

The template

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

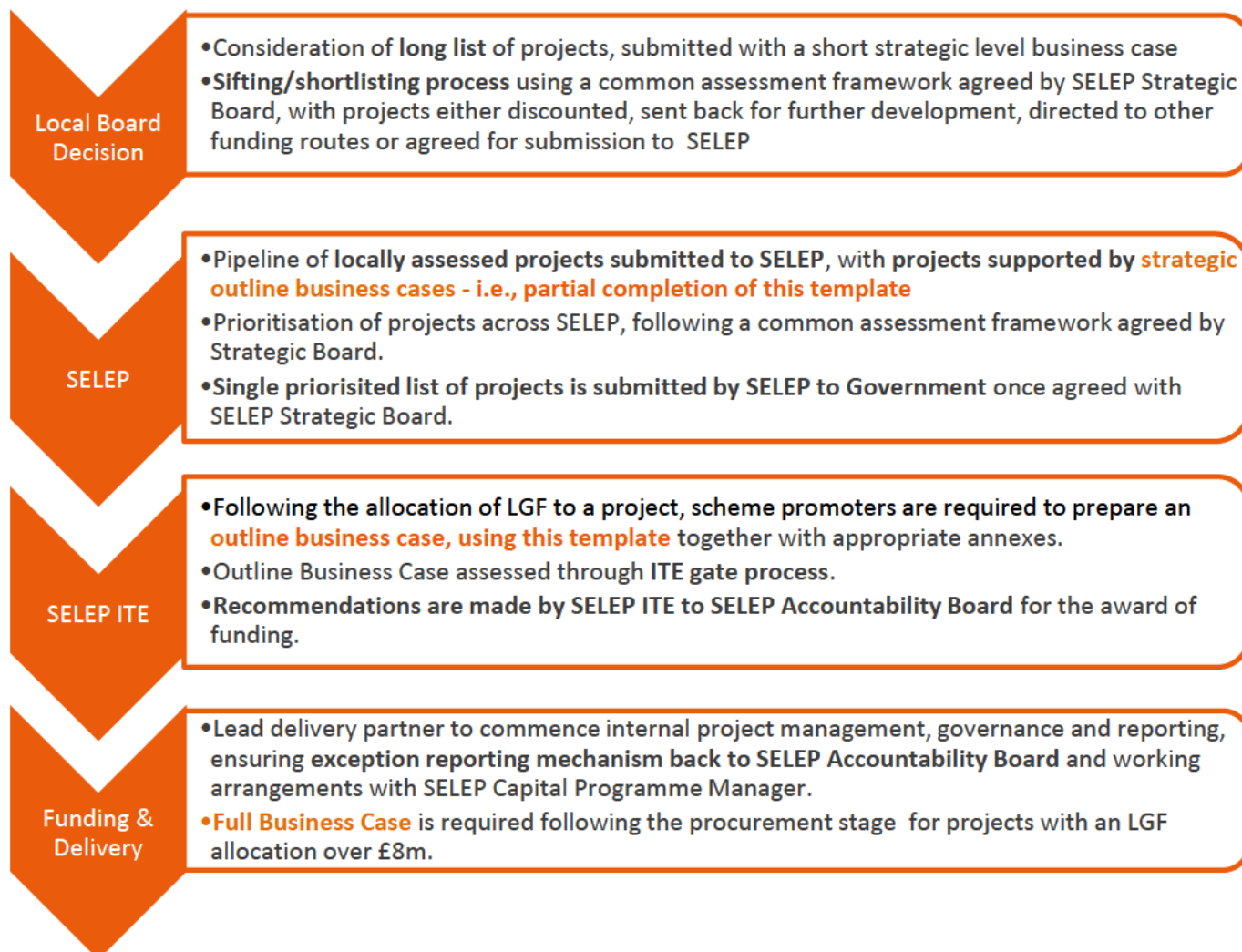
It is also designed to be applicable across all funding streams made available by Government through SELEP. It should be filled in by the scheme promoter – defined as the final beneficiary of funding. In most cases, this is the local authority; but in some cases the local authority acts as Accountable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

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

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

The process

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



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

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Author	SCS
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Date authorised	10 th May 2019

1. PROJECT OVERVIEW

1.1. **Project name:**
Bexhill Enterprise Park North

1.2. **Project type:**
Site development (Infrastructure)

1.3. **Federated Board Area:**
East Sussex

1.4. **Lead County Council / Unitary Authority:**
East Sussex County Council

1.5. **Development location:**
Bexhill Enterprise Park North
Bexhill On Sea
East Sussex
TN39 5AX

1.6. **Project Summary:**
The Local Growth Fund (LGF) Investment Project would be used to deliver the site and servicing infrastructure required to access individual development plots within the business park from the North Bexhill Access Road (NBAR). This will directly enable development of the site to proceed with the benefit of access and enable private sector investment.

Bexhill Enterprise Park North (BEPN) is a key element in the package of developments that are designed as a direct response to the socio-economic challenges facing the Bexhill area.

BEPN gained planning approval in May 2018 for 33,500 sqm (net internal area) of employment floor space within Use Classes B1 and B2. Combined with the earlier approvals for Bexhill Enterprise Park South (BEPS) for 22,000 sqm this brings the total Bexhill employment land supply with planning consent to 55,500 sqm out of the 60,000 sqm total in the 2014 Rother Local Plan Core Strategy or 25% of the total allocated Employment Land Supply across East Sussex. The BEPN site unlocked by this project will deliver the first light industrial units essential to address the local jobs deficit in Sidley, the community in which the project is located. A reserved matters application has been lodged with Rother District Council (RDC) for 8,000 sqm of light industrial (B1C) business space which delivers the outputs. The site servicing infrastructure which has been designed for Sea Change Sussex to deliver and is the subject of this Business Case, is addressed by a discharge of a condition of the existing Sea Change Sussex Planning Consent.

A range of national and sub-national economic public policy objectives also strongly support the development. The scheme promotes local planning policies and makes a significant contribution to the delivery of commercial and employment spatial targets. It continues the lineage of development projects that have been enshrined in policy since 2006, (with aspirations dating as far back as 1980).

The development of Bexhill Hastings Link Road (BHLR), the North East Bexhill Gateway Road (NEBGR), Glovers House and High Weald House developments at the wider Bexhill Enterprise

Park, and NBAR form part of a golden thread of regeneration infrastructure projects within the A21/A259 Hastings Bexhill Growth Corridor that themselves are in adherence to national and local planning policies and aspirations; the wider BEPN delivers the BX3 planning policy wholesale by building upon existing and pipeline projects to offer high quality business premises on a key site in the Rother district and, importantly, makes efficient use of the capacity of NBAR.

1.7. Delivery partners:

Partner	Nature of involvement (financial, operational etc.)
Sea Change Sussex (Lead Applicant)	Financial and Operational
Westcott Leach Limited	Financial and Operational

1.8. Promoting Body:
Sea Change Sussex

1.9. Senior Responsible Owner (SRO):
John Shaw
Chief Executive, Sea Change Sussex
01424 858287 info@seachangesussex.co.uk

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

Funding source	Amount (£)	Flexibility of funding scale or profile	Constraints, dependencies or risks and mitigation
LGF 3B	1,940,000	The funding requested from LGF 3B will be invested into roads and infrastructure within the project to unlock development land and enable the development of employment space on Bexhill Enterprise Park.	<p>Given that outline planning permission has been secured, the infrastructure investment is the subject of a discharge of a planning condition of the aforementioned consent.</p> <p>A reserved matters application has been made for the 8,000m² of part of the employment space unlocked by the Sea Change Sussex infrastructure.</p> <p>If funding and reserved matters approval are granted we do not expect</p>



			any significant risks in terms of delivery within the project timescale.
Westcott Leach Limited	5,850,000	<p>Westcott Leach are an experienced locally based commercial developer with considerable experience in the delivering industrial space in the area.</p> <p>Funding for the phases of the project to be carried out by Westcott Leach is in place and letters confirming this are attached.</p>	<p>Funding of this portion of the development has been agreed by our development partner but is dependent on the approval of the recently submitted reserved matters planning application as well as Sea Change Sussex's delivery of enabling works.</p> <p>As this application builds on an existing outline consent we consider planning to be a limited risk and as the application is compliant with local plan policies allocating the site for employment use we anticipate obtaining reserved matters approval. A refusal of this element in any case would still allow the developer time to pursue a planning appeal.</p>
Sea Change Sussex and other.	12,910,000	<p>Sea Change Sussex is heavily committed to developing Bexhill Enterprise Park, having worked to deliver a significant package of transport infrastructure within the North East Bexhill Urban Extension and obtained outline planning permission.</p>	<p>This investment relates to the later phases of development that will be unlocked by the enabling works package.</p> <p>Funding is currently dependent on the release of funds from current and future development. This includes rental income, realisation of investment values from development and third party expenditure on sites sold. This risk has been mitigated so far as possible by a robust marketing campaign carried out with assistance from DIT and by over provision of potential income.</p> <p>Should funding not be available development would still be progressed but at a slower rate and in a more piecemeal fashion</p>

			which would deliver a lower BCR overall.
Total project value	20,700,000		

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

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

£1.94m

It is our opinion that the financing of the site road construction and provision of utilities and services is not State Aid at all but instead funding for site preparation in line with the German Land Scheme decision. The completion of this access road and the provision of utilities and services will fall within the definition of a 'public task' and therefore would not be a State Aided economic activity. This is in line with the Commission approval in the *Leipzig Halle* and *German Land Scheme* decision. As this is not regarded as being State Aid, no further legitimising of the funding under State Aid law will be required. A full legal opinion can be provided by our legal advisers if required.

1.12. Exemptions:

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

Sea Change Sussex (SCS) is not aware that this business case is subject to any exemptions as per the SELEP Assurance Framework 2017.

1.13. Key dates:

Key Milestones	Description	Indicative Date
Discharge of planning condition	Submission of discharge for infrastructure May 2019.	July 2019
Construction Procurement	Construction procurement process	December 2018
Final Construction Design	Production of construction stage design	Jan 2019
Site Preparation	Site Establishment and Preparation	August 2019
Main Works Commencement	Commencement of road infrastructure and servicing	August 2019
Main Works Completion	Completion of road infrastructure and servicing	March 2020
Construction of Ph. 1	Commencement of Light Industrial Units	Q1 2020

1.14. Project development stage:

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

Project development stages completed to date			
Task	Description	Outputs achieved	Timescale
Outline Planning	Application	Consent	Achieved
Discharge of Condition re Infrastructure		Design complete	Achieved
Reserved Matters Planning	Application	Submission	Achieved
Tendering for Contractor	Tender design package	Completed for Issue	Achieved
Project development stages to be completed			
Task	Description	Timescale	
Submission of discharge of condition re. infrastructure	Application	May 2019	
Implementation	Construction of Infrastructure	August 2019 – March 2020	

1.15. Proposed completion of outputs:

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

North Bexhill Access Road

<https://www.southeastlep.com/project/north-bexhill-access-road/>

NBAR is funded through the Local Growth Fund. This transport infrastructure project which is now nearing completion, provides strategic connectivity within the North Bexhill area for business and housing development as well as wider transport connectivity for the network.

2. STRATEGIC CASE

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

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

2.1. Scope / Scheme Description:

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

SELEP has identified the coastal communities as a priority area and has designated a number of 'Growth Corridors' prioritising funding to develop employment opportunities. East Sussex has, historically lagged behind the regional and national economic average, largely due to a strong presence of low-value added sectors. There is significant polarisation between the more deprived areas – particularly in coastal towns, and the rest of the county. Experience has shown that public sector intervention is needed to kick start development and to give the private sector the confidence to invest in the area.

The development is a significant part of an ongoing package of measures to address the persistent socio-economic challenges facing the community. The development of BX3 provides a key piece of the economic growth strategy for the area that was first aspired to in the County Structure Plan of 1980 and made possible by Government funding authorised by the 2012 Budget Report for the BHLR (now Combe Valley Way). A strategic transport link to the development will be provided by NBAR, which was granted planning permission in 2016.

The site infrastructure and servicing will provide full access to the site and enable the employment development to proceed and facilitate private sector investment in the site for all of the intended light industrial (B1C) – 8,000 sqm, the development of which has been agreed in principle and up to 8,000 sqm of manufacturing (B2) space of which expressions of interest have already been received with some at an advanced stage. It should be noted that the Bexhill Enterprise Park South sites were consented for B1A office use which is under development and has been successfully let to date.

The completion of the BHLR by East Sussex County Council and the NEBGR by SCS in late 2015 allowed the development of the Bexhill Enterprise Park South sites to proceed with much needed B1A/ Office accommodation which has done much to stimulate employer interest in the urban extension.

NBAR is now completing (December 2018) which, along with the publicity given by the outline planning consent for 33,500 sqm in BEPN the project location is stimulating employer interest, particularly for light industrial and manufacturing units. There is currently no significant supply of such accommodation being brought forward in the Hastings, Bexhill A21/A259 Growth Corridor.

The project addresses the funding challenges (see 2.5) for BEPN infrastructure and as a direct consequence secures private sector investment in the light industrial unit content of the

Business Park and facilitates sites availability for 8,000 sqm of bespoke manufacturing development (B2) along with a 2,500 sqm site for a (B1a) office unit.

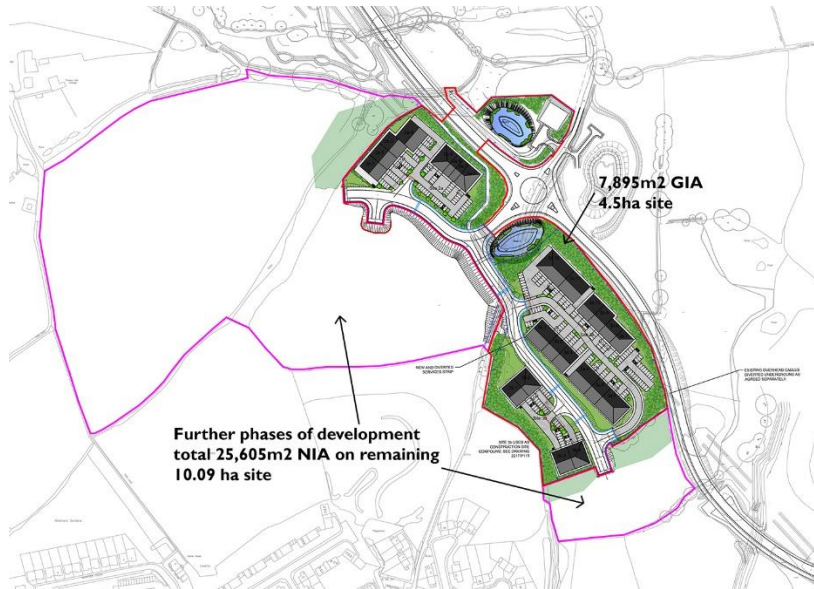


Figure 1 – BEPN

2.2. Location description:

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

The site is located within the A21/A259 Hastings Bexhill Growth Corridor. The development of the BHLR, the NEBGR, Glovers House and High Weald House developments at the wider Bexhill Enterprise Park, and NBAR form part of a golden thread of regeneration infrastructure projects within the corridor that themselves are in adherence to national and local planning policies and aspirations.

BEPN delivers the BX3 planning policy wholesale by building upon existing and pipeline projects to offer high quality business premises on a key site in Rother District and, importantly, makes efficient use of the capacity of the North Bexhill Access Road.

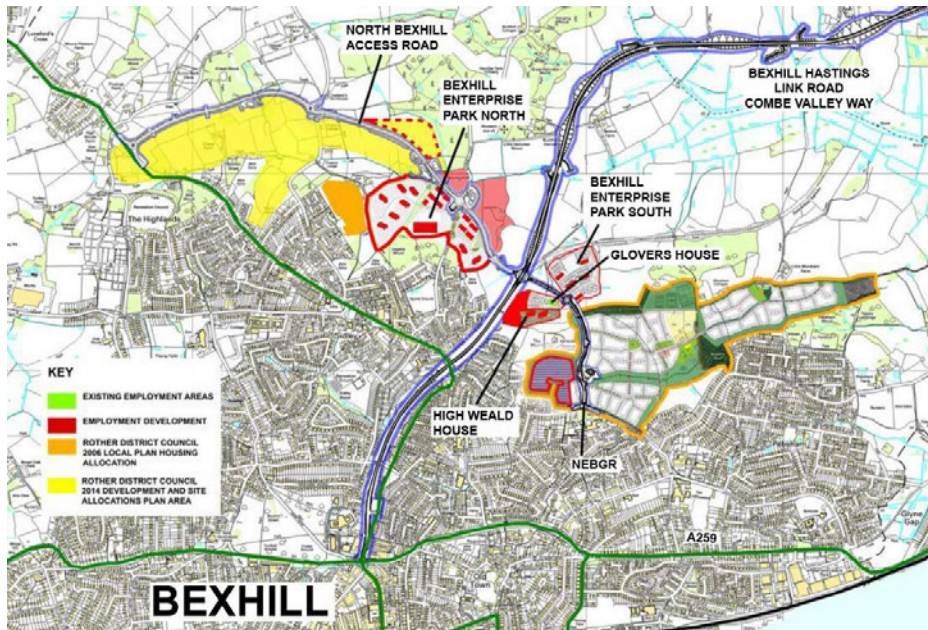


Figure 2 – North East Bexhill

The BEPN site unlocked by this project will deliver the first light industrial units essential to address the local jobs deficit. BEPN is in the Rother Bexhill ward of Sidley. The Lower Super Output area Rother 007E in which the project is located, is amongst the 10% of the most income-deprived wards in East Sussex for all persons, children and older people (IMD 2015) and is the most income deprived area in Bexhill.

Market Summary

The existing commercial stock in Hastings and Bexhill predominantly pre-dates the year 2000 and as a consequence many buildings are older and of poor quality and/or specification, not being ideally suited to the requirements of many occupiers.

In the Bexhill/Hastings area we are currently seeing strong occupier demand for high quality accommodation from companies wishing to “trade-up” and also for move-on space for companies who are expanding and need to move to larger premises to allow their businesses to grow further. There is strong demand for units ranging from 140 sqm to 465 sqm for move-on space.

SCS is also witnessing potential demand from locally based high tech manufacturing companies who are seeking bespoke facilities. Enquiries to date from these sources range from 1,858 to 4,645 sqm.

SCS has a situation of increased occupier demand coupled with a shortage of stock in general and especially of modern/prime stock.

Sectors

The key employment sectors locally are Manufacturing; Creative Industries; Education, Health, Finance and tourism.

The area boasts established clusters in a number of different high-tech manufacturing skill sets, such as vacuum pumps; high precision machined components; photonics & electronics; aerospace; defence, plastics and telemetry.

SCS have worked closely with the Department for International Trade and the entire Bexhill Enterprise Park is currently being promoted internationally as one of its key sites within its portfolio for its foreign investment programme. The whole site is designated as an Assisted Area, 'c' area under the 2014-2020 UK Assisted Areas Map, providing flexibility for companies that may seek to locate and expand within the Park



2.3. Policy context:

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

The scheme is consistent with, and responds appropriately to key national, and local policies.

National Policy – The Plan for Growth and 2012 Budget Report

The policy framework for delivering sustainable, long-term economic growth is provided by the UK Government “Plan for Growth” published in 2011. The aim of this Plan is to “..achieve strong, sustainable and balanced growth that is more evenly shared across the country and between industries.” The Plan proposes “a powerful presumption in favour of sustainable development, opening up more land for development,…”

The 2012 Budget Report confirmed the strategic national policy support for economic growth in this part of the South East. It makes specific reference to the Government's intention to provide “£56m of funding support to enable the delivery of the Bexhill Hastings Link Road (BHLR), to facilitate economic regeneration in a deprived area of the South East”.

The development of the BHLR, now the Combe Valley Way, has unlocked employment land to the north and north east of Bexhill on either side of the Link Road, providing strategic connectivity as part of the A21/A259 Hastings-Bexhill Growth Corridor. The delivery of NBAR provides a supporting role in this agenda, by providing the strategic connection between employment sites within Policy BX3 and the Combe Valley Way.

The UK Industrial Strategy

The project will support the aims of the Industrial Strategy by facilitating businesses to create good jobs and increase the earning power of people. The focus on light industrial space will have the potential to strengthen the foundations of productivity – the fundamentals that support a skilled, innovative, geographically-balanced economy. The five foundations of the strategy are:

Ideas: encouraging the UK to be the world's most innovative economy
People: ensuring good jobs and greater earning power for all
Infrastructure: driving a major upgrade to the UK's infrastructure

Business environment: guaranteeing the best place to start and grow a business
Places: creating prosperous communities across the UK

South East Local Enterprise Partnership

SELEP brought forward the concept in the Strategic Economic Plan (SEP) of 'Investing in Growth Corridors', and the 'East Sussex Growth Deal' including "North East Bexhill, served by The BHLR currently under construction [*now complete*] and the potential offered via Assisted Area Status".

The SEP identified 12 strategic growth corridors within the region, one of which is the A21/A259 Hastings-Bexhill corridor. This corridor is included with the aim of facilitating the delivery of 14978 jobs and 12065 homes. The A21/A259 corridor includes some of the regions "most deprived communities along with major investment opportunity sites, including the North (East) Bexhill Access Road" (para. 2.120).

The SEP identifies NBAR as a driver of potential growth, specifically the development of 1175 homes and 50,000sq.m of business space. One of the ways the LEP is seeking to achieve this is by ensuring land is available to accommodate growth, a significant issue for the South East. The 2014 SEP outlines the long-term commitment to unlock employment land with capacity for 310,000 additional jobs.

Rother District Local Plan

There has been a long-standing intention to develop the area of north-east Bexhill, going back to the County Structure Plan (1980). This was followed through to the East Sussex and Brighton and Hove Structure Plan 1991 which proposed a major business park north of Sidley. The Rother District Local Plan (RDLP) in 2006 recognised North-east Bexhill as being critical to economic growth in the area, and established the principle of development, and the overall scale, mix and general disposition of uses within the application site.

The total area of the urban extension exceeded 100 hectares and was described in the RDLP as a "high quality sustainable urban extension to Bexhill, which enhances the attractiveness of the town as a place to live work and invest". In order to deliver these proposals, the RDLP included Policies BX2 and BX3 which respectively provided for development to the east and west of the, then, proposal for construction of the BHLR. Together these policy areas provided for in excess of 1,100 homes (and associated local services) together with some 48,000sq.m of business space.

Rother District Council Local Plan Core Strategy

The Rother Local Plan Core Strategy (RLPCS) was formally adopted by the District Council (RDC) on 29th September 2014. The aim of the Plan is to guide and encourage the development of the District, whilst contributing to sustainable development, and be both aspirational and realistic. The Local Plan should "embrace policies to deliver homes and jobs...as well as supporting development and infrastructure".

In its assessment of the issues for the purposes of developing the RLPCS policies, the Council identified that securing economic improvement was the key issue and regeneration was a

“particular priority for the coastal areas of the District and adjoining Hastings” (para. 4.2).

Among the overall special objectives of the RLPCS are proposals:

- to guide sustainable development and help build more sustainable communities, with a balance between homes and jobs
- to give particular attention to promoting economic regeneration and growth for the base Hastings/Bexhill area.

Policy OSS1: relating to the overall spatial and development strategy for the District, includes proposals for at least 5,700 dwellings and 100,000 sqm of gross additional business floor space. New development would be focussed at Bexhill, giving particular attention to promoting economic regeneration growth of the Hastings and Bexhill area, including through mixed use development.

BX3: Development Strategy provides that:

“new residential and employment development will contribute to the overall strategy for Bexhill through:

- (i) a total of at least 60,000sq.m. of new business floor space, focussed on new strategic employment areas associated with construction of the BHLR, with further provision in and adjacent to the town centre and as part of other developments
- (ii) an overall level of housing growth of 3,100 dwellings between 2011 – 2028
- (iii) over and above development opportunities within the existing urban areas, new housing and business development will be focussed on strategic sites to the northeast of the town (as already planned), together with further sites to the north and west of the town, the scale and timing and locations of which will ideally be determined through the site allocations process”.

East Sussex Economic Development Strategy

The vision for the East Sussex Economic Development Strategy is that “by 2021, East Sussex will have a stronger, more resilient, inclusive and balanced economy, built on an expanded private sector base in a county recognised for its inclusive character and excellent connectivity”. Improved road connectivity is recognised as a priority for delivering many of the objectives of the Strategy.

The Strategy identifies seven strategic priorities to deliver the Vision. Strategic Priorities 1, 3 and 4 are particularly relevant to the North East Bexhill strategic employment area, as follows:

- Strategic Priority 1: Right environment to attract new businesses, retain existing ones and foster enterprise, job creation and innovation – the Strategy recognises the need to encourage further business investment and growth, suggesting that the County should build on existing businesses whilst also encouraging higher-value added sectors which could help boost productivity in the county if further developed e.g. finance and business services, advanced manufacturing and engineering, and environmental technologies.
- Strategic Priority 3: Improve connectivity: the improvement of physical connections is a critical requirement for East Sussex to take advantage of its privileged location. The quality of the road network is identified as posing a significant challenge. The main aspect of

transport that could be improved to benefit business are identified as better roads and better access to (more major) road links and rail infrastructure.

- Strategic Priority 4: Upgrade the provision of commercial premises - ensure workspace is sufficient, appropriate, sustainable and flexible – the Strategy identifies that new space for business is key to attracting, retaining and growing businesses and jobs. It identifies the potential to explore the use of alternative/innovative funding mechanisms where there are viability issues with a development. It suggests a need to provide business appropriate incubator space and move on premises to allow for 'property escalation' to encourage business growth and to increase the potential for attracting higher growth and high value-add businesses to the area. In terms of a spatial focus, it points to and facilitates access key development sites across East Sussex, in particular North East Bexhill.

The Strategy recognises the County's potential for business growth but highlights that there is an insufficient supply of business premises and many of those that do exist are not appropriate to the needs of businesses.

2.4. Need for intervention:

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

As outlined in the RLPCS the area has a series of economic and social challenges:

- The local economy is weak relative to the region as a whole and average local incomes are correspondingly low
- In part this is a reflection of the poor economic conditions of neighbouring Hastings, which together with the Council's area forms part of a "Travel to Work Area"
- East Sussex has a weak economy relative to the south east as a whole, with economic productivity (gross value added) of local businesses being only 73% of the regional average, with the Rother and Hastings area being relatively weak economically in a county context
- There is a high reliance on jobs outside the Council's area with net commuting equivalent to 19.7% of the workforce
- Rother had an overall rank of 132 out of 354 English local authorities in the 2010 Index of Multiple Deprivation and had seen a fall in that ranking since 2007, when it was ranked 163
- Accessibility within the District was generally poor, particularly in terms of road and journey times to London and regional centres such as Ashford and Brighton.

Bexhill Enterprise Park is located in the Rother Bexhill ward of Sidley. The Lower Super Output area Rother 007E in which the project is located, is amongst the 10% of the most income-deprived wards in East Sussex for all persons, children and older people (IMD 2015) and is the most income deprived area in Bexhill. The ward has a significantly higher percentage of children living in low-income families than East Sussex and is amongst the 10% of East Sussex wards with the highest percentage.

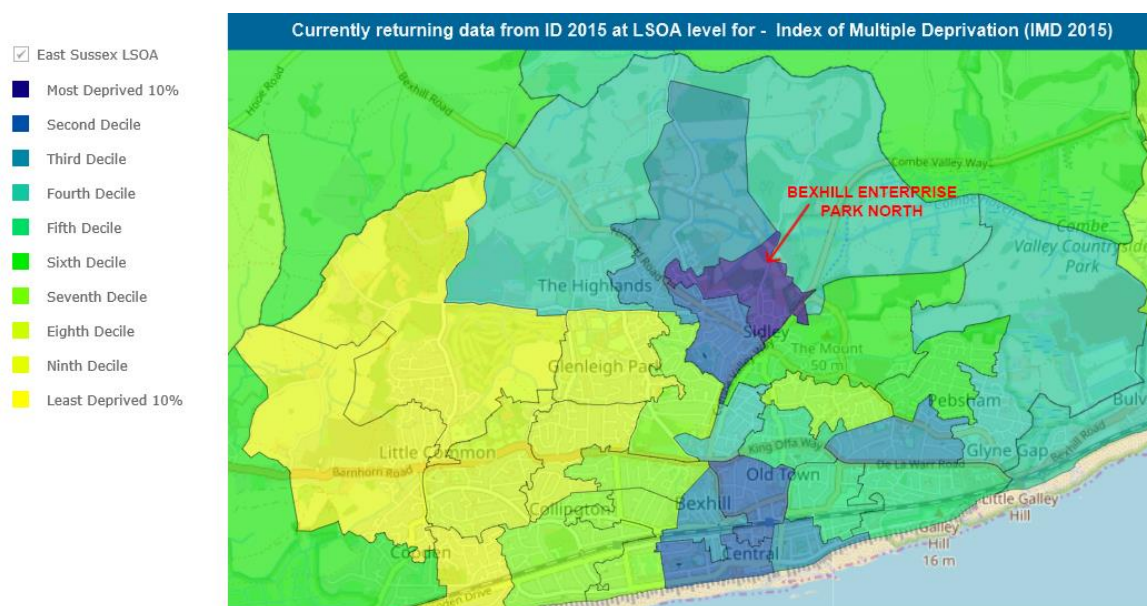


Figure 3 – Lower Super Output Area Rother 007E indicating the IMD 2015 within Bexhill and the project location.

Sidley has double the national and local claimant rate for Employment and Support Allowance and Incapacity benefit as outlined in the graph below.

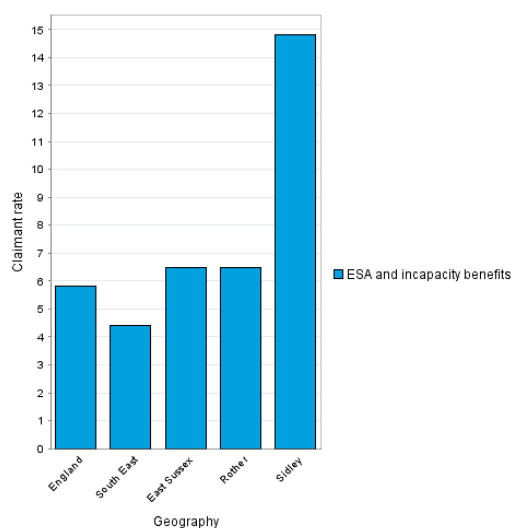


Figure 4 – Employment and Support Allowance and Incapacity Benefit claimant rate in November 2016 for Sidley Ward.
Source: East Sussex in Figures

The employment by occupation dataset for Sidley indicates it has a lower percentage of those employed in Managerial, Professional and Technical occupations than the local and national figures. There is a higher percentage of those employed in Skilled Trade and Elementary occupations.

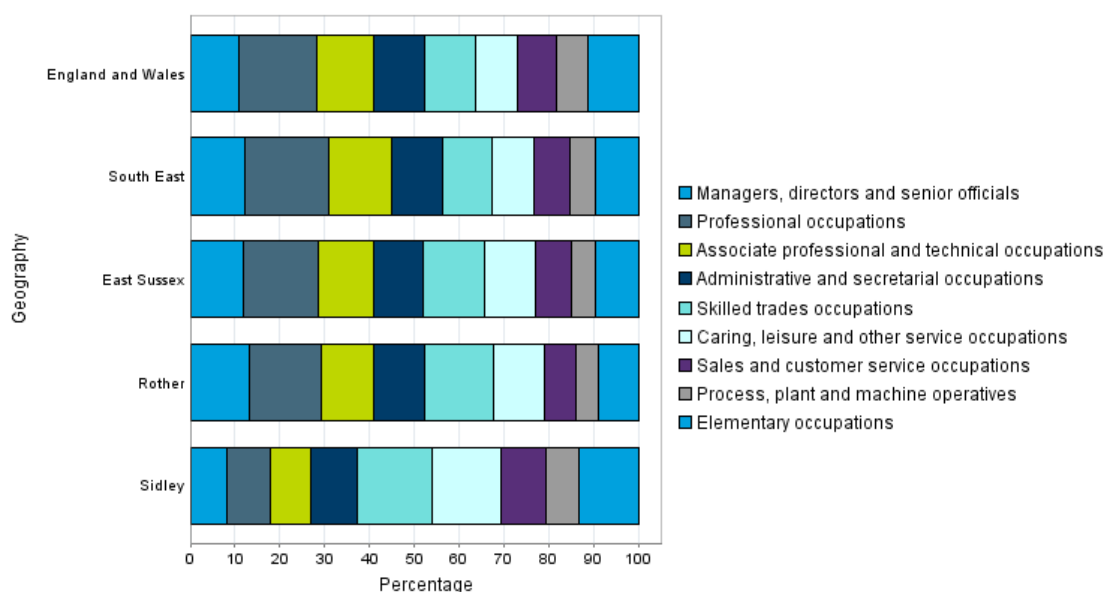


Figure 5 – Employment by occupation in 2011. This dataset shows the percentage of all people in employment aged 16-74 by occupation from the 2011 census. Source: East Sussex in Figures. Office of National Statistics

The project seeks to deliver the infrastructure to directly unlock private sector investment to deliver 8,000 sqm of light industrial space with further office and manufacturing space to follow. BEPN will provide employment space which will deliver jobs in the occupation areas where local skills and experience exist, but it is also likely that opportunities for management and professional occupations will be forthcoming.

The market failure supporting the rationale for public sector intervention relates primarily to a coordination failure between site developers and infrastructure providers in terms of the timing of site infrastructure for BEPN, but also viability issues associated with the scheme in the absence of public sector intervention to address the costs of strategic site infrastructure provision. Without public sector intervention the costs of advanced site infrastructure would be a barrier to private sector investment in the delivery of speculative employment floorspace.

2.5. Sources of funding:

[Promoters should provide supporting evidence to show that:

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

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

The principal funding constraint for BEPN is that the value of employment land in East Sussex exceeds the cost of servicing it for such infrastructure as on-site roads, site drainage (which also addresses comprehensive flood mitigation measures), foul drainage and energy and telecoms provision. Such measures are exacerbated in an urban extension being developed a distance of

between 1 and 2 kilometres from the existing Bexhill settlement and its historic infrastructure corridors.

SCS addressed that challenge for Bexhill Enterprise Park South by providing the infrastructure including and along with the NEBGR largely from its own funds and other private sector investment. Even with this investment, land value could still not be recouped for Glovers House and High Weald House as current building costs still exceed completed building values. SCS invested the land to make these developments happen at NIL value making use of a GPF loan to cover building costs and securing a pre-let of Glovers House as a result.

With BEPN the same challenges exist, though the opportunity to bring public utilities closer has been taken again through negotiation with the main providers South East Water, UKPN and BT for incorporation alongside the NBAR.

The largest challenge is the delivery of the on-site roads, strategic drainage and other on-site infrastructure which will unlock a significant part of BEPN and immediately allow a private sector provider to deliver a total of 8,000 sqm of much needed light industrial over 3 substantive phases as well as unlocking 8,000 sqm of (high tech) manufacturing units and a 2,500 sqm office block. (A further 15,000 sqm of (B1a) office development will be partially unlocked though requires further on-site roads and hence is not counted in the claimed outputs for this project.)

Whilst there is development profit margins for light industrial units to be built speculatively it is not sufficient for a private sector developer to provide the locations site-wide infrastructure as SCS has found when trawling the market. This is unsurprising as such an on cost does not generate any further returns.

Similarly, converting some of the bespoke interest for manufacturing units will not proceed if no strategic infrastructure has been funded and delivered. The prevailing land values would not provide sufficient funding for its servicing even if the further distance from the public highway could be overcome.

SCS views the commitment of a proven light industrial unit developer as a major step forward if the strategic infrastructure, which is this project, is delivered.

Borrowings cannot be provided as they are unable to demonstrate certainty of land sale receipts on a regular basis and over a defined period to achieve a repayment schedule.

No one developer will put in site-wide comprehensive infrastructure as they too would not be able to secure a return and indeed would make their limited proposals unviable. This leaves the only viable solution as grant funding for the substantive site infrastructure as demonstrated in 2.6 below.

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

[Describe the expected outcome of non-intervention. Promoters should clearly establish a future reference case and articulate the impacts on environment, economy and society, if applicable. The future reference case should acknowledge that market conditions are likely to change in the future, with or without any intervention. 'Do nothing' scenarios where nothing changes are unlikely; max. 1 page.]

The BEPN site is currently in greenfield use and in the absence of site infrastructure works designed to enable the delivery of future development, no significant development activities could occur on the site. The impact of non-intervention would therefore be no associated uplifts in land values and no employment supported on the BEPN site.

Without intervention the economic and social issues within the area will continue to persist. The graph below indicates unemployment for the Sidley Ward as measured by the Claimant Count including JSA and Universal Credit, 2017-2018. This indicates that the claimant rate is above that for Rother, East Sussex, South East and England as a whole. There has been a marked recent increase in unemployment and the impact of a non-intervention may be that this upward trend may continue.

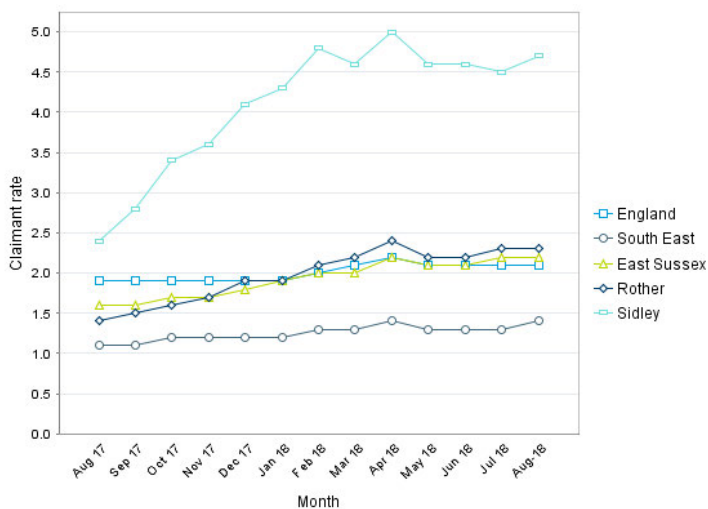


Figure 5 – Unemployment for Sidley Ward as measured by the Claimant Count including JSA and Universal Credit, 2017 -2018 Source:East Sussex in Figures/Office for National Statistics/Nomis

As outlined in 2.4 the light industrial and other employment space will deliver jobs that match the existing occupational and skill base locally.

2.7. Objectives of intervention:

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

Project Objectives (add as required)

- Objective 1: Delivery of Employment Floorspace
- Objective 2: Creation of jobs to benefit economic development
- Objective 3: Private Sector Investment
- Objective 4: Foreign Investment
- Objective 5: Demonstrating market viability

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

- Problem / Opportunity 1: High levels of unemployment
- Problem / Opportunity 2: Weak local economy
- Problem / Opportunity 3: Lack of investment

[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 [Unemployment]	Problem / Opportunity 2 [Weak Economy]	Problem / Opportunity 3 [Lack of investment]
Objective 1 Employment Floorspace	✓✓✓	✓✓✓	✓
Objective 2 Jobs creation	✓✓✓	✓✓✓	✓
Objective 3 Private Sector Investment	✓✓	✓✓✓	✓✓✓
Objective 4 Foreign Investment	✓✓	✓✓✓	✓✓✓
Objective 5 Demonstrating market viability	✓✓✓	✓✓✓	✓✓✓

2.8. Constraints:

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

The scheme has few constraints, as outlined below:

- (1) **Transport access** - overcome with opening of NBAR in December
- (2) **Land ownership** – 100% owned by applicant SCS
- (3) **Outline Planning Consent** – granted in April
- (4) **Discharge of Outline Planning Condition** – submission date May 2019, discharge anticipated July 2019
- (5) **Reserved matters consent** - lodged
- (6) **Site infrastructure** – wholly addressed with this application
- (7) **Private sector investment** – already agreed if this infrastructure project is delivered

2.9. Scheme dependencies:

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

The scheme has few dependencies, as the site is fully owned by SCS and has the benefit of outline planning approval. Any dependencies will be identified, mitigated as far as possible and continuously monitored throughout the project.

2.10. Expected benefits:

[This section identifies scheme benefits (which will be achieved through delivering the scheme) which may not be valued in the Economic Case. Specify the extent of the scheme benefits referring to relevant economic, social, environmental, transport or other benefits. This is where any 'GVA based' estimates of benefits should be reported together with any dependent

development (e.g. commercial or residential floorspace). Please reference the relevant section of the Economic Case where additional information regarding the assessment approach can be found; max. 0.5 page.]

The primary benefit of the project will be its capacity to enable access to key employment sites within the BEPN proposals.

The project will enable the realisation of private led investment in the BEPN site and site masterplanning has identified that sites made accessible through the LGF investment in the project have capacity to support 19,200 sqm of new Gross External Area (GEA) employment floorspace, predominantly proposed for manufacturing and some light industrial uses with some supporting office space.

Alongside the monetised benefits presented below the project has potential to bring a number of wider economic outputs, including potential to:

- Enable a major employment land allocation in East Sussex suitable for bespoke developments
- Provide an opportunity for attracting inward investment in the County.
- Generate a temporary increase in local construction employment
- Provide the opportunity for local companies looking to expand or transfer their operations within the East Sussex area
- Contribute to the overall growth opportunity being promoted within the SELEP Growth Corridors
- Ensure a quality business accommodation offer in East Sussex that can meet the needs of both indigenous businesses as well as providing commercial property product capable of attracting larger companies to the area.

Modelling of employment impacts demonstrates capacity for the BEPN site to support 608 gross FTE jobs, 487 gross FTEs when accounting for small periods of under-occupancy in the development. Net additionality adjustments suggest that the project has potential to support 493 net FTE jobs within the SELEP labour market when fully delivered and modelling of the take-up and occupancy of new development that could form on the BEPN suggests that the delivery of the full project has potential to generate £341 of cumulative GVA within the economic by 2028, £236m in GVA at present values.

2.11. Key risks:

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

Risks Overview

Risk	Mitigation
Sites and Land	
Sites and land cannot be secured for delivery.	Site secured and in the ownership of SCS.
Approvals	

Discharge of Planning Condition re: infrastructure	Design work completed for submission of discharge in May 2019
Reserved Matters application	Site is designated as key planning policy objectives by Rother District Council. Outline planning consent granted. Reserved matters application submitted. Outline planning consent granted and discharge of planning conditions underway. Application granted six months in advance of need, anticipated conditions already being addressed.
Onerous planning conditions difficult to discharge within timeframe	Early submission of information to Local Planning Authority detailing information required.
Design	
Technical design issues due to site conditions	Extensive site investigations undertaken on site as a whole. Detailed design already undertaken and forms part of the Reserved Matters application.
Availability of adequate service capacity to service the development	Extensive strategic investigations and liaison with utility companies. Works in progress. No issues have been identified of which there are no solutions. The service sought is substantially in excess of assessed levels of need identified from previous developments.
Onerous delays as a result of the procurement process	Ensure all parties understand the procurement process and that all key decision points are factored into the project programme.
Delays in approvals required from statutory organisations	Strategic discussions with statutory organisations undertaken and ongoing. Early involvement with regard to specific detail.
Availability of adequate service capacities to service the development	Extensive strategic liaison with utility companies has been undertaken. (1) Electric sub-station under construction and due to be connected by 3 rd December 2018. (2) New surface water reinforcement for North East Bexhill through site. South East water already committed and pipes on site.
Construction	
Delays as a result of ecology present on the sites	Extensive surveys and studies have been undertaken for sites and appropriate mitigation progressed. No ecological issues. Any matters addressed under Natural England Licence. The site is basically former grazing land with no on-site habitats.
Actual build costs exceed projected cost	Cost consultants have been employed and together with SCS's experience in these matters strongly indicate that costs can be contained within the expenditure plan which is based on a detailed design. There is time in the process to carry out value engineering. Availability of material at a reasonable cost, materials for this type of civil engineering project are UK locally sourced and are not threatened by BREXIT. An adequate contingency in place.

3. ECONOMIC CASE

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

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

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

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

3.1. Options assessment:

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

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

Long list of options considered:

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

Options assessment:

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

Short list of options:

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

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

BEPN is a strategic employment site within a priority growth corridor in the SEP and has planning permission in place for 33,500sqm of business space. The options assessment has therefore not considered other spatial options for delivery of the related employment growth but,

rather, has focused on the alternative means by which the delivery of the site development by private sector partners can be unlocked.

Without the provision of advanced infrastructure to provide highways access from NBAR into the site, together with service infrastructure, the private sector will not bring forward the consented employment space. The options therefore relate specifically to alternative levels of infrastructure provision to reach a 'tipping point' from which private investment will follow on. Given the constraints on local industrial land and property values in the Bexhill area, it is essential to provide serviced development sites in order to secure viable investment.

This has been recognised on other sites in the area which has required similar levels of enabling investment by the public sector to secure follow-on private investment. SCS is at an advanced stage of negotiations with a private developer partner for a first phase of business space but that partner has confirmed that they will not proceed to build out the scheme unless advanced infrastructure works are in place.

The options assessment for the opening up of BEPN has therefore focused on the following options:

Option 1 - Non-intervention (Do Nothing)

Under this option the site would remain un-serviced, with no direct means of access into the site from NBAR. No other means of funding the advanced infrastructure is available at this time and therefore the BEPN site would remain stalled and the approved business space development would not proceed. Property values would need to rise significantly in the near future to incentivise the private sector to take the risks associated with speculative infrastructure provision in this area. Site access and infrastructure would not be delivered, thus failing to unlock the site for the delivery of the business space. The delivery of the employment space and private sector investment would potentially stall. This is clear from the discussions with the potential private sector developer partners.

Option 2 – Basic Enabling Works Scope

Under this option the infrastructure provision into the site would be partial rather than comprehensive. It would involve a reduced scope of infrastructure works comprising:

144m carriageway with footways, verges and drainage and associated engineering.

The estimated LGF requirement for this option is £0.83m.

This option would fail to achieve the 'tipping-point' from which the private sector would take forward the delivery of built space across BEPN. This reduced level of infrastructure would still leave the private sector developer with substantial costs to achieve suitable infrastructure provision to the majority of the site and although a small parcel of land would be unlocked for development, it is likely that this piecemeal approach to the delivery of the BEPN site will fail to achieve the early critical mass necessary to establish the site as a prime employment location capable of attracting occupier interest from a wide market area. The experience of SCS from other sites in the area, including previous phases on the Bexhill Enterprise Park, has demonstrated the importance of establishing site 'place-making' in the market and immediacy of

land availability in securing developer / occupier commitments. Under a partial infrastructure option this place-making and immediacy outcome would be compromised and may fail to attract private investment or, at best, lead to a much slower development take-up profile.

Option 3 – Full Package of Enabling Works (Preferred)

The full package of pre-development infrastructure works comprises:

385m carriageway with footways, verges and drainage and associated engineering.

The estimated LGF requirement for this option is £1.94m.

Under this option the site will be fully accessed and advanced service infrastructure will be in place to provide developers and occupiers with 'oven-ready' development platforms. SCS has identified a developer partner for the first phases of the site development (delivering ALL the intended 8,000 sqm of light industrial (B1c) employment space and the development partner has confirmed that it will proceed with business space delivery if the full infrastructure scheme is in place. This option will maximise the scale and pace of private sector investment and unlock the entire site for the delivery of the business space and enable immediate private sector investment in the first phase.

3.2. Preferred option:

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

Option 3 is the preferred option. This option fully aligns with the objectives of bringing forward employment uses on the site, attracting committed private sector investment and establishing BEPN as a key employment growth location, in accordance with local planning policies and the priorities set out in the SEP. Stakeholder support is confirmed through the granting of planning permission for the scheme, which included a full Environmental Impact Assessment to demonstrate how any negative effects arising from the project would be fully mitigated through appropriate design and landscaping measures. Option 3 ensures that the full potential of the site is realised and that new employment opportunities are delivered as early as possible, recognising the requirements of developers and occupiers for 'oven-ready' sites.

3.3. Assessment approach:

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

The impact assessment of the scheme has followed HM Treasury Green Book and MHCLG guidance in terms of the key impact mechanisms under assessment and appropriate adjustments from gross to net additional impacts. From the outset, it should be noted that the scheme has been granted planning permission, including through a detailed Environmental Impact Assessment which demonstrates the positive effects of the scheme in securing land value uplifts and in unlocking economic benefits in terms of employment and GVA. Thus, the

planning process has already ensured that potential harmful effects from the scheme have appropriate mitigation measures.

A 'reference case' has been defined for the purposes of the economic impact assessment to present a baseline of what economic impacts could be realised in the absence of LGF funding. As reflected in the Options Assessment it is clear that the 'reference case' would be Option 1 'do nothing', with deadweight impacts being zero as the site would not come forward, private investment in new employment floorspace would not be delivered, and jobs and GVA benefits would remain unrealised. This would be entirely contrary to the objectives set for BEPN and the wider Growth Corridor, which seek to prioritise the delivery of new employment outputs on the BEPN site.

The impacts achievable under Options 2 and 3 have been quantified at gross level in terms of land value uplift to establish an 'Initial BCR' for both Options. Adjustments to reflect additionality have then been made in accordance with the framework set out in the MCHLG Guidance for non-residential projects. Given the extent of recognised market failure in the Bexhill area, the strong strategic rationale for focusing employment growth in this area and the limited alternative uses for the land given the planning context, additionality is assumed at 75%.

Land value uplift is considered to be the principal measure to be derived from the Green Book and Green Book Supplementary Guidance to support the positive effects of the scheme. Wider employment / welfare impacts have been assessed in both Options carried forward for economic appraisal to establish an 'Adjusted' BCR.

'Adjusted' benefits have been assessed to incorporate the 'welfare' component of the new employment impacts generated by BEPN in both Options. This is based on assessment of the proportion of new employment on the site to be taken by new entrants to the labour force, in line with WebTAG Unit 2.3 Labour Supply Impact principles. Only the welfare component of the net labour force entrants can be taken into account in the consideration of value for money.

To derive the welfare component of the increased jobs capacity, estimates have been made of the proportion of unemployed workers likely to become engaged/re-engaged in the labour force as a consequence of the delivery of the BEPN scheme. Analysis of ONS Claimant Count data at the district (Rother) and ward (Sidley) levels has enabled estimates for the likely number of gross BEPN jobs filled by workforce entrants to be estimated - Claimant Counts in Rother District are above regional averages and particularly high in the Sidley Ward where the BEPN site is located. There is also a substantial incidence of deprivation amongst local communities in the Bexhill area and BEPN proposals have potential to contribute to redress these imbalances locally.

BEPN investment will support local re-engagement in the labour force and shifts in local Claimant Counts to South East averages. Judgements have been made to attribute labour market impacts to this project under the alternative options under consideration.

To quantify welfare benefits arising from labour market impacts, relevant GDP per job metrics for East Sussex¹ have been applied to estimate the likely scale of additional GDP that could be

¹ GDP estimates have been derived through adjustments to GVA estimates by applying a factor of 1.122 based on ONS data
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supported through new workforce entrants over a persistence period of 10 years under each option. In line with WebTAG principles, 40% of this GDP has been identified as the welfare component and included within an adjusted BCR under each option.

3.4. Economic appraisal assumptions:

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

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

Key economic appraisal assumptions are provided in Annex A.

3.5. Costs:

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

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

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

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

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

The overall cost of the BEPN scheme in Option 3 is £1.94m, reducing to £0.83m in Option 2. These costs would be funded through LGF investment. No public costs would be incurred in Option 1.

3.6. Benefits:

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

'Initial' Benefits

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

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

'Adjusted' Benefits

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

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

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

The key benefits of the scheme will be the unlocking and delivery of private sector investment in new employment generating floorspace, jobs and associated GVA. These are the critical benefits of the scheme in terms of a direct contribution to SEP objectives and the spatial growth priority for this identified Growth Corridor. The quantification and monetisation of these benefits are presented in section 3.7 as local benefits.

'Initial benefits' – Green Book based

In line with MHCLG guidance, an 'initial BCR' has been calculated based on projected land value uplift as the primary impact measure. The BEPN site proposed for development extends to 7.72 hectares. Under Option 1 'no LGF', the site will remain in agricultural use, the value of which has been estimated to be £0.17m based on VOA base data (£22,500 per hectare). Under Option 3 the land will be capable of accommodating industrial / business use in line with its current planning status. Land values for industrial use have been estimated based on local transaction evidence together with VOA data and profiled to assume an uplift as the site is built out and becomes an established business location. Profiled over a 7 year build out period, the

estimated total residual land value to be realised is estimated to be £9.7m by 2024/25 (£8.78m in present values). This would be reduced in Option 2 to £0.9m (£0.83m NPV) achieved over the next two years, reflecting the smaller scale of development that could be achieved on a smaller 1.02ha parcel of land on the BEPN site, which is currently valued at £0.02m as agricultural land.

On this basis, the estimated land value uplift generated by the advanced infrastructure investment would be £8.61m at present values in Option 3 and £0.81m at present values in Option 2, reflecting the gross private benefits of the scheme. A prudent adjustment to reflect deadweight/displacement effects in both Options has then been made to reflect the overall additionality of the land value uplifts, set at 75% based on MHCLG guidance. In applying this adjustment it is estimated that at present values Option 3 would bring a net land value uplift of £6.46m and Option 2 would bring a net uplift of £0.60m.

‘Adjusted benefits’ – Green Book based

‘Adjusted’ benefits have been assessed to incorporate the ‘welfare’ component of the new employment impacts generated by BEPN proposals in both Options. This is based on assessment of the proportion of new employment on BEPN to be taken by new entrants to the labour force.

Only the welfare component of the likely net workforce entrants at BEPN can be taken into account in consideration of value for money and estimating the scale of potential labour supply impacts has relied on an understanding of current Claimant Counts in the Sidley ward and Rother district. To reach current regional averages 155 additional residents of Rother would need to re-enter the workforce and current Claimant Counts are highly concentrated in Sidley, where 92 residents would need to re-enter the workforce to reach South East averages (ONS September 2018).

BEPN will likely attract a workforce from the wider Hastings Travel To Work Area (TTWA), although in practice those re-engaging in the labour force are likely to seek employment in close proximity and as the major source of additional employment capacity in the Bexhill area, the potential for BEPN development to redress these imbalance locally is likely to be significant, particularly in Sidley.

A prudent view would be that in Option 3 BEPN proposals have potential to contribute 30% towards the level of Claimant reduction in Sidley necessary to reach regional Claimant averages and that BEPN has potential to contribute towards redressing 20% of imbalances across the rest of Rother. This would equate to 40 gross jobs at BEPN filled by residents re-entering the workforce, equivalent to only 8% of the 447 BEPN operational workforce in Option 3 – this is considered to be a prudent estimate.

In Option 2 it is estimated that a reduced BEPN will have more localised effects, with potential to contribute only 10% towards the shift in Claimant imbalances in Sidley to reach regional averages. This equates to 9 workforce re-entrants, i.e. 10% of the 92 BEPN jobs achieved in Option 2.

The total GDP value of these entrants to the labour force in Option 3 is estimated to be £31.2m in Option 3 and £6.7m in Option 2, reflecting the delivery profile for BEPN jobs and an assumption of 10 years job persistence. To quantify the welfare element in both Options, 40% of

the estimated GDP from these labour market re-entrants has been accounted for (based on WebTAG 2.3), giving an estimated gross welfare value of £12.5m in Option 3, with a net present value of £8.9m. In Option 2, the welfare element of the GDP achieved is estimated at £2.7m (£2.2m NPV).

Alongside these labour supply impacts, the BEPN proposals also have potential to generate high-waged / higher value job outcomes locally, and the additional welfare-related GDP that could be accrued through increased wages locally could be significant. For prudence, this 'move to more productive jobs' among the remaining 'non-workforce re-entrant' jobs located at BEPN has not been monetised at this stage.

3.7. Local impact:

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

Gross and Net Employment Effects

Site masterplanning has identified that the development land made accessible through the LGF investment in Option 3 has potential to support 19,200sqm of new Gross External Area (GEA) employment floorspace and on the basis of established floorspace per job benchmarks (HCA Employment Densities Guide, 3rd Ed., 2014) for the proposed manufacturing (8,000sqm GEA), light industrial (8,000 sqm) and office (3,200 sqm) development, it is estimated that the 19,200sqm of GEA floorspace achieved in Option 3 has capacity to support 608 gross FTE jobs, 487 FTEs when accounting for prudent periods of under-occupancy in the new development. Allowing for adjustments for leakage, displacement and multiplier effects, the estimated net additional FTE employment effects are 493 FTE jobs within the SELEP labour market. In Option 2, only a small parcel of land would be enabled through LGF investment and this has capacity to support 4,700 sqm of new B1c employment floorspace, capable of supporting 111 gross FTE jobs, 89 FTEs when allowing for occupancy deductions. Adjustments for leakage, displacement and multiplier effects would give an estimate of 91 net additional SELEP FTE jobs in Option 2.

GVA estimates

The monetisation of GVA impacts has been modelled based on estimates of GVA per FTE job by relevant sector (derived from ONS GVA estimates) profiled over an assumed floorspace build-out and occupation profile by the private sector in both Options. A prudent build-out profile has been assumed, from 2020 – 2029 in Option 3 and 2019-2021 in Option 2, and this profile reflects market expectations for private sector investment into the sites following public sector investment in access improvements to the BEPN site.

GVA benefits of the estimated net additional FTE job estimates in both Options are measured on the basis of a 10 year job persistence factor and discounted to net present values (NPV) at the Treasury discount rate of 3.5% and on this basis it is estimated that the LGF investment Option 3 has the potential generate £341m in GVA towards the economy by 2038, £236m in NPV terms. In Option 2, it is estimated that the net additional FTE employment gains have the potential to generate £58m (47m NPV).

3.8. Economic appraisal results:

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

Promoters should also include a statement which identifies other schemes which may have potentially contributed to the same benefits/impacts.

Smaller schemes (less than £2 million) are not required to complete a quantified economic appraisal but are required to include a Value for Money rationale.].

	DCLG Appraisal Sections	Option 3 relative to Option 1 status quo (Do Something)	Option 2 relative to Option 1 status quo (Do Minimum)
A	Present Value Benefits (£m)	£6.46m Uplift in land values (NPV)	£0.60m Uplift in land values (NPV)
B	Present Value Costs (£m)	£1.94m LGF	£0.83m LGF
C	Present Value of other quantified impacts (£m)	£8.92m Labour Supply Impacts	£2.16m Labour Supply Impacts
D	Net Present Public Value (£m) [A-B] or [A-B+C]	£13.45m	£1.94m
E	'Initial' Benefit-Cost Ratio [A/B]	3.3	0.7
F	'Adjusted' Benefit Cost Ratio [(A+C)/B]	7.9	3.3
G	Significant Non-monetised Impacts	<p><i>New commercial floorspace:</i></p> <ul style="list-style-type: none"> • 19,200 sqm GEA in Option 3 (Ba1, B2, B1c) • 4,700 sqm GEA in Option 2 (B1c) <p><i>Net additional SELEP employment effects:</i></p> <ul style="list-style-type: none"> • 490 net FTEs in Option 3 • 90 net FTEs in Option 2 <p><i>Cumulative GVA returns:</i></p> <ul style="list-style-type: none"> • £341m in Option 3 (£236m NPV) • £58m in Option 2 (£47m NPV) <p><i>Potential for higher value / higher waged jobs locally.</i></p>	
H	Value for Money (VfM) Category	<p><i>Option 3: High >2</i> <i>Option 2: High >2</i></p>	
I	Switching Values & Rationale for VfM Category	N/A	
J	DCLG Financial Cost (£m)	N/A	N/A
K	Risks	Reserved Matters planning under consideration	<ul style="list-style-type: none"> • Does not enable the development of sufficient critical mass of employment space to establish the location • Will create a piecemeal

	DCLG Appraisal Sections	Option 3 relative to Option 1 status quo (Do Something)	Option 2 relative to Option 1 status quo (Do Minimum)
			<p>development with higher overall development costs</p> <ul style="list-style-type: none"> • Fails to meet requirements to secure developers partners scheme and unlock immediate private sector investment
L	Other Issues	Constructing this section of road in a single contract offers immediate private sector investment through agreed developer partnership.	Not a logical way to ensure delivery of the site or best value for money.

4. COMMERCIAL CASE

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

4.1. Procurement options:

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

Procurement routes considered:

Route	Description	Pros	Cons
Traditional	Full design from Client	Full control of design; greater cost certainty	Full liability for design cost; more lengthy design timescale; no incentive for contractor to be pro-active
Management fee/ Management contracting	Contractor manages, for a fee, a series of packages including tendering, design co-ordination, build	Allows faster procurement as packages can be tendered as design develops	Less cost certainty
Construction Management	Client tenders works packages and manages design and construction interfaces	Full control of design; saving on main contractor o/h and profit	Resource heavy on the Client organisation; Client team may not have appropriate skills to manage and co-ordinate
Target cost	Can be used in combination with a number of the other standard procurement options. The target is agreed and a mechanism established regarding the apportionment of cost savings or extras	Possibly increase incentive on contractor to cost effective solution	Less cost certainty; not suitable for projects that are not particularly novel or complex
Cost reimbursable	Costs of the works are reimbursable on	Allows a fast start on the construction phase through design	No cost certainty; possibly little control over design quality

	the basis of actual costs incurred plus a pre-agreed percentage for on-costs (ie site running costs, overheads, profit	not having to be complete and shorter tendering period	
Design & build	Design responsibility passed via the contract form to the contractor.	Greater cost certainty possible, programmed savings as contract can be let without full design being completed.	Loss of quality control. Limited scope for any contractor innovation if works are not novel, complex or subject to Highway Authority standards.

4.2. Preferred procurement and contracting strategy:

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

The Contract will be let on a traditional basis with the Employer holding the design responsibility. This will allow the Employer to maintain control over the design and manage the inclusion of any third-party requirements that may need to be incorporated, particularly as a result of purchaser's requirements, which may not be known at RMA stage.

Design and build procurement has been discounted due to the need for the Employer to maintain control over the design throughout the process and it is not felt that a design and build route in this instance would offer any programme benefit over a traditional approach given the status of design.

The technical design has been progressed more swiftly than anticipated at SOBC stage and as such there is no need to run the contractor selection and detailed design process concurrently. We have therefore moved away from a two-stage tender approach and instead have implemented a single stage tender process. Tender documents have been issued to three Contractors of suitable experience and capability to deliver these works.

In order to give the best possible level of cost certainty whilst maintaining design control, the contract will be let as a fixed price lump sum contract. SCS's experience of the current market is that contractors are still keen to enter into fixed price lump sum agreements and are not including significant risk premiums within their tenders for doing so.

Given SCS's experience delivering infrastructure projects of a similar nature, scale and complexity, along with knowledge and understanding of the site conditions, it is not felt that Early Contractor Involvement would offer any benefit to the process. Typically, ECI is utilised on complex projects where the contractors' views on issues such as build-ability may be invaluable.

4.3. Procurement experience:

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

SCS is a comprehensive developer with extensive procurement experience relating to a portfolio of over £100m of experience on construction and civil contracts including 2.5km public highway, site infrastructure, service corridors and numerous commercial building projects. Lessons learnt from directly delivered projects together with those more widely in the sector are reviewed and taken account of in relevant processes through the lifecycle of the project.

An experienced internal team is established providing development, commercial, financial, monitoring and administrative management for projects. This is supplemented by a range of highly qualified multi-disciplinary consultants, who have been engaged from experienced international consultancies.

4.4. Competition issues:

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

All significant contractors are selected by competitive tendering and are the subject of Board approval. The procurement strategy is set out in 4.2 above. There are no specialist technical elements or materials in relation to the project that would restrict the market for contractors or sub contractors. Therefore it is perceived that there are no competition issues within the supply chain in relation to this project.

4.5. Human resources issues:

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

Sea Change recognise there is a demand for skills within the construction sector and a skills shortage in particular areas of the industry. There is a need to draw particularly young people into a career in construction. Contractor involvement with the Chartered Institute of Building (CIOB) and Construction Industry Training Board (CITB) are welcomed. It is suggested contractors also foster links with local colleges where possible, such as East Sussex College. Main contractor use of local labour, subcontractors and suppliers are also encouraged.

4.6. Risks and mitigation:

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

Mitigation by achieving best value out of tendering and form of construction contract used. A range of experienced consultants will be utilised to ensure maturity of design that we issue. SCS has significant experience of working in the prevailing site conditions and adjacent to them. The company employs an experienced Clerk of Works to monitor works on a very regular basis.

Risk	Owner	Comment
Land assembly and provision	Client	Completed
Planning Permission	Client	Outline granted. Discharge of relevant condition in progress.
Site conditions	Client	Full knowledge of site conditions
Tendering costs	Client	Client Responsibility
Adequacy of Utility infrastructure	Client	Extensive engagement and works underway as outlined in this form
Design changes during construction	Contractor	Excludes changes to scope that might be requested by the Client which would be to the Client's account
Ground Conditions	Contractor	Contract allocates this risk to the Contractor
Availability of materials to meet the programme	Contractor	Contract allocates this risk to the Contractor
Weather	Contractor	Contract allocates this risk to the Contractor unless exceptional
Subcontractor failure	Contractor	Contract allocates this risk to the Contractor

4.7. Maximising social value:

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

The Public Services (Social Value) Act 2012 will be considered in all relevant procurement processes. SCS was established as the not-for-profit economic development company for East Sussex with the purpose of expanding the area's economy and generating jobs by attracting successful employers and enabling local firms to grow. The purpose of the company therefore delivers wider economic, social and environmental benefits in the area in which it operates.

This project is located in an area that has an economic and social need as consulted on in the Rother Local Plan for example, and is identified in statistics on social, economic and demographic character from the Census, NOMIS and Indices of Multiple Deprivation.

Where possible, local contractors will be sought, subject to economic and procurement considerations. Additionally, where possible, contractors will be encouraged to consider local labour and training opportunities. Contractors will be needed to demonstrate relevant equality and diversity requirements are established.

5. FINANCIAL CASE

The Financial Case determines whether the scheme will result in a fundable and affordable Deal. It presents the funding sources and capital requirement by year, together with a Quantitative Risk Assessment (QRA), project and funding risks and constraints. All costs in the Financial Case should be in nominal values².

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

5.1. Total project value and funding sources:

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

The investment in the access road infrastructure will unlock the development site and will directly enable the first phases of development on Bexhill Enterprise Park North with the potential to support 19,200 sqm of employment space and integrate into further infrastructure required to enable subsequent phases of development

This will provide enabling works required to unlock 8,000 sqm of light industrial space, 8000 sqm of manufacturing space and 3,200 sqm of employment space. Private sector investment of £18.8m will be unlocked through the construction of properties that will be served by the proposed enabling works.

It is anticipated that the first phase of this private sector investment will be delivered immediately as development of light industrial units will be carried out in parallel with the construction of the road, with an agreement in place with an experienced industrial developer to develop this portion of the business park provided the enabling works can be delivered.

There is also aligned investment of circa £500,000 in utilities infrastructure to include foul water, electricity and potable water underway to supplement the enabling works for which funding is requested.

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

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

We are seeking £1.94m of grant funding from LGF 3B.

5.3. Costs by type:

Detail the cost estimates for the project by year as per the table below (expand as appropriate) and specify how the inclusion of the Quantitative Risk Assessment (QRA) and other overheads aggregate to the total funding requirement. Where conversion has been made between nominal

² Nominal values are expressed in terms of current prices or figures, without making allowance for changes over time and the effects of inflation.

and real cost estimates (and vice versa) please provide details of any inflation assumptions applied. The Financial Case should not include Optimism Bias. Please confirm that optimism bias has not been applied in the Financial Case. Also, include details of the agreed budget set aside for Monitoring and Evaluation, and ensure this aligns with the relevant section in the Management Case. Please note, not all sections of the table may require completion.]

	Expenditure Forecast			
Cost type	18/19 £000	19/20 £000	20/21 £000	21 – 23 £000
Capital - Infrastructure Construction				
[For example by stage, key cost elements for construction, and other cost elements such as contingency, overheads and uplifts]	■	■	■	■
Capital - Building Development				
[For example by stage, key cost elements for construction, and other cost elements such as contingency, overheads and uplifts]	■	■	■	■
Non-capital [For example revenue liabilities for scheme development and operation]	£0	£0	£0	£0
QRA (Contingency)		■	£0	£0
Monitoring and Evaluation	■	■	£0	£0
Total funding requirement	■	■	■	■
Inflation (%)				

The above table sets out costs by type, as per instructions provided we have not included an Optimism Bias within these figures. As per the notes in section 5.4 a QRA has not been required at the SOBC stage, as such this exercise has not yet been completed in lieu of this we have included a basic contingency within our figures based on our experience in the delivery of similar infrastructure projects.

This contingency allows for cost over runs in relation to ground conditions, ecology, drainage issues, etc. It should however be noted that as part of the outline planning permission risks have been minimised in so far as is possible through surveys and work already undertaken to obtain outline planning permission.

While an initial funding requirement of £1,940,000 is required as grant funding to complete enabling works on the site. Completion of these works will allow improve the marginal viability within the development by an amount sufficient for the scheme to attract private sector funding

and investment. Based on current construction costs we estimate the project will enable in the region of £18.8m of speculative private sector investment to take place in the area over the period to 2023. £4.9m of this private sector investment likely to be realised in the current funding period to 2021.

5.4. Quantitative risk assessment (QRA):

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

This is not required at SOBC stage.

Since the SOBC stage Sea Change has progressed the scheme to detailed design and as a result has re-assessed the risk provision. A Quantitative Risk Assessment has been undertaken having regard for the latest information available and design progression. All previously identified risks have been re-assessed with only the residual remaining risk priced. This has led to an increase in the risk provision over and above that previously included within the bid. However, this has been offset by fee savings in respect of the detailed technical design. Please refer to the detailed QRA in the appendices.

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

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

Funding source	Expenditure Forecast				
	18/19 £000	19/20 £000	20/21 £000	21/22 £000	22/23 £000
Capital expenditure – LGF 3B – Professional Fees, Prelims and Contingencies	£0	£682	£0	£0	£0
capital expenditure – LGF 3B – Road & Infrastructure Construction	£0	£1,258	£0	£0	£0
capital expenditure – Sea Change Sussex –Building Construction	£0	£0	£0	██████	██████
capital expenditure – Westcott Leach –Building Construction	£0	██████	██████	██████	£0
Sea Change Sussex Infrastructure Investment (Leveraged)	██████	██████	£0	£0	£0
Utility Providers Infrastructure Investment (Leveraged)	██████	██████	£0	£0	£0
Total funding requirement	██████	██████	██████	██████	██████

**1st stage estimate of UKPN cost*

The figures in the above table represent an estimate of funding requirements for the development of the infrastructure project and the construction of the Employment space that will be enabled by the project and LGF 3B funding. Given the level of planning undertaken to date

we believe the cost estimated for the road are extremely robust having been carried out by the team presently engaged on the construction of the neighbouring North Bexhill Access Road.

While these figures for the delivery of the infrastructure that we propose LGF 3B funding is robust and will need to be drawn down over a short period to deliver the project and meet the timetables proposed for the construction of employment space that will be served through by the proposed road. The advantage that this offer is that there is additional incentivisation to deliver the road and unlock private sector investment well within the present LGF 3B period.

As with most projects Brexit presents risks and uncertainties, namely for the construction there is a risk that new boarder regulations could impact on the availability of materials at affordable prices, or cause shipment delays while new regulations are brought into force. We are however fortunate that most of the materials required for the construction of the project are locally sourced or materials produced elsewhere within the UK, as such we expect the impact of any initial post Brexit issues to be minimal. This may however cause delays in the delivery of private sector funded development if supply issues were to continue for an extended period, which we consider unlikely.

5.6. Funding commitment:

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

5.7. Risk and constraints:

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

SCS has sought to minimise risk through employment of consultants with specialist experience relative to the works and the locality. The Chartered Civil Engineer who undertook the design of NBAR which runs along the western boundary of the site, have been engaged to produce the design along with the Chartered Quantity Surveyors who specialise in infrastructure works and have prepared the build cost estimate. Both consultants, and SCS have a sound knowledge of the existing site and ground conditions collected through the delivery of NBAR. It is considered that these measures have allowed for a robust cost plan to be produced and it is felt that a 10% contingency allowance is ample. As per the notes in Section 5.4 a full QRA is not required at the SOBC stage.

6. MANAGEMENT CASE

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

6.1. Governance:

(ideally as a diagram with accompanying text) and describe responsibilities, project accountability, meeting schedules etc.;

Funding from SELEP will pass via the LEP's Accountable Body, Essex County Council, to East Sussex County Council, who will be the accountable body for the project and they will enter into a legal agreement with SCS, which will deliver the project. The Section 151 Officer of ESCC will monitor the legal and financial probity of the contract.

The delivery vehicle for the project is East Sussex Energy, Infrastructure and Development Ltd trading as. The company is limited by guarantee (company number 07632595) and is not for profit. The members of the company are:

Hastings, Bexhill and East Sussex Business Association Ltd	50%
East Sussex County Council)
Rother District Council) 19.9%
Hastings Borough Council)
University of Brighton	19.9%
Voluntary Sector	10.2%

Governance of the company is regulated by its Articles of Association which set out, among other matters, the membership, operation and conduct of the Board and its meeting requirements. The Board is currently chaired by Professor Julian Crampton, former Vice Chancellor of the University of Brighton, Chair of the Brighton Dome Board, Chair of the Royal Pavilion and Museums Foundation Board and Chair of the Board of the University of Gloucestershire. Currently, general SCS Board meetings take place every 2 – 2.5 months with the AGM approving the annual accounts.

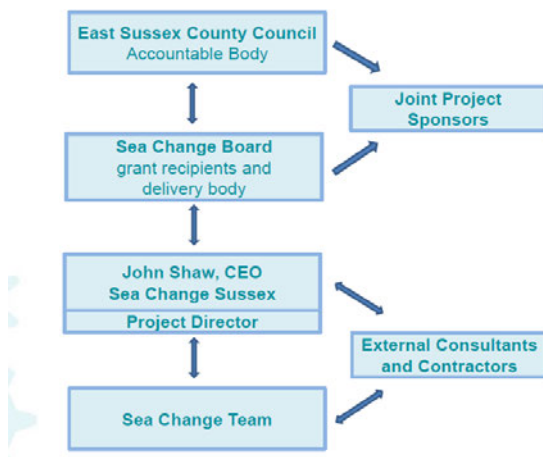
The financial transactions of the company are regulated by the current Financial Regulations and Scheme of Delegation approved by the Board on 11th January 2012. Basically, all significant contractors are selected by competitive tendering and are the subject of Board approval.

Financial payments are made by the tried practice of purchase orders and payments authorised on compliance and financial checks by the appropriate staff. Financial monitoring and management accounts are provided from a computer-based system (Access Dimensions,

approved by HMRC and Institute of Chartered Accountants) which allows flexible interrogation. The system is specifically designed for project accounting. Each Board meeting receives an 'income and expenditure' report which also informs bank balances. Separately, 'expenditure commitments' are identified to the Board informing the project and extent of financial commitments relating thereto. Details of progress including committed expenditure and final outcome are reported for each separately funded project. This would be one such discrete project in its reporting to the Board. These sets of information identify the source of funding and the expenditure incurred on a project by project basis against that funding commitment. The accounts are annually audited externally (currently by Reeves & Co) and corporate legal advice is provided to the Board on a regular basis (currently by Pinsent Masons).

The County Council has also established an internal SCS Governance Board. This involves senior officers from Legal, Finance and the Economic Development services within the authority to manage the governance between the County Council and SCS as a delivery partner.

Project Governance Structure



Scheme Project Management

The project will be managed on a daily basis by an experienced project manager in this type of development project. A multi-disciplinary team of consultants will progress each scheme including:

- Civil and Structural Engineers
- Ecologist
- CDM Co-ordinator
- Quantity Surveyor
- Clerk of Works

The following are the key project management tasks to be undertaken:

- Monitor and review the project through all stages and report regularly to the Employer on the status of the Project (monthly report required in a form to be advised by the Employer); obtain decisions needed and with the Employer's approval amend the development proposals;

- Maintain and update as necessary the development budget and cashflow; provide reports as required by the Employer's finance department on the financial status of the project and update Employer project monitoring systems as necessary;
- Initiate action in the event that any aspect of the Project appears to be likely to fail to achieve the Employer's objectives, public organisations, budget and programme. Agree suitable corrective action and monitor its implementation;
- Throughout the project brief and manage consultants and contractors on their duties, the Project procedures and the Project as necessary to achieve the project brief and so that all parties and individuals understand what is needed to achieve the Employer's objectives;
- Establish communication, reporting and authorisation procedures to operate between Employer, Project Manager, Consultants and Contractors;
- Develop with the team a detailed Project Brief to include all relevant objectives, statutory duties, constraints and their relevant priorities;

The following project controls will be applied during the project lifetime:

- Monthly progress reports will be provided;
- Appropriate meeting structures will be implemented;
- An issues log and risk management plan will be produced and reviewed at appropriate intervals;
- Compliance reviews of Development Framework and Cost plan will be held at regular intervals;
- A Request for Information and a Change Control system will be put in place;

A Project Execution Plan (PEP) for each scheme will be established and constantly reviewed and updated for the duration. This includes:

Project Objectives and Priorities – Objectives and Constraints

Project Brief – Details, scope

Project Organisation – Project Team, Work Structure, Authority, Procurement

Risk – Risk Register, Risk Management and Strategy

Communications – Requirements, Document Control, Site Organisation, Instructions, Meetings

Control – Design Management, Time management, Cost Control, Quality, Commissioning, Interfaces

Health and Safety – Competencies, CDM, Health and Safety File, Site Arrangements

Post Project Review - Procedures

6.2. Approvals and escalation procedures:

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

This is not required at SOBC stage.

As outlined above, the financial transactions of the company are regulated by the current Financial Regulations and Scheme of Delegation. All significant contractors are selected by competitive tendering and are the subject of Board approval. Financial payments are made utilising purchase orders and payments authorized on compliance and financial checks. Financial monitoring and management accounts are provided from a computer-based system with each board meeting receiving an income and expenditure report. Details of progress

including committed expenditure and final outcome are reported for each separately funded project. This would be one such discrete project in its reporting to the board.

6.3. Contract management:

[Explain your approach to ensuring that outputs are delivered in line with contract scope, timescale and quality; max. 0.5 pages.]

This is not required at SOBC stage.

Outputs will be managed by the project manager and contract administrator. The choice of the right contract is key, together with arrangements being flexible enough to accommodate change. The activities will cover three areas:

- **Contract administration** handles the formal governance of the contract and changes to the contract documentation. It includes contract maintenance and change control, cost monitoring, ordering and payment procedures and management reporting. Clear administrative procedures ensure that responsibilities of all parties are understood.
- **Service delivery management** ensures that the service is being delivered as agreed, to the required level of performance and quality. The contract will define the service levels required. Quality metrics will be created that allow performance and quality to be measured. Managing risk by identifying and controlling is also key.
- **Relationship management** keeps the relationship between the two parties open and constructive, aiming to resolve or ease tensions and identify problems early. Information flows and communication levels should be established at the start of the contract and maintained throughout its lifecycle. Set procedures will be defined for raising and handling problems.

6.4. Key stakeholders:

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

A range of public consultations have been undertaken relating to the wider development of North East Bexhill. This includes statutory consultations relating to local strategic planning documents.

As outlined, there has been a long-standing intention to develop the area of north-east Bexhill, going back to the County Structure Plan (1980). This was followed through to the East Sussex and Brighton and Hove Structure Plan 1991 which proposed a major business park north of Sidley. The Rother District Local Plan (RDLP) in 2006 recognised North-east Bexhill as being critical to economic growth in the area, and established the principle of development, and the overall scale, mix and general disposition of uses within the application site.

The site was the subject of a planning application which had strong support resulting in the approval in May 2018.

Stakeholders have been identified in the Stakeholder Management and Engagement Plan (see separate document). This has categorised the stakeholders as groups, some with subsets:

- South East Local Enterprise Partnership
- Local Authorities
- Statutory Consultees
- Utility Companies
- Public
- Business Community
- Public and Private Sector
- Objectors
- Potential Suppliers
- Media

6.5. Equality Impact:

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

The Equality Impact Assessment (EqIA) is attached as an Appendix. The Summary states that the project will benefit the ward of Sidley which is one of the most deprived in the County of East Sussex. The project was deemed to have a positive impact on the identified protected characteristics of:

- Age
- Disability
- Ethnicity
- Gender/Transgender
- Marital Status/Civil Partnership
- Pregnancy and maternity
- Religion, Belief
- Sexual Orientation – Gay, Lesbian, Bisexual and Heterosexual
- Other

6.6. Risk management strategy:

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

The focus of the Risk Management Strategy is to adopt a strategic approach to risk management, integrating it into workflows and processes, in order to make better informed decisions.

The objectives of the strategy will be met by:

- Maintaining a robust risk management approach that will identify and effectively manage risks at various levels
- Focussing on key risks that because of the residual/likelihood scores make them priorities
- Ensure roles for managing risk are clearly defined
- Consideration of risk as an integral part of business processes
- Definition of risks at different levels of delivery – Business, Contract, Project and Partnership
- Reviewing risks at differing interval according to net risk level
 - High Risk – As a minimum Monthly
 - Medium Risk – As a minimum Quarterly
 - Low Risk – As a minimum 6-monthly

Risk will be managed in one, or in a combination of the following ways:

- **Avoid** – A decision is made not to take a risk
- **Accept** - A decision is made to accept the risk
- **Transfer** – All or part of the risk is transferred eg.to the contractor
- **Reduce** – Action is implemented to reduce the risk further
- **Exploit** – Risk mitigation is undertaken and a decision is taken to exploit, resulting in an opportunity

An issues log will be utilised to monitor changes and issues. The risk management strategy will be reviewed and updated as a live document throughout the project.

6.7. Work programme:

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

Key Milestones	Description	Indicative Date
Discharge of planning condition	Submission of discharge for infrastructure May 2019.	July 2019
Construction Procurement	Construction procurement process	December 2018
Final Construction Design	Production of construction stage design	Jan 2019
Site Preparation	Site Establishment and Preparation	August 2019
Main Works Commencement	Commencement of road infrastructure and servicing	August 2019
Main Works Completion	Completion of road infrastructure and servicing	March 2020
Construction of Ph. 1	Commencement of Light Industrial Units	Q1 2020

The key dates are outlined above and are shown in the form of a Gant Chart in Appendix C. The critical path is focussed on achieving Planning (with outline planning granted) and procurement of a contractor in order the main works can commence. SCS has extensive knowledge in relation to this the site having conducted extensive work and surveys. The infrastructure has been fully designed and work of a technical and site nature will be moved forward as advanced working where possible. SCS has key experience in relation to delivery of projects of this nature and has the relevant delivery resource in place (as outlined in other sections of this document).

6.8. Previous project experience:

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

SCS is a comprehensive developer with previous experience of delivery of a wide range of projects delivered to time and budget, securing various objectives and benefits. The portfolio includes over £100m of experience on construction and civil contracts including 2.5km public highway, site infrastructure, service corridors and numerous commercial building projects. SCS has comprehensive governance and project execution protocols

An experienced internal team is established providing development, commercial, financial, monitoring and administrative management for projects. This is supplemented by a range of highly qualified multi-disciplinary consultants, who have been engaged from experienced international consultancies.

6.9. Monitoring and evaluation:

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

The Project Execution Plan includes provision for the monitoring and evaluation of the scheme both during construction and operation, and in respect of the key outputs.

ESCC and SCS will work collaboratively to monitor progress of scheme delivery based on contractual milestones to be agreed with the appointed contractor. Following completion of the scheme operational performance will be subject to ongoing monitoring.

Specify the following:

Inputs

- *Describe what is being invested in terms of resources, equipment, skills and activities undertaken to deliver the scheme*
- Project Management – Sea Change Sussex
- Professional advice and Design - including Civil and Highway Engineering
- Civil Engineering/Building Contractor – Construction of infrastructure

Outputs (delivering the scheme/project)

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

The project delivers the BEPN infrastructure and as a direct consequence secures private sector investment in the light industrial unit content of the Business Park and facilitates sites availability for 8000 sqm of bespoke manufacturing development (B2) along with a 2,500 sqm site for a (B1a) office unit.

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)*

Outcomes will be monitored through specific KPI's as stated in the table below and more generally, if relevant, through data sources provided by East Sussex in Figures, utilising datasets from the Office for National Statistics and Nomis.

High- Level Outcomes	
Key Performance Indicator	Description
Jobs connected to intervention (permanent, paid FTE)	Information directly form Occupiers
Commercial floorspace planned	As stated
Commercial floorspace constructed to date	Completed floorspace directly monitored

Transport (Outputs)	
Key Performance Indicator	Description
Total planned length of newly built roads (km)	As stated
Total completed length of newly built roads (km)	Completed road directly monitored
Total planned length of newly built cycleways (km)	As stated
Total completed length of newly built cycleways (km)	Completed cycleway directly monitored

Land, Property and Flood Protection (Outputs)	
Key Performance Indicator	Description
Anticipated commercial floorspace occupied – please state sqm and class	As stated
Actual commercial floorspace occupied – please state sqm and class	Information directly form Occupiers
Commercial rental values (£/sqm per month, by class)	Information directly form Occupiers

Impacts (evaluation)

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

The project impacts will be monitored post completion in accordance with the Benefits Realisation Plan and contractual requirements, including 2 and 5 years if required. As outlined in this form the project is aligned with the Strategic Economic Plan and will have an impact on the following Growth Deal outcomes as quantified in the Economic section of this form.

- Jobs Created
- Commercial/employment floor space completed

Promoters should also include a statement which identifies other schemes which may have potentially contributed to the same benefits/impacts.

North Bexhill Access Road

<https://www.southeastlep.com/project/north-bexhill-access-road/>

NBAR is funded through the LGF. This transport infrastructure project which is now nearing completion, provides strategic connectivity within the North Bexhill area for Business and Housing development as well as wider transport connectivity for the network.

The NBAR business case had a positive BCR in pure transport terms irrespective of any wider employment and GVA impacts. The current LGF investment request will directly lever the private investment to deliver jobs and GVA.

Max. 1 page excluding table.

Smaller schemes (less than £2 million) are required to complete Monitoring and Evaluation which is proportionate to the size of the scheme; max. 0.5 page.]

6.10. Benefits realisation plan:

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

The benefits realisation plan (BRP) will demonstrate how the objectives will be achieved by the project; it will enable the benefits that are expected to be derived from the project to be planned for, tracked and realised.

The expected benefits will be mapped in accordance with the Strategic and Economic Case and will detail the key activities that are required to manage the successful realisation of these benefits, what needs to be done, when and by whom.

The Benefits Realisation Plan is owned by the Senior Responsible Owner (SRO) at SCS who will use it to guide decision making about the project and to demonstrate completed delivery. As the scheme is developed the mechanism for delivering these will be, reviewed by the project manager at regular intervals to ensure fit with the objectives.

Delivery against the objectives will be set out. The method for determining the success of the infrastructure improvement is by monitoring the delivery of the outputs to ensure they are delivered in such a way that meets the project objectives and by defining the relevant measure for the direct and in-direct outcomes.

The BRP will set out the time table for both monitoring the infrastructure, development of BEPN and wider benefits. In assessing the benefits delivered by scheme both qualitative and quantitative data will be used. Any perceived risk relating to the delivery of a benefit will be identified and mitigated where possible

7. DECLARATIONS

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

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


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

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

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

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

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

<i>Signature of applicant</i>	
<i>Print full name</i>	JOHN SHAW
<i>Designation</i>	CEO

8. APPENDIX A - FUNDING COMMITMENT

Draft S151 Officer Letter to support Business Case submission

Dear Colleague

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

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

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

Yours Sincerely,

SRO (Director Level)

S151 Officer

9. APPENDIX B – RISK MANAGEMENT STRATEGY

Description of Risk	Impact of Risk	Risk Owner	Risk Manager	Likelihood of occurrence (Very Low/ Low/Med/ High/ Very High) (1/2/3/4/5) *	Impact (Very Low/ Low/ Med/ High/ Very High) (1/2/3/4/5) **	Risk Rating	Risk Mitigation	Residual Likelihood/Impact Scores
Sites and land cannot be secured for delivery.	High	SCS	SCS	1	5	Medium	Site secured and in the ownership of SCS.	5
Discharge of existing planning permission condition not granted	Medium	SCS	SCS	1	5	Medium	As this application builds on an existing outline consent we consider planning to be a limited risk and as the application is compliant with local plan policies allocating the site for employment use we anticipate obtaining reserved matters approval.	5
Onerous planning conditions difficult to discharge within timeframe	Medium	SCS	SCS	1	3	Low	Early submission of information to Local Planning Authority detailing information required.	3
Technical design issues due to site conditions	Medium	SCS	SCS	1	3	Low	Extensive site investigations undertaken on site as a whole.	3
Availability of adequate service	Medium	SCS	SCS	2	3	Medium	Extensive strategic investigations and liaison with utility companies.	6

capacity to service the development							Works in progress. No issues have been identified of which there are no solutions. Capacity has been sought substantially in excess of assessed levels of need identified from previous developments.	
Onerous delays as a result of the procurement process	High	SCS	SCS	1	4	Low	Ensure all parties understand the procurement process and that all key decision points are factored into the project programme.	4
Delays in approvals required from statutory organisations	Medium	SCS	SCS	2	3	Medium	Strategic discussions with statutory organisations undertaken. Early involvement with regard to specific detail.	6
Availability of adequate service capacities to service the development	Medium	SCS	SCS	2	3	Medium	Extensive strategic liaison with utility companies has been undertaken.	6
Delays as a result of ecology present on the sites	Medium	SCS	SCS	1	3	Low	Extensive surveys and studies have been undertaken for sites and appropriate mitigation progressed.	3
Actual build costs exceed projected cost	Medium	SCS	SCS	1	3	Low	Cost consultants have been employed and together with SCS's experience in these matters	3

							strongly indicate that costs can be contained within the expenditure plan.	
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* Likelihood of occurrence scale: Very Low (1) more than 1 chance in 1000; Low (2) more than 1 chance in 100; Medium (3) more than 1 chance in 50; High (4) more than 1 chance in 25; Very High (5) more than 1 chance in 10.

** Impact scale: Very Low (1) likely that impact could be resolved within 2 days; Low (2) potential for a few days' delay; Medium (3) potential for significant delay; High (4) potential for many weeks' delay; Very High (5) potential for many months' delay

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

10. APPENDIX C – GANTT CHART

Tasks	Start date	Finish date	2019									2020		
			Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Key Milestones / Deliverables														
Planning for Infrastructure	Oct 18	July 19												
Construction Procurement	Dec 18	June 19												
Final Construction Design	Jan 19	April 19												
Site Preparation	Aug 19	Aug 19												
Main Works Commencement	Aug 19	Mar 20												

11. APPENDIX D – MONITORING AND EVALUATIONS METRICS

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

Category	Key Performance Indicators	Description
High-level outcomes	Jobs connected to intervention (permanent, paid FTE)	Information directly form Occupiers
	Commercial floorspace planned - please state sqm and class	As stated
	Commercial floorspace constructed to date - please state sqm and class	Completed floorspace directly monitored
	Housing unit starts (forecast over lifetime)	
	Housing unit starts (to date)	
	Housing units completed (forecast over lifetime)	
	Housing units completed (to date)	
Transport (outputs)	Total planned length of resurfaced roads (km)	
	Total completed length of resurfaced roads (km)	
	Total planned length of newly built roads (km)	Figure defined
	Total completed length of newly built roads (km)	Completed road directly monitored
	Total planned length of new cycle ways (km)	
	Total completed length of new cycle ways (km)	
	Type of service improvement	
Land, Property and Flood Protection (outputs)	Anticipated area of site reclaimed, (re)developed or assembled (ha)	
	Actual area of site reclaimed, (re)developed or assembled (ha)	
	Length of cabling/piping planned (km) - Please state if electricity, water, sewage, gas, telephone or fibre optic	
	Length of cabling/piping completed (km) - Please state if electricity, water, sewage, gas, telephone or fibre optic	
	Anticipated area of land experiencing a reduction in flooding likelihood (ha)	

Category	Key Performance Indicators	Description
	Actual area of land experiencing a reduction in flooding likelihood (ha)	
	Follow-on investment at site (£m) - Please state whether Local Authority, Other Public Sector, Private Sector or Third Sector	
	Anticipated commercial floorspace refurbished - please state sqm and class	
	Actual commercial floorspace refurbished - please state sqm and class	
	Anticipated commercial floorspace occupied - please state sqm and class	As stated
	Actual commercial floorspace occupied - please state sqm and class	Information directly form Occupiers
	Commercial rental values (£/sqm per month, by class)	Information directly form Occupiers
	Anticipated number of enterprises receiving non-financial support (#, by type of support)	
	Actual number of enterprises receiving non-financial support (#, by type of support)	
	Anticipated number of new enterprises supported	
Business, Support, Innovation and Broadband (outputs)	Actual number of new enterprises supported	
	Anticipated number of potential entrepreneurs assisted to be enterprise ready	
	Actual number of potential entrepreneurs assisted to be enterprise ready	
	Anticipated number of enterprises receiving grant support	
	Actual number of enterprises receiving grant support	
	Anticipated number of enterprises receiving financial support other than grants	
	Actual number of enterprises receiving financial support other than grants	
	Anticipated no. of additional businesses with broadband access of at least 30mbps	
	Actual no. of additional businesses with broadband access of at least 30mbps	
	Financial return on access to finance schemes (%)	

12. APPENDIX E – ECONOMIC APPRAISAL ASSUMPTIONS

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

Appraisal Assumptions	Details
QRA and Risk allowance	As per 5.4 QRA is not required at this SOBC stage. Risk quantified as stated in section 5.3.
Real Growth	Growth in land values is assumed to be achievable over time as the BEPN site becomes established and becomes a recognised investment location in Rother and wider area.
Discounting	HM Treasury discount rate of 3.5% has been applied.
Sensitivity Tests	The headroom in terms of BCR is considered sufficient to accommodate variations in LVU estimates and in the value of welfare impacts, sufficient to avoid switching values to poor value for money – estimates of LVU would need to drop by at least 50% for the project to fall outside good value for money parameters. In other words, the very positive BCR projected by the scheme under Option 3 is considered robust.
Additionality	<p>Additionality adjustments to initial and adjusted benefits have been applied in line with Green Book and DCLG guidance. These adjustments reflect:</p> <ul style="list-style-type: none"> - Reference Case deductions - impacts achievable under Option 1 – ‘no LGF - Deadweight / Displacement – for land value uplift additionality is taken as ‘high’ reflecting the additionality framework in the DCLG appraisal guidance. A displacement rate of 25% has been applied to the estimates of land value uplift. <p>Additionality adjustments to jobs and GVA estimates for Local Impacts reflect Homes England ‘Additionality Guide’ and wider research into additionality (BIES, 2009). Adjustments for leakage and displacement (-25%) and multiplier (1.35) effects have been made.</p> <p>The target beneficiaries of BEPN are the communities of Bexhill and Rother which are recognized priority areas for regeneration in East Sussex and the wider South East. BEPN is being developed in order to address a recognized shortage of employment land and suitable premises capable of attracting inward investment by companies from outside of the local area. While the target market is not existing local</p>

	<p>economic activities, inevitably there may be some relocations of businesses from the area. In such cases, the focus will be on unlocking the growth and expansion of these businesses or securing their retention in the area and thus safeguarding employment opportunities. On this basis, levels of employment displacement are considered to be likely to be low for the project supporting high levels of additionality at both local and sub-regional levels.</p> <p>For land value uplift, levels of displacement are considered to be low given that BEPN is the key employment site in the area, promoted through planning policy, and there are limited alternative uses for the land.</p>
Administrative costs of regulation	
Appraisal period	20 years – 2018-2037
Distributional weights	NA
Employment	<p>Employment estimates reflect Homes England 'Employment Densities Guide' 3rd Ed., 2014). For GVA estimates under Local Impacts, the employment profiles for new occupiers has assumed a mix of B1a, B1c and B2 using the following sectors and GVA per worker rates based on ONS sub-national estimates at NUTS2 level (Surrey, East & West Sussex):</p> <ul style="list-style-type: none"> - B1a – Professional Services, Business Services, IT, Financial & Insurance (GVA per worker £65,586) - B1c – Manufacturing, Transport & Storage (GVA per worker £65,145) - B2 – Manufacturing (GVA per worker £75,750)
External impacts of development	<p>All external impacts of the development of BEPN and associated infrastructure have been assessed and appropriate mitigation measures incorporated as part of the Environmental Impact Assessment submitted and approved as part of the statutory planning application process.</p>
GDP	<p>GVA has been adopted as the basis for monetising employment impacts from the scheme. This has been converted to GDP for the purposes of quantifying the welfare component of employment impacts under the 'adjusted BCR'.</p> <p>For GDP impact conversions for use in labour supply impact analysis, a multiplier of 1.112 has been used in line with national GVA/GDP levels reported by ONS.</p>
House price index	NA
Indirect taxation correction factor	NA
Inflation	No allowance

Land value uplift	Estimates of land value uplift have adopted the VOA benchmark for agricultural land to reflect existing use value and local evidence alongside VOA data to derive industrial land values. SCS is active in the local industrial land market and has extensive experience of recent transactions on which it has based its estimates of realisable land values for BEPN post-infrastructure provision.
Learning rates	NA
Optimism bias	Optimism bias is accounted for as a sensitivity test in terms of the very high BCR achievable from the scheme – see commentary above under ‘Sensitivity Tests’
Planning applications	BEPN has planning permission in place.
Present value year	2018
Private sector cost of capital	
Rebound effects	
Regulatory transition costs	

13. APPENDIX F - CATEGORIES OF EXEMPT INFORMATION

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

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

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