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.

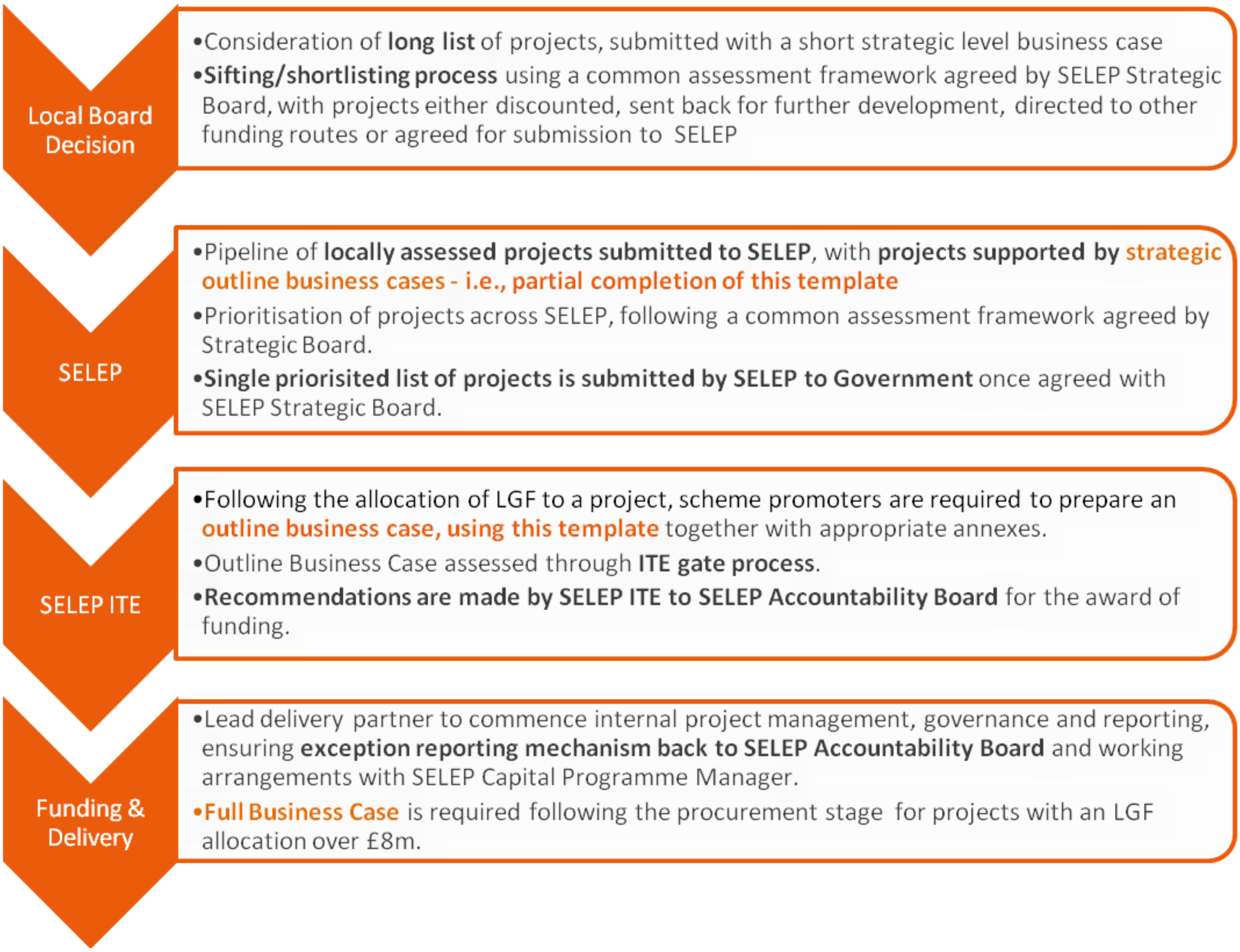
It is also designed to be applicable across all funding streams made available by Government through SELEP. It should be filled in by the scheme promoter – defined as the final beneficiary of funding. In most cases, this is the local authority; but in some cases the local authority acts as Accountable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

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

The process

This document forms the initial SELEP part of a normal project development process. The four steps in the process are defined below in simplified terms as they relate specifically to the



LGF process. Note – this does not illustrate background work undertaken locally, such as evidence base development, baselining and local management of the project pool and reflects the working reality of submitting funding bids to Government. In the form that follows:

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Document ID	
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Date authorised	

1. PROJECT OVERVIEW

1.1. Project name:
Flightpath Phase 2

1.2. Project type:
Commercial employment site intensification development for managed workspace

1.3. Federated Board Area:
Essex

1.4. Lead County Council / Unitary Authority:
Essex

1.5. Development location:
Woodside Industrial Estate
Woodside
Thornwood
Essex
CM16 6LJ

1.6. Project Summary:

SELEP LGF intervention is sought for capital infrastructure investment in the second Phase of Project Flightpath for 3636 m sq / 40,000 sq ft of new build commercial mixed use B1/B8 employment workspace development at Woodside Industrial Estate, Woodside, Thornwood, Essex, CM16 6LJ.

The existing site, in excess of 5 acres, currently consists of 36 units and 4091 sq m / 45,000 sq ft of workspace accommodating 157 Full Time Employed (FTE) staff; these will be safeguarded by application. The first phase of construction of project Flightpath, nearing completion early 2019, consists of a further 15 units and 2726 sq m / 30,000 sq ft of workspace projected to create an additional 105 new FTE. Phase 2 (the application project) consists of a further 21 units and 3636 sq m / 40,000 sq ft of workspace projected to create a further 144 new FTE.

In summary, on completion of Phase 2 the site will safeguard 157 FTE in the remaining 30 existing units (6 existing units will be demolished for phase 2) and create 249 new FTE in 36 new units, a grand total of 406 FTE in 66 units & 10,455 sq m / 115,000 sq ft of workspace across the whole site.

The application represents excellent value for money with a funding spend to new jobs created ratio of circa £11,000 per FTE ie. funding cost per Job. This is calculated from the requested LGF intervention of £1.421.5M divided by the projected 144 FTE which will be created in isolation by the 2nd phase of the project although the overall picture is much bigger.

This historic site, formally known as Thornwood Camp, was built by the MOD at the start of WW2 and served as the training base for the nearby North Weald Airfield. After the war the site was handed back to the former landowner and established itself as an employment site utilising the array of MOD buildings. These remained mostly unchanged until the new owners, GT Commercial Holdings Limited (GTCH), purchased the site in 2015 with the view to retaining, improving and intensifying this important employment site for future generations.

The sites location, just 3 minutes from the M11 and 8 minutes from the M25, make it almost unique in this area of Essex.

The first phase of the development nearing completion consists of 15 x 2 storey B1/B8 industrial mixed use units totalling 30,000 sq ft / 2726 sq m GIA and is due for completion December 2018 / January 2019. This phase represents a substantial investment and commitment in the site from the new owners soon after purchase.

The second and final phase (the application project) of the scheme comprises a further 21 single and two storey industrial B1/B8 mixed use units in 4 blocks totalling 40,000 sq ft / 3636 sq m GIA coupled with estate infrastructure replacement and improvements including re surfacing roads, environmental remediation, security improvements, landscaping scheme and making the whole site (existing and new units) fibre communication ready bringing the site up to date and in line with the needs of modern businesses.

The existing site, pre Project Flightpath, consists of 36 mixed use B1/B8 units in multiple blocks accommodating a total number of 28 SME businesses. Of the 36 existing units, 3 end of life (EOL) buildings consisting 6 units will require demolition to make way for the new buildings in Phase 2. The existing tenants displaced by proposed demolition for phase 2 will be accommodated elsewhere on the estate between the new and remaining existing buildings.

Attached (**APPENDIX F**) are location plan, site plan, block / elevation plans for blocks B, C, D & E which comprise phase 2. Block A is Phase 1 which is due for completion in early 2019, the application is completely delivery ready with all planning permissions and relevant approvals in place.

Without LGF funding the scheme is financially unviable. The LGF contribution of £1.421M will address the scheme viability gap and enable the project to succeed. It will help secure the match funding bank investment in order to deliver the project for March 2021 in line with SELEP objectives and timescales and priorities for economic growth.

1.7. Delivery partners:

Please note all operational partners are tried, tested and trusted partners having been selected and used for Phase 1 construction following a competitive EU procurement tender process to identify best in class pricing. Subject to SELEP approval it is not our intention to go back to market and repeat the tender process as we will ensure rates charged are pro rata those from Phase 1 allowing a realistic uplift for labour and material price increases with the emphasis for Phase 2 being on delivery and completion well within the timescales SELEP require and minimising risk to delivery.

GTCH carried out a full competitive tender process for Phase 1 of the project which was a full EU procurement process as required for the LEADER funding. This included obtaining a minimum of 3 quotes from suitably qualified suppliers which were all checked for robustness to include financial, director & VIES VAT checks, this was driven in part by the Eastern Plateau LEADER funding intervention for Phase 1, suppliers were chosen primarily on best in class pricing on the basis quotes were like for like.

The majority of the selected suppliers were engaged to carry out the work very successfully however in some cases availability and changes to the work program meant that a second choice supplier was engaged, best in class pricing doesn't always equate to best in reality.

Partner	Nature of involvement (financial, operational etc.)
GT Commercial Holdings Limited (GTCH) (Lead Applicant)	Match funding financially via Lloyds, project management and delivery.
GT Comms Limited	Sister company to GTCH (Financial cashflow support)
Essex County Council	Upper Tier Authority
SELEP	LGF financial funding partner
Irwin Mitchell	Lawyer providing advice on state aid
Epping Forest DC	Local authority, planning & building control authority
Lloyds Real Estate	Finance lender providing match funding amount
CPR Construction Limited	Operational (demolition & groundwork)
Ebsworth Brickwork Limited	Operational (blockwork structure construction)
Ridgeons East Anglia Limited	Operational (materials merchant)
Southern Specialist Cladding Limited	Operational (roof cladding)
Frametech Essex Limited	Operational (roof structure)
Gigaclear	Operational (fibre broadband)
Aran Services Limited	Operational (Insulation)
Euro Security Systems Limited	Operational (doors and roller shutters)
Essex Renewables Limited	Operational (plumbing installations)
GMAE Limited	Operational (electrical & fire alarm installations)
UTF Drylining	Operational (dry lining)
Scaffolding Services Limited	Operational (scaffolding)
GRC Industrial Flooring Limited	Operational (concrete floor screeding)
UK Power Networks	Operational (mains power connections)
Keelings Chartered Accountants	GTCH & GT Comms Limited firm of accountants

1.8. Promoting Body:

GT Commercial Holdings Limited (09546530)
1 Cooper Drive
Springwood Industrial Estate
Braintree
Essex
CM7 2RF

1.9. Senior Responsible Owner (SRO):

Grant Richardson
Director
GT Commercial Holdings Limited

1.10. Total project value and funding sources:

Funding source	Amount (£)	Flexibility of funding scale or profile	Constraints, dependencies or risks and mitigation
Lloyds Bank	£1.4215M	Flexible finance, 15 year money, 2.5% over base amortising over 5 years on a 15 year repayment profile. Offer of loan attached see APPENDIX O, loan not yet secured but offer is firm and recent received within a week of application.	Site held as security against default, no Personal Guarantees, existing site income can support finance repayments until completion of phase 2. Constraint is the level of borrowing is insufficient to fund project without LGF intervention of 50%.
GT Comms Limited	Up to £200K as contingency	Limited cash flow support via company to company loan for project duration and potential to extend loans on balance sheet to cover potential overspends.	GT Comms has provided significant financial support for GTCH to aid the purchase of the site and phase 1 of the development, resources are limited however cash flow support to a limited degree will be available if required. GT Comms Limited is an established company, trading since 1998, with a strong financial grounding to support its own operations (in Telecoms/It sectors) but cannot fund Phase 2 of this project without compromising its own financial operations.
SELEP LGF Intervention	£1.4215M	TBC	Risk of non-selection for LGF funding would mean project would not go ahead in the short/medium term and would be delayed for a number of years.

Total project value	£2.843M	Accurate quoted costings using trusted suppliers and contractors from phase 1 & all quotes attached (**APPENDIX K**).	Limited constraints dependencies or risks, many lessons have been learned from phase 1 development such that phase 2 should be a very robust project with phase 1 knowledge built and costed in at the SOBC stage.

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

LGF funding is sought to the value of £1.421M against a total project value of £2.843M therefore offering match funding on a 50:50 basis and representing an excellent value, low risk private sector project for SELEP. GT Commercial Holdings (GTCH) engaged national law firm Irwin Mitchel as recognised state aid specialists to report of the state aid situation, Irwin Mitchell have confirmed that the funding would not constitute state aid as the scheme is an infrastructure project and as such would qualify for GBER under Article 56. Please see attached memorandum (**APPENDIX J**) from Irwin Mitchell confirming this.

GT Commercial Holdings has arrived at this figure and match funding based on the availability of commercial finance. We have been able to secure 50% project funding from Lloyds Bank based on the match funding from SELEP. We have been unable to raise any other finance commercially without contractually committing the site to unviable tenant constraints, which in turn make the entire project unviable; this is not the case with the Lloyds offer (which was provided in **Appendix O**), this is further described in Section 2.5.

1.12. Exemptions:

No exemptions applicable.

1.13. Key dates:

Subject to confirmation of LGF intervention, construction & expenditure could start as early as March 2019 with a completion / opening date no later than Sept 2020. The project is delivery ready with planning permission approved, all conditions satisfied & all consents in place. The quoted completion / opening date includes for a liberal comfort factor should there be any unforeseen issues, quoted timescale are in excess of the real timescales achieved during the construction of phase 1 by some 50% (given that phase 2 is 25% larger in scale than phase 1 and comprises 4 separate buildings rather that 1 single building as phase 1) so completion date quoted is worst case scenario and should give SELEP confidence in the promoters ability to deliver the project well within the quoted timescale.

Should the LGF funding decision be delayed until March 2020 the project could still be delivered and the LGF intervention spent by the end of March 2021.

It should be again noted that the project is truly delivery ready in every sense with full detailed planning permission approved, full building control approval and all planning conditions satisfied.

1.14. Project development stage:

Project development stages completed to date (these were all completed for phase 1 and do not require LGF intervention)			
Task	**Description**	**Outputs achieved**	**Timescale**
Planning permission	Apply for full detailed planning permission	Granted (with conditions)	18/01/17
Planning conditions	Satisfy and discharge planning conditions	Completed	31/10/17
Building control Upgrade site power supply Site storm water attenuation system Pre let units	Gain full plans approval to commence construction Upgrade site substation to 1000KVA to support all new build Install storm water attenuation system for whole site Take reservations off plan from prospective tenants	Completed Completed Completed In progress, 7units of 15 from the yet to be completed Phase 1 pre-let without any advertising	31/10/17 15/10/18 15/10/18 15/10/18

Project development stages to be completed (require LGF intervention)		
Task	**Description**	**Timescale**
Demolition and site clearance Foundations and services Construction of blockwork shell units Construction of roof, render finish	Demolish existing end of life buildings, re direct and clear oversite ready for construction Prepare site ready with foundations, services and drainage ready to receive substructure construction Erect sub structure, place floors, erect super structure, place first floor and stairs ready for roof Erect roof structure and cover, install windows and doors and render exterior of buildings	02/04/19 to 28/05/19 01/06/19 to 31/08/19 01/09/19 to 30/12/19 01/01/20 to 29/05/20

exterior of buildings Fit out buildings internally ready for occupation Finish estate infrastructure, roads, communications, security and landscaping	Fit out buildings internally with plumbing, toilets, electrics, fire alarms etc ready for occupation Complete estate common areas, resurface roads, landscape, upgrade site security and communications	01/06/20 to 31/08/20 01/09/20 to 31/09/20

1.15. Proposed completion of Outputs:

Project Outputs for Phase 2 are confidently estimated at 144 FTE, this is based upon the real measured ratio of 3.5 FTE per 1000 sq ft (91 sq m) floor space of the businesses that occupy the existing buildings (old stock) on the site. Please see (**Appendix H)** for the current tenant list and FTE calculations supporting the above quoted ratio.

Therefore 40,000 sq ft of new space will create 140 FTE, in addition the phase 2 project will create a further 4 FTE employed by the applicant at the site with the roles of maintenance, admin / accounts, daytime security personnel and overnight security personnel based permanently at Woodside, therefore 144 FTE in total.

These FTE are expected to be in position and outputs completed post 24 months project completion, with at least half that number expected to be delivered within 12 months of project completion. The rest will come through as the new businesses that have located to Woodside realise the benefits of the project and grow at the rate we typically see when these types of businesses are provided with the appropriate size and quality of accommodation that will be on offer. It is expected due to the high level of demand experienced since taking over the estate that all units will be fully occupied within 12 months post project completion however the total projected FTE will come on stream up to 24 months post project completion as the new tenant businesses relocate, settle in a grow their businesses accordingly. It is a fact that GTCH take several calls a week for commercial space at Woodside and invariably have no vacant stock to offer prospective tenants, further to this if there is any movement of existing tenants any resulting vacant building is let and committed to a new tenant prior to the existing moving out such that we experience zero void periods on the buildings.

We know from experience that once businesses are given the appropriate quality and size accommodation they need they grow quickly, we have many examples of this since taking over the estate and offering grow on space to business migrating from home or smaller premises, please see **APPENDIX Q** for testimonials.

We fully expect the new buildings to present a higher ratio of FTE per sq ft compared with the older stock on site given that we know that higher quality accommodation will attract more progressive, higher technology and faster growing businesses. The upgrade of the whole site to fibre communication network will also provide a boost for existing businesses on the estate and encourage growth through faster communications, however, for the purpose of calculating outputs, we have remained conservative.

Currently the site has existing built space of 45,000 sq ft with a confirmed as at October 2018 FTE employment rate of 157. Based on the proven ratio of 3.5 FTE per 1000 sq ft (91 sq m) we can conservatively assume another 105 FTE will be provided with the completion of Phase 1 in during 2019.

Please see **Appendix H** for the current tenant list and FTE calculations.

2. STRATEGIC CASE

2.1. Scope / Scheme Description:

The strategic context for this intervention against the SELEP Strategic Plan (2014) would be to achieve the following:

- Encourage new businesses within the SELEP area and seek out development partners (in this case GT Commercial Holdings)
- Create sustainable private sector jobs
- Foster entrepreneurial business culture
- Recognise the constraints on the regional and wider road network
- Provide more high skilled jobs within the SELEP area
- Increase Productivity within the SELEP area
- Encourage employer and private sector influence on skills improvement and development
- Add value to the M11 West Anglia Corridor.

Project Flightpath in its entirety is a scheme to intensify and modernise Woodside Industrial Estate through the development of 36 mixed use B1/B8 new build commercial units for rental totalling 70,000 sq ft (6,363 sq m) GIA of new employment space specifically for SME. It will provide new high quality mixed use commercial accommodation for local businesses, both existing businesses seeking grow on space and new start-ups alike, thus creating sustainable private sector jobs in line with SELEP Strategy.

Phase 1 (block A on the attached site plan and block / elevation plans (**APPENDIX F**) of the development commenced December 2017 and is due for completion January 2019 and comprises one terraced block of 15 x 2 storey units ranging from 1500sq ft to 2300 sq ft, totalling 2726 sq m / 30,000 sq ft GIA.

Phase 1 was self-financed with an intervention from the Eastern Plateau LEADER funding to the sum of 200,000 Euros representing about 12% of the final build cost. Conditions relating to this intervention are that the scheme (Phase 1) must be run in the spirit of the project and no disposal of the assets permitted for a period of 5 years post completion, this aligns with GTCH intentions for the site and has no impact or relation on the wider site or phase 2.

The second and final phase, the application project (blocks B, C, D & E on the attached site plan and block / elevation plans (**APPENDIX F**) comprises a further 21 units in 4 blocks, a mixture of single and two storey buildings ranging from 1000 sq ft to 2600 sq ft totalling 3636 sq m / 40,000 sq ft GIA coupled with further estate infrastructure replacement and improvements including resurfacing roads, landscaping plan, security improvements and making the whole site (existing and new build) fibre communication ready. All of these factors will provide commercial space to foster business growth within the area, a key SELEP objective, as well as encouraging employer and private sector influence on skills improvement and development.

The project objective is to provide new high quality commercial employment sites through the intensification and regeneration of this existing and popular commercial site, conveniently located close to the M11 & M25, but within the Epping Forest District. This adds value to the M11 corridor, provides employment within the SELEP area and fosters an entrepreneurial business culture, another key SELEP objective.

This scheme addresses the chronic shortage of commercial space in this location, wider district and county, as cited in the Epping Forest District Council local plan completed by economic development consultancy Hardisty Jones. The report identified the loss of a number of commercial sites and employment locations to residential developments, along with identifying the fact that the increase in residential locations increased the need for local employment sites, please see Policy Context (2.3) below for further information. The Employment Land Review 2010 noted that vacancy levels of available stock were very low in the Epping Forest District suggesting a vacancy rate of not higher than 6% of stock which is be considered to be very low.

Project Flightpath provides a delivery ready site and delivery partner for SELEP, encourages business growth, new business start-up and improvement and development of employment skills within the SELEP area, all key SELEP objectives.

The intervention would also bring about benefits in work/life balance if residents are employed within the district as they will spend less time travelling, they will reduce their need to travel outside of the district. This in turn reduces the pressure on major trunk roads (M11,M25, A12) during peak periods which benefits the wider region and adds to improving air quality through reducing journey times and distance.

All of these factors fit with the aims of the local and county authorities to improve health, wellbeing and reduce transport related issues. This project recognises the constraints on the wider road network and seeks to redress them by providing high quality workspace locally, in line with the SELEPs desire to reduce the trunk road traffic and the external pressures this brings.

It also meets the requirements set out in the SELEP strategic economic plan recognising the need to improve the availability of commercial premises in the area, particularly incubation centres and grow on space, both of which this project clearly addresses and to a scale not seen in recent years in the area.

Please find attached APPENDIX I letters of reservation, further to these there are a number of existing businesses on the site that wish to relocate to the new larger premises which in turn will free up smaller spaces for new start-ups. Interest in the development throughout the construction phase has been consistent and GTCH has a list of prospects who wish to view the buildings once nearer completion, thus far GTCH has undertaken no advertising whatsoever given the current stage of construction, it is our intention to advertise the units once the scaffolding for phase 1 is removed and the units are nearer completion, we know from experience that typically businesses look to move within 3 to 6 months of looking for premises and this fits well with our completion timescales of early 2019 given that scaffolding will be removed early November 2018.

The level of demand for quality premises in this location is unprecedented in our experience of running this site over the last 3 ½ years, as landlords we have had the pick of tenants every time a space has come available affording us the choice to hand pick prospective tenants which are best fit for the site and business community which we are building there.

Phase 2 offers a mix of small single storey units and larger 2 storey units, the 7 single storey buildings will be in extremely high demand and we envisage these will almost certainly be let off plan.

The overall project, existing and phases 1 & 2 will safeguard the current 157 FTE, create 249 FTE with 144 FTE weighted to Phase 2 through the delivery of 21 new high quality mixed use B1 / B8 industrial / workspace units ready for occupation by the middle of 2020. Completion of phase 2 of the development completes the scheme and secures beyond any doubt this important historic site as an employment location for future generations.

2.2. Location description:

Please see Location Plan Map in **Appendix F**

Woodside Industrial Estate is located just outside of the town of Epping off the B1393 which runs from Harlow to Epping. The site is 3 minutes from Junction 7 of the M11 and 8 minutes from Junction 25 of the M25, 20 minutes from Stansted Airport, 30 minutes from Docklands & London City Airport and 40 minutes from the City of London & Cambridge. It is also well placed for the Ports of Felixstowe and Harwich along with a number of distribution centres within an hour of the location. It is around 3 minutes from the vibrant town of Epping which has good complimentary facilities for leisure and hospitality. Epping is also served by the Central Line so the site has a direct public transport link through Central London to Heathrow connecting it to many major termini on the UK and international transport network.

The site has good established access and has no height or weight restrictions for access on the roads leading to and from the site, they are well maintained but not over used and a survey carried out by Essex Highways found no detrimental impact would be felt from the increase in density on the site (See **Appendix P**).

Woodside Industrial Estate, formally known as Thornwood Camp, sits on a brownfield site of 5 acres and is steeped in history dating back to the start of WW2. It was erected by the MOD on requisitioned farm land and used throughout WW2 as the training and accommodation base for the nearby North Weald Airfield. Shortly after the war it became the home of the air cadets before being handed back to the former owners (a local farming family) who gradually converted the former MOD buildings, first for farming and storage related uses, and later for wider commercial use, after which the site was established as a commercial site and gained recognition and the necessary permission for such. The site, along with the nearby North Weald Airfield, was used in the filming of the Battle of Britain film (1969) and some of its buildings can be seen in the background of the aircraft take off sequences.

The site was purchased by GT Commercial Holdings in 2015 after a closed tender purchase process and saved from the clutches of the residential property developers. As proud new owners GTCH immediately set about refurbishing some of the existing buildings that weren't considered end of life and formulating a master plan for the estate in close collaboration with the local authority planning and economic development departments. The historic buildings retain many original features, most prominent of which are the original Crittal windows painstakingly refurbished by the GTCH to retain the historic look and feel of the place.

The site is uniquely located directly opposite the well-known and much loved Epping Forest which gives the site a uniquely peaceful work environment (it should be noted the site itself is not restricted by any conservation restrictions or building listings).

The site offers established good access from main routes for small and large vehicles alike, good public transport routes nearby and is conveniently located well away from residential neighbours so as not to provide any conflict. Woodside really does provide a fantastic place to locate a business and the current tenants numbering 28 businesses really do love the location and all it has to offer.

2.3. Policy context:

GT Commercial Holdings have considered the SELEP Strategic Plan (2014) in the Policy context for intervention and have identified the plan as aiming to achieve the following within the SELEP area.

Encourage new businesses within the SELEP area and seek out development partners, in this case GT Commercial Holdings who are the sole owners of Woodside Industrial Estate. This scheme seeks to deliver 21 new units on an existing brownfield site; these will be in varying sizes and will offer suitable start up and growth spaces in an area which currently has virtually no available space of any size and generally aged stock of poor quality as cited in the Hardisty Jones report to EFDC.

The national planning policy framework (NPPF) and planning practice guidance (PPG) put economic development at the heart of the planning process, contributing to the achievement of sustainable development. NPPF and PPG are clear that future economic growth needs to be considered at the level of the functional economic market area.

It is widely acknowledged that the commercial property market in and around London is massively skewed and near breaking point for a number of reasons, namely reducing commercial property stock levels due to residential development pressures and increased demand for commercial space following a strong economic recovery post-recession. Given the sites proximity to London but within the SELEP area, the SELEP objective of providing local employment sites, along with aims to reduce pressures on the wider transport network, mean this project clearly fits with SELEP's objectives.

It is a fact that areas of East London have seen double digit losses of commercial stock in percentage terms to residential development over recent years and there appears to be no reverse in the trend.

Hardisty Jones Associates, Economic Development, regeneration and sustainability specialists were commissioned by Epping Forest DC in 2015 to report on Economic and employment evidence to support the local plan and economic development strategy.

The following are the key points from the report relative to this project:

The growth projection for the local plan period 2011-2033 suggests an increase of 10,000 jobs based in the district, this is an increase of 18% on current employment, there will be a need for up to 32 hectares in the B use classes that the scheme provides for, however, there are a number of constraints which will limit employment growth if they are not tackled. These constraints include the limited availability of readily available sites and premises to accommodate growth which will not accommodate the full growth requirements set out above, restrictions on the potential to allocate further sites and the aging commercial stick in the District which will be on average 70 years old by the end of the local plan period.

The SELEP Strategic Plan (2014) identifies a number of growth requirements within the area but recognises that the availability of sites (with appropriate planning permissions) are essential in the delivery of SME employment space over the course of the Strategic Plan. The ability to deliver such workspaces is also key to delivering skills uplift and the provision of quality high skilled jobs within the private sector, again key objectives within the SELEP Strategic Plan.

Achieving the projected level of employment growth will require the protection of existing employment sites and renewal of older stock, all of which this project delivers on.

Over the local plan period jobs for Epping Forest District residents will need to be created, critical to delivering growth within the district are delivery of new sites and premises and the identification and allocation of a sufficient amount and quality of employment sites in the appropriate parts of the district. This is in-line with SELEP objectives.

The commercial and industrial property market in Epping Forest District, and the broader regional property market, is healthy with demand rising. The availability of stock is falling as vacant properties are being occupied and there is little new build property coming to market, this situation has worsened drastically since the Hardisty Jones local report was published in 2015 driven by the march of residential property developers aggressively purchasing commercial sites for residential development.

Epping Forest District suffers acutely from this as a large percentage of land is considered green belt and therefore protected from any development, which in turn pushes all development into smaller areas. Commercial development typically does not offer the pace of return against residential development hence why brownfield sites are purchased and converted to residential sites.

The biggest constraint to take up in the wider area is lack of available stock. This is common to most of London and the South East. Little speculative development is taking place and any such development is usually taken up quickly. The increasing take up is reducing the amount of available stock. In much of the wider region, including Epping Forest District, the limited amount of available land is restricting the amount of development that can take place therefore this project meets current planning policy on the development of brownfield sites.

A major priority for all authorities in the SELEP area is to improve the availability of commercial premises – particularly incubation centres, co-working spaces and grow on premises, all of which this scheme delivers on - but to also address the impact of permitted development rights, which have seen a large number of commercial offices converted to residential premises in the area.

2.4. Need for intervention:

Project Flightpath requires SELEP intervention for the following reasons:

To construct Phase 2 of Project Flightpath and secure this important sites future as an employment site for the long-term.

The clear market failure which the project seeks to redress is the loss of small and medium sized commercial space within the district (and within the wider region of Essex). This reduction, as already highlighted (See 2.3) has forced local businesses who seek to grow out of the district or into inefficient sized spaces which place restrictions (financial and physical) on their ability to develop and grow.

This is compounded by the growth in the local population (reference The Epping Forest Portrait) which needs local employment spaces for residents within the district.

The driver to resolve this is to increase the locally available commercial space, in a range of sizes, to both support entrepreneurial start-ups and to provide space for businesses wishing to grow into larger spaces.

By providing SELEP LGF intervention, space can be provided so existing businesses remain, new businesses locate and businesses stay within the district as they grow. This is at a time when the number of start-up businesses is growing, work patterns are changing and there is uncertainty around the wider economy which is impacting upon larger organisations.

The intervention will aid the increase of a range of commercial space (B1/B8) locally. This in turn brings employment and increased footfall into the local area. The Joint Strategic Needs Assessment (JSNA) and Epping Forest Portrait both identify that there is a higher percentage of young unemployed within the Epping district. It is logical to assume that a growth in the provision of commercial space (and the same report highlights that most businesses within the district employ 9 or less staff) will increase employment and apprenticeship opportunities alike as the need for skills and additional staff grows.

The site currently has a low building density and the planned Phase 2 will increase this density in line with planning provisions and national policy but unlike other schemes has no detrimental impact on the environment or taking other space away from residential or leisure demands as the whole development is taking place within the original site boundaries and not over spilling into surrounding green belt land.

GT Commercial Holdings purchased the site in 2015 and since then have invested heavily in the site both in terms of refurbishing the existing buildings, gaining planning permission for the intensification and modernisation of the site and the construction on Phase 1 of the development which is due for completion early 2019; to this end our financial resources to continue with the development post completion of phase 1 are, for the foreseeable, exhausted. The only option to accelerate the completion of the scheme to meet the need for demand (which is now), is to raise the finances externally.

Bank finance for speculative commercial development at commercially viable rates, and without restrictive terms, is virtually non-existent in the marketplace.

These are the reasons Project Flightpath was split into 2 phases despite there being clear economies of scale to build out the development in one go, it was just not financially feasible and we were prepared to take a longer term view to complete the scheme.

Fortuitously GTCH were lucky enough to secure Eastern Plateau LEADER funding, albeit a small percentage (12% of actual build cost), to assist with Phase 1 construction costs, this, coupled with an intercompany loan, all the rental income from the existing buildings and just in time cash flow planning saw phase 1 off the ground.

For clarity the directors and shareholders of GTCH have not made any withdrawals from the company since formation in April 2015 either by way of wages or dividend, every penny the company has collected in rent has been invested back into the site in repair, refurbishment, and planning and new build construction costs, this is illustrated in the attached company accounts for years 16, 17 & 18, see (**APPENDIX N)**.

The possibility of SELEP intervention has given the potential to accelerate the completion of Phase 2 and the site as a whole and bring forward 21 new high quality commercial premises to meet the need and demand which is now.

With the possibility of match funding being available and the increased security phase 1 offers we have been successful in securing an offer of bank finance from Lloyds for the remaining 44% / £1.25M required to match the potential SELEP intervention at commercially viable rates that the business can make sense of.

This step change in attitude from the bank is positive given that when we approached Barclays, Lloyds & Metrobank to raise finance for Phase 1 we were completely unsuccessful. Now 3 years on, and with the near completed phase 1 included, the proposal makes for less risky lending and that coupled with our financial commitment to the site, and SELEPs backing, means Lloyds are willing to lend the balance to match fund the project, please find attached proof of lending availability **(APPENDIX O**)

Speculative commercial development finance is notoriously difficult to secure from mainstream lenders at commercially sensible rates and terms, the banks had such a bad time with commercial property following the banking crisis and recession that it simply is a business that they are not interested in, unless the terms are stacked completely in their favour. This in part illustrates why there are so few developers building small commercial stock and should give some confidence to SELEP, as it does the promoters, that a mainstream lender is now willing to support this scheme.

The local plan highlights a need to raise the scale and quality of employment spaces and already low levels of employment space available to meet the needs of businesses in the Epping Forest District. Further evidence highlights historically poor performance in delivering developments that meet the standards require to drive the local economy forward.

A number of reports have highlighted an insufficient and inadequate supply of quality employment space across the district.

Without SELEP intervention there is limited evidence to suggest that the private sector will respond to growth opportunities in the Epping Forest District.

Woodside Industrial Estate has not been development since first being allocated for employment use in the planning system in 1953, the site itself is recognised as an ideal location for businesses to access wider markets across the SELEP area but investors have been reluctant to invest in the site due the its relatively small scale.

Recognising the for the Woodside Industrial Estate site, it is currently anticipated that through SELEP intervention the site could support over 144 in the SELEP labour market.

2.5. Sources of funding:

GT Commercial Holdings Limited have approached several mainstream lenders for commercial development finance since we took over ownership of Woodside Industrial Estate in May 2015 and each time have been unsuccessful in securing private finance.

For Phase 1 we approached Natwest, Barclays and Metrobank and none were interested given the nature and condition of the aged stock on the site and the unknown situation regarding securing planning permission.

Since then we have refurbished some of the aged stock that was earmarked to remain post project Flightpath and have the Phase 1 building nearing completion, but not yet let, hence not generating any income nor being in a position to offer any cash to part fund any future development. We remain in a fairly weak position to secure private finance for the full amount on commercially viable terms or rates to continue with Phase 2 without LGF intervention.

We have self-financed the project thus far and with the help of LEADER funding we will complete Phase 1, it was our intention to postpone phase 2 of the development for a number of years until the companies financial situation improved and we could pay down some of the intercompany debt that GTCH is carrying before commencing with Phase 2.

However the opportunity to potentially gain match funding from SELEP LGF and accelerate the completion of the project is very attractive. Although this will mean taking on additional lending in the form of a bank loan the completed site, over the long-term will make a healthy return to pay down the debt raised to purchase and develop the site overall.

We have been back to market very recently with a view to raising sufficient finance to match fund this SELEP application and Metrobank have changed their lending criteria and are now only interested in large scale development with a minimum lend of £3M, and still require personal guarantees as well as the entire site as security.

Lloyds however were more receptive as we have a banking relationship with them, although their position remains the same as other lenders for larger amounts given the aged stock on the site and the unfinished Phase 1 development, there is sufficient security in the site and clear financial commitment from GTCH thus far for them to offer us sufficient finance to match fund the potential SELEP intervention at commercially viable rates and terms.

The applicant business has made enquiries regarding securing private investor finance however there are a number of issues that are presented when attempting to raise finance in exchange for equity, these are not limited to the following:

- Loss of ultimate control over the site against the ethos of the long term protection of this important employment site
- investors expectations of level of return to make investment viable
- the existing financial structure and outstanding loan profile secured against the site
- the nature of tenant profile being SME on relatively short term leases, prohibitive terms imposed by investors

In terms of other public funding streams that fit the type of scheme EARFD growth fund closed on 21st May 2018 and was limited to a maximum intervention of 200K Euros which would not have been a sufficient intervention to make the scheme viable.

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

In the absence of LGF intervention the project would not proceed. The impact of non-intervention would mean the project would be delayed by at least 10years until Phase 1 and the wider site paid down some of the debt taken on board when purchasing the property in 2015 and financing the first phase of project Flightpath. By the time Phase 1 is completed GTCH will owe circa £4M in intercompany and personal loans so this really is a long term investment and substantial financial commitment from GTCH.

Given the directors solid commitment both financially and in terms of time & effort, project Flightpath represents a high value private sector project for SELEP.

Non-intervention would see the 21 new employment spaces delayed for at least 10 years and the 144 FTEs would not materialise as a result, both factors resulting in a stifling of economic growth for the district. Further impacts of non-intervention are the loss of infrastructure improvements for existing tenants, most notably the whole site upgrade to fibre broadband communications, security upgrades and landscaping.

2.7. Objectives of intervention:

<u>Project Objectives:</u>

Objective 1: Construction of Phase 2 project Flightpath to deliver 21 new high quality commercial premises for SME in line with SELEP SEP & local, regional and national planning policy, this aligns with SELEP priority of encouraging new businesses, creating sustainable private sector jobs and fostering an entrepreneurial business culture.

Objective 2: Completion of overall site development and infrastructure to include security upgrades and fibre communications to whole site including new build and existing buildings to bring the site up to date in line with the expectations of business owners, this aligns with SELEP priority of addressing the productivity challenge.

Objective 3: Promote localism and increase business to business transactions within the local area, this aligns with SELEP priority to encourage an entrepreneurial business culture and encourages new business.

Objective 4: Increase and continue to develop to business community at the site, this aligns with SELEP priority to create sustainable private sector jobs and upskill the local workforce.

Objective 5: Provision of start-up and grow on space so that the site can offer a range of single and two storey premises from 1000 sq ft to 2600 sq ft thus offering a road map from start up through to medium size, this aligns with SELEP priority to encourage new businesses, create sustainable private sector jobs and help foster an entrepreneurial business culture.

Objective 6: Increase economic development in the district and increase revenues to the LA through business rate collections on the larger premises, this recognises the pressure on public spending.

Objective 7: Increase revenues for GTCH, paying down company debt and creating 4 new FTE for the company all located at the site, this aligns with SELEP objective to create sustainable private sector jobs.

Objective 8: Expanding the site to create more jobs and employment prospects for local people & encouraging entrepreneurism, this aligns with the SELEP objective to encourage new businesses and fostering the entrepreneurial culture.

Objective 9: Creating a pleasant working environment close to local amenities where businesses aspire to locate to, this aligns with SELEP priority to create sustainable private sector jobs.

Objective 10: Maximum intensification and remediation of an existing brownfield site in line with local, region and national planning policies.

Objective 11: Safeguarding existing jobs.

<u>Problems or opportunities the project is seeking to address:</u>

Problem / Opportunity 1: Addressing the chronic shortage of commercial space availability of any description in the district and wider area.

Problem / Opportunity 2: Securing the sites long term future beyond any doubt as an employment site.

Problem / Opportunity 3: Creating opportunity and location for business and economic growth

Problem / Opportunity 4: Lack of quality commercial accommodation in the district and wider area

Problem / Opportunity 5: Lack of appropriately sized commercial space for business needs in the district.

Problem / Opportunity 6: Lack of incubation sites and grow on space for existing businesses in the local district and wider area.

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

	Problems / opportunities identified in Need for Intervention section					
	Problem / Opportunity 1	**Problem / Opportunity 2**	**Problem / Opportunity 3**	**Problem / Opportunity 4**	**Problem / Opportunity 5**	**Problem / Opportunity 6**
Objective 1	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓
Objective 2	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓
Objective 3	0	✓✓✓	✓✓✓	0	0	✓✓✓
Objective 4	0	✓✓✓	✓✓✓	0	0	✓✓✓
Objective 5	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓
Objective 6	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓
Objective 7	0	✓✓✓	✓✓✓	0	0	0
Objective 8	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓
Objective 9	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓
Objective 10	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓
Objective 11	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓

2.8. Constraints:

Project Flightpath has few constraints that could reasonably affect the suitability of the preferred option.

Given that Project Flightpath already has a successful Phase 1 development of similar size, scale and cost nearing completion with limited issues or constraints experienced we do not foresee any high level constraints.

All social and environmental issues have been satisfied as part of the lengthy detailed planning process which took 18 months and substantial cost to secure, all legal consents are in place as are all building control approvals, land drainage consent and so on.

Project Flightpath really does offer a very low risk scheme for SELEP given the success, smooth running & timely delivery of Phase 1 which is coming in broadly on budget and is forecast to complete on time in line with the Phase 1 business case outputs.

2.9. Scheme dependencies:

Internal Dependencies: GT Commercial Holdings Limited (GTCH) have no related or interdependent activities that will affect this project. GTCH was set up to facilitate the purchase of Woodside Industrial Estate in 2015 and given the scale of the site, project and financial commitment no further activities have been or will be undertaken by the company until well after this scheme is fully completed and a sufficient amount of company debt is paid down.

GT Commercial Holdings (GTCH) has a sister company GT Comms Limited established by the majority shareholder of GTCH back in 1998.

GT Comms is a successful telecommunications company offering nationwide IT and Voice engineering services to high street retail and banking clients, although not directly related or interdependent GT Comms Ltd has strong covenant and has provided solid financial backing and assistance to GTCH both in terms of the purchase of Woodside Ind Est & the development costs of phase 1.

It is important to note that both of the directors and shareholders of both businesses are financially and personally committed to a great degree in delivering the success and benefits of the scheme and ultimately have much more to lose proportionally should the benefits of the scheme not be realised. This intrinsically links the proposers to seeing the job through to completion and the continued running of the project well into the future in order to achieve a return on their investment both financially and in time.

Both companies are run in a financially astute fashion and score well on all credit rating portals in terms of credit and contract value limits.

External Dependencies: The principle external dependency is occupier demand for the new business premises, the delivery of job outputs will be dependent on the take up of built floorspace, the supporting market evidence has been provided by professional qualified property advisers operation in the local commercial property market and has informed the development appraisal assumptions in terms of take up and values (see commercial case).

Given the inherent market risks associated with this type of property development sensitivity testing has been applied in the economic case to model the effects of a slower than forecast take up rate. With LGF funding support GTCH are prepared to commit matched commercial finance to bring forward development of commercial units on a speculative basis.

This commitment underpins the delivery of the whole scheme by establishing the site as a key location for business growth in the area. This arrangement provides a significant level of risk cover for the LEP in terms of securing the necessary private sector finance match funding to bring the scheme forward.

2.10. Expected benefits:

Flightpath Phase 2 has wide ranging and long lasting benefits for the local area. The existing site until the start of Phase 1 was broadly unchanged from the original MOD layout and buildings remained unmodernised, some at the end of their useful life.

The primary project benefit is to secure and cement the future of this important historic site as a commercial employment site forever more through delivering the final phase of construction and modernisation and accelerating to market the final 21 new high quality employment sites for SME granted in the planning permission of 2015. This primary object aligns clearly with SELEP SEP, local, regional and national planning policies.

Environmentally the scheme will remediate any potential brownfield ground contamination found, clean out and reinstate surface water ditches, provide an attractive landscaping scheme and incorporate an extremely large subterranean storm water attenuation tank to service the whole site thus helping protect the residential properties downstream of the development from potential flooding even in the worst case 1 in 100 year event for which the tank has been designed. Communal recycling stations for various types of waste will be built into the scheme to promote recycling.

Socially the scheme provides local business owners with high quality mixed use commercial spaces of varying sizes from which to base their operations close to home in order to improve the work life balance and promote local jobs for local people.

The site offers a unique location opposite Epping Forest and otherwise surrounded by open farmland with far reaching countryside views, yet within minutes of major motorway routes, it screams Location Location Location. The scheme promotes localism through business to business trade from the local petrol station to the restaurants, coffee shops and other offerings of the vibrant Epping High Street popular as a convenient & popular meeting place for business owners.

Using the 2015 published GVA figures, West Essex recorded GVA per head of £24,878, this multiplied by the 144 FTE which will be created by phase 2 of the project delivers an economic boost to the district in excess of £3.5M per annum, compared to the SELEP intervention required of £1.4215M to deliver this project this benefit alone represents a year one ROI of 212%. Whilst in reality the 144 FTE will take a period of time to truly materialise it can easily be seen that conservatively using the GVA method in isolation of any other benefit this investment should see return in excess of intervention value in year one alone. Not forgetting that accelerating this scheme will also deliver an additional economic boost for the local area of £2.843M in the construction sector and offer certainty to local and regional contractors (all exclusively selected from the SELEP area) post Brexit.

The addition of 21 commercial spaces provides not only jobs but then further creates opportunities for the employed staff to develop their own skills and uplift their knowledge, this further cycles the growth of the businesses and development of total skills within the SELEP area. This fits with the objectives of the SELEP Strategic Plan to grow business within the area and create a base of skilled sustainable jobs. This also increases the productivity of worker with the provision of Fibre Communications.

There are further environmental benefits in the form of new build energy efficient buildings, LED lighting throughout to reduce energy consumption and landscaping improvements to benefit the user experience & local wildlife alike.

The provision of space locally will mean local residents will be employed onsite, thus reducing transport needs, this means more residents will be able to take advantage of sustainable transport options, including walking and cycling.

The scheme represents a high value project for SELEP given the intervention rate per new FTE created is circa £11,000, this is calculated from the requested LGF intervention of £1.6M divided by the projected 144 FTE which will be created by the project.

To qualify our projected FTEs created by the scheme we have compared our calculations based upon our own jobs per sq ft density existing on the site against the former homes & communities agency 2015 employment density figures, below is the calculations:

Space	NIA m2	m2 per job	Total Jobs created
Light Industrial (50% of space)	1858	47	40
Office (50% of space)	1858	12	154
Total	3716		194 Jobs Created

It can be seen from the promotors own evidence that the projected outputs for FTEs created is conservative against the HCA employments densities guide. The higher office content of the new build units will in line with the HCA figures will deliver increased jobs density over the historic building on the site which offer a lower office content in relation to light industrial space. Based on current site plans it is anticipated that phase 2 would accommodate a mix of light industrial space (50%) and office space (50%) with 12m2 IA floor space to support an office based job and 47m2 NAI floor space to support an office based job.

2.11. Key risks:

The key risks the project faces affecting delivery and benefit realisation is supplier failure and inclement weather, these are both lessons we have learned from Phase 1 of the scheme, either could cause delays to the delivery and benefit realisation of the project however neither would prohibit ultimate completion, delivery and realisation.

The quoted completion date includes a generous buffer for inclement weather, it is a fact that the scheme would, driven by the required start and completion dates span two winter periods and it is almost certain that weather will at times slow progress so this has been built in to our assumptions from the knowledge gained during phase 1.

The construction of Phase 2 will again be self-managed by the SRO who has a wealth of experience gained over the last 10 years in this field through consistently delivering projects of a similar nature on time and on budget each project in turn being larger in scale that the previous, phase 2 will be the 5th similar project and largest undertaken by the SRO since entering the commercial property business during the recession in 2008/9.

The benefit of the SRO directly managing the build over a main contractor is cost control and risk mitigation through using several suppliers each undertaking specific stages of the build, eg groundwork, roof, electrics etc each overlapping to deliver a quick build time, spending of the LGF intervention within the required timescales and benefit realisation when the need is required which is now or ASAP.

The promoters undertook a comprehensive competitive tender process (following EU procurement guidance) for every element of phase 1 and made supplier selections based on best in class pricing (a policy driven by LEADER funding) on the basis quotes were like for like. However best in class pricing doesn’t always equate to best in reality and in some cases alternative suppliers i.e. not the first choice, were ultimately selected to carry out the work following further negotiations on price, quote content, availability, our confidence in the supplier to carry out the work and timescales to complete.

Thus far, with the exception of one supplier who we shall not use for phase 2 (scaffolding), we have been extremely happy with the supplier selections made with the work carried out being of high quality, on time at competitive pricing, it is our intention to use the same suppliers for phase 2 construction as all are familiar with the straightforward build method, expected program and required delivery and completion dates.

Financially risks are low, subject to successful SELEP LGF intervention and with match funding on offer from a mainstream lender, the funds to deliver the project will be available when required, with trusted suppliers with whom we have established good working relationships during Phase 1 & who are familiar working with us ready to undertake the work the project presents a very low risk high value, well thought out and planned private sector scheme for SELEP.

3. ECONOMIC CASE

3.1. Options assessment:

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.

Below is a timeline of the options GTCH considered shortly after purchasing Woodside Industrial Estate in order of scale and activity relating to the site.

1) Do nothing, GTCH purchase site and just continue with previous owner's business model of renting out the sub-standard space at below market rates to undesirable tenants and managing the problems that go with that.
2) Do nothing and obtain residential planning permission, demolish site and lose employment space forever making way for new housing, site is identified for development so at risk, this is the easy option and most profitable in the short term.
3) Do bare minimum but don't invest in the site, GTCH purchase site and manage the site, move on undesirable non-paying tenants and replace them with new tenants and just maintain existing buildings and take an income from the site.
4) Do something and invest a little in the site, GTCH purchase site and refurbish existing buildings to attract higher quality tenants and better return on investment, ultimately leave the current buildings for the foreseeable future and maintain the site on an as and when required basis.
5) Do something and think about unused space throughout the site, GTCH purchase site and refurbish existing buildings to attract better quality tenants and better ROI, think about uses for the parcels of brownfield land around the site, the plot extends to circa 5 acres about 2 acres of which is unused and split into odd shaped parcels interspersed throughout the site, consider open storage, various yard uses or container storage to increase rental revenues and make use of brownfield land without bearing any potential remediation costs.
6) Do something and think about infilling open spaces with new buildings, GTCH purchase site and refurbish some existing buildings, manage site and attract new higher quality higher revenue tenants and look at options to infill open spaces around site with new buildings, planning history for the site suggests this has been attempted before with no success whatsoever, our chances based on planning history would suggest this is unlikely to be successful.
7) Do something and think a little bigger, GTCH purchase site, refurbish existing buildings in condition that warrant the investment to attract better quality and higher revenue tenants, start thinking a little bigger about the one large open space on the site which consists of hard standing occasionally used as overflow parking and a lorry yard, lorry yard is not the image GTCH ultimately want for the site, start thinking about new build on this brownfield area.
8) Do something and think long term master plan. GTCH purchase site, refurbish existing buildings in condition that warrant the investment to attract better quality and higher revenue tenants, start to think about a long term master plan for the site, a large scale proposal to completely overhaul and modernise the site, engage the LA planning and economic development departments as stakeholders from the outset. Look at large open area on site as well as clusters of buildings at end of useful life for demolition and replacement.

Options assessment:

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

1) Doing nothing isn't an option, GTCH paid top market value for the site following a long closed tender purchase process, the site was poorly run by the previous owners, rental revenues were low and many tenants were holding over and in need of being brought into a regularised lease situation.
2) GTCH directors & shareholders (Grant Richardson & Luke Wastell) are passionate about business, Grant has run his own business most of his adult life and Luke joined Grant from Birmingham University as a graduate back in 2004 via the Shell STEP graduate placement scheme facilitated by the then Business Link.
   Grant diversified into commercial property during the recession and enjoyed the variety that two such diverse businesses could offer having been involved in telecommunications since the age of 16 a change was needed, fast forward to 2015 and whilst seeking the next project Woodside Industrial Estate came up for sale, whilst there was much interest from residential property developers we were never really interested in the site to just demolish it and build houses so although this was considered as an option albeit it briefly it did not sit well with either director, their driver being to develop and protect the site as a valuable commercial location.
3) Difficulty in attracting quality tenants due to age and poor condition of buildings. Doing bare minimum wasn't an option, much like option 1 given what GTCH had to pay to secure the site we were almost compelled to do something in order to achieve any sensible return on investment.
4) Improving the current buildings was an option in some cases and where the opportunity to has been available i.e. the property vacant then GTCH has refurbished buildings to meet current regulations and attract higher quality tenants to the site, however some buildings on the site are just of an age and condition where they are at the end of useful life and beyond economic refurbishment. Issues with increasing commercial EPC requirements, old buildings expensive to refurbish to a standard where they will comply with tightening legislation.
5) External storage and yard space is in high demand in the local area and commands a real premium, GTCH takes several calls each week for open storage and yard space at Woodside, whilst the offers we get are attractive in terms of being easy and profitable requiring little or no investment they would do nothing for the reputation, look and feel of the site, the local area has many farm type locations where open storage and yard type accommodations exist, we did not feel it was appropriate even in the short term to encourage these activities at Woodside.
6) Issues with poor economies of scale when building individual buildings across multiple locations on the site. No joined up plan for the site as a whole, struggling to make sense of lots of individual buildings that would result, majority of site is block type accommodation consisting of multiple units so single units wouldn't match in well with existing, single infill buildings don't offer an efficient use of land, the land is the most valuable asset and careful consideration must be given to how it's used.
7) Start considering a block of new build units on the hard standing area to the North of the site, could comfortable site a terrace of 7 units, then consider the two smaller car parks adjacent that are linked to 2 units opposite and the lorry park at the north west corner of the site, if we could reduce and relocate the 2 parking areas elsewhere on site and extinguish the lorry park activity then 15 units could be sited all the way along the Northern end of the site, scheme presents economies of scale but is there bigger potential in the site if we are going to make a large planning application? Construction costs are high especially for high quality built spaces, start considering funding options.
8) Start looking at the of life buildings on the site which stand alone and are separated by open spaces as mentioned in option 6, instead of infilling we could demolish these end of life buildings and build new blocks on the cleared land, that coupled with the open land, car parks and lorry park to the north represents a large scale scheme possible 30 plus new units could

be created, maybe even some 2 storey buildings around the perimeter of the site where trees provide good screening.

Short list of options:
Doing nothing wasn't an option, the site had always been under invested in, poorly maintained and was crying out for modernisation and intensification, the applicants had previously carried out small to medium scale schemes at other sites and had the appetite for a much larger and longer term project. The owners had paid full market value for the site. It was acknowledged that given our experience of creating small employment spaces and running them successfully since the recession and the fact we were known by the local planning and economic development authorities for doing so, we would have a fair chance of gaining some sort of permission to expand the site. Therefore our trusted architect was engaged to look at a feasibility study.

Given our appetite and desire to make a change to the place and put our mark on it the options list was quickly reduced to options 7 & 8, option 5 was considered numerous times in the interim purely driven by the level of demand we were getting for open yard and container storage which represented quick easy revenue however we took the view that establishing these activities and uses on the site at a time when we were about to embark on a major planning application would be false economy and we preferred to take a long term view not driven by earning a fast buck.

3.2. Preferred option:

In reality option 8 was borne out of the completed feasibility study for option 7 and then the realisation that if we were going to formulate an application on the scale of option 7 then we may as well go for maximum intensification in line with current planning policy for brownfield sites and if successful in gaining permission phase the development of the site in line with the company's financial limitations.

Therefore after several months of pre planning surveys, drawings back and forth from the architect, numerous site visits, meetings with the Local Authority (LA) planning and economic developments departments (usually at the same time to formulate a joined up approach) we arrived at a finalised scheme and this was submitted to the LA planning department as the preferred option as a fully detailed planning application for the demolition of 6 end of life units & construction of 37 new units in 5 blocks at the site, this was quickly revised to 36 units following consultation with the LA tree protection officer and it is that application thereafter unchanged that was finally approved in January 2017 under Epping Forest District Council planning ref EPF/327/15.(**APPENDIX L**)

3.3. Assessment approach:

1) Define the extent of the change proposed; the goal here is to describe as fully as possible the environment and situation for the change.

2) Determine the key differences in the changed state proposed from a point of reference of the original state, the basis of the impact assessment is to compare the proposed state of the scheme after the change with the state before the change. The goal is to identify the all the differences large and small between the pre and post change states.

3) Focus on possible effects of the key differences from #2. Study each of the differences listed, ask if the difference listed has the potential to cause unexpected side effects.

4) Sort and prioritise the possible effects #3 from the key differences #2 based on risk and probability.

5) Make a decision using the results. Use the results of the sorted, prioritised risk assessment to identify vulnerabilities and make recommendations to mitigate the risks.

GTCH KPI strategy is broadly based on a SWOT & SLEPT analysis. This is underpinned with the director's highly successful entrepreneurial style, extensive experience over 20 years running a highly successful SME and more relevantly other business units successfully elsewhere. These flexible and adaptable tools help to assess the past, current and future and is an ongoing cycle of innovation, development and change.

The assessments are carried out and monitored in a number of ways. This flexible real world approach allows any actions to be taken or issues to be dealt with immediately, sills the directors have gained through experience of running similar size projects before.

It is evident and a proven successful strategy particularly in project management, mitigating risk, failure and / or dissatisfaction.

Quantitative research has recently been undertaken by the GTCH admin team collecting employment data for this application from all the existing businesses on the site. This has been tabled (see **APPENDIX H**) to calculate the expected growth and bottom line impact the project is expected to realise, adding value and GDP.

Conducting one to one telephone contact, acts as a qualitative as well as quantitative measure providing the businesses (customers) with a contact / name and opportunity to discuss any issues past and present. Again if required feedback can be referred immediately, prioritised and responded to within a given timescale.

Two way communication particularly with GTCH customers is considered very important, especially during this period of change and perhaps uncertainty for some, combined with wider political implications, e.g. BREXIT.

As the project gets underway in 2019 it is envisaged that on this particular site more formal ongoing qualitative assessments will be introduced engaging customers, community, partners, key stakeholders in the form of focus groups., site meetings, sector clusters will be developed encouraging the performance management growth cycle (plan, do, review).

Do minimum scenario is to leave the estate in its current form and not invest or improve the place, ultimately this does not make sound commercial sense and as such would not support the level of investment in initial purchase cost, in time the revenues would deteriorate in line with the condition of the site and the risk of the site being lost forever as am employment site in favour of residential development becomes a real threat.

Do something scenarios range from the long list of options 2 through to option 8 or a mixture of elements from each.

3.4. Economic appraisal assumptions:

Please see **APPENDIX E** for key appraisal assumptions.

Please see **APPENDIX H** for FTE assumptions calculations.

Approach to economic modelling:

Economic modelling has been used to reach an estimate of net additional FTE employment gains realised through the construction and occupation of Woodside Industrial Estate Phase 2.

The overall approach to the modelling has been to estimate the gross direct jobs which could be supported by the development of Woodside Ind Est (phase 2) and then to determine the net additionality of the proposed scheme. The approach taken is in line with HM Treasury Green Book guidance for economic appraisal and wider research into additionality for similar types of projects supported by public sector investment.

In the preferred option it is assumed that these costs would support both construction related employment directly and indirectly in the supply chain between 2019 & 2021.

For the assessment of new additional jobs supported by Woodside Industrial Estate Phase 2 once operational, the following assumptions have been used in the modelling:

- Gross direct job estimates – gross direct employment gains have been derived from our own research based on the real jobs per m2 in existence at the site however recognised floor space per job benchmarks published by the HCA (employment density guide 3rd edition 2015). Based on current site plans it is anticipated that phase 2 would accommodate a mix of workshop (50%) and office (50%) space, with 12m2 of NIA floor space required to support an office based job and 47m2 NIA to support a workshop based job, even so we have remain conservative in our approach and used the lower FTEs assumptions from our own research.

- Take up rates – It has been assumed that the development coming forward would achieve 100% occupancy once fully developed. The profiled annual takeup development has been based on the developers estimates, informed by local market demand. In the preferred option it has been assumed that following construction, first occupancy on site could occur 2021 and the site would be and fully occupied by 2022.

- Deadweight – The site has not come forward for development despite being identified for employment use in the planning system since 1953, as such, it is assumed that without LGF intervention Woodside Industrial Estate would not be developed in the foreseeable future. The deadweight assumption is that no development would occur in the absence of public intervention.

From the above it has been possible to reach an estimate of the net additional FTE employment gains that could be supported by Woodside Industrial Estate through the operation phase.

The rationale behind displacement assumptions are as follows:

It is not envisaged that the scheme will cause displacement as there are no similar offerings in the local area. The only other business park similar in quality locally is 2 miles away. Is Bassett Business Park which is an established incubation centre and comprises 25 units, 13 of which are 250 sq ft and 12 of which are 500 sq ft. Bassett do not have any grow on space and typically Woodside is the go to location when businesses outgrow Bassett sometimes after taking multiple units there which is a costly option mainly driven by lack of appropriate space to take the next step.

We regularly feed enquiries to Bassett as we generate lots of interest for small spaces however do not cater for (with the exception of one unit @ 500 sq ft) spaces less that about 800 sq ft. Bassett like Woodside Industrial Estate virtually never experience void periods which illustrates the demand especially given that pro rata space at Basset is much more expensive than at Woodside, this is typical the smaller the unit size.

Other local accommodation that exists within a similar radius is mainly ex farm based buildings converted for commercial use which are invariable aged, poor quality and not fit for purpose however priced accordingly so still have their place in the market as not everyone's driver is high quality space. To this end the project should not cause displacement and if there is limited displacement locally the reality is there is so much demand for commercial space in the area at this level that any potential displacement would be quickly taken up by waiting businesses at whatever level it occurs.

We have for the purposes of modelling applied a Displacement rate of 10% to our calculations, which can be found below, for the reasons outlined above but applied to show we have considered this impact within our calculations.

It is clear that the commercial property market in the area is not in equilibrium as the demand far outstrips the supply of available stock causing businesses to have to overpay to secure suitable premises, competition for employment space is strong.

This can discourage production and decrease the supply of goods or services below what consumers truly demand. Consumers experience shortages and producers earn less than they would otherwise all factors driven by the shortage of employment space in the district and wider surrounding area.

Sensitivity Analysis:

A number of sensitivity tests have been applied to the preferred option to reflect various scheme risks.

The main risks to the delivery of Phase 2 of Woodside Business Park include:

a) Using the HCA job per sq mt density as opposed to our own known figures of employment per sq mtr.
b) The scheme having a 25% increase in its build costs
c) The scheme having a 25% lower takeup rate of tenants and in turn delivering 25% fewer jobs
d) The scheme having cost increase and a lower takeup rate because of other external factors.

Based on these scenarios we have considered four potential scenarios within the modelling. These are as follows:

- Scenario One: Using HCS Job Density per Sq Mtr to give our total number of jobs created.
- Scenario Two: The project encounters a 25% increase in build costs.
- Scenario Three: There is a 25% lower takeup of generated space which in turn leads to 25% lower jobs created across the development.
- Scenario Four: There is a cost overrun of 25% and a 25% lower takeup rate with 25% fewer jobs generated by the project.

Scenario	New FTE created by 2022	LGF requested	LGF cost per FTE created	Funding match	Present Value Benefits (A)	Present Value Costs (B)	Present Value of impacts (C)	Net Present Public Value (A-B+C)	Initial Benefit Cost Ratio (A/B)	Adjusted Benefit Cost Ratio ((A+C)/B)
Scenario 1 - Use HCA employment density	194	£1.4215M	£7,327	£1.421,500	£14.194M	£4.35M	£1.421,500	£11.26M	3.26	3.59
Scenario 2 - 25% cost overun	144	£1.4215M	£9,871	£2,132,250	£13.66M	£5.062m	£2,132,250	£10.73M	2.70	3.12
Scenario 3 - 25% reduction in take up	108	£1.4215M	£13,162	£2,132,250	£12.05M	£4,35M	£2,132,250	£9,832M	2.77	3.26
Scenario 4 - 25% cost overun & 25% reduction in take up	108	£1.4215M	£13,162	£2,132,250	£12.76M	£5.062M	£2,132,250	£9.83M	2.52	2.94

Assumptions:

- Using our own figures of 3.5 employees per 1000sq ft of built space based on the current density of the existing site for Scenarios 2,3 and 4.
- Any cost overruns (Scenarios 2 and 4) would be to the cost of the promoter and not LGF. As such this would increase the Present Value of Impacts at an input level.
- The GVA for Epping Forest in 2015 was £24,878 which we have used in all Present Value Calculations.

As the sensitivity analysis we have conducted shows that in all scenarios the project still delivers a high VFM ratio. In actuality by using our own measure for the current site, employment density as opposed to the HCA 2015 numbers per sq mtr, we have a more conservative Initial and adjusted BCR.

It is however felt that as this is a more accurate reflection of the density that GTCH is expecting to be taken up onsite, with the real world evidence of the density found on the site.

The other Scenarios take account of external market factors which may affect the projects success, although it should be noted that contingency has been accounted for in the project costs (all quotes from suppliers were asked to include costs for 12 months inflation) and a full costing exercise with accurate quotes has already taken place.

With Scenario 3 we have modelled a 25% reduction in requirement and subsequent lower FTE job creation. For reference we have based this on our own jobs density. Below is the same calculation used the HCA Employment Density which gives a strong VFM calculation. As noted previously we have used our known real world evidence but as this shows on all cases the project scores very highly.

Scenario	New FTE created by 2022	LGF requested	LGF cost per FTE created	Funding match	Present Value Benefits	Present Value Costs	Present Value of impacts	Net Present Public Value	Initial Benefit Cost Ratio	Adjusted Benefit Cost Ratio
HCA Employment Density, 25% Reduction in Takeup	146	£1.4215M	£9,736.00	£1.4215M	£11,756M	£4.35M	£1.4215M	£8.827M	2.7	3.03

We have also included in the modelling the LGF cost per job, which gives at the very worst scenario based on the lowest FTE figures and density a cost per job of £13,162.00. In context of the average GVA job of £24,878.00 in the Epping Forest area.

The analysis shows the return of the funding taking both the lowest cost per job (£7,327.00) and the highest cost per job (£13,162.00) as identified in the sensitivity analysis.

Optimism Bias:

A 24% increase in project cost requirements has been applied to the project costs to account for unmitigated optimism bias. This is based on the Supplementary Green Book Guidance for Optimism Bia (HM Treasury) for Standard Building projects. We have accounted for this in our sensitivity analysis at 25% increase in costs which reflects the upper end of optimism bias in capital projects.

In reality there is no no cost risk to the LGF funding given that all cost overruns or increases in costs will be the responsibility of the scheme promoter GT Commercial Holdings Ltd GTCH)

Notwithstanding this risk transfer, some optimism bias can in any event be mitigated based on the cost evidence and experience that GTCH has from Phase One of the development. For robustness, optimism bias is retained at “4% for worst case sensitivity purposes.

Under the preferred option, even allowing for the ‘upper limit’ optimism bias, the BCR would be a very positive 3.03:1 and the cost per additional job of £11.062.00.

Displacement:

We have considered that there may be a small amount of displacement from other smaller business sites within the area, although based on our experiences of tenants we have and are attracting to the site we do not believe this to be high. For best practise we have applied a rate of 10% in the below calculations to prove evidence we have considered this scenario.

Leakage:

We have considered leakage in our calculations as a scenario and although we anticipate it to be low in practise, we are already seeing new businesses to the site from Phase 1 using other tenants on the site for business services, we do appreciate that some new or existing businesses may choose to use those outside of the district.

As the below table shows we have included a 10% displacement figure in our calculations.

Having both simulated the Displacement and Leakage we have arrived at a BCR of 2.27 over 5 years and BCR of 2.05 over 10 years. Both show the project represents good value for money over this period.

Year	0	1	2	3	4	5	6	7	8	9	10
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Total jobs created per annum (Gross jobs)	49	145	0	0	0	0	0	0	0	0	0
GVA per job	£24,878	£24,878	£24,878	£24,878	£24,878	£24,878	£24,878	£24,878	£24,878	£24,878	£24,878
Deadweight (% of total jobs that be created without LEP funding)	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Leakage (%)	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Displacement (%)	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Multipliers (eg 1.02)	1	1	1	1	1	1	1	1	1	1	1
Less Deadweight	44.1	130.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Less Leakage	39.7	117.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Less Displacement	35.7	105.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Plus Multipliers	35.7	105.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Additional Jobs per Annum	35.7	105.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Annual GVA (Gross)	£888,667	£2,629,729	£0	£0	£0	£0	£0	£0	£0	£0	£0
Cumulative GVA (Gross)	£888,667	£3,518,396	£3,518,396	£3,518,396	£3,518,396	£3,518,396	£3,518,396	£3,518,396	£3,518,396	£3,518,396	£3,518,396
Discount Rate	0.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Discount Factor	100%	98%	96%	94%	92%	91%	89%	87%	85%	84%	82%
Discounted Cumulative GVA (Net Additional)	£888,667	£3,449,408	£3,381,772	£3,315,463	£3,250,454	£3,186,720	£3,124,235	£3,062,975	£3,002,917	£2,944,036	£2,886,310
Funding Request	£710,750	£710750	£0	£0	£0	£0	£0	£0	£0	£0	£0
Discounted costs	£710,000	£696,078	£0	£0	£0	£0	£0	£0	£0	£0	£0

	Net additional GVA	BCR
5 years	£3,186,720	2.27
10 Years	£2,886,310	2.05

3.5. Costs:

Total scheme costs are quoted at £2.843M including non-capital costs, contingency sum & 5% for cost inflation over contract duration. These are robustly supported by firm quotes (all of which are attached (**APPENDIX K**) from the same suppliers and contractors that delivered the first phase of construction at the site, these suppliers and contractors are familiar with the simple construction method employed and our straightforward way of working as the client which has enabled them to provide firm quotes for phase 2 rather than estimates. Below is a list of the breakdown of contractor's, suppliers and their quoted costs:

Please Note: All costs provided by contractors and suppliers as provided are 2019 prices quoted and provided based on a project start date of July 2019 and valid for a minimum of 6 months. We have this confirmed in writing from all key suppliers and can be provided if needed.

Demolition and groundwork including tarmac roads and exit / entrance	£1.078M
Blockwork construction -	£348K
Builder's merchant supplies to include windows, concrete floors, Stairs and roof trusses -	£450K
Roof trusses installation -	£74K
Roof covering, gutters and installations -	£199K
Rendering -	£76K
Scaffolding -	£52K
Insulation -	£15K
Dry lining -	£25K
Electrical installations and fire alarms -	£118K
Doors & roller shutters -	£26K
Contingency including redirecting UKPN & BT services on site	£100K
Plumbing installation	£8K
Screeding	£94K
Non capital costs legal, finance arrangement and advertising	£45K
Inflation over construction phase @ 5%	£135K
Total Costs-	£2.843M
Bank loan development finance -	£1.4215M
SELEP LGF Funding -	£1.4215M
Total project funding -	£2.843M

3.6. Benefits:

Initial Benefits

Having consulted the Green Book and associated guidance GTCH have identified the following Initial Benefits delivered by Project Flightpath.

These have been grouped as follows:

Air Quality:
The proposed location of this project is a current Brownfield site on the edge of Epping Forest (which itself is an area of Specific Scientific Interest) there is no direct change in the air quality (which is of a good standard) with this development. The proposed development will result in the demolition of the larger units which typically attract heavier more industrial businesses to be replaced by storage and small office spaces, which will result in a negligible change to the Air Quality onsite. There is no removal of trees of other factors which would reduce the air quality onsite.

The 'damage cost' of this scheme, as defined by the DEFRA calculations would identify no meaningful change in the air quality, the same result is determined using the DEFRA EVL tool to assess the impact of this scheme.

The scheme is located on the edge of Epping Forest and as such there are some trees on the perimeter of the site are protected by Tree Preservation Orders (TPO). As the promoters of the scheme GTCH feels these are important assets both for air quality and to keep the positive environmental approach to the site.

The current buildings on the site do have, in small quantities, asbestos in the fabric of their construction, by removing these aged units and replacing them with new efficient buildings the risks associated with asbestos in the general atmosphere are reduced and air quality improved.

Environmental:
The site is currently a brownfield site with planning permission approved within the confines of the original site, there is no detrimental effect to the environment in building the new commercial spaces. Measures have and will be taken as part of the construction in line with the approved planning permission to mitigate the effect on local wildlife, to include but not limited to; nesting boxes for bats and the approved external low LUX lighting scheme has been designed not to interfere with wildlife.

Along with the TPO's the site will also benefit from new landscaping once completed and this will include suitable local tree species and hedgerow planting for the benefit of the immediate area and to add a general benefit for the district.

Transport:
There are a number of benefits which can be realised from the creation of local workspaces in Project Flightpath. If more workspace is created within the district then residents will have the opportunity to work locally and therefore reduce their travel to and from work, in time, cost and environmental impact if using a vehicle.

Given the mix of tenants already in place on the site we know businesses relocate from a number of London locations particularly the East where rents are extremely high. Therefore it could be assumed that the Value of Travel Times Savings (VVTS) would be accrued as business owners and staff would not be travelling into London from the Epping District area. This would be offset against additional travel into these areas in the course of doing business.

Given this will vary depending on the tenant we cannot accurately cost this benefit.

Crime:
There is no evidence the site currently suffers from crime in excess of the average but it is anticipated that once all Phases are competed there will sufficient volume of tenants to warrant full time security staff to be onsite out of working hours, this along with the perimeter fencing will act as a deterrent to crime within the site.

Energy Use:
The current buildings on the Woodside site were primarily constructed during the World War 2 period and as such do not meet the latest energy (EPC) requirements, they are typically at EPC-D, E & F grade currently. All of the new buildings are constructed in line with current regulations and will be a minimum of EPC – C grade, making them energy efficient for now and the future.

This is further improved with the addition of LED lighting, double glazing and insulation, making each space more efficient, cheaper to run (which benefits the tenant new businesses) and better for the environment.

Adjusted Benefits

Knowledge & Skills:
As part of this proposal GTCH have considered the additional adjusted benefits of the Phase 2 scheme. If more commercial space is available within the district then more residents will work within the district in all forms of commercial activity. This creates a base of skills and activities within the district which as these businesses are now operating will encourage growth and the transference of skills to staff.

This in turn encourages collaboration between a hub of businesses who share services, knowledge to further increase their productivity and fuels their ability to grow.

The net effect of all of this is an increase in trained professionals within the district, which cycles into the estate, and in turn the district, becoming an area for business activity which again encourages more professionals and training within the area. All of these factors give a stronger commercial base for residents with a number of other local benefits, increased employment, increased life satisfaction and reduction of reliance on local and state support.

As important as generation of the new FTE staff is the protection of the site and the retention of existing FTE staff by protecting and developing the site as an employment location. This, for both the current and new FTE fosters entrepreneurship and business growth. This acts as a driver for private entities to take on new apprentices, upskilling staff across a wide range of business sectors, as already found on Woodside Industrial Estate (see tenant list **Appendix H**).

Supply Chain:
In the expansion of the business park and the creation of a range of varying commercial spaces allows complimentary businesses to base themselves together, thus creating a chain of industry working together to develop their businesses for their benefit and that of the district.

Health & Wellbeing:
The proposal does include a provision for the landscaping of the existing site (along with areas affected by the new buildings) which has a positive impact on the visual appeal of both the site for those working on the site and those local residents who pass by the site. Although the landscaping will not provide an area for recreation it will provide natural sights and open spaces will remain on and immediately surrounding the site, sounds and scents which all aid the mental wellbeing of tenants and staff.

More generally the site is located directly opposite Epping Forest which does offer recreational facilities for all which gives tenants and staff opportunities for exercise and rest breaks in a calming and peaceful environment.

3.7. Local impact:

Woodside Industrial Estate is located in the Epping Forest District on the outskirts of Thornwood village. There are other commercial estates within the district but this is located most closely to the town of Epping and Epping Forest and therefore does have an impact locally.

We have identified these impacts as below:

An increase in small and medium sized commercial space within the local area. This will result in residents being able to locate their new or expanding businesses within the district.

Benefits of this will include, increase in business rates for the local authority, a reduction in the time business owners and employees will have to travel to get to their place of employment. This in turn reduces traffic movements to other areas for example a reduction in vehicles using major trunk roads (M11, M25, A12, A13) during congested peak hours.

There is also evidence that those who live and work within the same local area are more likely to walk or cycle to travel between home and work.

This has a wider supplementary benefit that the health of these residents/ tenants will improve, reducing their need locally and regionally to access NHS services over the entire lifetime.

It should be noted that the intensity of the site will be increased as new buildings are added and others are replaced during Phase 2. This is in line with PPG, local, regional and National planning guidelines but will increase traffic flows onto and out of the site. This will have a local impact but Essex Highways have confirmed (see **Appendix P**) that this will not have a significantly detrimental impact on the local area. Likewise the nature of tenant on the site is changing away from heavy industry to storage, online based businesses and small office space which does have lower transport requirements and smaller vehicles.

3.8. Economic appraisal results

Option 1 – Do something scenario based option preferred option from shortlist of options and preferred option, please see 3.1 & 3.2.

Option 2 - Do minimum scenario is to leave the estate in its current form and not invest or improve the place, ultimately this does not make sound commercial sense and as such would not support the level of investment in initial purchase cost, in time the revenues would deteriorate in line with the condition of the site and the risk of the site being lost forever as am employment site in favour of residential development becomes a real threat.

For clarity we have used the GVA approach to appraising non-residential development in the DCLG guidance which is the preferred option to apply for commercial workspace based developments. For reference we have used the 2015 published GVA for West Essex of £24,878 per FTE.(Income Based GVA for West Essex 2015 (ons.gov.uk)

	DCLG Appraisal Sections	Option 1 relative to status quo (Do Something)	Option 2 relative to status quo (Do Minimum)
A	Present Value Benefits [based on Green Book principles and Green Book Supplementary and Departmental Guidance (£m)]	£12.95M based on delivery project Flightpath phase 1 & 2 £2.85M construction jobs boost & the resulting total 406 FTE projected employed at the site @ GVA £24,878	Current £3.9M based on GVA £24,878 X 157 FTE currently employed at the site
B	Present Value Costs (£m)	£4.35Mbased on overall costs of project Flightpath phases 1 & 2	Zero based on not implementing project Flightpath
C	Present Value of other quantified impacts (£m)	£1.4215 M 50% private match funding	Zero based on using GVA method to calculate non-residential development
D	Net Present Public Value (£m) [A-B] or [A-B+C]	£9.85M	£3.9M
E	'Initial' Benefit-Cost Ratio [A/B]	2.98	0
F	'Adjusted' Benefit Cost Ration [(A+C)/B]	3.26	0
G	Significant Non-monetised Impacts	Refer to section 3.6 for details	
H	Value for Money (VfM) Category	Project Flightpath (the application) offers a BCR of 3.26 and as such offers high value for money using the DCLG reference guidance value	
I	Switching Values & Rationale for VfM Category	Removing applicants match funding from the calculation still delivers an initial BCR of 2.98 and consequently offers high value for money	
J	DCLG Financial Cost (£m)	£1.4215M	0
K	Risks	Cost overruns, project delays, inclement weather, supplier failure etc	Loss of employment site forever to residential development
L	Other Issues	None	None

4. COMMERCIAL CASE

4.1. Procurement options:

GTCH carried out a full competitive tender process for Phase 1 of the project which was a full EU procurement process as required for the LEADER funding. This included obtaining a minimum of 3 quotes from suitably qualified suppliers which were all checked for robustness to include financial, director & VIES VAT checks, this was driven in part by the Eastern Plateau LEADER funding intervention for Phase 1, suppliers were chosen primarily on best in class pricing on the basis quotes were like for like.

The majority of the selected suppliers were engaged to carry out the work very successfully however in some cases availability and changes to the work program meant that a second choice supplier was engaged, best in class pricing doesn't always equate to best in reality.

The lessons learned from Phase 1 tell us that the supplier market isn't straightforward at this level of construction. The scheme is too large for small building firms or self-employed contractors. Therefore we found ourselves dealing with contractors who would normally work for national house builders on schemes of a much larger scale than ours so project management is key to keeping the work flow and contractors on site, labour costs are high and money is quickly wasted when things go wrong and the correct materials aren't in place just in time.

To summarise, what we did in Phase 1 worked really well with some valuable lessons learned that will feed into making Phase 2 an even more robust project and a low risk intervention for SELEP LGF.

4.2. Preferred procurement and contracting strategy:

The preferred procurement and contracting strategy is to break the construction down into various elements, self-manage the project and engage individual contractors and suppliers.

The SRO likes to retain overall control of the construction phase & post construction management phase and prefers to break down construction into smaller supplier contracts thus reducing the overall risk and extra cost of engaging a main contractor which on a project this size could add a substantial amount to the final build cost and ultimately the value of engaging a project manager in this private sector match funded project when the skills exist in the business has to be questioned. In short the directors of the business prefer to retain control given the level of personal financial investment involved; this in turn protects any LGF intervention as the interests of both parties are wholly and equally aligned and there is no scapegoat 3rd party to potentially apportion blame to.

Our building design is simplistic and solid employing fast well known constructions methods. Traditional strip foundations, insulated cavity blockwork with externally rendered walls, concrete floors and stairs and trussed roof construction make the units fast and easy to build and provide for a solid finished building unlike many of the soulless metal frame clad industrial buildings so common today on other commercial sites. Construction using these methods allows the SRO to cleanly break works down between construction trades / suppliers to roughly 10 elements thus reducing inefficiencies and risk of supplier failure

This approach to construction and method ensures any potential problems encountered can be quickly overcome at minimal cost and without unnecessary delays that may be encountered if a main contractor was in place, the SRO visiting site almost every day to ensure progress is continuous, identifying issues and dealing with them before they arise and lining up following trades in a timely manner, effectively the SRO becomes overarching project manager and has an on-site office for the duration of the build. It has been decided that should LGF intervention be approved that the SRO will base himself permanently on site for the duration of the construction phase and for a sufficient period thereafter to bed in new tenants and handover effectively to the new directly employed GTCH FTEs that will run the site thereafter under the ultimate direction of the SRO.

4.3. Procurement experience:

GTCH have extensive experience of developing commercial work space units built up over the last 10 years since the start of the recession, a number of project have been completed since 2009, the major notable projects being in 2010, 2013, 2014 & 2017 consisting of major refurbishment and subdivision of existing commercial property and new build schemes alike.

The largest and most recent being the Phase 1 of project flightpath at Woodside Industrial Estate which is nearing completion on schedule and budget early in 2019. Over this time relationships have been built with trusted suppliers and contractors who like the way we work and appreciate our straightforward approach, ability to make decisions quickly and financial stability.

Project flightpath Phase 1 has exposed just one supplier (scaffolding contractor) who although presented as best in class pricing and passed all relevant checks simply did not live up to expectations being such a fundamental part of the construction process. The new scaffolding contractor selected for phase 1 will be managed with tight SLAs for all stages of the build with payment by results and penalties for non-compliance accordingly.

The rest of the procurement for Phase 1 was broadly on point and we are happy to engage the same suppliers / contractors for Phase 2, this should offer SELEP some comfort knowing that the process is tried and tested with trusted delivery partners.

4.4. Competition issues:

Phase Two of Project Flightpath is a follow on from the 1st Phase which has been completed. As part of this first Phase GTCH completed a full set of checks on the supply chain in line with LEADER funding. This was an EU Procurement process which included:

- Three quotes for all material and labour elements.
- Company check with Companies House for all suppliers.
- Director check with Companies House for all suppliers.
- Insolvency check with Companies House for all suppliers.
- VIES VAT check for all suppliers
- Credit Check and Contract Value Check completed for all suppliers to ensure they are fit and capable of completing the required works at a commercial level.

Given the success of delivering Phase 1 on time and on budget it is our full intention to use, with the exception of one supplier (Smart scaffolding) the same suppliers who understand the project, the site and have all passed the above checks for Phase 2.

Based on this experience we believe this will provide continuity and quality we require to deliver Phase 2 of this project within the timescales needed and to the quality required. Additionally all of these suppliers have now worked together and intimately understand each others requirements, which on a build of this scale is important to ensure the project runs on smoothly and effectively.

The process of obtaining three quotes for Phase 1 has also driven the market to its most efficient price and allowed GTCH to obtain a comparable quote for each element, so we can ensure there is a standardised approach to each price. We have no specialist or unique construction methods or materials so we can be sure our build is not reliant on a specific or incomparable product or part which is not replaceable if there is a supply chain issue.

4.5. Human resources issues:

As this business case outlines we have a clearly defined management structure with the SRO Grant Richardson being the lead on this project. He is backed by Luke Wastell and the other ancillary staff within GT Comms Ltd who all have knowledge of the project, its timeline and requirements. Should the SRO become unavailable during the project then the lead would be passed to Luke Wastell to lead Project Flightpath.

GTCH has a defined business structure so there is a line of responsibility to ensure that there is no reliance on one person to deliver the project.

Additionally the majority of the project is being completed by suppliers, as part of their selection (for Phase 1) was to ensure they had appropriate resource to complete the given element of the project within a defined timeframe and to check their own resource levels.

The build process for Phase 2 is a standard non specialist construction method and therefore we foresee no issues in the supply chain obtaining additional resource (as part of their process) should they require additional staff to complete elements of the construction process.

For reference all suppliers will also have completed an Anti-Slavery statement which is held on file as part of the project.

4.6. Risks and mitigation:

Commercial risk is to be mitigated in a number of ways, firstly the proposed project is match funded by the promoters and they have proof of mainstream bank development finance offers to the full value of 50% of the project cost (See **APPENDIX O**), with LGF intervention for the remaining 50% the commercial risk is split almost equally between the private and public sector and the finances to complete the project will be available from the start ensuring swift completion and minimal cost increases due to labour cost inflation or material cost increase.

The way in which the project delivery will be managed by the promoters offers further financial risk mitigation in respect that goods and services are only paid for once received and in arrears and to a number of smaller individual suppliers and contractors rather than one large main contractor, as we all know they do fail! Financial exposure to suppliers and contractors will be virtually non-existent as all are paid in arrears and will be the same contractors and suppliers from Phase 1 who are familiar and know the way we work paying promptly for what's been done or delivered once completed, this goodwill and established supplier relationship offer a robust commercial risk mitigation strategy that guarantees SELEP that the scheme will come in on budget and on time.

The day to day financial management of GTCH is undertaken at the companies head office in Braintree, Essex where this function exists for both the telecoms and property business, the finance department is well established and has robust measures and controls in place to ensure financial compliance and cost controls for all stakeholders.

The SRO retains ultimate sign off for all payments large and small and the company is up to date with all legislation and statutory and regulatory financial requirements.

To offer further assurances to SELEP both GTCH and GT Comms Limited have extremely strong credit and contract limits on all credit checking portals and as such have no issues securing credit terms and accounts with suppliers and contractors as necessary.

4.7. Maximising social value:

Where possible GTCH will during Phase 2 and always have previously used local contractors and suppliers, it has been an ethos of the company since the outset not to go out of area for material suppliers or contractors unless absolutely necessary, to promote localism, encourage economic growth in the local area and build local relationships for the long term.

The reality with construction is that labour and materials are very expensive; the movement of both over long distances adds cost and time delays so procuring locally reduces cost and delays in construction.

We can proudly say without exception that every penny of the whole project cost will be spend with suppliers and contractors within the SELEP area giving a £2.843M economic boost to jobs in the regional construction sector.

5. FINANCIAL CASE

5.1. Total project value and funding sources:

Total project value is £2.843M, GTCH are seeking £1.4215M intervention form SELEP LGF and intend to match fund the balance of £1.25M by way of commercial development finance secured against the site and have agreements in principle for the above sum, please see offer letters attached (APPENDIX 0)

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

LGF Intervention is sought to the sum of £1.4215M representing a match funding of 50% of the overall project value.

5.3. Costs by type:

	Expenditure Forecast	
Cost type	**19/20 £000**	**20/21 £000**
Capital [For example by stage, key cost elements for construction, and other cost elements such as contingency, overheads and uplifts]		
Demolition & groundwork	*£826k*	£252K
Blockwork construction	£232k	£116K
Building materials including concrete floors, stairs, roof trusses and windows	£226K	£224K
Scaffolding	£22K	£30K
Doors & roller shutters	NA	£26K
Rendering	NA	£76K
Roof structure erection	£37K	£37K
Roof covering	NA	£199K
Electrical installations and fire alarms	NA	£118K
Plumbing installations	NA	£8K
Floor screeding	NA	£94K
Insulation	NA	£15K
Drylining	NA	£25K
Overall contingency sum to include diversion of UKPN & BT owned assets	£60K	£40K

on site (not yet quoted for, lead time too long)		
Non-capital [For example revenue liabilities for scheme development and operation]		
QRA	NA	NA
Advertising and marketing	£7.5K	£7.5K
Legal and finance arrangement costs	£15K	NA
Monitoring and Evaluation	£6K	£9K
Total funding requirement	£1,431,5K	£1,276.5K
Inflation (%) 5%	£71.575K	£63,8K

5.4. Quantitative risk assessment (QRA):

Phase Two of Project Flightpath is a follow on from the 1st Phase which has been completed. As part of this first Phase GTCH completed a full set of checks on the supply chain in line with LEADER funding. This was an EU Procurement process which included:

- Three quotes for all material and labour elements.
- Company check with Companies House for all suppliers.
- Director check with Companies House for all suppliers.
- Insolvency check with Companies House for all suppliers.
- VIES VAT check for all suppliers
- Credit Check and Contract Value Check completed for all suppliers to ensure they are fit and capable of completing the required works at a commercial level.

Given the success of delivering Phase 1 on time and on budget it is our full intention to use, with the exception of one supplier (Smart scaffolding) the same suppliers who understand the project, the site and have all passed the above checks for Phase 2.

Based on this experience we believe this will provide continuity and quality we require to deliver Phase 2 of this project within the timescales needed and to the quality required. Additionally all of these suppliers have now worked together and intimately understand each others requirements, which on a build of this scale is important to ensure the project runs on smoothly and effectively.

The process of obtaining three quotes for Phase 1 has also driven the market to its most efficient price and allowed GTCH to obtain a comparable quote for each element, so we can ensure there is a standardised approach to each price. We have no specialist or unique construction methods or materials so we can be sure our build is not reliant on a specific or incomparable product or part which is not replaceable if there is a supply chain issue.

We have attached (APPENDIX QUOTES) all the quotes we have had for Phase 2, as stated on each quote we have these valid for 6 months. Therefore the costs provided are validated and based on true quotes provided by all suppliers and these are 2019 prices and have been revalidated to ensure they remain correct as of May 2019.

We have completed a Risk Management Strategy (APPENDIX B) and identified a number of potential risks to be the project. We have placed a solution to each of these, be it process or financial and provided a risk rating for each eventuality identified.

From a financial impact perspective we have identified that there is a risk in increases in material costs. We have mitigated these by asking all suppliers for quotes fixed for 6 months. We have further mitigated this by including a 5% inflation on the total project cost which is some way below the current (March 2019) inflation rate of 2.1%.

Additionally we have risk managed the SRO becoming incapacitated by appointing and documenting a process where others within GTCH can manage the project should the SRO be unavailable. Noting that this would be a disruptive risk to the project we have a process in place to ensure that this risk is suitable mitigated at all times with regular (weekly) internal meetings so all GTCH staff are aware of the project and it operational progress.

Given we have followed a very defined supplier appointment process we have identified that risk of supplier failure is a possibility, which is always going to be of concern, but given they have all been through our EU procurement process (as listed above) and given the straightforward nature of the build process we have rated it as low risk as each element/supplier can be replicated within the regional construction supply chain.

Other risks include inclement weather which is an uncontrollable factor but one we have mitigated with a proven (from Phase 1) timetable for works which includes a time buffer for factors such as inclement weather. The current build schedule includes a sensible buffer for any delays which may occur during winter months but it is planned that by this time there will be coverings on the buildings to allow works to continue internally even if the outside weather is poor.

The Groundworks, which are the most dependant on the weather, will take place during July 2019-October 2019 which reduces the risk of poor, or wet weather which would prevent work from taking place.

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

Capital funding profile is £2,796,150 & non-capital funding profile is £47,250. Subject to successful LGF intervention funding would be profiled 50% GTCH bank backed finance (see APPENDIX 0) and 50% LGF intervention but noting that all non-capital funding elements to covered by the bank backed finance as this would not be covered by the SELEP intervention.

External factors that have influenced the proposed funding profile is the broken commercial property finance market which has no appetite to lend at commercially viable rates and terms for speculative commercial developments.

GTCH has on a number of occasions previously sought bank finance from mainstream lenders however has not been successful due to the aged stock currently existing on the site (ie. the security on offer).

Whilst there are non-mainstream specialists that offer short term development finance better geared towards residential property developments the rates and terms are not commercially viable and the directors do not wish to unduly risk the security that has been built up in the site thus far.

With the work that GTCH have carried out since taking over the site in regularising the tenant profile, lease agreements thereof and with the self-funded Phase 1 nearing completion, along with the offer of LGF intervention the prospect of part financing phase 2 to match LGF has become a real possibility to accelerate Phase 2 and bring the 21 new employment sites to market.

For reference please find attached in **APPENDIX 0** offer letter from Lloyds confirming their agreement to provide finance for the match amount subject to confirmation of success in obtaining SELEP LGF intervention for the balance.

	Expenditure Forecast			
Funding source	**19/20**	**20/21**	**21/22**	**Total**
Capital source 1 SELEP LGF	£1,421,500	£0.00	NA	£1,421,500
Capital source 2 GTCH bank backed finance	£147,400	£1,250,475	NA	£1,397,875
Non-capital source: GTCH bank backed finance	£3,000	£20,625	NA	£23,625
Total funding requirement	£1,571,900	£1,271,100	NA	**£2,843,400**

Please refer to section 5.5 for Funding split explanation.

5.6. Funding commitment:

The match funding from the lead applicant is assured having a formal offer of commercial finance (See **APPENDIX 0**) on the table both from mainstream lenders for the full match amount.

It is confirmed that the lead applicant will cover any cost over runs to expenditure and programme delivery as per the template in 5.3. The financing of cost overruns will be met either from rental income received over the duration of the project or from limited cash flow support from GT Comms (up to £200K).

The applicant is highly confident on the accuracy of Phase 2 costings having the benefit of experience of the near completed phase 1and lessons learned from the same.

5.7. Risk and constraints:

Flightpath Phase 2 being able to commence in the short to medium term is constrained by the lack of available private finance from the promotors and the inability of the same to raise sufficient development finance on commercially viable rates to completely self-finance the scheme.

This has been a common theme since taking over the site given the mainstream lenders lack of appetite for speculative commercial development and the non-mainstream lenders prohibitive non-commercially viable rates and terms applied to such deals.

This constraint will hopefully be met by successful LGF matched intervention along with which the scheme promoters have secured commercial development finance to the sum of 44% of the project value in order to match the LGF intervention applied for. The risk of our application for LGF intervention not being successful would mean the project would be delayed for a number of years whilst the squeeze on available commercial property in the district continues unabated and strangles economic growth.

6. MANAGEMENT CASE

6.1. Governance:

Project Sponsor & SRO is Grant Richardson on behalf of GT Commercial Holdings Limited the promoters of the project. Grant Richardson (45) is the managing director and shareholder of the company, working alongside Grant is Luke Wastell (36) who has done so for 14 years since joining the sister company GT Comms Limited as a marketing graduate via the SHELL STEP post graduate placement scheme shortly after graduating Birmingham University with an honours degree in Commerce (B.Com).

Since then the pair have worked closely together firstly building the telecoms business and in recent years GT Commercial Holdings Limited, Luke becoming director and shareholder in both companies, a testament to his continued hard work and dedication to both companies.

The directors together offer a good mix in terms of skills and abilities that compliments one another, the underlying similarity being a solid work ethic and clear understanding of what's going on in their businesses.

The company is governed and closely managed at all times by the two directors, as was the same structure for previous developments namely Flightpath Phase 1 and Nazeing Seedbed Centre before that, a development of 11 incubation units both in the Epping Forest District.

The need for other managerial roles and delegated responsibilities at this stage is not required, the directors are fully accountable and responsible on a daily basis and see no need to introduce unnecessary layers of cost and management. They are supported by a team of staff who assist in the administrative and operational tasks.

Regular site visits have been carried out by the SRO for the duration of Phase 1 of the project and this along with now tried and trusted contractors has ensured delivery of the project on time and in budget save for unforeseen problems which have been dealt with quickly due to the on hand & hands on management style of the SRO who likes to get stuck in!

Should LGF intervention be secured for Phase 2 it has been decided that the SRO will base himself on site for the duration of the project to offer absolute confidence to SELEP & ensure timely delivery, completion and outputs for the scheme.

In addition site visits also include H&S, environmental, waste compliance etc, in almost all instances the directors can communicate and respond immediately to all stake holders.

6.2. Approvals and escalation procedures:

Approvals / sign offs are carried out by the directors who also deal with or escalate and issues directly with the suppliers and / or stakeholders.

The directors have considered employing a project manager for Phase 2 however have dismissed the idea as should SELEP intervention become reality the only way to completely ensure delivery and outputs in to take ownership & control and manage the project start to finish.

This hands-on approach should give SELEP confidence in the project being delivered within the required timescales.

6.3. Contract management:

It is recognised and lessons have been learned that procurement and contract management is an increasingly important aspect to delivering successful projects. The management team have extensive knowledge in managing and coordinating all aspects of delivery in line with contract scope, timescale and quality.

GANTT charts are used to plan and monitor the work in progress so an up to date overview can be taken at any time. This is useful e.g. If weather delays other work and another contractor is due following completion of that work. This mitigates potential further delays and possible add on costs through contractors fines and the need to perhaps engage with new suppliers in such an instance.

Although applicable to public organisations, the national audit office good practice management guidance has been downloaded for reference and guidance.

The upfront and continued long term financial commitment that both the directors have made to this project and investment in turn means there is a strong personal as well as professional interest in all of the above matters which should offer SELEP a good degree of comfort.

The SRO can offer SELEP complete evidence based confidence on contract management and delivery in line with scope, cost and timescale. Having run “proper” businesses since 1998 and employing in excess of 40 staff the SRO has a solid background in contract management and delivery from his early days running the telecoms business through to the last decade transferring those learned skills to the property and construction industry.

Although the SRO has no formal business or management qualifications he efficiently runs two multi million pound businesses and remains the public interface of both in a very hands on way which is the best way to describe the management approach.

The success of Flightpath Phase 1 given its scale demonstrates the ability of the SRO to confidently undertake and deliver Phase 2 and look after SELEPs LGF interest in the project.

6.4. Key stakeholders:

Key stakeholders are the company, the directors and shareholders, SELEP including its government partners, Epping Forest District Council, the Bank (Barclays or Lloyds), suppliers, contractors and their employees, current and future tenant businesses, their customers and community from which the business draws its resources.

Although already happening in some instances, a formal PR awareness campaign and stakeholder engagement plan is being considered as the process of Phase 1 of project flightpath at Woodside nears completion.

This will be a blueprint for Phase 2.

6.5. Equality Impact:

An EqIA has not yet been undertaken due to the relevance at this stage of the project. The ACAS managers guide to equality impact assessment has been downloaded for reference and guidance including a template for completion.

6.6. Risk management strategy:

The risk management strategy should provide a structured and coherent approach to identifying, assessing and managing risk. It builds in a process for regularly updating and reviewing the assessment in **Appendix B** based on new developments or actions taken. Regular risk assessments both of the overall project and daily on site will be carried out and fed into the risk management strategy document. By regularly assessing risks we are able to be actively aware of where uncertainty surrounds events or outcomes exist and identifying steps that can be taken to protect the organisation, stakeholders, people and assets concerned.

The SRO / project manager will ultimately be responsible for carrying out the risk assessments and updating the risk management strategy.

6.7. Work programme:

Please see Gantt chart (**APPENDIX C**)

6.8. Previous project experience:

The SRO has been completing similar commercial property related projects since 2009, the first of which consisted on creating 6 x 1100 sq ft business starter units in the Epping Forest District known as Nazeing Seedbed Centre, shortly after in 2013 a second phase of Nazeing Seedbed Centre was completed comprising a further 5 units of various sizes, in total Nazeing Seedbed Centre comprises a total of 17,000 sq ft of high quality easy in easy out work space that has been 100% fully let without a single day of void period since opening in 2010.

In 2014 two new build starter units of 1200 sq ft each were created on redundant yard space to the rear of the telecoms companies new head office in Braintree and again these have been fully let without void since completion.

Since 2015 the SRO has focussed all efforts on Woodside industrial estate undertaking large scale refurbishment of the retained older buildings on the site and the first phase of project Flightpath similar in size and scale to that of Phase 2. Phase 1 of Flightpath is on budget and on time for completion early 2019.

All projects undertaken by the SRO are self-managed with tight cost controls in place and as such projects have been delivered on time and on budget save for unforeseen problems which are dealt with quickly and in the most cost efficient manner.

6.9. Monitoring and evaluation:

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

In total £2.843M will be invested in Phase 2 of the project overall, the vast majority of which will be construction materials and related construction labour to build out the scheme.

In funding this project there will be the need for skilled and qualified tradespeople to work on the build project, an input is the use of these skills to deliver the different build elements to the high quality standard needed.

Outputs (delivering the scheme/project)
Identify what will be delivered and how it will be used

The project will deliver 21 new B1 / B8 mixed use industrial / office units to let for SME use in a prime location close to the M11 & M25 ranging from 1000 sq ft to 2600 sq ft, the buildings will provide grow on and start up space alike for local businesses in the Epping Forest District and surrounding areas.

The delivery of new jobs into the SELEP area, these will be monitored as part of the tenancy agreement with new tenants to report of staff numbers on a quarterly basis to the SRO (GTCH) with the recorded data being fed back to SELEP on an agreed basis.

There will be an output of £2.843 million spent on construction services to businesses within the SELEP area (see Stakeholders) safeguarding local construction sector jobs for the period of the construction project.

Jobs of existing tenants will be protected within the area as the site will grow and remain as an employment site (the Do Something scenario) as opposed to under investment and potentially closure of the site for residential development.

The improvement of services (Fibre Communication) to the site for the improved productivity of all current and future tenants. Improved efficiency makes these businesses more competitive and improves their future prospects. This in turn improves the skills and knowledge of staff employed by these businesses.

The increased employment both from the build phase and subsequent new tenants also feeds into wider economy with revenues from taxation feeding funds into central Government at a time of public spending constraints.

Outcomes (monitoring)

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

The construction phase will be timeline managed to ensure delivery of the completed scheme in line with quoted timescales and within SELEPs requirements for funding spend etc, the SRO is highly confident of being able to deliver the scheme within the SELEP timelines having previously delivered Phase 1 over a similar but shorter time period.

The outcome of real interest to SELEP will be the indirect job creation that results from the scheme, this will be closely monitored though reporting by the new incoming businesses as a result of the scheme. As new stakeholders they will be required to provide quarterly reporting on jobs as part of their lease responsibilities and this in turn will be formulated into a table of information for feeding back to SELEP as meaningful data on new job creation.

Impacts (evaluation)

Describe how the impacts will be evaluated 2 and/or 5 years post implementation depending on the size of the project.

The impact of intervention in the project will be monitored for 5 years post completion on the following criteria:

- Amount of commercial / employment floor space created in sq m, sq ft and premises
- Number & type of new businesses created & annual turnover
- Number and type of existing businesses safeguarded & annual turnover
- Number of businesses leaving Woodside and why
- Number of new jobs created, type of job and salary
- Number of existing jobs safeguarded, type and salary
- Number of jobs lost, type and salary and reason why
- Rates paid £psf to qualify that market price charged / does not breach state aid rules GBER

- Turnover of premises and reasons why
- Void periods of premises

Businesses that accommodate the new units will be required as new stakeholders in the scheme to provide quarterly reporting in a standardised format to feed into the overall reporting to be packaged by the promoters into meaningful data for submission to SELEP.

6.10. Benefits realisation plan:

The primary benefit and objective of project Flightpath Phase 2 is economic development through job creation as a result of providing appropriate accommodation for SME to thrive, so in isolation the measure of benefits is the number of jobs created, safeguarded and sustained.

The benefits will be tracked and measured through stakeholder tenants reporting on a quarterly basis, the data from which will be fed into overall reporting back to SELEP to measure outputs against project projections and ultimately quantify return on investment.

Risks that may prevent the benefits being realised in the volume predicted could be economic downturn as a result of Brexit or other changes in the employment market. GTCH have modelled variations in the market rate of rental income that could occur from a downward change to the economy and we have identified that Phase 2 could have a reduction of 25% in rental incomes (against the current market rate) without adversely affecting the ability to cover the bank finance repayments. Given the bank interest rate on offer, any potential reduction in rental incomes would mean the loan would take longer to repay. However all the risk is borne by the promoters of the scheme as the tenants would have the benefit of the buildings and the space. This is in line with the long term stable objectives of GTCH and the site.

The critical success factors that will determine the projects overall success will be driven by market forces and the initial and subsequent pricing of the finished product to market to ensure the scheme is filled, sold out and utilised in a timely manner however bearing in mind that the service must be charged at a market price so as not at risk of being deemed as State Aid.

7. DECLARATIONS

Has any director/partner ever been disqualified from being a company director under the Company Directors Disqualification Act (1986) or ever been the proprietor, partner or director of a business that has been subject to an investigation (completed, current or pending) undertaken under the Companies, Financial Services or Banking Acts?	*No*
Has any director/partner ever been bankrupt or subject to an arrangement with creditors or ever been the proprietor, partner or director of a business subject to any formal insolvency procedure such as receivership, liquidation, or administration, or subject to an arrangement with its creditors	*No*
Has any director/partner ever been the proprietor, partner or director of a business that has been requested to repay a grant under any government scheme?	*No*

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

I am content for information supplied here to be stored electronically, shared with the South East Local Enterprise Partnerships Independent Technical Evaluator, Steer Davies Gleave, and other public sector bodies who may be involved in considering the business case.

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

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

I understand that if I give information that is incorrect or incomplete, funding may be withheld or reclaimed and action taken against me. I declare that the information I have given on this form is correct and complete. Any expenditure defrayed in advance of project approval is at risk of not being reimbursed and all spend of Local Growth Fund must be compliant with the Grant Conditions.

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

Signature of applicant	
Print full name	*GRANT RICHARDSON*
Designation	*DIRECTOR*

SOUTH EAST
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PARTNERSHIP