓✓	✓	✓	✓✓✓

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.]

Aside from achieving the SELEP grant funding, the only other constraint to successful implementation of the preferred option is achieving a successful compromise agreement with the adjacent land owner to the North. The Council acquired its interest in the site under S203 of the Town and Country planning act. This mitigates any injunctions preventing the development and means any compensation is limited to diminution in value rather than pure compensation for loss of light which should be a lower figure. The adjacent owner has also confirmed its willingness to work with the Council and College to reach an amicable agreement. Nevertheless the College's current intention is to seek a completed compromise agreement prior to commencing the main construction works. The College's professional team have estimated that the compensation costs could be in the region of between £275,000 and £300,000 and this cost has been allowed for within the project 'abnormals' line of the cost plan and also highlighted in the project risk register at this stage.

Other potential constraints to delivery from the outset which have now all been resolved include:

- Ground lease – lease and agreement to lease appended to executed Landowners agreement.
- Town planning – full planning permission granted at committee on 12th September 2018.

- S106 agreement – achieved through a unilateral undertaking with fixed costs included in cost plan.
- Funding (excluding SELEP) – Redrow sale agreement unconditional January 2018 and avalised promissory notes issued by Barclays Bank Plc the same day.
- Relocation of market – successfully achieved by Basildon Council at the end of September 2018.
- Ground conditions and diversions – identified and achievable through an enabling works package subject to confirmation of SELEP funding.
- Contractor appointment – Morgan Sindall successfully appointed via Pagabo framework on basis of two stage design and build JCT contract on GMP basis.

2.9. Scheme dependencies:

Aside from the compromise agreement in respect of rights to light the scheme is free from other dependencies.

2.10. Expected benefits:

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

In addition to the direct skills benefits flowing from the project, the following qualitative benefits have and will be achieved through the project and wider Nethermayne scheme which is linked to this. These benefits have not been quantified/monetised at this stage

- Improved footfall in the town centre and impact on retail within the town centre. The College has experienced this before through developments in Southend and Grays where local retailers reported significant increases in activity and income following the College relocating to the town centre.
- Improved access to town centre from public transport nodes through the infilling of the underpass and creation of semi-pedestrianised links from the train station and bus node to the town centre.
- Improved public realm in the town centre – as part of the scheme, the College is committing to hard landscape the adjacent plaza and pedestrian routes
- More sustainably accessible education provision in the town centre, resulting in increased use of sustainable transport modes
- New hard surfaced and floodlit air ambulance landing site on Nethermayne following closure of grass ad-hoc landing at Nethermayne.
- New primary school site and funding for associated school development on Nethermayne as part of wider scheme.
- Provision of cleared and serviced two acre expansion site for St Lukes Hospice site at Nethermayne.

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.]

Key risks to the scheme are outlined in bullet point form below:

- Rights to light compromise agreement and associated costs (although advice has been sought on these and an allowance made in the cost plan of £300,000 which is considered to be sufficient).
- Funding and programme implications in respect of ground obstructions, remediation, services and utilities diversions.
- Changes to client brief resulting in variations, delay and / or cost increase.
- Contractor design development and second stage tendering of works to figures within budget.
- Inability to secure an SELEP funding allocation to enable delivery.

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.*

In developing the College's Property Strategy the College explored a range of options before determining the need to relocate from the existing Nethermayne site and where to relocate to. These are summarised in bullet point form below:

- Refurbishment of existing facilities – discounted as in wrong location and of poor functional suitability even if refurbished. Nature of historic development also precluded this in any event as insufficient surplus land to dispose of for residential development to fund refurbishment.
- Redevelopment on existing site – discounted as in wrong location. In addition, the lack of surplus land available for disposal would preclude this option as financially unviable.
- Purchase of accommodation in town centre – there were no facilities available for purchase in the town centre other than Toys R Us (warehouse) and Trafford House (1960s offices) which were inappropriate for College use without demolition and redevelopment.
- Leasing of accommodation in town centre – there were no appropriate facilities for lease. Had facilities been available leasing of accommodation is not financially viable for colleges in town centre locations as they do not generate sufficient operational surpluses to pay commercial rents.
- Site acquisition and development – three sites were identified for short list consideration based on site acquisition and redevelopment, namely Toys R Us, Trafford House and Market Square.

Options assessment:

The long list of options were considered at Property Strategy level with options involving staying on the Nethermayne site discounted qualitatively and quantitatively, primarily on the basis of:

- The site is remote from the town centre, not well served by public transport and not possible to link through public transport to other College hubs in Southend and Thurrock.
- Financially there were no options to fund redevelopment on the existing site as insufficient surplus land would be released to fund the development without moving off site.

Options for purchasing and / or leasing of facilities were discounted following searches by appointed property agents which revealed no sites with accommodation capable of refurbishment to meet the functional and operational needs of the College were available. As part of this search, working with Basildon Council and Homes England as partners, the sites identified as available for purchase were also considered in respect of redevelopment and proceeded to the short list stage.

Short list of options:

The College, in associated with Basildon Council and Homes England as partners, appraised three potential town centre sites for development in the town centre both quantitatively and qualitatively. It should be noted at the time of this appraisal the College were looking to develop a circa 8,500m² general FE campus in line with those at Southend and Thurrock. The three sites and a summary of the appraisal for each site is bullet pointed below.

- **Toys R Us** – located to the East of the town centre this site is a 10 minute walk from the train station and bus hub. Considerably smaller than the Market Square site it was too small to accommodate the then brief for the site without developing above six storeys. Equally importantly, following the search and an approach to the owners of the site the College were informed it was not available for purchase. Financial appraisal of the scheme did not therefore proceed.
- **Trafford House**. A large former Ford office, Trafford House sits in circa 2 acres of flat land directly adjacent to the rail station on the south side of the rail line and some three minute walk from the bus hub. Although the building is inappropriate for refurbishment it did represent a good site for redevelopment. There were complications with the landowner who would not sell the whole site and was unclear how much of the site was available for purchase. In addition, the landowner wanted to tie the College development into residential development of the “remainder” of the site to be retained by the owner based on development densities and heights that could not be supported by the Council. Furthermore, the nature of Trafford House’s construction and demolition cost, together with the purchase price for an unclear element of the site, meant the “cost” of the cleared serviced site equated to over £4.5m some £2.2m higher than cost estimates at the time for Market Square.
- **Market Square** – owned by Basildon Town Centre Management Ltd (BTCM), the Council had a scheme developed with BTCM under which the market moved to St Martin’s Square freeing up the Market Square site for development. The estimated cost of the market move at that time was £2.3m, some £2.2m lower than Trafford House, and with considerably less complications. This led the Market Square Site to become the preferred option location site.

Initial versions of the Market Square scheme as detailed in the 2013 planning consent were larger, and rationalisation has already occurred. Further rationalisation of the scheme would make it non-viable as an educational base, effectively leaving the adequacy and sufficiency of the educational student experience as questionable. As noted in section 2.6 of this paper, should the SELEP bid not be successful, the College would need to reduce the scope of fit out and specification of industry level equipment. This would partially defeat the object of the centre as a digital technologies campus and lead to reduced recruitment, retention and success rates. Students leaving with experience on less than industry equipment would also reduce the like employment conversion rates as employers are looking for future employees to have knowledge of the systems and equipment prevalent in industry now.

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.]

The preferred option involves the College developing its 3,200m² (GIA) Digital Technologies campus on the Northern part of the Market Square site. The location of the site directly adjacent to the bus hub, train station and town centre directly aligns with the objectives of regenerating the town centre, increasing footfall in the town centre, providing better public transport access and reducing overall travel journeys. It also links the campus to the College's other main hubs in Southend and Thurrock, and improves access to education and employment both for local and regional students, and staff. The design also facilitates development of the new NHS musculo-skeletal centre on the adjacent part of the site and creates a new public plaza for the benefit of all using the town centre. It should be noted the musculo-skeletal centre would not be possible in the town centre without the College delivering the revised campus design as proposed.

Constructed over three floors the building contains facilities for the curriculum areas including those noted below together with catering, office, admin, meeting, forum and breakout / project areas. The curriculum areas and associated facilities fully align with the educational, skills and employment objectives of the project, and those of SELEP, local employers and both regional and national government.

- Network technology / design technicians
- Software development
- Gaming and game coding
- Cyber security
- Image capture and manipulation
- Digital media

Through a secure but accessible design the facility is able to operate through into the evening and weekends thereby enabling adult upskilling courses for those already in employment whilst at the same time meeting safeguarding requirements for all students in staff. Being in the town centre the site is accessible to all via public transport but also benefits from being close to the large number of public car parks in the town centre. To ensure disabled staff and students can easily access the facility there is a drop off directly outside the entrance and disabled bays are provided in the limited College car park directly to the West of the building meeting the objective of access for all.

Constructed around a concrete frame and raft foundation the building uses innovative locally manufactured polycarbonate cladding on upper levels and is fully air conditioned as would be expected given its central town location adjacent to rail lines, major road networks and adjacent buildings. The building uses variable fresh air systems and heat recovery together with grey water recovery and is fully flexible and adaptable to meet future changing needs. This aligns with the objectives of being environmentally sustainable, improving air quality and reducing both the College's carbon footprint and utilities / running costs.

On the ground floor the building has been designed to have 360° active frontages thereby enhancing interest in the town centre and views through to adjacent retail outlets and enhancing architecture and building design in the town centre.

Via the associated S106 / unilateral agreement the project provides funding to infill the existing underpass and provide a more accessible and safer surface crossing from the rail station to the town centre meeting a useful regeneration and public transport access objective in itself. The project will also deliver public realm enhancements to the adjacent plaza in the town centre, as part of the agree planning conditions.

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.]

Whilst there has been a recent shift in national appraisal (Green Book) guidance towards a focus on land value uplift as a key economic output/VFM metric (along with wider external benefits), it has been agreed with the LEP and its appraisers that this is not an appropriate mechanism against which to measure the benefits of this scheme as a skills capital project. This has been accepted by a number of other LEPs and CAs nationally as well. In practice, this scheme and many other skills capital schemes are unlikely to generate any significant direct land value uplift. It is an already cleared site in the town centre and the development of this type of facility on the site will not impact significantly on the existing land value and this is not uncommon for this type of development which is not commercially attractive (from a property investment perspective).

This is a skills capital scheme and as agreed with the LEP and its appraisers, the core economic case and value for money conclusions have been based on the scheme's ability to support net additional learner numbers (and associated incomes) as per the Education and Skills Funding Agency (ESFA) approach to assessing the economic benefits and resulting value for money of skills capital projects, particularly within the FE sector. This enables an estimation of the Net Present Value (NPV) of the preferred option against a base case 'do nothing' option, based on the discounted total capital and revenue costs versus discounted total capital receipts and incomes. The ESFA's MS Excel based Investment Appraisal template has been used and is appended to this business case (one for the preferred option and one for the 'do nothing' base case). All income and expenditure assumptions per student together with staff costs, ratios and property costs are taken from the College's financial forecasts and funding agreements with the ESFA. As agreed with the LEP, this is the principle quantitative measure of economic benefit and value for money that that is presented for this scheme, to support the economic case for LGF investment.

The do-nothing base case option assumes that the new 3,200 sqm facility is not developed and that the current provision of digital based courses at Basildon will cease at the point at which the campus is due to close in 2020 given the unconditional sale agreement with Redrow. The preferred option assumes the development of a new 3,200 sqm campus in the town centre as proposed. The preferred option benefits, however, only include benefits flowing directly from the improved fit out and industry equipment enabled through the SELEP grant. The NPV (£16.55m) and BCR (2.3) therefore relate to the benefits of the grant against a counterfactual of “no grant” rather than a do nothing.

An assessment of the potential net additional GVA benefits associated with the new net additional College employees in the new facility has also been undertaken separately.

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].

In terms of the ESFA based approach of assessing the NPVs of the preferred option income and expenditure assumptions per student together with staff costs, ratios and property costs used within the NPV appraisals are taken from the College’s financial forecasts and funding agreements with the ESFA.

The income assumptions applied within the NPV appraisals have been limited only to student income at 2018/19 rates per student with no uplift in income per student over the period. It is considered highly unlikely that current learner income rates per FTE learner will increase over the period given current Government funding policies and whilst we cannot be definitive on this over the model period, no uplift has been assumed on the current position.

Premises savings on existing facilities rationalised under the preferred option are at existing premises running costs per square metre for Nethermayne. No additional benefits have been modelled as these would be tenuous (for example there is little if any land value uplift where the proposed use is Education).

Total learner and teaching/support staff numbers within the new facility in the NPV appraisals include only new net additional learners and College employees associated with the new facility based on receiving the SELEP grant and associated improvements in fit out and equipment standards. There are a number of safeguarded benefits that are reported based on the closure of the Basildon Campus but these have not been taken as benefits in the NPV appraisals.

In terms of the PV net additional GVA impacts attributable to the net additional College employees, the following has been assumed:

- 15 gross additional teaching staff FTEs
- 7.5 gross additional support staff FTEs
- Therefore 22.5 new gross FTEs (excluding safeguarded roles)

- Leakage of 10%, displacement of 25% and multiplier of 0.36
- Results in a total of 20.5 net additional FTEs
- Average GVA per FTE of £33,350 per annum (based on 2016 BRES/ONS data for public services in Basildon)
- Persistence of benefits period of 10 years
- Discount rate of 3.5% per annum

Where possible, further monetisation of the economic benefits associated with net additional learners gaining qualifications and thus being more employable and having a greater propensity to contribute higher GVA levels to the local economy will be undertaken at the OBC stage. This will also include estimations of the likely change in tax revenues (increase in income tax, national insurance contributions and VAT payments) associated with qualification attainment).

3.5. Costs:

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

Capital Costs

The Capital costs associated with the scheme are summarised in tabular form below, with all non-capital costs essential to project delivery also included under the non-capital cost heading.

Non- Capital Costs

The non-capital costs are all critical and eligible scheme costs from a capital delivery perspective and are not “revenue costs” in the sense that they are part of the capital scheme but are not core “capital” costs from a College accounting perspective. These include loose furniture items of under £1,000 per item (as per the College’s policy), promissory note discount cost, loan interest costs and VAT. The College is not able to reclaim VAT and so this remains an eligible project cost. The promissory note discount cost relates to two avalised promissory notes issued by Barclays Bank Plc in relation to the sale proceeds from the Nethermayne Campus. As these will be cashed in prior to the maturity date this is the cost that applies.

With regard to potential optimism bias the College has taken all reasonable steps to mitigate risk and unforeseen costs, including but not limited to:

- Multiple intrusive geotechnical and statutory services investigations.
- Enabling works package to remove or re-route discovered ground obstructions and identified services.
- Comprehensive assessment of potential rights to light compensation payments and associated S203 protection whilst retaining a contingency sum equal to identified compensation amounts.
- Guaranteed Maximum Price procurement mechanism subject to client variations protecting College from market fluctuations.
- Design and build procurement form placing design completion and coordination risk with contractor.

- Client contingency within cost plan developed and maintained through appropriate QRA processes and assessments.

It is nevertheless recognised that an element of optimism bias may still be present. The College has therefore undertaken sensitivity analysis based on a 10% increase in costs. This has no material benefit on the NPV or associated BCR performance of the project.

	TOTAL PROJECT COST
<u>CAPITAL</u>	
Infrastructure	£1,000,000
New Build	£8,232,000
FF&E	£703,675
Contractors Design Fees	£234,705
Framework Fee	£26,000
Professional Fees	£1,076,425
Abnormals	£1,000,000
Legal Fees	£100,000
<u>NON-CAPITAL</u>	
Loose Furniture	£175,000
Promissory Note Discount Cost	£80,000
Loan Interest Costs	£150,000
VAT	£2,555,561
<u>QRA/CONTINGENCY</u>	£466,634
<u>MONITORING AND EVALUATION</u>	N/A
TOTAL FUNDING REQUIREMENT	£15,800,000
<u>INFLATION</u>	Incl in above

**Note the framework fee relates to the Pagabo framework fee for appointing directly through this pre-procured framework. This is a much lower cost than if a full OJEU tender process was undertaken which would be the alternative (and would also impact on the delivery timeframes).*

Revenue Costs

Once completed, the scheme will have ongoing revenue costs associated with the operation of the new campus. As per the appended cashflows, the incomes generated through the completed scheme will more than offset these revenue costs generating a modest annual surplus cashflow position. The completed project will therefore be commercially sustainable and no further LEP funding beyond that required to deliver the capital scheme is required. Staff costs are based on 2018/19 new provision ratios and average staff costs for academic and support costs, including on costs to allowance for pension and other benefits. Annual inflationary rises at 1% have been included in the models.

Premises costs for the new campus are based on current expenditure per square metre costs for newer College facilities such as Thurrock or Forum II. Allowances have been made for periodic redecoration and major plant replacement.

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.]

See Section 3.8 below for a summary of the key economic appraisal outcomes and scheme benefits. Initial and adjusted BCR benefits are not considered to be applicable here as explained below.

3.7. Local impact:

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

There will be a number of positive local impact benefits flowing from the project which are less quantifiable including but not limited to:

- Improved public realm to Market Square under approved planning scheme;
- Regeneration and reuse of low-grade brown field land;
- Improved vehicular access to the Clearbell site to the North of Market Square thereby facilitating potential redevelopment of that site for retail and residential purposes.
- Facilitation of the potential NHS development on Market Square through the College's "two building" design solution.
- Improved pedestrian access to the town centre from the train station and bus hub via contributing to the semi-pedestrianisation of Southernhay, infilling of the unpopular underpass and creation of new surface level crossings.
- A much improved learning environment in a highly accessible location with an increased propensity to attract and retain additional learners to achieve formal skills qualifications.

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.]

Completion of the Appraisal Summary Table is not considered relevant based on the ESFA NPV approach that has been applied as this does not result in a BCR as such.

The outcomes of the NPV analysis are presented below by option and the detailed analysis is presented as an appendix to this business case:

- Do nothing base case option – NPV @ 3.5% per annum over 20 years = MINUS £1.87m
- Preferred option – NPV @ 3.5% Test Discount Rate per annum over 20 years = £16.55m

This clearly points to the preferred option demonstrating the potential to have a high positive NPV over 20 years and one which is significantly higher than the negative NPV reported under the base case. This therefore identifies that the preferred option represents high value for money over the base option. Even if the project revenues are reduced by 20% as a sensitivity test, the NPV of the preferred option is still £11.8m. Further sensitivity analysis has been undertaken within the NPV appraisal resulting in the following results:

Sensitivity Analysis	Resultant NPV
Preferred Option	£16,550,099
Capital Cost Increase 10%*	£15,639,336
Revenue Expenditure Increases 10%	£15,619,441
Revenue Income Decreases 10%	£14,178,941

* The NPV spreadsheet shows a higher figure. This is because the formula in the ESFA model also inflates disposal receipts by 10%. The figure above subtracts that inflation from the disposal receipt.

An analysis of the PV of the total project benefits divided by the PV of the total project costs over the 20-year NPV cashflow appraisal period in accordance with the ESFA approach results in a BCR of 2.3. However, this is based on the ESFA financial based approach and is not reflective of the latest MHCLG private and net external benefits based approach as this is not considered appropriate.

Furthermore, based on the delivery of 22.5 gross new FTE jobs once fully operational, applying the above assumed factors of additionality, this results in 20.5 net additional FTE jobs. Applying the above GVA per FTE of £33,350, this results in an annual GVA contribution of £684,000. Assuming a 10-year persistence of benefits period (in accordance with recognised best practice) and a 3.5% per annum discount rate, this equates to a cumulative total PV GVA impact of £5.69m.

Applying this to the PV of the LGF request based on the proposed profile, this equates to a BCR of 2.7 which represents high value for money on this basis alone (typically the LEP would account for anything over 2 as high).

Critically, the new facility will accommodate net additional learners (the incomes associated with which are accounted for in the NPV appraisals above). The following net additional learner numbers per annum are projected once the new facility is fully operational:

- FE learners – 143
- HE learners - 200

In total, the project is projected to therefore result in the delivery of 243 net additional learners within key priority sectors across a range of NVQ levels right through to HE based qualifications. This will significantly enhance their employability and lifetime earnings prospects with the potential for significant net additional GVA impacts over time the SELEP economy as a result.

In addition to the above, the new campus will also accommodate a number of relocated staff and learners from the Southend and Basildon Campuses. Given that the existing Basildon Campus at Nethermayne is ceasing to operate from 2020 in accordance with the unconditional sale agreement for its redevelopment for residential development, there are a number of learners/College staff posts that would be a critical risk of loss without this proposed new facility. It will therefore deliver additional safeguarding benefits over and above the learner and employment numbers outlined above and these will be quantified as far as possible within the OBC. It is assumed that around 200 learners will transfer from the Nethermayne Campus at Basildon from 2020 that would be at risk in the absence of the delivery of this scheme. This scheme will therefore directly safeguard around 200 learners per annum.

In total the new facility will accommodate 800 learners and 150 permanent FTE jobs once fully operational with the additional safeguarding benefits as outlined.

Research has been undertaken by BIS to measure the impacts of FE in terms of the increasing likelihood of gaining employment linked to various attainment levels. The table below clearly identifies the links based on a number of case studies. This clearly identifies the increasing employment prospects associated with skill attainments and given the focus of the project on higher level skills attainment, this suggests that it will significantly enhance the employability of the local working age population.

	Below L2 to L2	L2 to L3	L1 to L3
Percentage point increase in the probability of employment	4.8	2	6.8
Baseline rate of employment ¹	88.9	93.7	88.9
Percentage increase in probability of employment	5.4	2.1	7.7

Source: BIS, 2011 – Measuring the Impact of FE

Where possible, further monetisation of the economic benefits associated with net additional learners gaining qualifications and thus being more employable and having a greater propensity to contribute higher GVA levels to the local economy will be undertaken at the OBC stage. Temporary construction employment related benefits will also be monetised.

Overall, the project has the potential to deliver a high value for money outcome from a SELEP investment perspective.

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.]

The College considered a range of construction procurement options. Private finance initiatives and / or construction and leaseback were discounted as they are un-affordable, generally unavailable to FE colleges (which are not underwritten by Government), and would represent additional borrowing which the College cannot sustain – nor are allowed to enter into under existing borrowing contracts.

In terms of construction procurement routes, the College determined to use design and build relative to other discounted forms for the reasons summarised below:

- **Construction Management:** design and programme risk remains with the client, which represents a risk the College cannot afford to take. Budgets are constrained and budget is the primary objective in comparison with finite design quality. The same is true for management contracting.
- **Traditional:** The College has developed a clearly defined brief which has then been developed by the College's appointed design team through to RIBA stage 3 which assures the College of design quality to the finite level required by an FE College. Ongoing design risk and the corollary risk of programme and cost overrun are not considered risks worth taking to retain design control beyond the levels designed under RIBA stage 3.

Having determined to adopt a design and build procurement route, the College has refined this general procurement strategy in order to maximise the benefit to the College whilst transferring design finalisation and construction risks to the contractor through:

- Taking client led design through to RIBA Stage 3 rather than Stage 2 to ensure the client's design aspirations and functional objectives are clearly detailed and protected.
- Two stage design and build rather than single stage to benefit from early contractor engagement, supply chain knowledge, market knowledge and construction experience.
- Guaranteed Maximum Price (GMP) clauses which limit the maximum cost to the client against the brief whilst sharing any savings achieved through the second stage tender process. In this way where the aggregated second stage costs exceed the GMP figure the costs are met by the contractor (subject to client variations or scope change). Should the aggregated costs be less than the GMP figure the savings are shared at pre-agreed ratios thereby incentivising the contractor to achieve savings whilst keeping quality and design intent. The College will commit to pass on to the LEP its share of any cost savings, over and above those required to be returned the contractor, through the form of a partial repayment of the grant if savings are achieved. This could offer the LEP the potential to recoup a proportion of its investment if scheme cost savings are achieved through the second stage tender process.

Contractor procurement has been taken forward through the Pagabo framework rather than through a straight OJEU process or other frameworks. The advantages of a framework are the long term framework relationship the contractor has to maintain in order to remain on the framework as opposed to a single contract with a client. With regard to use of the Pagabo framework itself, Attol Blue and Academy explored a number of frameworks available to the College and, following comparison, reported to the College recommending Pagabo as the most economically advantageous. The Pagabo framework is OJEU compliant meaning that users of it are able to run mini competitions or under certain circumstances single source appointments from those organisations on the framework

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 preferred procurement option is a two-stage design and build contract under a JCT form of contract incorporating a guaranteed maximum price (GMP) mechanism as described above. The main contractor will be procured through the Pagabo framework which is a pre-OJEU qualified construction framework available to the College.

The College has developed the design of the new campus through to RIBA Stage 3 with directly appointed consultants. Attol Blue (project managers), Academy (cost consultants), Gibberds (architects) and Mott MacDonald (MEP, structural and other engineering) are then retained by the College to monitor the Contractor's Stage 4 design develop and construction to ensure it meets required quality and product selection / installation requirements.

The College's Stage 3 design was passed to Morgan Sindall (successful contractor) which developed the Stage 4 design under a pre-construction services agreement (PCSA) and is tendering the Stage 4 design through works packages to sub-contractors under the second stage tender and within the provisions of the GMP mechanism. The aggregated second stage tender then becomes the contract sum under the design and build contract with the associated contract sum analysis. Morgan Sindall then construct the facility in accordance with the Stage 4 design, sub-contractor returns and within the cost sum analysis figure, subject to client variations or scope changes.

In order to try and mitigate further programme and associated cost risk relating to ground conditions, utilities and services diversions, an enabling works package has been commissioned through Morgan Sindall under the PCSA to undertake these works. This serves not only to inform any required design changes prior to starting main construction on site, but also to avoid scenarios where the main construction is delayed whilst these works are undertaken.

Academy, the College's cost consultant, drafted the requisite PCSA and managed the Pagabo tender process with Attol Blue and representatives from the framework. Tendering contractors were qualitatively and quantitatively appraised by these consultants and the College prior to subsequent interview and preferred contractor selection.

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 core project team have used the noted procurement strategy working together in various combinations to successfully complete the following projects amongst others:

- South Essex College, Thurrock Learning Campus – a 14,600m² £43m new campus in the heart of Grays Town Centre. Opening in September 2014 the campus was delivered on time and to budget following the same procurement route as proposed for the Digital Technologies Campus. Since opening the campus has won a number of awards and led to student growth of 30% in the first year of opening.
- Barnet College, Wood Street - 10,000m² campus disposal and new campus development
- Bexley College, Erith – 6,000m² campus disposal and new campus development
- Worthing College – 8,000m² campus disposal, acquisition and refurbishment

4.4. Competition issues:

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

Competition is assured through the main contractor (Morgan Sindall) being required to tender each package to a minimum of three sub-contractors any of which the College has the ability to object to and require a replacement. Sub-contractors are all on Morgan Sindall's approved sub-contractor schedule, which is extensive and, where possible, local or sub-regional sub-contractors to the Basildon area are included. Morgan Sindall then receives tenders which are analysed with the Cost Consultant to select the most economically advantageous.

At the time of writing circa 90% of packages are out to tender or have been tendered. To date, no problems have been experienced with contractors being willing to tender or failing to submit tenders.

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.]

In terms of retaining existing staff the College is looking to temporarily relocate staff to alternative campus sites (including those of PROCAT which the College recently merged with) where there is a gap between closing of the existing Nethermayne campus and opening of the new digital technologies campus to avoid or mitigate any redundancies.

With regard to recruiting new staff in the technologies campus, the College is using existing sector contacts together with specialist national recruitment consultants where necessary to recruit staff. In addition, existing staff are getting additional training to gain additional skills, knowledge and certification to higher levels and with new partners including Huawei. In this way the College are confident there will be no skills shortage for employment in either academic or support teams.

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.]

See attached project risk register. In the main the project risk strategy centres around either client retained risks that are managed or mitigated, to the extent possible, or transferred to the appointed contractor. Areas associated with the development of the brief and business plan for example remain the client risk as does the securing of planning.

Design risk is transferred to the contractor at RIBA Stage 3 with the contractor taking responsibility for the design work preceding its involvement together with RIBA 4 and 5 design work. Ground risk, utilities, statutory undertakers and rights to light will not be taken by the contractor and this will sit with the client. However mitigation plans have been executed in this regard with substantial packages of site investigations and survey work having been completed. Early enabling works will also be implemented to protect the main programme.

Financial risk ultimately sits with the client however this is substantially mitigated by the adopted procurement strategy as noted earlier in this document by virtue of a Guaranteed Maximum Price mechanism. The contractor will be obliged to construct the facility within the agreed contract sum save for any agreed relevant events under the terms of the contract and/ or agreed variations.

The key risk at this stage to the non-delivery of this critical scheme for the SELEP area is the inability to secure a SELEP funding award to enable delivery, Without this, the scheme as proposed cannot proceed on grounds of affordability and as outlined in the options appraisal section, a value engineering and consideration of other options process has already been undertaken and a reduced scale scheme would not deliver the College's objectives.

A formal State Aid opinion can be provided at a later part of the business case process if required, although State Aid is not an issue here as the activities which SELEP is being asked to fund are entirely non-economic and are therefore constituted as 'non-Aid'. This is entirely consistent with the legal advice that the College has received in relation to previous capital projects of this type.

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.]

Throughout the procurement process, as with all capital projects the College procures, Main contractors are required to explore and include local sub-contractors, directly appointed staff and locally manufactured materials where possible. Opportunities for student training, apprenticeships and work experience are also included in tender documents although specific numbers cannot be allocated.

In the case of the Digital Technologies Campus this is further enhanced as one manufacturer for the main cladding system is local and this has been specified in the performance specification with this in mind. Clearly, if tendering means the local manufacturer is not the most economically advantageous bid then this would need to be reviewed.

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.]

The total project cost is £15.8m comprised as shown in the table under section 5.3 below. This aligns with Academy's (Cost Consultant) RIBA Stage 3 cost plan and cash flow. The cost plan is also based on completed surveys and negotiations to date. Morgan Sindall have been appointed as Main Contractor under the two-stage design and build process based on these figures.

Funding income other than the requested SELEP grant comes solely from the capital receipt generated from the disposal of Nethermayne campus. In reality the Nethermayne capital receipt funds are in place already and available to commit to the project subject to a SELEP funding award to meet the total funding package.

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 College is seeking a £2.15m LGF grant.

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.]

The project costs are indicated in the table below under the headings reported within the Cost Consultants summary report to SLT, partners and the Board. All costs are real cost estimates with many professional fees already secured through appointments. Fixtures and fittings are all capitalised as per College policy, aside from loose fixtures and fittings under the value of £1,000 per item which cannot be capitalised and are shown below as non-capital costs. SELEP funding is being sought towards the capital build costs.

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

Inflation allowances are not included in the cost plan as the project is being tendered now. Any inflationary impact on the scheme from its first conception are therefore effectively included in the individual line items. There is no optimism bias included in the figures below.

COST TYPE	EXPENDITURE FORECAST				
	TOTAL PROJECT COST	18/19	19/20	20/21	21/22
CAPITAL					
Infrastructure	£1,000,000	£0.0	£750,000.0	£250,000.0	
New Build	£8,232,000	£0.0	£4,766,000.0	£3,466,000.0	
FF&E	£703,675	£0.0	£351,837.5	£351,837.5	
Contractors Design Fees	£234,705	£0.0	£234,705.0	£0.0	
Framework Fee	£26,000	£0.0	£21,000.0	£5,000.0	
Professional Fees	£1,076,425	£296,000.0	£550,000.0	£230,425.0	
Abnormals	£1,000,000	£0.0	£750,000.0	£250,000.0	
Legal Fees	£100,000	£0.0	£57,500.0	£42,500.0	
NON-CAPITAL					
Loose Furniture	£175,000		£87,500.0	£87,500.0	
Promissory Note Discount Cost	£80,000	£0.0	£30,000.0	£50,000.0	
Loan Interest Costs	£150,000	£0.0	£75,000.0	£75,000.0	
VAT	£2,555,561	£59,200.0	£1,534,708.5	£961,652.5	
QRA/CONTINGENCY	£466,634	£0.0	£236,634.0	£230,000.0	
MONITORING AND EVALUATION	N/A	N/A	N/A	N/A	
TOTAL FUNDING REQUIREMENT	£15,800,000	£355,200	£9,444,885	£5,999,915	
INFLATION		Incl	Inc	Incl	

A monitoring and evaluation budget has not been set aside for this scheme. The monitoring and evaluation of outputs is part of normal college operation through reporting Independent Learner Returns (ILR) on a monthly basis to ESFA and other funding bodies in respect of student numbers whether FE, HE or apprenticeships. Given this reporting and the fact that monitoring and evaluation is part of the College's ongoing core business, no specific funding allocation is required for this and the College can confirm that a sufficient revenue budget to cover post scheme completion monitoring and benefit realisation reporting is already provided for within the college's wider revenue budgets.

Adequate revenue budget has been or will be allocated to support the operation of the centre. All above costs are capital costs, but revenue costs for staff, utilities, educational consumables etc associated with running the facility once complete are part of the College's core operational business.

5.4. Quantitative risk assessment (QRA):

[Provide justification for the unit costs and a Quantitative Risk Assessment (QRA) provisions (detailed in the capital and non-capital tables above); max. 2 pages. Please provide supporting documents if appropriate.]

This is not required at SOBC stage.

The RIBA Stage 3 Cost Plan, which the SELEP application is based on was prepared based on the Stage 3 design information, dated September 2018, and produced by the professional design team. It includes market related costs as well as benchmarked costs for relevant packages.

Other Capital and Non-Capital costs are based on competitive and market tested costs. QRA/Contingency is assessed on the RICS New Rules of Measurement criteria and allocated accordingly.

Capital (Infrastructure): includes for all main utilities (i.e. power with new sub-station, gas, water, BT, all at circa £400,000) as well as all associated works relating to highways (circa £150,000), Network Rail (circa £150,000), local authority lighting/pathways etc (circa £300,000).

Capital (New Build): see following page reflecting the elemental split of the works across the relevant packages of works, preliminaries, overheads and profit and the like (circa £8,232,000).

Capital (FF&E): includes for vanity units, tea point, window blinds, reception area furniture and equipment. Also includes for the catering kitchen, kitchenettes, IT equipment, smartboards etc.

Capital (Contractor Design Fee): this is a competitively tendered fee based on the Pagabo framework and submission form the successful contractor, Morgan Sindall.

Capital (Framework Fee): for expediency and value for money the College used the Pagabo framework to procure a regional main contractor to carry out the works. A nominal fee is payable to the framework for the use of the framework.

Capital (Professional Fee): includes for fees related to project management, quantity surveying, architecture, services engineer, structural engineer, Planning, Principal Designer.

Capital (Abnormals): includes for Rights of Light (circa £500,000), Planning (circa £200,000, incl £5,000 Travel Plan Monitoring), S106 (circa £295,000).

Capital (Legal Fees): includes for fees related to the non-contentious legal advice, contract amendment and review and consultant appointment advise and documentation.

Non-Capital (Loose Furniture): includes for all loose furniture related to staff areas, classrooms, meeting rooms, communal areas.

Non-Capital (Promissory Note Discount): discount related to promissory note call off.

Non-Capital (Loan Interest Costs): relevant costs related to loans taken on the project.

Non-Capital (VAT): 20% value added tax related to elements of the works.

- 13 **QRA/Contingency:** split into four elements based on the New Rules of Measurement for project risk and contingency allocation (<https://www.rics.org/uk>).

Design Development: for use during design for the risks associated with design development, changes in estimating data, third party risks (i.e. Planning requirements, legal agreements, environmental issues, statutory requirements, procurement and delays). Circa £100,000.

Construction: for use during construction to provide for the risks associated with site conditions (i.e. access restrictions/limitations, existing buildings, boundaries, ground conditions, existing services and delays by statutory undertakers). Circa £200,000.

Employer Change: for use during both design and construction to provide for employer driven changes (i.e. changes in scope of works or brief, quality and time). Circa £100,000.

Employer Other: other employer risks (i.e. early handover, postponement, availability of funds, liquidated damages or premiums on other contracts due to late provision of accommodation, unconventional tender action and special contract arrangements). Circa £66,634.

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.]

	Funding Profile		
Funding source	18/19	19/20	20/21
Nethermayne Capital Receipt – College capital contribution	£355,200	£8,294,885	£4,999,915
SELEP Grant		£1,150,000	£1,000,000
Total funding requirement	£355,200	£9,444,885	£5,999,915

The above funding profile has been created to meet annual projected expenditure, with SELEP funding split over two financial years.

The capital receipt is agreed unconditionally with Barclays Bank. The £13.6m has not yet been received by South Essex College and is bound by two promissory notes. The promissory Notes

are unconditional agreements made in writing which engage Barclays Bank to pay the College. The second promissory note will require cashing prior to its maturity date whatever the distribution of SELEP funding is. The College is completely flexible in this regard over the two-year period. Should all or more of the LGF grant be available during the 2019/20 year, for example, the College could spend the funding. Indeed, this would actually assist in cash flowing the project.

5.6. Funding commitment:

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

Please see the appended completed Appendix A template with Section 151 Officer sign-off. The College funding contribution is already fully secured and committed to this scheme as has been realised through the Nethermayne Campus disposal. This is cash which will be within the College's development account by the end of May 2019 once the second promissory note is cashed. Revenue funding for the scheme in terms of lifetime costs are part of the College's ongoing ESFA, apprenticeship levy and other recurrent revenue streams.

Any cost overruns, should they occur, will be met by the College.

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.]

There are no constraints on the Nethermayne receipt in terms of expenditure on the project as it is both already available and approved by all partners to be expended on the project. The only other funding risk relates to the availability of the SELEP funding to enable scheme delivery.

Rights to light is not a key constraint as the College has protection against injunction and limitation of any compensation through the Council acquiring the land in accordance and for the purposes laid out in section 203 of the Housing and Planning Act. The College is, nevertheless, pursuing an amicable compromise agreement with Clearbell Ltd (freehold owners of the land to the North of Market Square).

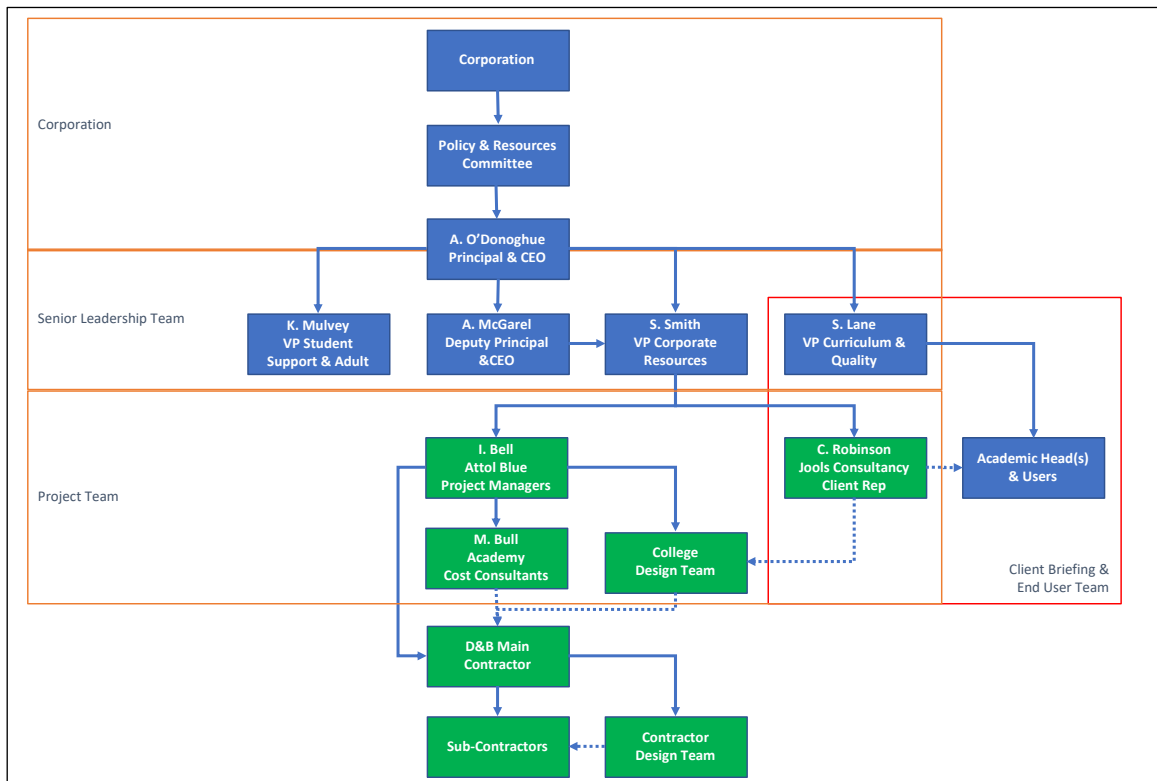
6. MANAGEMENT CASE

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.]

A full project governance arrangement has already been established. Angela O'Donoghue is the College's CEO and Principal, and also acts as the Project Sponsor. Anthony McGarel is the College's Deputy CEO and Principal, and is the Senior Responsible Officer for the Project. Both are the only two senior post holders in the College. Both Angela and Anthony report to both the full Corporation, and also to the Corporation's sub-committee the Policy and Resources Committee (P&RC) which has delegated authority to deliver the Capital Programme. Corporation meets at least four times a year with P&RC meeting six times a year. Both committees receive update reports at every meeting. Below this Angela and Anthony have delegated authority to deliver the Capital Programme provided the programme is within budget and programme. The project structure is shown in diagrammatic form below:



Steve Smith is the College's Vice Principal Corporate Resources and leads the project day to day reporting to Anthony and Angela as well as into the wider Senior Leadership Team. Steve leads the College's project team which meets fortnightly and is formed of Attol Blue as Project Managers, Jools Consultancy as Client Representative, Academy Ltd as Cost Consultants and the College's design team (principally Gibberds architects and Mott McDonalds as MEP, Structural and other Engineering). Meetings continue throughout all stages of the project.

Carol Robinson from Jools Consultancy (who was previously Head of Estates at the College) leads the Client Briefing and End User Team working closely with Sarah Lane as VP Curriculum and Quality, and the relevant department heads, staff and technicians for the teams involved in the project. This team meets fortnightly through the design stages of the project and then ad-hoc and as required during the construction phase.

The Project team also meet fortnightly with the Main Contractor (Morgan Sindall) and its appointed design team representatives (if appropriate) with separate design development and cost review meetings as appropriate. Minutes are produced for all meetings.

6.2. Approvals and escalation procedures:

The College has undertaken a number of large capital projects including redevelopment of the Southend Campus (2004, £52m), Forum building Southend (2013, £12m), Thurrock Campus (2014, £42m), and others. All projects under the Capital Programme have been reviewed, discussed and authorised by the College's full Corporation. Corporation meets periodically and receives updates and progress reports on the Capital Programme at each meeting. Below Corporation the approval process is noted below.

- *The Policy & Resources Committee (P&RC) has delegated authority from the Corporation to deliver the Capital Programme provided within budget and time targets. Both committees receive update reports at all meetings on the Capital Programme and all projects therein.*
- *Angela O'Donoghue and Anthony McGarel have delegated authority from P&RC and Corporation to deliver the Capital Programme if within budget and programme. Where the programme deviates from either then approval for budget or programme increases are required from P&RC. Anthony and Angela receive monthly update reports from Attol Blue (Project Managers) and Academy (Cost Consultants).*
- *Steve Smith (VP Corporate Resources) leads the project team and reports to Angela and Anthony via the Capital Programme Strategy Group which meets monthly and SLT which meets fortnightly.*
- *Attol Blue and Academy are appointed contractually to manage and deliver the individual projects including appointment of all necessary consultants, contractors and suppliers. All appointments, valuations and certificates are required to be reviewed and approved by both organisations before passing to the College and no instructions or variations are valid unless approved by both organisations which is made explicit in all appointments or contracts.*
- *Invoices are sent to the College's shared services company which provides financial services. Invoices have to be registered to appropriate purchase orders and, in the case of building contracts, accompanied by certificates from Attol Blue and Academy. POs and invoices then go through an approval and authorisation process on the College's financial system being approved by Jools Consultancy before being authorised by Steve Smith, Anthony McGarel and Angela O'Donoghue in turn before being paid.*

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.]

Contracts are managed to time, quality and cost outputs through focus on each point and appropriate clauses within appointment documents / contracts. Taking each in turn:

Time; master programmes are set at the start of each project by the College in liaison with Attol Blue and Academy. Reasonable timescales are included for each task on a critical path with float periods also identified. The programme features as part of consultants and contractors appointments with commitment part of the appointment process. Clauses are included for liquidated and ascertained damages with contractors, and programme is a standard agenda item on all meetings. Programme is considered in both progress terms, outstanding activity duration and risk as well as predecessor and success task implications.

Quality; the College has developed room data sheets for the majority of room types and uses these in schedules together with a written high level brief to appoint design consultants. Each stage of design is then reviewed and signed off by the team, the College project team and Senior Leadership to ensure form, function and operational objectives are met with the subsequent design stage not commenced until the previous design stage is signed off.

Although a design and build procurement form is utilised by the College, the design is taken to RIBS Stage 3 prior to hand over to the contractor. To further control quality schedules of appropriate and inappropriate materials, specifications and finishes are included. The College then retains mechanical and electrical consultants, as well as project managers and cost consultants to ensure subsequent design and construction meets requisite standards.

Cost; with regard to cost Academy develop an early cost plan and work closely with the design team as the design develops to ensure specifications and changes are within budget parameters rather than waiting to cost each design stage on completion. The design and build contract form, coupled with the GMP mechanism and close management of variations is then used to report cost projections monthly which are reviewed by the College project team and Capital Programme Strategy Group. Finally, the team and contractor are required to keep a value engineering schedule maintained with a rolling target of 10% of contract value on a traffic light basis should costs need to be reduced.

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 for the project are summarised below in bullet point form. Monthly meetings are held with project partner stakeholders who are fully engaged in all aspects of design, programme and cost. The College's SLT, academic heads and representatives from the Client Brief and End User regularly meet with local employers, key manufacturers and suppliers (Huawei, Microsoft, Cisco et al) and student union bodies / groups.

- Basildon Council (Partner)
- Homes England (Partner)
- Essex County Council
- SELEP
- ESFA
- NHS Hospital Trust (potential adjacent developer and occupier)
- Clearbell, Infrared and BTCM (adjacent land owners)

The project has been presented to and is recognised as a key project in the Eastern Region and strongly supported by SELEP, Essex County Council, Basildon Council, ESFA and recently by the Thames Estuary Growth Commission.

The project has undergone numerous public consultations in respect of the original Nethermayne town planning process and the two planning applications for the town centre scheme. Whilst housing at Nethermayne has been contentious and not universally popular, both of the schemes taken to town planning for the new College facility have been strongly supported by all consultees.

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.]

Please see the attached Equality Impact Assessment.

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.]

All major capital projects undertaken by the College include "Risk" on all project agendas and risk registers are compiled and managed during the lifetime of the project. In respect of this project there are a number of separate risk registers as bullet pointed below. The Digital Technologies Campus is included in the Appendix B format.

- **Nethermayne Partners** – Nethermayne scheme risk register including capital projects flowing from the disposal. This is reported at each Nethermayne Principals and Project meeting and reviewed periodically at the Project Meeting.
- **South Essex College Corporation** – the College maintains a corporate risk register with specific capital projects such as the Digital Technologies Campus included on that register and reported / discussed at Corporation meetings,
- **Digital Technologies Campus Project Team** – a risk register specific to the project is maintained and managed by Attol Blue as part of its Project Management duties. The risk register is reviewed at each meeting and reviewed periodically or when actions or incidents occur. The register also forms part of the monthly reporting to the College Capital Projects Strategy Group.

Where possible and economically advantageous the College offsets risk to others as evidenced by adopting a design and build procurement route. Where this is not possible the College seeks to avoid the risk by taking alternative action, mitigate the risk through action plans and contingency allowances, or to actively manage risks it cannot offset, avoid or transfer. The identification of ground risks, contamination, services / utilities diversions and rights to light payments are evidence of this process in action.

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.]

The main summary gantt programme for the project completed in Microsoft Project is appended to this bid. It shows all stages of the project from appointment of the professional team in January 2018 through to completion at the end of August 2020, including all phases of RIBA design, town planning and both stages of the design and build tendering / appointments.

Critical path activities are shown in red on the gantt chart and currently run through RIBA stage 3 review / finalisation by main contractor, RIBA stage 4 contractor led design and then second stage tendering and building construction. Enabling works package development, tender and execution under tasks 36-40 on the programme are not currently on the critical path, with a month float for implementation before they become critical. These works need to be closely monitored and managed as they are there to de-risk the main construction works and avoid main contractor delays / costs. There is little overall float in the programme on the critical path itself although delays to opening the building by weeks could be achieved through flexing term start dates.

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 College's SLT and core project team have successfully undertaken a number of projects of similar scale and scope. In respect of these the last two projects both of these were delivered on time and within budget parameters. Commentary on the expected benefits is noted in the bullet point summaries below:

- **Forum II** – a 7,500m² joint venture in partnership with Southend Council and University of Essex. The project opened in 2013 on time and within budget once a claim received by the Contractor was successfully settled. Since opening this facility has the highest utilisation of all College facilities as evidenced through the ESFA 2016 Strategic Area Review and since.
- **Thurrock Learning Campus** – a 14,600m² £43m new campus in the heart of Grays Town Centre. Opening in September 2014 the campus was delivered on time and to budget following the same procurement route as proposed for the Digital Technologies Campus. Since opening the campus has won a number of awards and led to student growth of 30% in the first year of opening.

Aside from the above projects staff from Attol Blue, Academy and Gibberds architects have also successfully worked together to complete a number of similar projects for other FE college's including but not limited to:

- Barnet College, Wood Street - 10,000m² campus disposal and new campus development
- Bexley College, Erith – 6,000m² campus disposal and new campus development
- Worthing College – 8,000m² campus disposal, acquisition and refurbishment

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.]

Monitoring and evaluation of outputs is part of normal college operation through reporting Independent Learner Returns (ILR) on a monthly basis to ESFA and other funding bodies in respect of student numbers whether FE, HE or apprenticeships. Given this reporting, monitoring and evaluation is part of the College's ongoing core business, no additional funding has been allocated as it is not required.

The College is more than happy to meet SELEP's monitoring and evaluation requirements and has experience of this through other capital schemes in recent years.

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 comprehensive benefits realisation plan will be developed in due course as requested. Benefits realisation for the College is incorporated into its normal day to day operations as it involves the recruitment, retention and educational success of the students to the academic areas relevant to the new campus. Recruitment for each year begins at the start of the previous academic year through a programme that involves:

- Open events at each campus;
- Social media and the College web site plus traditional press advertising;
- Emails and texts to current and potential students (particularly for progression students);
- Engagement with local authorities and schools
- Engagement with local and regional employers (including apprenticeships);
- Engagement with other stakeholder groups including Essex Chamber of Commerce, AoC etc

Retention is monitored and improved through student engagement and programmes including “swap don’t drop” and others. Use of these programmes and individual interventions has seen retention rates improve and stay high at the College.

Success rates are captured and reported through the College’s Independent Learner Returns to ESFA and similar reports to HEFCE. The College’s success rates are comparable or exceed national averages in most areas. As with the other elements above these are part of the College’s core operations and therefore whilst they create a business realisation plan, a separate plan is not required.”

The College is already committed to this and through robust monitoring processes is fully engaged with the process of ensuring that the projected benefits (i.e. additional learners achieving good success rates) are realised.

7. DECLARATIONS

<p><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></p>	<p>Yes / No</p>
<p><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></p>	<p>Yes / No</p>
<p><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></p>	<p>Yes / No</p>

**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>Angela O'Donoghue</i>
<i>Designation</i>	<i>CEO and Principal</i>

