

The template

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

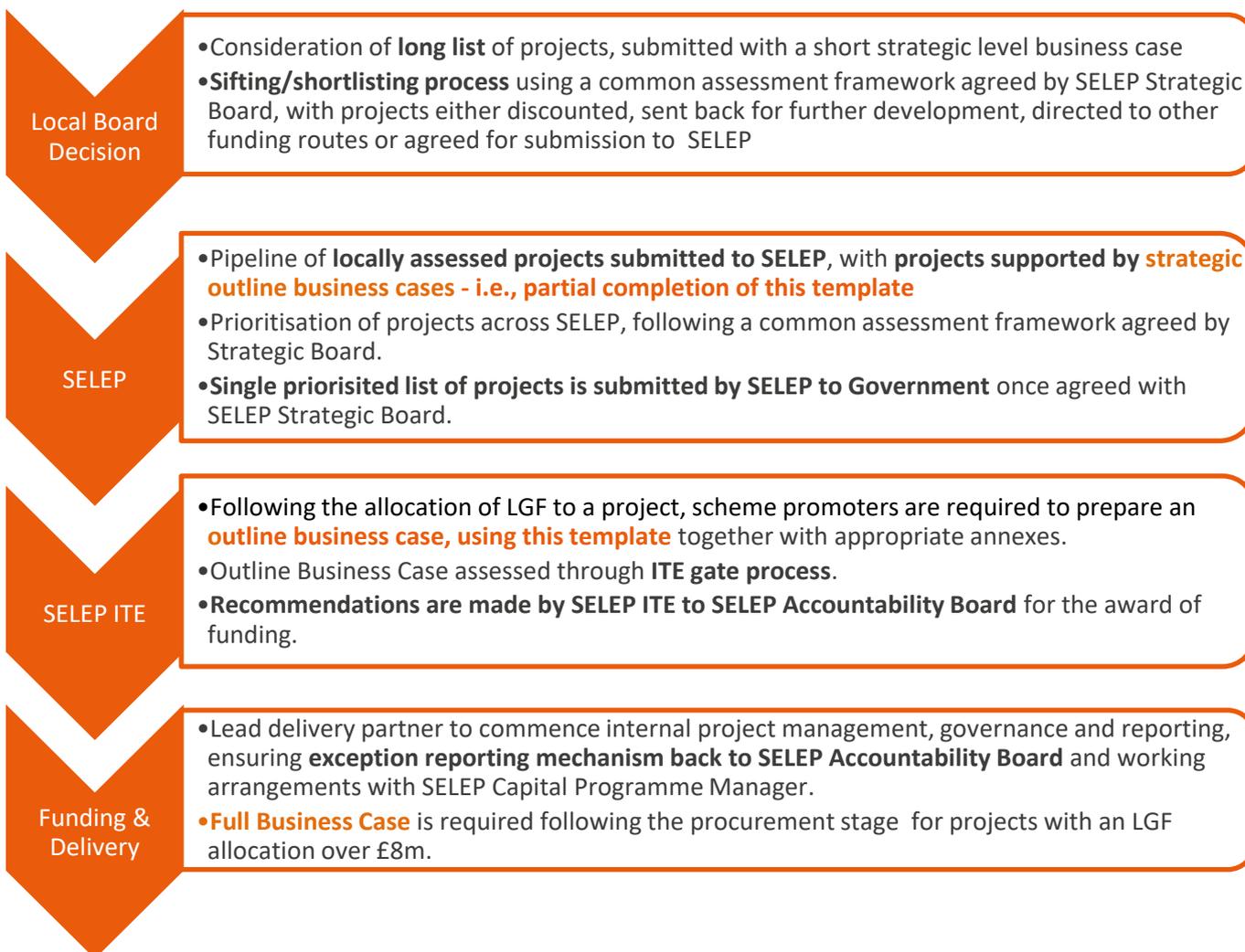
It is also designed to be applicable across all funding streams made available by Government through SELEP. It should be filled in by the scheme promoter – defined as the final beneficiary of funding. In most cases, this is the local authority; but in some cases the local authority acts as Accountable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

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

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

The process

This document forms the initial SELEP part of a normal project development process. The four steps in the process are defined below in simplified terms as they relate specifically to the LGF process. Note – this does not illustrate background work undertaken locally, such as evidence base development, baselining and local



management of the project pool and reflects the working reality of submitting funding bids to Government. In the form that follows:

Version control	
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Date authorised	22 nd December 2020

1. PROJECT OVERVIEW

1.1. Project name:

Eastbourne Fisherman's Quayside and infrastructure development project

1.2. Project type:

Site development, tourism, infrastructure

1.3. Federated Board Area:

East Sussex

1.4. Lead County Council / Unitary Authority:

East Sussex

1.5. Development location:

Land in Atlantic Drive (Site 3), adjacent to 29 The Waterfront, Sovereign Harbour, Eastbourne BN23 5UZ

1.6. Project Summary:

[Provide a summary of the project; max. 0.5 pages.]

- Eastbourne fishermen's under10 Community Interest Company (Eu10CIC) was set up in 2013 to acquire and develop the land where we currently moor and land our catch. We agreed lease terms with Premier Marina, to enable us to build a Fishermen's Quay (all designs and planning permissions are in place) over three phases. The Fishermen's Quay will be a vibrant, multi-purpose destination combining a sustainable fishing industry for the local area with a heritage visitor destination, providing an economic boost to a key priority area in East Sussex.
- Providing processing infrastructure (Phase 1) is essential to maintain or grow Eastbourne's fishing fleet by enabling fishermen to capture value through processing 'in-house' and become 'price makers', in local supply chains. **We successfully raised the £1,569,147 needed to complete Phase 1 through grants, loans and private capital, and secured funds including:** a £1.255 million European Maritime and Fisheries Fund grant (EMFF, October 2017 revised July 2019) for Phase 1; loan and grant funding from ESCC – ESI4 totalling £240k; GPF loan facility to bankroll Phase 1 and repay through the EMFF (needs to be claimed retrospectively); a £25K Seafarers UK grant for the retail outlet. Furthermore Eu10CIC has £70K of our own capital and intend to pay a 5% levy (of our ~£2m annual landings = £100K per year) to the CIC, which together with profits from the fishmongers / retail outlet will match fund Phases 2 and 3.
- **Phases 2 and 3** will house the workshops as well as large storage areas on part of the ground floor and on the first floor (see attached: 001C Building 2 - option 1). The storage areas (238.5m²), which would include both fishing and landing equipment will enable the fleet to safely store fishing gear and also allow the maintenance of gear and equipment in a more controlled environment.
- Within the same building will be a heritage / visitor centre on the ground floor, which would allow the fleet to actively engage with the local community, visitors and tourists as well as offering a training space and meeting venue. The area of the building will be fundamental in hosting community groups (e.g. schools and local interest groups) and members of the public in order to disseminate information regarding fisheries, heritage,

local marine life and protected areas and would recognise the Eastbourne fishermen as a sustainable and responsible fleet at the heart of Sovereign Harbour, while providing opportunities to train and develop skills in situ.

- **Planning permission has been granted for all three phases of development. We have been allocated LGF grant support for £1,440,000 towards phases 2/3 of the project (£1,080,000 was initially awarded on the basis of the original SOBC with the scheme being approved a further £360,000 from the Covid response fund), to tap into the potential of the visitor and tourism economy and local regeneration needs, while connecting local consumers, buyers and restaurants, caterers and public bodies to the local seasonal supply of seafood.**
- This updated business case sets out the rationale for combining phases 2 and 3 into one building to reduce costs, which have risen considerably due to Covid and delays since the project was first scoped. The fishermen of the CIC have also been significantly financially impacted by the pandemic and the revised scheme takes account of the current financial position of the fleet and the increased costs of delivery while preserving the outcomes and outputs of the original scheme. In this revised proposal, phases 2 and 3 combined are scheduled to cost £1.36 million plus fees (£80,000).

1.7. Delivery partners:

[List all delivery partners and specify the lead applicant and nature of involvement, as per the table below.]

Partner	Nature of involvement (financial, operational etc.)
Eastbourne under 10m fishermen's Community Interest Company (Eu10CIC)	Financial and operational
EBC	Planning permissions and support with negotiations with land owners.
ESCC	Culture, tourism and economic development support
Premier Marinas	Land owner / lease holder
Gradient consultants	Project management / operational /Principal Designer
Spitfire Architecture	Architects / design
New Economics Foundation (NEF)	Grant and capacity support; staff time

Stakeholders supporting the project:

- Eastbourne under 10 Fisherman's CIC [key stakeholders / beneficiaries]
- Eastbourne Borough Council [local planning, strategy and authority]
- Sussex Inshore Fisheries and Conservation Authority [Research, education and regulation]
- Locate East Sussex [match funding opportunities / ESI4]
- East Sussex County Council [strategy and integration into county wide plans, grant support]
- University of Brighton [research and academic contacts]

- Pevensey Coastal Defence Ltd [funding provision via ex-gratia payments]
- New Economics Foundation [support with grant writing, CED and wider organisation and staff time, currently representing around £80,000 of in-kind charitable support]
- Residents association / Local residents
- Premier Marinas
- Eastbourne Chamber of Commerce
- Local restaurants
- Federation of small businesses
- Residential Homes
- Local enterprise partnership – Team East Sussex
- Seafarers UK
- Visit Eastbourne

1.8. Promoting Body:
[Specify who is promoting the scheme.]

ESCC

1.9. Senior Responsible Owner (SRO):
[Specify the nominated SRO and provide their contact details. The SRO ensures that a programme or project meets its objectives and delivers projected benefits. This is not the same as a Section 151 Officer.]

Ioni Sullivan

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
SELEP total for phase 2/3	1,440,000	Phase 2 and 3. The repairs workshop will provide a facility to enable the Fishermen to carry out localised repairs in more suitable well-equipped surroundings. This will allow the fleet to carry out immediate repairs, regardless of the weather and time of year. The funding amount includes the construction of the space. Final layouts and	Phase 1 provides an operational facility, to enhance the fishermen's day to-day work and livelihoods - providing an independent building for landing and processing their catch. Some equipment is already in the ownership of the fishermen, or covered via EMFF funding whilst new equipment could be

		<p>extent of fit out will be determined by the funding available. The visitor centre will be a welcome addition to the community and artefacts and exhibits will be provided from fisheries items, local contacts and public donations. A basic construction is all that is required and any final layout and extent of fitting out will be determined by the funding and views of key stakeholders. The design incorporates space for 32 seats in a multi-purpose space.</p> <p>Phases 2 and 3 would benefit from being built as a direct follow on from phase 1, but could be considered as separate phases for funding purposes, should that be preferable to the SELEP.</p>	<p>considered once the facility is up and running.</p> <p>Phase 2 will depend upon the phase 1 building being in place or under construction – providing necessary support functions for both operational savings (repair workshop) and additional income (shop and museum).</p> <p>Phase 1 of the project includes building the infrastructure to the whole site, reducing the cost and risk to phases 2 and 3.</p> <p><u>Update Jan 2020: phase 1 is well underway and due to complete on programme and on budget.</u></p>
Total project value	1,440,000	This is the 2020 estimate of total cost for phases 2 and 3 combined.	Any delay could impact the overall costs.

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.]

We have been awarded a grant of £1,440,000 from SELEP to deliver this entire project before 2022.

Fisheries are under a block exemption that will not constitute state aid.

The Marine Management Organisation (MMO), who administers the EMFF fund, stated that regarding the State Aid rules for EMFF, the EMFF scheme is exempt from state aid rules. This also means that the match funding is exempt from the rules and any de-minimis levels. According to the MMO this project is one that is considered exempt from state aid rules for the reason that it will contribute to adding fisheries products into the

supply chain [see annex 'EMFF state aid email from MMO'].

Further, the MMO guidance states that '*State Aid rules do not apply to the majority of projects which are eligible under the EMFF scheme. However, projects that relate to the catching, production and/or processing of fisheries products. These are defined in:*

- *Annex I of the Treaty for the Functioning of the European Union (found in the Official Journal of the European Union under 2012/C 326/01) and;*
- *Annex I & II of the Common Market Organisation regulation EU 1379/2013"*

The MMO state that this project is one that is considered exempt from state aid rules for the reason that it will contribute to adding fisheries products into the supply chain.

This information is supported by the Fisheries Block Exemption Regulation 1388/2014 which states that if a project has been approved under EMFF and is considered to adhere to the EMFF regulation (which the Eu10CIC project does) then all funding and associated match is exempt from any state aid rules.

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]

See above

1.13. Key dates:

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

Construction work for phases 2 and 3 is planned to begin on 19th July 2021, known as site mobilisation.

On the basis that the JCT Design & Build contract is in place, the first valuation from the principal contractor would be expected on the 19th August 2021, with the commencement of expenditure due on 21st March 2023 (allowing for one year's retention (as per the terms of the contract).

It is anticipated that scheme completion date, or handover, for phases 2 and 3 will be 21st March 2022. Both phases will be handed over together.

A detailed weekly construction programme is provided as a Gantt chart in Appendix C and attached as a pdf.

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
Planning drawings	Design of proposed buildings and site arrangement	Planning approved for Phases 1, 2 and 3.	Completed 21 st December 2017.
Stage 1 tender	Works package for phase 1 tendered.	Costs and contractor agreed, following first stage of 2 stage negotiated tender process.	6 th October 2016. Revised costs agreed March 2020
Soil Investigation	Survey to determine make up of soil conditions and position of services.	Report produced identifying the site strata for foundation design and costing.	16 th January 2019.
Phase 1 construction period	Building number 1 and surrounding infrastructure build.	Completion of building number 1 and site infrastructure for phases 2 and 3.	3 rd March 2021.
Project development stages to be completed – Phases 2 & 3 – will include agreeing changes with the EBC planning department in early 2021.			
Task	Description	Timescale	
Design workshops	Review of overall design and costs to ensure Value for Money and alignment with available funds.	March-June 2021	
Construction drawings	Production of detailed design for build process.	June -July 2021	
Construction phase plan	Preparation and agreement of CPP between the principal designer and principal contractor.	July 2021	
Site mobilisation	Site set up and build process begins.	12 th July 2021	
Construction phase	Works on site including ground, building and service works.	19 th July 2021	
Construction completion	Completion of all works on site and demobilisation.	21 st March 2022	
Handover to client	Operational use of site begins.	28 th March 2022	

1.15. Proposed completion of outputs:

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

Date	Outputs Completed & Proposed
PHASE 1	
17 th October 2013	Planning drawings completed and approval granted. Planning Conditions being updated.
6 th October 2016	First stage negotiated tender process was completed and a principal contractor was selected. Cost plan and methodology submitted by principal contractor.

21 st December 2017	Planning consent renewed for phase 1, 2 and 3.
19 th November 2018	Soil investigation has been instructed and site works will be completed. This will guide foundation design and stage 2 of the tender process.
19 th January 2019	Soil investigation report issued.
28 th July 2020	This is the anticipated construction start for phase 1.
28 th March 2021	This is the anticipated construction completion date for phase 1.
10 th March 2021	Handover to client for operational use.
PHASES 2 & 3	
January 2021	Update planning requirements and sign-off of combined phases 2 and 3
March-June 2021	Design workshops and cost analysis review.
June/July 2021	Construction drawings
July 2021	Construction Phase Plan agreed and start of lead in period.
12 th July 2021	Anticipated start on site (mobilisation).
19 th July 2021	Construction period begins.
21 st March 2022	This is the anticipated construction completion date for phases 2 & 3.
28 th March 2022	Anticipated handover date for operational use.

See Attached - Sovereign Harbour Ph 2 - 21.12.20 – for more detail

2. STRATEGIC CASE

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

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

2.1. Scope / Scheme Description:

[Outline the strategic context for intervention, by providing a succinct summary of the scheme, issues it is addressing and intended benefits; max. 2 pages.]

The **Fisherman's Quay Development** at Sovereign Harbour, Eastbourne, is a capital investment project aimed at maximising the local economic benefits from fishing activity and building resilience to future shocks such as have been experienced through covid-19 and Brexit uncertainty. The development aims to transform an uneven, open yard to a resilient and productive community economic asset.

The site is currently used for the open-air landing of fish and shellfish by Eastbourne's inshore static gear fishing fleet, which lays nets, pots and traps close to shore. Fish are caught, landed and sold on the same day, exposing local fisherman to short-term swings in supply and demand and dependent upon wholesalers (often themselves reliant on export markets) in the region. Since the formation of the CIC in 2013, the 30 vessels in the fleet have produced revenues of between £2m and £3m a year (i.e. gross sales of £67,000-£100,000 per business or £28,000-£42,000 per worker at 72 FTEs).

The current open-air arrangement presents a risk to the public, who have to be kept away from the site, as well as the fishermen themselves. An aim of this project is to improve working conditions through the provision of on-site toilets and access to running water and a modern, accessible facility. Housing the fleet's fishing equipment within built storage facilities will improve safety on site, as well as the longevity of gear, thereby reducing waste. The ability to put fish on ice and process fish will enable the fleet to take advantage of fluctuations in prices across a wider range of product markets, diversifying and growing their enterprise and connect them to the growing seafood delivery opportunities resulting from the covid-19 lockdowns.

The development has been designed as three sequential phases, which are:

➤ **Phase 1: Land purchase (£0.28m), groundworks (£0.50m), Building 1 (£0.47m) and capital equipment (£0.18m)**

The purchase of the site currently leased from Premier Marina, the completion of siteworks, drainage and servicing for the whole site plus the yard's first building. This will be a three storey, 270m² space to house equipment for ice production, cold storage and processing fish (smoking, pickling, filleting). Phase 1 includes an on-site retail unit for wet fish sales.

➤ **Phase 2: Building 2 (£1.44m)**



One building, encompassing phases 2 and 3 combined, totalling 318m². The ground and first floors will provide storage space for fishing and landing equipment as well as a repair workshops (238.5 m²). This building will incorporate the Visitors Centre which will be used as a base for the CIC's outreach and engagement work (a 32 seat meeting room and presentation centre). This includes operating as a training venue for mandatory sea survival and first aid courses, providing courses in preparing and cooking seafood, and hosting educational open days (65.5m²).

The CIC has secured an award of £1.255 million from the European Maritime and Fisheries Fund towards Phase 1, as well as grants and loans of £0.24m from East Sussex County Council. A bridge loan (GPF) of £1.15m from SELEP has facilitated the start of the Fishermen's Quay Development and construction works are currently underway. The fishermen have invested £187,000 up to 2019 (and have also taken on £280,000 for the lease of the land as well as the match funding requirements for Phase 1 equivalent to 20% of ~£1.6 million, i.e. £320,000 as well as hundreds of hours of unfunded time, as well as the equivalent of £80,000 over 6 years in support from the New Economics Foundation charity, who have developed bids and run the local engagement and liaison work. The contribution in kind for this project over the years has been substantial and is ongoing.

The proposal now is to deliver the remaining phases of the development – Building 2 incorporating the visitor centre (i.e. phases 2 and 3 from the original scope, combined to generate efficiencies in cost and delivery) for £1.44 million.

The urgency behind this project, behind the need for the delivery of Phase 1 and now the continuous delivery of a combined Phase 2/3 scheme, is that the CIC expects that 90% of the fishing fleet will leave Eastbourne if the development does not go ahead. Given the existing EU catch limits and limited access to quota species through the Marine Management Organisation (MMO) quota pool, this output could not be replaced and fish from the stocks currently exploited by the fleet could be landed elsewhere, permanently displacing activity from Eastbourne. The reliance on local wholesalers and export markets has been exposed as vulnerable to shocks, through the experience of covid-19 throughout 2020. Developing this infrastructure will build resilience and offer opportunities for local seafood, sales, delivery and jobs which will enhance the prospects of the fleet and reduce their dependence while offering the region sustainable and local seafood through future potential lockdowns.

The CIC, therefore, has placed a levy on the value of each fishermen's catch raise funds, alongside workshop and gear storage space, all of which provide a useful service and generate income locally. In addition to this, once Phase 1 is complete by Spring 2021 and the fishmongers is up and running, annual retained profits from wet fish sales are estimated at £42,000. These measures will contribute to the cost of the scheme.

There are significant operational and market benefits to the Fishermen's Quay Development, which will facilitate the fishing industry in Eastbourne to move beyond primary sector activity to higher value added activity in food manufacturing. *Eastbourne's Priority Sectors and Employers* (2016) identifies food processing activity as 30% more productive than primary food production – it is also an activity with greater scope for productivity increases; the forecast growth rate of output per job is 60% higher. The SELEP SEP directly supports this, stating that 'the South East is ideally placed to increase food production'. This need is further heightened through the impacts of covid-19 and ongoing uncertainty around the post-Brexit trade situation. While the current deal ensures tariff free

access to EU markets, which is hugely important to the local fleet and ensures short term viability, the deal has not delivered on the promises made with regards to increased quotas, or on the exclusive 6-12nM zone.

Of the increase in value across 56 fish stocks that undergo a change, 41% comes from just one mackerel stock. Some stocks like cod in the English Channel do not undergo any change at all despite the UK fishing industry prioritising them as one of the largest differences in current and expected quota shares. How quota shares are distributed to the fleet at a national level was always national competency. One of the most controversial aspects of UK quota management in this regard was the share of quota made available to under 10m vessels that constitute the majority (77%) of the UK fleet but fish only a small amount (2%) of the quota. Due to their smaller size, the under 10m vessels target some species more than others. Of the large mackerel gain, the under 10m vessels will receive 1%, while the nearly 40% share of cod in the English Channel allocated to under 10m vessels does not increase under the TCA. This finding of larger gains for quotas with a small under 10m share and smaller gains for quotas with a large under 10m share holds in general. As such, the quota gains by themselves will not lead to better distributional outcomes among the UK fishing fleet and will likely skew the divide between the over 10m and under 10m fleet further. Most of the quota gains were for stocks that the under 10m fleet has little interest or ability to target. In addition, the government has committed to keeping the current allocations in place in the further and only changing allocation for any new quota that was gained through the TCA. As yet, no change in policy has been announced for the 2021 fishing quotas or beyond.

Another important division in the UK fleet with respect to TCA changes is that much of the UK fleet (this is especially true in Eastbourne) uses pots, traps, and dredges to target shellfish species which are not managed under quota – but are mainly exported to the EU and Asia via EU FTAs. Under the TCA, like any Brexit arrangement, trade costs are anticipated to increase and some UK fishers are worried about their future viability. These trade costs are particularly troubling for shellfish exporters who often export live or fresh to the EU. These businesses also see little to no gain from the TCA as they are not limited by fishing quotas.

The fishermen's quay project will enable the CIC to be in the best possible position to benefit from the future changes to quotas and fishing arrangements outlined in the current deal.

Direct to consumer retailing will support the capture of the full value chain for the fleet's landings, providing employment opportunities, profits and most importantly, stability and security of demand and income – a means to build resilience and support the local economy during future lockdowns. Establishing a retail and online delivery presence is also a scalable opportunity for the CIC.

Valuable spin-off opportunities in the leisure sector will further the fishing fleet's transition, taking the CIC into tertiary sector activity and contributing to the development of Sovereign Harbour as a leisure destination. The initial estimate for this is four visitor centre job roles, with scope for additional impacts as revenue streams from this new business venture grow.

In addition to the privately captured benefits from developing a resilient, vertically-integrated fish processing, retail and leisure business, the project will result in a significant

improvement to the amenity of the site. Sovereign Harbour has grown to be the largest man-made marina in Northern Europe over the past twenty years, with 1,300 berths, a retail and leisure park (The Waterfront) and 3,600 dwellings. Completing the last undeveloped waterfront site by removing the existing visual blight and providing a new visitor attraction will be a significant contribution to the vision for one of East Sussex's key long-term economic projects.

COVID-19 is influencing food producers at all levels in many different ways. For the UK fishing industry, the pinch is being felt from all sides (including producers, wholesalers, transporters and processors). The recent collapse of the UK domestic restaurant and pub market alongside the critically important export market means the industry is in an unparalleled crisis.

With prices from some species reportedly dropping 85%, the cost of leasing quota (where fishers lease in additional quota from producer organisations) has become more expensive than the actual landed price, meaning fishers would lose money to fish. With many vessels now tied up, skippers and crew on share wages rather than salaries are left without an income.

Catching the fish is not the problem, rather it is the ability to sell it. Annually, 80% of UK fish landings are exported to the EU, Asia and the United States, with langoustine, scallops, mackerel, and crab among the most popular. For the inshore fleet (which includes all of the vessels fishing out of Eastbourne, Hastings, Rye and Newhaven) the majority of vessels in the UK have focussed on the rapidly growing market for whelks in South Korea.

A combination of a reliance on restaurants and exporting what we catch means the UK has developed a high dependence on these global markets making them vulnerable to shocks – as is currently being experienced. This also means we as a country are reliant on imports further increasing our vulnerability. As a result, the UK seafood market, fishermen and consumers are not resilient when it comes to changes, whether due to climate change, currency fluctuations, trade wars or indeed global pandemics.

There is a major need to connect local producers to local markets (and importantly the urban centres) – but primarily there is an urgent crisis of ensuring the fishing industry survives COVID-19. This is a global issue and impacts fisheries throughout Europe. BREXIT: the current deal has avoided the issue of tariffs being placed on export to the EU which is welcome, but future benefits of any changes to fishing access will take time to materialise and are currently unlikely in the short term (5.5 years).

Eastbourne is reliant on wholesalers who primarily export what it caught by the fleet. Therefore being able to shift to local sales, shorter supply chains and linking the fishery to the community make this a very important project to build resilience to future shocks. The need for the fishing quay and sales outlet locally is now even more necessary and remains a strategic priority for recovery both from covid-19 to manage a response to the changing trade and fishing rules with the EU.

SELEP recognizes “that there will be some areas that will need particular support if the economy is to bounce back strongly, including helping to tackle the impacts of Brexit”

(SELEP Economic Response Statement 2020) The same document also notes that the distinctive strengths, challenges and opportunities set out in the draft Local Industrial Strategy (LIS) make a strong foundation on which to respond to the current economic crisis, including “in particular the importance of creating a coastal catalyst to harness the opportunity within our coastal communities and to promote greater inclusion and change”

The project will support delivery of “East Sussex Reset” the economy recovery plan for East Sussex, contributing to Mission 1: Thinking Local, Acting Local (in particular by contributing to the “buy local” supply chain programme and also to the action to ensure that recovery from Covid-19 is equally accessible to all parts of the economy). In addition, it will contribute to – and be able to continue to build upon in the future – Mission 3: Fast Forwarding Business (supporting the tourism sector).

What is essential at this point is (local) Government intervention to help fishermen in coastal communities link up with demand in UK cities. This would have the benefit of re-localising our seafood supply chain; helping fishermen keep their businesses going and providing urban centres with much needed supplies of healthy protein. The urgent opportunity now is to go beyond marketing campaigns to support the local fishing industry and set the course for a transition in terms of linking supply and demand for seafood locally and regionally, rather than internationally.

The Community Economic Development plan co-produced with fishermen and local stakeholders in 2017 aimed to ensure that processing and local markets for sustainable seafood could be established and turn the fishing quay into a central hub for the local economy. The foundations are in place for this crisis to be used to accelerate the necessary changes in Eastbourne and ensure that once the crisis has passed there are local jobs, opportunities and local food markets, which are established and ensure the success of the project. The SELEP is in a unique position to secure a future for the fishing industry and ensure that what follows COVID-19 is a success story other regions can learn from, in supporting and developing a seafood market that is more localised.

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 Fisherman’s Quay Development is located on an open yard on the Sovereign Harbour marina in Eastbourne. The site, known as ‘Land at Atlantic Drive’ or ‘Site 3’ (of the Sovereign Harbour SPD), is adjacent to The Waterfront retail and leisure development. The development faces rows of 3-5 storey residential properties across a short span of open water on two aspects, backing directly onto the road on one side and a restaurant on the other. A pedestrian bridge separates the quay from the main marina, which opens out onto Pevensey Bay after a series of locks and sea defence walls. Vehicle access to the site is via Atlantic Drive and Prince William Parade, which largely directs commercial vehicle activity away from residential areas.

The surrounding area has a population of approximately 7,600 (Sovereign Ward), with fishermen also living in the adjacent Langney Ward (pop: 7,700).

Top: Sovereign Harbour within Coastal East Sussex. Below Left: Sovereign Harbour showing the location of the Fishermen’s Quay development. Below Right: The Fishermen Quay development.





2.3. Policy context:

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

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

Alignment with LEP Strategy

The SELEP SEP champions investment in infrastructure and in support for businesses to help improve their productivity. The post-Industrial Strategy refresh (draft) is placing greater emphasis still on investing to drive business growth and to create resilient places.

The SEP states the intention to invest in property projects that improve productivity in SE LEP's primary growth corridors, one of which covers Eastbourne. A great deal of attention is paid to coastal communities in the SEP, which presents a vision to support maritime growth and 'the development of the fishing and marine leisure sectors', particularly through investment in harbours in Folkestone, Newhaven, Eastbourne and Rye.

The LEP's £442m Growth Deal aims to renew the physical and intellectual capital of the South East through investment in infrastructure, skills, supporting business growth and property. In the SEP, SE LEP recognises that its coastal communities require 'bespoke, co-ordinated programmes of investment' and that further intervention is required to improve the economic performance of existing assets. To this end, the LEP aims to 'treat the seaside tourist industry as a driver of economic growth' and to 'support the development of ports'.

The Coastal Communities Working Group, an advisory panel to the LEP, aims to support growth in coastal areas by addressing the 'need for coastal communities to support skills in fishing' and by creating the 'conditions to help our ports thrive'. The visitor economy is

viewed as having a key role in supporting growth but the CCWG considers the ‘coastal regeneration initiative [to be] broader than tourism’, arguing for balanced economies.

In response, SELEP have made a **Coastal Commitment**, which includes actions such as:

- Campaigning to raise awareness of the role and importance of coastal communities;
- Developing a coastal action plan that acts to raise the quality of the tourism offering in coastal communities; and
- Maximising the opportunities that arise from Brexit.

To date, in addition to Phase 1 of the Fisherman’s Quay Development, SELEP have invested in a number of similar projects:

- Thameside Jetty, Kent– £65,000 (SFA) for the refurbishment of a jetty to support maritime training courses in seamanship, survival at sea and health and safety.
- Packing and Storage Warehouse, Kent – £100,000 (EAFRD) to support the provision of food processing facilities for an SME.
- Chatham Waterfront, Kent – £30,000 for public realm improvements to provide an attractive setting for visitors and residents.
- Sovereign Harbour, East Sussex – £600,000 to service three development plots with the potential to provide 8,750m² employment space.

Alignment with Local Spatial and Economic Strategy

Sovereign Harbour features heavily in the SEP as a key area for investment within the Eastbourne-South Wealden Growth Corridor. It is also priority for the Borough Council as a provider of skilled employment and an opportunity area for the development of a sustainable community.

➤ **Eastbourne Core Strategy and Sovereign Harbour SPD**

The 2013 *Vision for Sovereign Harbour* promotes the development of infrastructure to support employment and the local community. Policy C14 specifically aims to support the waterfront area as a leisure and tourist centre, as well as promoting the provision of community facilities and marine storage facilities. The ambition for Sovereign Harbour is to ‘enhance the leisure offer through the development of well-planned retail space on specific sites’.

Sovereign Harbour developed as a residential community largely between 1996 and 2004, with the Waterfront retail area built from 2000 onwards. The SPD records the fisherman as occupying ‘Site 3’ to land their catch and store their equipment, noting that the location minimises commercial vehicle movement through residential areas. The policy document recognises the lack of feasible alternative sites for the fishermen.

The **Vision Statement for Site 3** is to provide ‘permanent facilities for the fishermen with appropriate storage’, ‘a fresh fish shop could be provided to the benefit of residents and visitors’.

➤ **Eastbourne Corporate Plan 2016-2020**

The Council's main aims are to support a prosperous local economy and to enable communities to thrive. To deliver this, the Council aims to drive economic growth through investment in new business facilities and infrastructure. Eastbourne's role as an 'outstanding seaside destination' will be developed through the provision of 'exciting cultural activities' with the aim of attracting high number of visitors.

➤ **Skills East Sussex and East Sussex Growth Strategy 2014-2020**

Land Based activity is a priority growth sector for East Sussex, and fishing is recognised as an important subsector of this. The preservation of the local fishing fleet will maintain an important skills base that could otherwise be lost, providing future opportunities for apprenticeships not only in fishing but also in fish processing and fish preparation as the CIC expands and diversifies.

Team East Sussex aims to maximise the economic potential of the area's coastal communities through the Growth Strategy, specifically promoting support for SME's to invest in business growth and diversification. Safeguarding and creating new jobs are key priorities in the strategy.

Alignment with National Sectoral Strategy

The UK Fisheries 2027 Vision presents a long-term plan for the industry and promotes actions that support the viability of local, small-scale fisheries on the grounds of the wider economic benefits such activity brings to coastal communities. Small ports referenced as are a source of jobs, a draw for tourists and a source of a product for which there is an identified consumer preference – fresh, locally caught fish. Demand for this in Eastbourne is backed up by the CIC's own market research.

The 2011 Marine Policy Statement emphasises the importance of food security as well as the economic value of fishing and fish processing activity. In order to sustain the economic benefits of fisheries activity that are so often vital to coastal communities, the strategy proposes the co-development of fishing and adjacent economic activities.

The UK Industrial Strategy recognises the food and drink industry as a key sectoral strength of the UK economy, noting its world-wide renown and in particular the demand across the globe for premium seafood exports. The strategy sets the ambition for the UK to lead in the use of renewable biological resources from land and sea to meet to challenges of rising global demand for food. Maximising the value of marine economy is presented as a key theme.

The Fisheries Act (2020) will set fisheries objectives, fisheries statements and fisheries management plans; will determine access to British fisheries and regulation of foreign fishing boats; will set licensing conditions of fishing boats; and determine fishing opportunities for the UK fleet. These changes offer some key opportunities for the Eastbourne fleet in terms of long-term sustainable management and increases in fishing opportunities.

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.]

This project forms part of a larger scheme, the Fishermen's Quay Development, which aims to safeguard 72 fishing industry jobs and support new employment opportunities in fish processing, fish sales, business administration and the tourism sector. The overall scheme will dramatically improve the visual appeal of the area as well as enabling Eastbourne's fishing fleet to develop and end-to-end 'net-to-plate' style business model and retail box scheme to deal with the changes covid-19 has brought for seafood consumption, moving from restaurants and pubs into provide homes. This will improve the resilience of the fleets existing revenue base and facilitate its expansion into new products and new markets, supporting long-term revenue growth. See attached 'covid-19 and fishing in Eastbourne'

Phase 1 was prioritised for an initial funding request as this element of the development – once complete by spring 2021– will provide the fleet with more flexibility over when to sell their catch as well as the ability to optimise the point of sale in the value chain. Phase 2 is about delivering operational benefits to the existing and growing activity taking place on site and Phase 3 is aimed at developing new revenue streams from adjacent leisure opportunities. As the CIC has already committed to a profile of loan repayments to help fund Phase 1, there is currently little additional free cash to fund Phases 2 and 3 and this has been further exacerbated by Covid. £350,000 of the Phase 1 financing is repayable from forecast revenue improvements, constraining the CIC's ability to borrow funds to deliver this project regardless of interest rate. Thus the project requires grant support to deliver Phases 2 and 3 continuously with the construction works currently underway for Phase 1.

Delivering the Fishermen's Quay Development in its entirety will ensure the intended benefits of the scheme can be realised. The alternative is a protracted delivery profile that risks jeopardising the safeguarding and growth benefits of the scheme. The period of delay could be several years while alternative, piecemeal grants are assembled and as free cash flow becomes available for interest-free loans, up to a decade or more due to the need for the CIC levy to build up.

Commercial loans are not available to the CIC given its current level of available resource and the fleet does operate on margins that would support the repayment of loans at commercial interest rates. The best rate of loan finance the CIC has been able to identify is base rate + 5% (Charity Bank, currently 5.75%), which would equate to c. £130,000 a year over a 15 year period, including approximately £600,000 of interest. The fleet could not commit to sustainably meet this obligation as it exceeds the CIC's long-term ability to pay while also managing commitments arising from Phase 1 of the development. The risk to take on additional debt burden, given the already substantial commitment has been compounded by Brexit uncertainty and the impacts on markets and prices. The policy uncertainty arising from the UK's withdrawal from the European Union is both a potential opportunity and a source of concern for those operating within the existing regulatory framework. The additional economic resilience that this project will provide will guard against the downside risk and enable the fishermen to take advantage of any improvements in policy to a much greater extent. See attached 'Doc 5 Eastbourne V 2' for details on the possible impacts on EU exports for Eastbourne.

Facilitating the delivery of the Fishermen's Quay Development is critical to retaining the current fleet of 30 vessels, whose catch would otherwise be lost from Eastbourne and possibly the SELEP area. The project will address an identified socioeconomic need in the Sovereign and Langney wards. It will provide economic infrastructure at Sovereign

Harbour, which is identified in policy as lacking, as well as deepening the economic integration of the relatively affluent Sovereign Harbour neighbourhood and more deprived adjacent communities.

The project has arisen from a Community Economic Development programme that brought together representatives from local residential and trader associations, as well as the fishermen and public sector officials. The precarity of small scale fishing arises from the variability of supply and demand for fish and therefore income, and this is a key rationale for this scheme. The broad public, private and local authority support for this stream demonstrates the wide range of community, business and economic issues it is expected to address. See attached CED plan from 2017.

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.]

In the original business case submitted in 2018, the estimated cost for the delivery of the project were £0.90m for Buildings 2 and 3 and £0.45m for the Visitor Centre. The CIC's income projections aimed to support £280,000 of private sector match funding towards to project over two years, which is 20% of the project's total funding. This was originally projected to be made up of a 5% levy on landings – expected to raise £100,000 a year – and profits from the fishmongers of c. £40,000 p.a., with the remaining 80% of the funding to be externally funded. The updated costs of the combined phases 2 and 3 in one building will be £1,360,000 plus £80k for fees etc. giving a total of **£1,440,000**. As noted above, the CIC's income has been severely impacted by Covid and the CIC are now hoping to secure this full amount in grant funding from the SELEP in order to deliver the benefits locally as soon as possible, following a year that has brought extremely difficult financial circumstances.

As described when we first applied in 2018, access to loan funding is limited by a number of factors. The first is that the CIC will be devoting resources over the coming years to the repayment of the financing for Phase 1 (£350,000 of the Phase 1 financing is repayable from forecast revenue improvements). The second is that the CIC's 20% contribution is not capital but drawn from future revenues. Both of these factors reduce the CIC's free cash and therefore its capacity to support further borrowing. The third limiting factor is the rate of interest at which the CIC is able to borrow. Charity Bank have offered the fishermen financing at base rate + 5%. The fleet neither has the free cash nor the margins to support this level of borrowing and loan financing is not a feasible funding option.

Similar reasoning during Phase 1 led to research into public sector sources of finance and in 2015 the project made it through to the second phase of the Coastal Communities Fund, though this bid was ultimately unsuccessful. Since then, a wide variety of funding options

have been explored for the delivery of the Fishermen's Quay Development and the Phase 1 of the scheme received support from:

- the European Maritime and Fisheries Fund (grant);
- the Growing Places Fund (loan);
- the East Sussex Invest 4 job creation fund (grant/ loan); and
- Seafarers UK, a charity (grant).

In 2018, the CIC estimate that it would take 13 years to self-fund this project, setting aside £90,000-£110,000 a year (given the variability of income from the fishery in the long term). This does not consider, however, the expectation that the Eastbourne fleet would not last that long without the project. Entirely self-funding the project is also not feasible as delay is the single greatest risk to the success of the scheme, given the continued uncertainty around future trading and fishing arrangements with the EU, and the immediate implications of the third lockdown, the appetite within the for taking on additional debt is currently very low. However, a reduced and more efficient combination of phases 2 and 3, as now proposed, would offer a major opportunity to use the available SELEP offer to bring the benefits online as soon as possible.

Phases 2 and 3 of the Fishermen's Quay Development can only be delivered through grant funding at present. There are few public funding sources that the CIC hasn't already applied to, successfully or otherwise, and the LGF has the advantage of: 1. Being open for bids while the construction works for Phase 1 are underway, offering the possibility of continuous delivery; and 2. Being targeted at the same strategic objectives as the Fishermen's Quay Development. The impact of not achieving a successful grant application would be significantly negative for the project and the fleet and the CIC is not currently aware of any remaining alternative funding sources.

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 modernisation of the quayside is expected to bring significant long-term operational benefits to the fleet that will improve the productivity and longevity of equipment and labour as well as resilience and diversification of income streams and opportunities to train and educate local people to take advantage of new opportunities. In addition to this, each building brings either an additional revenue stream or source of cost savings to the operation of the fleet, this is still the case with a more efficient combination of phases 2 and 3.

If the development is completed stop-start over a period of more than 10 years, then the amenity benefits of improving the site from its current position as an uneven yard would be significantly reduced. It is also likely that the costs of delivering the scheme would increase due to several rounds of procurement and preliminaries, as well as general cost inflation. The noise and visual impact of construction works on the adjacent residential

communities would also be more protracted, as would the noise impacts on The Waterfront leisure development that backs onto the site.

Without Phase 2, the safety improvements from removing fishing and landing equipment from the open would not be achieved and the site could not be made accessible to the public. The office space in Buildings 2 and 3 would no longer be available to support the professionalisation on the fleet's administration.

Without Phase 3, the opportunity to provide a new visitor attraction at Sovereign Harbour would not be realised and the CIC would not have the space to diversify into marine safety, cooking and heritage based courses, nor educational visits/tours.

Combining phases 2 and 3 offers a compromise where we can maximise the available SELEP support, assure the delivery to the possible timescale, reduce the risks of impacts of changes in trade with the EU and future lockdowns, while also ensuring we are not reducing the scope of the ambition. Reducing storage space and seat numbers slightly is appropriate if these do not need to be used to service additional debt. The 2018 application was before the covid-19 pandemic and social distancing guidelines, so would have had to be updated anyway. We are being proactive in finding a solution that meets the new normal and doesn't compromise on the opportunity now.

The uncertainty and length of time involved in waiting for an alternative to SELEP grant funding to become available or viable was the source of the key risk to the project, which is the loss of the fleet before it is possible to complete the required improvements to the fleet's support infrastructure. This has been compounded by the impacts of covid-19 and changes to arrangements with the EU and changes in how and where people consume seafood. It is not currently clear precisely when, but the CIC expects that 90% of the fleet would leave Eastbourne if the project didn't go ahead, and that significant delays to the delivery of the project would eventually create this impression and cause vessels and fishermen to leave the fishery. This risk remains for 2021, but is greatly reduced if the fleet can access local markets and add value to their fishery and link into other opportunities to diversify.

The Fishermen's Quay Development aims to create a vibrant mix of complementary operational (fish landing and processing) and public-facing activity (visitor centre, fishmongers) on the site, the sum of which will be greater than its parts through the building scale past the point of critical mass. Investing more intensively at this opportune moment in time will secure additional economic benefits that would otherwise be permanently lost. This can be conceptualised as the fleet's output gap over time, where the additional revenues, jobs, cost savings and reductions in business risk that are not obtained are the opportunity cost of not intervening.

The CIC's financial projections suggest that either self-funding all of Phase 2 or self-funding Phases 2 and 3 would result in an 8-13 year delay to the project, at least deferring the direct benefits and job outputs of the project, potentially reducing the performance of the wholesale and retail businesses below expectations in the interim. The worst case scenario is that without sufficient improvement to working conditions, business operations and fleet revenues, that fishermen and vessels will leave the fishery.

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.]

The objective of the overall Fishermen’s Quay Development is to support the continuation and growth of 30 family-owned fishing businesses, safeguarding the jobs of 72 fishermen and providing new opportunities for current and future generations. The development will create new jobs in fish processing, fish sales, management, and tourism, as well as increasing the amenity value of the immediate quayside area. The fishery is currently an export-oriented business, producing whelks and shellfish for the international market. Covid-19 has changed global seafood markets and consumptions, highlighting risks and the need to build resilience through local and on-line sales. It is also a business with the potential to improve its local economic impact. This project (Phases 2 and 3) is an opportunity to tackle the high level of unemployment that the SELEP SEP has identified within the region’s coastal communities. The total employment benefits of the Fishermen’s Quay Development will contribute to the SELEP SEP target of 1,400 additional jobs for the Eastbourne-focussed Growth Corridor. In line with the SEP end year, this project and its outputs are deliverable by 2020/21.

The specific objectives for this element of the overall scheme are set out below.

Project Objectives (add as required)

Objective 1: To construct Buildings 2 and 3 by spring 2022 to provide 238.5m² of storage space.

Objective 2: To construct the Visitor Centre by spring 2022 to provide 65.5m² of leisure space.

Objective 3: To attract 6,000 visitors a year to Fishermen’s Quay and create at least four direct jobs in heritage/education activities.

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

Problem 1: A lack of administrative space for the fleet/CIC

Problem 2: A lack of indoor space for storing and repairing equipment

Problem 3: No capacity to host compulsory marine safety training

Opportunity 1: Providing seamanship courses as well as fish cookery classes etc to diversify the fleet/CIC’s revenue streams and capture more of the value of existing fishery activity.

Opportunity 2: Strengthening connections with the local community through the provision of jobs, engagement with the activity of the fishery and the consumption of locally-sourced sustainable fish in a Covid-safe manner through online sales and box schemes.

[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 1	Problem 2	Problem 3	Opportunity 1	Opportunity 2
Objective 1	√√√	√√√	0	0	√
Objective 2	0	0	√√√	√√√	√
Objective 3	0	0	0	√√√	√√√

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.]

Consents and Agreements – Local planning policy (as set out in the Sovereign Harbour SPD) reserves the site for use by the fishermen until they choose to vacate it. Planning permission has been granted for all three phases of the development in line with this and does not present a risk to the project. A variation to the planning permission will need to be sought for the revised proposal but it is anticipated this will be granted as there is no fundamental change of use and the buildings will be similar in design and impact. The grant of a land lease from Premier Marinas has been signed since the original business case was submitted.

Financial – The revised proposal makes the delivery of the entire scheme possible within the funding envelope agreed by SELEP so there is little in the way of financial dependency. The deal with the EU avoids a cliff edge or tariffs being imposed which improves the short term prospects for the fleet.

Social and Environmental – The project will improve the amenity of the quayside but will also increase the amount of visitor and commercial activity. The operating hours of the visitor centre and the hosting of large-scale events will have to be determined in consultation with the immediately adjacent residential and business communities.

Policy Uncertainty* – The project is reliant upon stability within or positive improvements to the regulatory environment for the fishing industry. Access to waters and changes to tariffs, quota and other non-tariff barriers for EU exports are dealt with to some extent within the trade deal although the deal does make provision for further changes, the impact of which are not yet clear.

A 75-year long lease from the landlord Premier Marina, has been granted (signed by both parties on 22nd March 2020). The 75-year lease is based on completing phase 1 within 10 years; and as phase 1 is already underway this possible constraint appears unlikely.

Planning approval has been obtained for all phases of the project. Planning approval to combine phases 2 and 3 needs to be agreed. We have contacted EBC planning for their initial thoughts prior to submitting a section 73 application for the changes to the layout of the building, and we do not foresee this as being a problem.

Funding for phases 2 and 3 combined could be met entirely through the available SELEP funding.

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.]

As this project is to deliver the second half of the Fishermen's Quay Development, its success is dependent on the performance of the earlier works. The Phase 1 works are currently underway and their physical completion and subsequent operating benefits will be critical. This is both in terms of safeguarding the fleet but also in directly enabling the Phase 2 and 3 works to go ahead. Premier Marina have granted a 75-year lease on the land currently occupied by the fishermen, a condition of which is that Phase 1 is completed within 10 years. As Phase 1 is fully funded and under construction this condition is expected to be met.

The continued pandemic will, in the short term, continue to effect the CIC's ability to raise levy funds and contribute to the scheme, this is why we have developed a compromise combining phases 2 and 3 to make best use of the available SELEP funds and opportunity for continuity of construction and the resulting efficiencies.

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 expected benefits of this element of the Fishermen's Quay development

There are a wide range of expected benefits specifically derived from this element of the Fishermen's Quay development. Phase 2 will deliver significant productivity and resilience benefits to the operation of the fleet through:

- Improved working conditions for the fishermen through the provision of toilets and showers.
- Covered maintenance areas that support on-site repairs to vessels and equipment, including workshop space for net-making.
- Secure storage areas that will extend the life of equipment and make the quayside safe for public access for the first time.
- Office space, from which the CIC's administration can be managed and training can be run.

Phase 3 will provide a platform for the CIC's growth and diversification through new public-facing activity:

- The Visitor Centre will include a 32-seat meeting space capable of hosting community and school visits, fishermen’s meetings and training events.
- The CIC will be able to offer safety and navigational courses, cooking workshops and other revenue generation activity as a result of this new build.
- The Visitor Centre will be a major tourist attraction, attracting an estimated 9,000 visitors a year to experience this history of fishing and the marine environment.

Eastbourne Borough Council’s ambition for the Visitor Centre is that it will be a learning resource for local schools on the history of the fleet, the harbour and the significance of fishing. It is seen as an enhancement to the visitor economy offer in Eastbourne that will increase the importance of The Waterfront as a leisure destination and create jobs through attracting new visitors to the area.

The benefits of the project include 4 jobs within the Visitor Centre resulting from its operational needs and its programme of events and courses, as well as 3.6 indirect jobs derived from the visitor spend attracted to the SELEP region. The cumulative GVA from the project’s visitor economy impacts has been estimated at £2.79m.

These figure are derived from analysis set out in the Economic Case, which can be summarised as:

- 3,200 additional visitors to the SE LEP region annually between completion and 2030 (19,000 gross visitors to Fishermen’s Quay – including visitors to two events comparable to Hastings’ Midsummer and Herring Fair festivals); the excel model uses 2018 £ values and has not been updated in line with inflation.
- Supporting 3.6 net additional visitor economy jobs annually from 2021-2030;
- Generating cumulative GVA of £ 2.18 million (discounted) [*see attached EAA Model 2021*]

Phase 2 benefits – Eu10CIC can keep a range of maintenance equipment and can run their own repairs on vessels and gears and there are benefits from having workshops on site where net making facilities provide better working conditions (there are no undercover areas currently, nor are there toilets and showers which will be built as part of phase 2), easier maintenance and repairs (therefore greater efficiency and quality of catch), enhancing fishermen’s ability to work safely, and reducing travel and fuel use. Currently nets are made by two of the fishermen, some buy gear made in Brighton and a certain amount make their own gear – however, a centre with machinery, means less time in transport, an opportunity to train, and possibly create jobs in the medium term through net production. Better storage means longer lasting tools and gear, safer conditions for people and kit, as well as making the area visually better increasing amenity value and having a safe way to view a working fishing quay.

Furthermore, having the facilities will enable local fishermen to run training events, whether on processing or net fixing, mechanical, while also providing a place to innovate with rigging of new fishing gear for example.

Phase 3 benefits – the visitor centre will form a major tourist attraction and hub for sovereign harbour. The centre will provide an area to educate local people and visitors

about the history of fishing, the marine environment, the local catch, sustainability, seasonality and provide that direct contact point to the industry, identified through the Community Economic Development (CED) plan. The centre accommodates space for 32 seats and supporting facilities, where displays, fishermen's meetings, training events e.g. mandatory courses (safety - sea survival, fire risk assessment, first aid) can be held, navigational and maintenance courses (not mandatory) could also be held there, alongside school visits, cooking workshops and events.

Having a central point of contact in harbour, adds amenity value and would create local jobs running and maintaining the centre from information desks, to events to cleaning. Furthermore, the venue could be a basis for festivals and events such as those run in Hastings.¹

Given that the Eastbourne development will be on a different scale to Hastings, we have used very conservative estimated on visitor numbers to the heritage centre as well as to any future festivals. For modelling purposes we estimated that for two events in Eastbourne we could realistically expect 5,000 to attend each of them.

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.]

For full details and mitigation strategies please see the risk management case and risk register.

The two main risks that have been identified for this project are:

➤ **The loss of the fleet before the infrastructure comes online**

Risk Score: 15/25

This risk is the rationale for haste in the delivery of the project, continuously with Phase 1. It is also key to the weak feasibility of self-funding options that current financial projections indicate could take 13 years to achieve.

➤ **Brexit and Covid-19**

Risk Score: 10/25

➤ Now that the Brexit deal has been signed the Fishermen are in a better position to assess their future prospects, based upon the government's pledge to fund the fishing industry over the next few years. The construction of Building 2 is a very important part

¹ As an example that visitors are attracted to these types of heritage features are shown by looking at the number of visitors to the 3 fish festivals in 2017 in Hastings: Midsummer festival - 5,000 visitors; Seafood and wine festival 20,000 visitors; Herring fair 8,000 visitors. Furthermore, Hastings museum had a total of 15,266 visitors (e.g. the busiest day had 1,200 visitors on Aug 16th, 125th birthday party). It is clear that '[t]he local fishing industry contributes far more as part of the overall Hastings tourism product. Tourism spend attributable to the presence of a fishing fleet is estimated at 2% of the £110million tourism spend in 2003 - almost double the £1.3million derived from landings. This estimate should be refined as part of any future visitor research'.

of developing the site and giving the Fishermen space to store and repair their nets and equipment.

Other, lesser and more easily mitigated risks have been considered extensively as part of the project's development. These include protecting the CIC against changes in the cost of delivering the project (which will be achieved by continuing works under the contractor presently on site at an agreed price).

The delivery and future operation of the project are not viewed as facing any great stakeholder issues. There is strong local and political support for the project. Residential and business groups have been engaged in the development process and the Fishermen's Quay is viewed positively as an opportunity to complete this area of Sovereign Harbour and to provide a community economic asset.

The realisation of the project's benefits are in part dependent on demand for fish-related heritage and leisure activities, which has been identified robustly through a large-scale market research exercise with over 600 participants.

For full details and mitigation strategies please see the risk management case and risk register.

Financial risk

- Impacts on grant funding – withdrawal or bankruptcy of ESCC / SELEP
- Impacts on loan conditions – withdrawal of loan or bankruptcy of ESCC / SELEP / delay and change in loan conditions
- Inability to repay loans – due to failure to get processing online quickly enough, decreased revenue and delays in repayment / change of loan terms
- Penalties as a result of missing repayment deadlines
- Cost of doing the job may increase as well as the costs of materials.

Delays

- Delays in the sale of the land may have knock-on impacts to when the construction can begin
- Delay may change land value and offer for fishermen to purchase the land.
- Delay in the construction phase because of bad weather is always possible. We have no control over the weather, but have scheduled the construction to coincide with spring and summer.

Change in conditions

- The leases were signed in March 2020 and the initial 10-year lease will be superseded by the 75-year lease when Building 1 is completed and handed over in April 2021. The project is on programme despite Covid-19 and some inclement weather.

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.

2.12. 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.]

In order to ensure the project's viability, each phase has been designed to be independent; meaning that phase 1 can be completed ahead of funding being secured for phases 2 and 3. However, completion of phases 2 and 3 will unlock the full economic benefits of the project, making the Quay a true visitor destination, enhancing the amenity and offer of the surrounding Sovereign Harbour priority economic area. The Marina

owners (Premier Marinas) are fully supportive of this aspect of the project and recognise the added value it will bring to the area.

The brief given to the architect was to design three buildings on the site to produce storing equipment, storage and preparation of fish in two of the buildings for use by the Eastbourne Fishermen, and a Visitors Centre.

As these buildings were for commercial use the architect designed the buildings to be constructed of a steel frame with composite cladding finish. The choice of the construction was to maximise the internal spaces within the buildings and enable the buildings to be adapted for future needs and uses.

Traditional construction was considered but it was rejected as it would not give the flexibility the chosen construction would achieve.

Regarding the options around funding:

The Eu10CIC have looked at three possible options for the second and third phases of the Quay development.

The first option (the preferred option) is to obtain grant funding from the SELEP for both phases (2 and 3) in order to develop the Quay in one build, saving money, time and bringing the full benefits online within 18 months instead of what could be closer to a decade. This is the currently preferred option.

The second option, would be to obtain grant funding from the SELEP for only phase 2 or only phase 3. It is felt that the SELEP would be most interested in funding the 3rd phase as this has direct benefits to tourism and the local economy, which would boost growth and provide knock on benefits throughout the harbour. The second phase however is most important for the fishermen to go about their work and therefore more urgent from a livelihoods perspective.

The third option is where the scheme is not funded by the SELEP and the fishermen have to look elsewhere for grant funding support, loans, or have to self-finance from profits generated for the CIC through the processing and sale of seafood directly enabled through phase 1. As described earlier, the self-fund option was the original plan, but is unlikely to be possible in under 5 years, possibly under 10, as fisheries incomes are weather, stock and fisheries policy dependant. The option to pursue Heritage Lottery Funding (HLF) has been discussed, but there is a lot of competition for HLF grants and the process is currently under review and the process can take upwards of one year to realise (if successful) meaning the build would likely not start for the second and third phases until 2020. The option of obtaining loan finance for the second and third phases has also been looked into with the Charity Bank who offered 5.25% above base rate over 20 years. For a loan of £1.35 million paying interest of 5.75% would mean over the first 10 years, interest payments would amount to over £603,297; starting in Year 1 at £77,625 and reducing to £45,555 by Year 10 as shown below:

Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
77,625	73,162	68,955	64,990	61,253	57,731	54,411	51,283	48,334	45,555

These interest payments alone over the decade would be equal to half the cost of the entire build for phases 2 and 3 combined.

2.13. Preferred option:

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

The project is part of a wider three phase scheme aimed at transforming the quayside and modernising the fishing activity taking place there. Both reserving the land for use by the fishermen and the development of the Fishermen’s Quay scheme have been widely consulted on; the site received the most responses as part of the Sovereign Harbour SPD process and the current proposal emerged from a Community Economic Development Plan process that involved local resident and business organisations, the borough and county councils and the fishermen themselves. The works to be delivered by this project are the construction of phases 2 and 3 combined into one building.

The approach chosen to deliver this project is to use the grant funding awarded by SELEP to enable the continuous delivery of Phases 2 and 3 with the ongoing construction works for Phase 1. This was deemed to be the only financially feasible option that meets the overarching strategic need to provide this infrastructure quickly so as to avoid the risk of losing the fleet or delaying the potential benefits of having a local attraction and feature. In addition to improved resilience and safeguarding, the project will deliver significant improvements to the fleet’s business and operational performance, enhance its capacity for growth and attract additional visitors to the harbour and to Eastbourne. The alternative approaches considered for the project’s deliver present the following issues:

A **reduced SE LEP investment** to facilitate a partial delivery of the proposed works would involve a difficult trade-off between the immediate operational needs for the fleet (the fishermen are currently without office accommodation, facilities for storing or repairing equipment, toilets or showers) and the opportunity to generate wider visitor economy and place-making benefits.

In the case of **no SE LEP investment**, the CIC would either have to self-fund, delivering the project by approximately 2032, or take a loan from Charity Bank at ~6% interest. The former option could negatively impact the fleets ability to generate the funds to deliver phases 2 and 3 in a reasonable time frame (in which some vessels may be lost from the fleet) and the latter would lead to repayments that the fleet’s cash flows and margins could not support.

While the works can in theory be delivered independently, splitting Phases 2 and 3 is not seen as a logical approach as this would either jeopardise the safeguarding impacts of the Fishermen’s Quay development or diminish the new benefits of the project (derived from the acceleration effect), as well as raising the costs of delivering the remaining phase. This would option would also negatively impact the CIC’s financial projections. As a result, the **reduced SE LEP investment** offers worse value for money than the preferred approach. In

the **no SE LEP investment** scenario, the project is not deliverable. The **preferred option** is therefore the only feasible approach to securing the delivery of phases 2 and 3 into one building (Objective 1, Strategic Case), the Visitor Centre (Objective 2) and the project's direct and wider visitor economy benefits (Objective 3). This can be achieved by March 2022 supporting the maximum additionality.

2.14. 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.]

In accordance with MHCLG guidance, the initial BCR is reached using the Land Use Change methodology, while other potential impact areas are not considered to be significant enough to calculate monetised impacts. Other external impacts are considered, and the Adjusted BCR is calculated using a set of bespoke models.

Land Use Change (MHCLG Guidance).

- The new land value for the site is estimated using DCLG Appraisal Guide Data Book Table C.0.3 - Industrial land value estimates, using the land value estimate for the South East.
- Additionality is set at 100%; this is due to there being no alternative usage for the site, as set out in local plans. The improvement to the site, from derelict / empty to light commercial/industrial, is therefore full additional.
- The site area is estimated using the updated phases 2 and 3 as one building footprint.

External Impact (MHCLG Guidance).

- Air quality: There are two ways in which the project may impact air quality. Phase 2 will allow for the fishermen to undertake works that they would previously have had to travel, by sea or road, to do. This is expected to result in **a reduction in negative impacts on air quality**. Phase 3 will encourage additional visitors to the region, who may travel by private vehicle, by sea or road, to the facility. This is expected to result in **an increase in negative impacts on air quality**. The information on either of these effects is insufficient to appropriately model, so the quantitative impact has been excluded on grounds of proportionality.
- Crime: There is no identified pathway through which the proposed development will affect crime, so this impact area has not been included.
- Private Finance Initiatives: The proposed development does not involve Private Finance Initiatives.
- Environmental change: Beyond the air quality change, there are no further environmental impacts that have been identified. The land used for the proposal is currently of little ecological value, and the usage of the site is **unlikely to significantly change** the human-perceived environment of the area, such as through noise or visual impact.
- Transport: As noted under air quality, Phase 2 will allow for the fishermen to undertake works that they would previously have had to travel, by sea or road, to do. This is expected to **reduce the private travel costs** experienced by these fishermen.



However, this benefit has not been monetised due to the information being insufficient to appropriately model, so the quantitative impact has been excluded on grounds of proportionality

- Public Service Transformation: The proposed development does not involve Public Sector Transformation.
- Asset Valuation: The proposal does not involve placing any assets into public ownership.
- Competition: The proposal is not intended to address any wider market failure, so competition impacts are not valued.
- Energy Use and Greenhouse gases: There is the potential for impacts through changes in travel, addressed above, leading to a mixed impact of emissions from vehicles. In addition, the facilities constructed in Phase 2 and 3 will require energy for operation. **This will have a negative impact.** The exact level of this will depend on detailed design, and has the potential to be minimised through environmentally friendly design.

Other benefits and costs, not captured by these methods

- Tourism uplift: The MHCLG Land Value Uplift methodology is considered to not capture the wider external impacts that the creation of a visitor centre, and the associated events that would be run, would have, through the increase in the number of visitors to the local area and their spending in the area. In order to address this, a bespoke additionality model has been developed.
 - o Core scenario visitor numbers is based on two core assumptions. One, that the facility will enable at least two events of regional significance, attracting 5,000 visitors to each. Two, that the museum function will be of sufficient interest to attract 20 visitors per day across 305 days a year. These assumptions are based on similar facilities and events; however, this assumption has been subject to switching value testing and sensitivity testing.
 - o NOTE: *Premier Marinas have stated that they feel 20-50 visitors per day is a realistic assumption, however we have based the modelling on 20 per day to be conservative.*
 - o Additionality, as explained in 3.4.
 - o Visitor value calculated using VisitBritain Great Britain Tourism Survey data (combined gbts and gbdvs 2014-2016 la and county data) for all types of trips in the Eastbourne area. Total visitors are assumed to be static when calculating this value.
 - o A composite multiplier for Heritage Tourism is used, based on research by Oxford Economics. (The Impact Of Heritage Tourism For The UK Economy, August 2016)
- Residual asset value: The development of facilities will leave in place an asset owned by the CIC. In order to incorporate the value of this asset into the assessment some assumptions were made.
 - o The light commercial buildings that would be constructed would have an approximate lifespan of 30 years.
 - o The deterioration in the asset value over that time will be approximately linear.
 - o The residual value is judged at the end point of the appraisal period, rather than as a continuous accounting depreciation.

The Core Scenario

Do minimum – As previously described, the Do Minimum involves Phase 1 being completed as planned, and then Phase 2 not being initiated until 2026 and Phase 3 not being completed until 2030; this is due to the constrained finances of the CIC; further, these dates are optimistic as unknown circumstances may lead to these phases being pushed back.

Do Something – the Do Something involves Phases 2 and 3 being completed as described.

The assessment approach is considered to be proportionate to the scale of the project, the potential for positive and negative impacts, and the types of impact.

The modelling gives an uplift value of £ 35,750 ; however, as per the guidelines this uplift will not occur until the construction concludes in 2022. This means the non-residential land value has a discounted value of £ 31,154 .

2.15. 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].

The key economic appraisal assumptions are presented in Appendix E. The approach to additionality used within the approach is also shown here, as it is core to understanding the sensitivity and switching value findings.

- **Land Use Change:**

The land-use value uplift was determined to be fully additional. This is due to there being no alternative use to the site; local plans and permissions state that no alternative usage would be permitted while the fishermen were willing to use the site. With the funding of Phase 1, the future of the fishermen at the site is secured.

- **External Impact - Tourism:**

- **Leakage:** Leakage has been assessed as **Low (10%)**. This is due to assessing at UK level, per guidance; the majority of businesses that will benefit from an uplift in visitor numbers will be local and UK based.
- **Displacement:** Displacement has been assessed as **High (75%)**. This is due to the potential similarity of the Phase 3 offering with other attractions in the UK, particularly on the South Coast (such as Hastings). While there is evidence to suggest that Eastbourne has a unique offering in this space, the decision was made to use a conservative estimate of the displacement potential.

- **Substitution:** The public funding of Phases 2 and 3 is likely to result in some alteration in behaviour in order to take advantage of the public funding. This has therefore been assessed as **Low (25%)** between 2020 and 2030.
- **Deadweight:** From 2030, Phase 3 would be constructed by the CIC, assuming that conditions were supportive of doing so. As such, **from 2030 the model assumes 100%** deadweight, meaning benefits are only accrued between the present day and 2030. This is a conservative assumption, as it is likely that running events and developing the visitor centre for the preceding years would result in higher visitor numbers than a newly opened facility in 2030.
- **Multiplier effects:** A composite **multiplier of 1.3** was used. This represents the multiplier for “Heritage tourism”, identified and calculated in a report by Oxford Economics. However, tourism more broadly has been calculated with a composite multiplier of 2.2 in England (Visit Britain, Tourism: Jobs and growth. The economic contribution of tourism to the economy in the UK, 2013), so the usage of 1.3 is considered to be a conservative estimate used to prevent overstating benefits.

2.16. Costs:

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

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

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

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

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

Source	Prior to 2018/19	2019/20	2020/21	2021/22	2022/23
Public funding					
LGF 3B			P2 & P3	P2 & P3 £	
EMFF (grant)		P1 £1,255,000			

ESI 4 (grant)		P1 £40,000			
ESI 4 (Loan)		P1 £200,000			
SELEP GPF (Loan)		P1 £1,150,000			
SELEP GRANT				£1,404,000	£36,000
Other sources of funding (please list below)					
Private funding					
Premier Marinas				In discussion re: contribution to P3	
Seafarers UK grant		P1 £25,000			

Phase 1 - funding is secured, project construction on schedule:

- EMFF funds are guaranteed until 2020/21 and secured.
- The ESI4 fund (grant + loan £240k) is secured.
- The Grant of £25K from Seafarers is secured.
- The GPF loan facility has been approved by SELEP and legal agreements are being drawn up to enable its draw down.
- The fishermen's capital reserves and contribution of 5% to the CIC are secure.
- Revenues and profits from processing and retail are estimated and likely although unsecure.

Phases 2 and 3

- LGF grant support for Phases 2 and 3 is currently not secure, but **the SELEP Board decision to vote in favour of the funding decision item relating to the Eastbourne Fishermen's additional ask of [£0.360m], means that an offer of £1.44 million has been made by the SELEP to support the scheme.**

Operational revenues for the Phase 3 heritage centre will be covered by income to the CIC through their fish processing and levies. Therefore, the operational costs are not included in the modelling as they will not fall on the public purse. Although the center will be free to visit, as seen in other similar attractions, donations towards the running costs are commonplace and can be significant over the course of a year.

2.17. 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.

'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.]

Summary of indirect benefits:

Phase 1: There are no processing facilities of this type in Sussex, indeed the number of processors in southern and central England and Wales has decreased markedly over the past few years from 60 to 36 units. Therefore this infrastructure would create a processing centre in a region that has been suffering from a decline in processing in recent times. Furthermore, Sovereign Harbour does not have the facilities or attractions related to fisheries at present and this presents the only means to keep the fleet alive, to improve their outlook and to add them to the tourism and heritage offer and improve the economic fortune of the fishery and harbour alike, with spill over benefits to Eastbourne and the national economy.

Phase 2 benefits:

- Local employment: The construction employment must use local labour and we estimate this will include 30-40 people from construction to fitting (including main contractors and subcontractors through to plumbers and electricians, transport etc). Including professional consultancy staff the total employment during the phase is likely to be up to 50 FTEs.
- The impacts in the section above (ranging from jobs to better working conditions and health and safety) are also clear benefits although they have not been monetised.
- The workshop facilities will aid repairs and storage on site net allowing for better maintenance, longer life of tools and gears, easier repairs, safer storage and ability to work safely and provide a place to innovate with new gears.
- It is possible that in the longer term this facility could also be used to manufacture nets as a spin-off industry and offer training and apprenticeships for new entrants or those who have retired from a life at sea.
- The space will also mean fishers can run training events (there are no undercover areas currently) and invite other fishers and scientists for knowledge exchange and workshops.
- The design of Phase 2 will be visually better adding amenity value.

- Costs for running the facility included insurance, electricity and water.

Phase 3 benefits:

- Local employment: The construction employment must use local labour and we estimate this will include 30-40 people from construction to fitting (including main contractors and subcontractors through to plumbers and electricians, transport etc). Including professional consultancy staff the total employment during the phase is likely to be up to 50 FTEs.
- Increased employment through visitor centre staff (estimating 4 FTE staff for the entire facility)
- Increased revenue and turnover from visitors to the heritage / visitor centre.
- Phase 3 will provide a major tourist attraction and hub for the harbour
- The centre will provide a space to educate local people, schools and visitors about the history of fishing, the local marine environment, the local catch and seasonality and sustainability to a range of audiences.
- Innovative displays for festivals and events, a space for fishermen's meetings and training events, as well as mandatory courses (safety - sea survival, fire risk assessment, first aid) can be held there; furthermore, navigational and maintenance courses (not mandatory) could also be held there;
- Wider events e.g. cooking workshops and events could also be hosted in this
- The building will provide a central point of contact in harbour, adding amenity value and making the fleet visible and accessible.

Sovereign Harbour is Eastbourne's newest residential area offering an important leisure attraction. The vision for the site is to increase sustainability through the delivery of community infrastructure, ensuring holistic development. One of the main weaknesses of this neighbourhood is access to services and facilities. There is a low level of local jobs and businesses, therefore people have to travel outside of the immediate area for work. The regeneration of this site would not only improve the facilities of this area, but also create job opportunities for local people, both directly and indirectly. The Waterfront at Sovereign Harbour contains a number of bars and restaurants; a sustainable and very local seafood offer would result in low transport costs and reduced environmental impact. The Fisherman's Quay will enhance Eastbourne's tourism offer and economy. Therefore the proposed development will contribute to the sustainability of this neighbourhood, as well as promoting Sovereign Harbour as a destination.

'There are significant indirect impacts of the visitor economy through its interaction with other businesses by selling to, or purchasing from, other sectors. The total (direct and indirect) impact of the visitor economy was 8.2% of national GDP in 2007 – equivalent to around £114 billion.'²

² https://www.visitengland.com/sites/default/files/downloads/btfr_full_final_tcm12-155094_tcm30-18136_0.pdf

There is a key external benefit from 'cleaning up' the land in the form of an amenity benefit to the surrounding area and making the whole site accessible to the public.

'Initial' Benefits

The MHCLG appraisal guidance is clear on how to calculate the initial benefits. As this project is proposing non-residential development, the first step is to calculate equation 1.

$$1 \quad \text{Non-residential land value} = \text{Hectarage} \times \text{Land value per hectare}$$

While the total site under consideration 0.310 ha in size, the area that was originally proposed for development was 0.094 ha. The updated plans to combine buildings 2 and 3 means the total area, comprising all 3 phases (and the two buildings) is: building 1 (150 m² and building 2 (175 m², comprising phases 2 and 3) giving a total of 325 m²). The leasehold value for the whole site, as described in the description of the Phase 1 costs, is £250,000. This implied a per hectare value of approximately £800,000. However, there are several factors which are acting to drive the value down, and so for the purposes of land value uplift a value of £1,100,000 is used, the land value used in the DCLG Guide for "Industrial" land in the South East of England.

This gives an uplift value of £ 35,750 ; however, as per the guidelines this uplift will not occur until the construction concludes in 2022. This means the non-residential land value has a discounted value of £ 31,154 .

$$2 \quad \text{Existing land use value} = \text{Hectarage} \times \text{Land value per hectare}$$

As stated, the project has incurred a lease cost. However, this is not reflective of the existing site value. The site, as noted in Sovereign Harbour Supplementary Planning Document 2013, has received objections to usages other than for the local fishermen. Further, while the site is used by the fishermen the local planning authority is unwilling to consider alternative usages. No alternative usage would be permitted while the fishermen were willing to use the site. With the funding of Phase 1, the future of the fishermen at the site is secured; therefore, **the existing usage value is considered to be £0.**

$$3 \quad \text{Net external impact of non-residential development} = [\text{Hectarage} \times (\text{per hectare}) \text{ External impact of a development}] + \text{Transport related external impact of a development}$$

As described in Section 3.3, the Green Book list of initial impacts was reviewed; none were considered to be sufficiently robust or significant to monetise in this case.

$$4 \quad \text{The net social value of the development is} = \text{Net private value of non-residential development (1-2)} + \text{Net external impact of non-residential development (3)}$$

The initial Net Social Value, per MHCLG Guidance, is **£31,154 over a 30 year Appraisal period.**

'Adjusted' Benefits

Tourism uplift:

As described in Section 3.3, the MHCLG Land Value Uplift methodology is considered to not capture the wider external impacts that the creation of a visitor centre, and the associated events that would be run, would have, through the increase in the number of visitors to the local area and their spending in the area.

Our adjusted benefit-cost ratio of 1.54:1 for phases 2 and 3 combined into one building does not include the operational costs of running the heritage center, however, those costs would need to exceed £1 million between the completion date and 2030 (when it would have been completed anyway – for modelling) in order to reduce the BCR below 1:1.

Residual asset value:

The development of facilities will leave in place an asset owned by the CIC.

2.18. Local impact:

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

The LGF investment will enable the build of phases 2 and/or 3 of the Fishermen's Quay project; as each phase can be completed independently, we are able to progress with whichever we are successful in gaining funding for. For this reason, outputs for each phase are set out separately here. However, it is the completion of all 3 phases that will allow the synergy between the increased production, value retention, skills support and tourism impacts which will have a multiplying effect of the individual benefits of each phase.

Phase 2 will provide large storage areas on the ground floor. The storage areas, which would include both fishing and landing equipment would enable the fleet to safely store fishing gear and also allow the maintenance of gear and equipment in a more controlled environment.

Impacts:

- reduced costs for fixing gear, and better durability as not in direct sunlight for storage
- better working conditions for fishermen (safer, cleaner, less travel).
- health and safety improvements for fishermen and harbour staff
- space to innovate and run training; options for future careers and jobs.
- options to train new fishers / staff in net making for example
- tidier quayside; increased amenity value
- point of interest for tourism; working fishing quay, net fixing activity etc

Phase 3 will form the basis of a heritage and visitor centre and will allow the fleet to actively engage with the local community, visitors and tourists, creating a high quality destination within this key priority location. The building will link directly to the storage and processing facility and will bring in visitors, community groups (e.g. schools and local interest groups) and members of the public in order to disseminate information regarding fisheries, heritage,

local marine life and protected areas and would recognise the Eastbourne fishermen as a sustainable and responsible fleet at the heart of Sovereign Harbour. There is a recognised opportunity to link this visitor destination to the wider hospitality offering in the Sovereign Harbour area, e.g. through local sourcing of produce in local restaurants.

Impacts:

- job creation
- income generation
- tourism increases
- heritage education benefits; school visits etc
- central meeting point (hub)
- fishers training venue (sea survival, 1st aid, risk assessment etc – these are mandatory and currently not available in the harbour)
- information on local culture for visitors
- central feature in harbour for residents and visitors
- additional courses (e.g. seafood cookery)
- opportunity to provide information on local catch, sustainability, and seasonality (identified in CED plan) which may lead to direct market opportunities.

Overall, as a result of the entire Fishermen's Quay project, 72 jobs will be safeguarded within the current fishing fleet, and a minimum of 4 new jobs will be created in the production, processing and sales. Safeguarding existing jobs locally is essential for the survival of the fleet and fishing heritage as well as economic contribution averaging ~£2,000,000 per year. In addition to safeguarding these jobs, new opportunities exist within the processing, running the facility and wider engagement opportunities to create jobs and involve the wider community, local residents and local business.

Community Economic Development (CED) aims to drive this form of bottom-up development of an area or locality, and to co-create an economic strategy that delivers what local people need and want. The Eastbourne Fisherman's CED plan³ includes local producers, businesses, residents, regulators, community groups and public sector staff, who do and will, all play a role in shaping and contributing towards our plan (and ultimately benefit in terms of positive outcomes as a result of a successful CED plan put into action).

The CED workshop run in 2017 brought together local residents, local and county council staff, the Charity Bank and local fishermen to look at how money could be captured in the local economy and what is needed to make the fishermen visible and active in the local economy. It was essential to bring together public sector, fishermen and local residents to develop a coherent and connected CED plan.

The innovative approach over the full three phases combines processing, ice production and storage of gear alongside a future visitor centre has not been attempted before and the wide range of partners and opportunities for collaboration between fisheries stakeholders, scientists, local authorities, businesses and the wider community

³http://www.eastbournefishermen.co.uk/images/EastbourneFishermenCED_PLAN_FINAL_May2017.pdf

represents an exciting and innovative departure from simply a landings based fishery – a considerable and urgent need given the impacts of covid-19 and the changing future relationship with the EU. The opportunity to create a replicable model for parts of the project in other coastal communities and harbours is also an opportunity which funding this project will open as a possibility. By winning a CED (Community Economic Development) grant a process is now underway to bring together, fishers, local residents, businesses and public bodies to develop a long-term, viable plan to create new, local supply chains, protect and create jobs locally, and keep more of the money spent in local circulation.

Additional outputs will include:

- Help maintain existing jobs in the fishery and create new jobs in processing and running the facility– measureable outcomes include jobs protected and new jobs created.
- Lead to a more resilient, diverse and distinctive, locally connected fishing fleet in a better position to survive and thrive in the challenging ‘new normal’ of lockdowns and restaurant and pubs not being open and able to serve seafood.
- Offer an opportunity for adding value to the products through processing, capturing value locally, and by connecting the community with the local fishing fleet – enabling local fishers to become price makers rather than price takers. This is even more important given the impact of covid-19 and Brexit on an export focussed fishery reliant on wholesalers.
- Measurable outcomes include: net profits, numbers of retail customer who live locally, average retail price per species.
- Increased training opportunities, volunteering opportunities and wider educational opportunities for young people.
- Increased number of young entrants to the fishing industry as well as more local jobs for women.
- local community and school children become aware of the fishery and the heritage
- Measurable outputs include number of training events, young people trained etc.
- Help create new opportunities involved in processing, running the facility and also in wider engagement opportunities with the wider community and local businesses – outcomes include number of direct and indirect jobs supported and created.
- Reduce waste (via cold storage) and enable a structured approach to the recycling of used fishing gear.

From CED plan:

- Lead to a more resilient, diverse and distinctive, locally connected fishing fleet in a better position to survive and thrive.
- Increased training opportunities, volunteering opportunities and wider educational opportunities for young people.
- Increased number of young entrants to the fishing industry as well as more local jobs for women.
- local community and school children become aware of the fishery and the heritage

- Help create new opportunities involved in processing, running the facility and also in wider engagement opportunities with the wider community and local businesses – outcomes include number of direct and indirect jobs supported and created.
- Reduce waste (via cold storage) and enable a structured approach to the recycling of used fishing gear.

2.19. 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.]

The adjusted BCR ratio for phases 2 and 3 combined into one building is 1.62

Note these calculations are in 2018 £ and have not been adjusted for inflation.

	DCLG Appraisal Sections	Option 1 relative to status quo (Do Something)	Option 2 relative to status quo (Do Minimum)
A	Present Value Benefits [based on Green Book principles and Green Book Supplementary and Departmental Guidance (£m)]	0.03	0
B	Present Value Costs (£m)	1.47	0
C	Present Value of other quantified impacts (£m)	2.23	0
D	Net Present Public Value (£m) [A-B] or [A-B+C]	0.8	0
E	'Initial' Benefit-Cost Ratio [A/B]	0.02	n/a
F	'Adjusted' Benefit Cost Ration [(A+C)/B]	1.54	n/a
G	Significant Non-monetised Impacts	The preferred option would result in a site, currently considered, when not actively being used by the fishermen, to be somewhat of an eyesore being developed and made into a viable visitor attraction. It is highly likely that this would result in a widespread amenity uplift for the entire Sovereign Harbour area. Insufficient evidence is available to monetise this impact; however, this would likely affect the 3,500 people who live in the area in a positive way.	



	DCLG Appraisal Sections	Option 1 relative to status quo (Do Something)	Option 2 relative to status quo (Do Minimum)
H	Value for Money (VfM) Category	Initial VfM: Poor value for money Adjusted VfM: High value for money The conservative approach to modelling the adjusted impacts, as well as how significantly lower the switching values are, lead to a judgement that the Adjusted VfM may be the more appropriate choice.	
I	Switching Values & Rationale for VfM Category	Switching Values, to be below 1 BCR Visitor numbers: 12400 visitors or fewer per year Spend per visitor: The spend per visitor per day would fall to £24.60 in 2018, rather than £51.53. Operational expenditures: Annual opex would have to exceed £110,000 between 2021 and 2030. Total additionality: 11% rather than 16.75%	
J	DCLG Financial Cost (£m)		
K	Risks		
L	Other Issues		

VALUE FOR MONEY (if available)					
BCR	Present value of public costs	Present value of total cost	Present value of benefits	Key assumptions (to include additionality, optimism)	Qualitative VFM Summary (why is this VFM, what benefits are counted inc non-montetary benefits)
1.54	1470000	1470000	£2,233,780	Total Additionality: 0.1687	



				<p>Composition Multipliers: For every £100 of gross value added the heritage tourism sector itself creates, the sector supports another £130 elsewhere in the economy, and for every 100 people the heritage tourism sector employs, the sector supports the jobs of another 102 people elsewhere in the economy.</p>	
				<p>Optimism Bias: Costs increased by 2%. Standard Buildings, late stage of development</p>	

3. 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.

3.1. 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.]

Based on Gradient Consultant's previous experience of working with these types of projects they tendered to a number of Regional and local contractors within the Sussex/Kent area, who were able to show that they could provide locally sourced labour under a standard JCT contract with contractor design.

The local and Regional construction market is well served by good quality contractors, with excellent track records in design and build infrastructure and construction projects. A number of suitable contractors were approached by telephone and email, and initial discussions were held with each in respect of the projects specific location, budget, complexity and timescales, as well as their availability to support such a project.

The most preferred option for procurement was considered to be the 2-stage negotiated tender process.

Stage 1 was the tendering process to a number of local/regional contractors.

When it came to stage 2 the client was ready to negotiate the tender price with the lowest tenderer, but they unfortunately went into liquidation.

Subsequently the client then negotiated with the second lowest tenderer- and they are currently working on phase 1 with a completion in April 2021.

The client will also negotiate Phases 2/3 with the same contractor under a Design and Build contract, for the reasons as set out below.

The scheme is relatively simple in nature and lends itself to such a procurement option. This decision was further supported in the tender returns being comparable and within a suitable tolerance of each other.

The results for the first stage of tendering for phase 1 was as follows:

Contractor A - £938,246.78

Contractor B - £1,076,219.63

Contractor C - £1,144,729.00

Prices quoted are exclusive of value added tax at the current rate of 20%.

The lessons learnt from using this method of procurement is that that open communication and transparency with the selected stage 1 contractors can result in a comparable tender returns within a suitable budgetary tolerance. It also encourages

contractors to provide competitive returns when they are fully aware of the procurement option and the size of the pool of prospective bidders.

Other contractors approached confirmed that the project was either too large in value, or that they were unable to meet the requirements of the anticipated programme.

3.2. Preferred procurement and contracting strategy:

[Define the procurement strategy and contracting strategy (e.g. traditional, (design and build, early contractor involvement) and justify, ensuring this aligns with the spend programme in the Financial Case and the project programme defined in the Management Case; max. 2 pages.]

This 2 stage negotiated procurement route allowed contractors to provide an initial outline cost based upon the available planning drawings. A second stage will develop the Employer's Requirements (ERs) and detailed design, through joint design workshops with the project sponsor and project manager, principal contractor, structural and engineering services consultants. This stage of the strategy focuses on cost and value engineering, and ensures the cost of the build process matches the available funds, identifying any shortfalls.

The outcome of the design workshops and preparation of ERs would be a suitable agreed fixed price cost provided by the selected contractor as a part of their Contractor's Proposals (CPs). The ERs and CPs would then form the basis of the design and build contract, entered into by both client and contractor.

The strategy to request fixed price tenders was deemed inappropriate as the mechanical and electrical design was not fully scoped and prices returned may be heavily caveated and too difficult to compare at this initial stage. This procurement strategy shortens the project programme and builds on the contractor's knowledge of construction, particularly where the client is new and inexperienced in the construction process. It also reduces the risk on the client in terms of detailed design and associated cost. Specialist services installations are dealt with upon completion of the project through the agreement of collateral warranties.

The contractor's price is built through a process of open and transparent negotiation, based upon the available budget, and required quality, timescales and value for money principles. This procurement method allows all parties to keep under review the business case and financial parameters. It also mitigates against the risk of claims by the contractor for additional works.

The contractor for Phase 1 is in place and continuing the negotiated route with them would provide:

Continuity – the contractor being in place and well versed in the site requirements and restrictions. In addition, any new contractor would require exclusive site boundaries in order manager their specific contract in a safe and controlled manner.

Cost – the cost of smoothly transitioning to phases 2 and 3 would reduce site set up and preliminary costs. In addition, it would reduce contractual costs associated with re-tendering and renegotiating with a new contractor.

Phases 2 and 3 would still be negotiated with the selected contractor to ensure budgetary constraints are met and value for money is still achieved.

Time – The construction programme would run on from phase 1 and there would be a reduced risk of any time lag in completing phase 1 and starting phases 2 and 3.

Quality – Continuing with the phase 1 contractor would mean that the quality of workmanship agreed could be sustained.

Lessons Learned – A real advantage of continued working with the phase 1 contractor would be that any lessons learned can be immediately transferred to the detailed design and construction process for phases 2 and 3. This is likely to result in additional time and cost savings.

3.3. 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.]

Gradient consultants and the Fishermen (Eu10CIC) have agreed a governance framework which is attached.

SEE ATTACHED ‘Fishing Quay – Gradient Project Governance’

Gradients relevant experience is also listed in section 5.8 below.

3.4. Competition issues:

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

This is not required at SOBC stage.

3.5. 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.

3.6. 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.]

Construction Risk

Risk	Mitigation
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Project Planning	Early engagement of the project manager shall ensure suitable time is allowed for all the stages of planning the project, from ensuring the deliverables match up with the business case through to agreed cost tolerances, and from effective contract management through to health and safety planning.
Project communication	Preparation of a project implementation plan which shall provide guidance on roles and responsibilities and communication channels, throughout the planning and build process.
Permissions	A schedule of permissions, permits and licences which will be drawn up prior to the start of the build and these will be managed out on behalf of the client by the project manager.
Soil conditions	Specialist investigations and report as a part of phase 1 shall include the entire site curtilage and incorporate phases 2 and 3. Impact and costs will be understood early on in the planning process.
Site access for construction traffic	Restriction will be agreed with harbour owners and shall be established in phase 1. On-going operations of the fishermen and on-going public access around the site and harbour in general shall be included.
Design and Technical	Reviewed with the designer, client, project manager, principal designer and principal contractor, as well as key suppliers from phase 1. Design workshops will be held prior to the build process to ensure the principal contractor has all the information required to complete the build process. This will ensure budgets can be met and costs managed effectively throughout the construction programme. Updated planning permission combining phases 2 and 3 will need to be sought.
Utilities	Providers will need to be engaged early on in the construction process for Phase 1 to ensure suitable infrastructure and notice periods can be built in.
Quality	Clearly stated in the Employer's Requirements and shall be monitored on a daily basis and reported on formally each month by the contractor.
Health & Safety	Appointment early on of a competent principal designer who is included in the design team. Performance will be managed and monitored by the principal contractor during site operations. The principal designer will be responsible for co-ordinating design and construction stages and carry out regular monthly site inspections to ensure the construction phase plan is being adhered to.
Environmental and Sustainable Materials	Will be managed through a waste management plan and shall ensure that suitable arrangements are in place to manage waste leaving the site and that materials used in

	the construction phase, are suitably sourced from sustainable origins.
Costings	Will be managed on a monthly basis and valuations agreed between the principal contractor and project management team. A cash flow forecast shall be provided by the project manager as a part of the contract with the principal contractor, and monitored at each valuation stage.
Resources	Will be managed by the principal contractor and suitable confirmation prior to works starting on site will be obtained confirming adequate levels of labour to deliver the build as programmed.
Inflation	Will be covered in the JCT contract as a fluctuations clause and any major increase in raw materials, such as oil, bricks, timber and aggregate etc., agreed as soon as increases are known and the impact acknowledged.
Weather	Conditions are monitored over short and longer term periods to ensure that suitable protection is provided at key stages to ensure that inclement weather conditions can be prepared for and that the build process remains weatherproof as required and the building ultimately watertight.
Contractual risk	Regular monthly meetings which will include any contractual issues arising. At the initial stages the Employer's Requirements and Contractor's Proposals will be set out and agreed as a part of the contract.

3.7. 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.]

We can demonstrate social value and SELEP are a grantee in this case.

- *For our procurement (through gradient) where all things are equal we will be giving preference to local suppliers (s106 are requirements require local contractors to be used)*
- *Local jobs = social value;*
- *Furthermore, training opportunities as a result of the scheme and the operation of the centre will provide local value and focus on often excluded social groups.*
- *Whatever facilities that are created need to give preference to local people and people who may otherwise struggle to find employment*



- *For events and festivals, they need to be inclusive and bring in local businesses and local entrepreneurs.*

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 values⁴.

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

3.8. 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.]

PLEASE NOTE WE ARE SEEKING FUNDS FOR PHASES 2 AND / OR 3 AS WE ALREADY HAVE FUNDING IN PLACE FOR PHASE 1.

Phase 1: Costs are as follows: funding for this phase is secured.	
EQUIPMENT	£178,493
CONSTRUCTION	£938,247
LAND	£250,000
TOTAL	£1,366,740
Contingency	£93,260
FINAL total	£1,460,000

A grant offer of £1.255 million was made under the EMFF following a successful application in October 2017.

A successful application for a loan of £1.15m (via GPF) was achieved, furthermore £240k of loans and grants were offered through ESCC (ESI4) and a further £70k of capital raised by the fishermen (Eu10CIC) – totalling £1,460,000, matching the total costs for phase 1. A grant from Seafarers UK for £25K was also attained to kit out the fishmongers on site on phase 1 has been built.

Original 2018 costs: Phase 2: £824,300 (net sheds and workshop spaces, facilities for fishermen) this is projected to increase to £900,000 allowing for inflation [original est. from 2013]

Buildings 2 and 3: these costs include the superstructure, finished and services. See pages 4 and 5 of the attached cost plan report (May 2013).

⁴ Nominal values are expressed in terms of current prices or figures, without making allowance for changes over time and the effects of inflation.

Original Phase 3 costs from 2018: £390,000 (Visitor centre) this is projected to increase to £450,000 allowing for inflation [original est. from 2013]

This includes the total construction costs of the Visitor centre. See page 6 of the attached cost plan report (May 2013).

Original (2018) costings for Phases 2 and 3 as separate buildings: £1,214,300 (£1,350,000 allowing for inflation)

Updated phases 2 and 3 costs - The costs of the combined phases 2 and 3 in one building will be £1,360,000 plus £80k for fees etc. giving a total of £1,440,000.

Total storage space =238.5m²

Visitors centre =65.5m²

3.9. 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.]

Eastbourne fishermen originally requested 80% (£1,080,000) of the costs for phases 2 and 3 combined (£1,350,000) as a grant and will privately match fund the rest (£270,000).

Our updated request is that we can accept the SELEP LGF offer and uplift of £1.44 million to build phases 2 and 3 as one building by March 2022.

3.10. Costs by type:

Detail the cost estimates for the project by year as per the table below (expand as appropriate) and specify how the inclusion of the Quantitative Risk Assessment (QRA) and other overheads aggregate to the total funding requirement. Where conversion has been made between nominal and real cost estimates (and vice versa) please provide details of any inflation assumptions applied. The Financial Case should not include Optimism Bias. Please confirm that optimism bias has not been applied in the Financial Case. Also, include details of the agreed budget set aside for Monitoring and Evaluation, and ensure this aligns with the relevant section in the Management Case. Please note, not all sections of the table may require completion.]

In the financial case presented above and the supporting model and appendix E we have not applied an optimism bias (as per the guidance).

For the economic case we have looked at the guidance from the HMT Green Book (on optimism bias) which recommends a range of 2%-24%.

The costs are based on competitively tendered quotes, which have been adjusted for inflation and we have a high degree of confidence in, and therefore we feel safe using the minimum (2%) optimism bias in conducting our modelling.

If we were to use the top end of that range (25%) we would still achieve good value for money (VfM) and our adjusted BCR would be 1.62:1.

Cost type	Expenditure Forecast			
	21/22 £000	23 £000		
Capital [For example by stage, key cost elements for construction, and other cost elements such as contingency, overheads and uplifts]	£1.404m	£0.036m		
Non-capital [For example revenue liabilities for scheme development and operation]	0			
QRA	0			
Monitoring and Evaluation	0			
Total funding requirement	0	£1.404m	£0.036m	
Inflation (%)				

3.11. 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.

3.12. 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					
	17/18 £000	18/19 £000	19/20 £000	20/21 £000	21/22 £000	22/23 £000
Capital source 1 LGF grant				£1.44m		
Non-capital source 1...			Eu10CIC levy to finance running costs £20,000	Eu10CIC levy to finance running costs £20,000	Eu10CIC levy to finance running costs £20,000	Eu10CIC levy to finance running costs £20,000
Non-capital source 2...			Eu10CIC profits from fishmongers for covering costs £42,000	Eu10CIC profits from fishmongers for covering costs £42,000	Eu10CIC profits from fishmongers for covering costs £42,000	Eu10CIC profits from fishmongers for covering costs £42,000
Total funding requirement						

3.13. 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.]

To be provided separately by East Sussex County Council

3.14. 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.]

For full details and mitigation strategies please see the risk management case and risk register.

Financial risk

- Impacts on grant funding – withdrawal or bankruptcy of ESCC / SELEP
- Impacts on loan conditions – withdrawal of loan or bankruptcy of ESCC / SELEP / delay and change in loan conditions
- Inability to repay loans – due to failure to get processing online quickly enough, decreased revenue and delays in repayment / change of loan terms
- Penalties as a result of missing repayment deadlines

- Cost of doing the job may increase as well as the costs of materials.

Delays

- Delays in the sale of the land may have knock-on impacts to when the construction can begin
- Delay may change land value and offer for fishermen to purchase the land.
- Delay in the construction phase because of bad weather is always possible. We have no control over the weather, but have scheduled the construction to coincide with spring and summer.

Change in conditions

Preferred contractor may not wait for another year or more. Some contingency exists, in that we have tendered for 3 quotes and another contractor will be able to meet the contract if Sunninghill were to refuse to wait (although we think this is highly unlikely given the scale and value of the project).

4. 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.

4.1. Governance:

[Nominate the project sponsor and Senior Responsible Officer, explain the project governance structure (ideally as a diagram with accompanying text) and describe responsibilities, project accountability, meeting schedules etc.; max. 1 page.]

The project sponsor is Graham Doswell of the Eastbourne U10 Fishermen CIC who has appointed Gradient Consultants Limited to act as the Project Manager and the Principal Designer for the works.

Gradient Consultants are a regulated firm of Chartered Building Surveyors and Property Consultants founded in 2004, covering the South East and London, who have extensive experience of specifying and managing a variety of building projects.

They are used to ensuring that communication both before and during a project allows all parties to be kept informed on progress. They understand the necessity to ensure that project costs are understood and allowed for as early as possible and that robust management of contractors is in place to ensure that the works are delivered on budget. They would hold design workshops to ensure the client would get best value for money in terms of construction and programme and suitable project co-ordination is place.

Once a contractor is appointed, they would prepare all necessary contract documentation, the JCT Intermediate Works with Contractor design (ICD) and chair a pre start meeting that will allow clear communication of the clients specific requirements and will confirm phasing, timescales and site rules. Throughout the duration of the works on site they will carry out regular weekly inspections to monitor progress and chair contract meetings with the Contractor. They will provide the client with updates at each stage. Together with a cash flow forecast they would agree, value and certify completed works for payment.

Gradient Consultants will also act as the Principal Designer to advise how risks to health and safety are managed throughout the project. This will entail the completion of initial inspection and issue of updated pre-construction information pack, review of contractor's construction health and safety plan, Regular Site inspections and issue of subsequent reports Agreement of Health and Safety File.

SEE ATTACHED 'Fishing Quay – Gradient Project Governance'

4.2. Approvals and escalation procedures:

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

This is not required at SOBC stage.

4.3. 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.

4.4. 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.]

- Eastbourne under 10 Fisherman's CIC [key stakeholders / beneficiaries]
- Premier Marinas
- Eastbourne Borough Council [local planning, strategy and authority]
- Sussex Inshore Fisheries and Conservation Authority [Research, education and regulation]
- Locate East Sussex [match funding opportunities / ESI4]
- East Sussex County Council [strategy and integration into county wide plans, grant support]
- University of Brighton [research and academic contacts]
- Pevensey Coastal Defence Ltd [funding provision via ex-gratia payments]
- New Economics Foundation [support with grant writing, CED and wider organisation]
- Chamber of Commerce
- Restaurants
- Residents
- Federation of small businesses
- Residential Homes
- Local enterprise partnership – Team East Sussex
- Supermarkets
- Hoteliers (Hospitality Association)
- Visit Eastbourne
- Local Schools

4.5. Equality Impact:

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

The current workforce within the CIC is 100% male and 98% White British. There is also limited possibility of work within this physically demanding area of work for people who are physically disabled. The current proposals will help address some of these issues; the plans for the improvements to the working environment for the fleet may encourage entry into the industry from under-represented groups, particularly women. There is also evidence to show that workers in the fishing industry can experience higher than average levels of mental health problems, partly due to working conditions and insecurity. This project would help mitigate against these problems and potentially reduce incidence of mental health disability. Furthermore, there is value from an equalities point of view in preserving and supporting employment for a group which can experience lower economic and health outcomes than the general population – in this case White British males from lower socio-economic backgrounds and with lower than average skills and qualifications. Overall, the impacts of the project are therefore positive across a number of protected characteristics (age, sex, ethnicity and disability) and neutral for the remainder (religion, maternity/pregnancy, sexual orientation, gender identity and marital status).

A full EqIA is attached to this application.

4.6. 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 risk management strategy for the project is based upon the following principals:

- **Understanding the project context**
This will enable the assessment of project risks to be aligned with any potential effect on the business justification.
- **Involving all stakeholders**
This will ensure that risks are identified, assessed, planned and controlled from the perspective of all those involved in the successful outcome of the project. This will include developing and communicating the risk register in Appendix B.
- **Establishing clear project objectives**
This will ensure that the risk management can maintain a focus on the objectives, which will be to deliver the build at the right time, to the right standards of quality and within the allocated budget.
- **Developing a risk management approach**
This is the process of risks being identified and assessed, and the way responses are implemented and communicated to the project stakeholders. The approach also includes the creation and maintenance of a risk register. The initial project risk register is as identified in Appendix B.
- **Regular reporting on risk**
Construction risk reporting will be incorporated into monthly highlight reports from the contractor to the project team and update reports from the project management team to the client and other key stakeholders shall incorporate overall project risk.
- **Defining clear roles and responsibilities**

The project implementation plan and risk register will identify who has ownership of any particular risk(s), as Appendix B, ensuring risks are identified, assessed, managed and reviewed by the right people at the right time.

- **Creating a support structure and culture for risk management**
All stakeholders working together from an early stage will ensure that risk is embedded into the culture of the projects lifespan and legacy.
- **On-going monitoring for early warning indicators**
The risk register will be monitored regularly with a clear record of the risks status and history being formally updated each month by the project manager and principal contractor.
- **An established review cycle and continued improvement.**
The risk register will be reviewed weekly and more formally at monthly progress meetings. In addition, any learning from phase 1 will be immediately incorporated into the risk management approach for phases 2 and 3.

4.7. 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.]

Gantt chart provided as an attached pdf.

The Gantt chart prepared using Microsoft project is divided into 3 main sections:

Sub/ super structure – this covers the works below ground including all necessary foundation works and drainage. In addition, this includes all above ground works including; main structure, cladding, wall and roof coverings, insulations and decking.

External Works – hard and soft landscaping and boundary fencing.

Internals – this covers the erection of internal blockwork walls, first fix mechanical and electrical installations, closing up of all walls and ceilings ready to receive plastering and preparation for decoration.

Second Fix – this includes second mechanical and electrical, floor finishes, snagging, testing and commissioning and fixtures, fittings and equipment (FFE).

Resource availability:

Planning conditions stipulate the use of local labour and this will be managed by the principal contractor, for suitability, and monitored by the local authority for compliance. Suitable confirmation prior to works starting on site will be obtained from the principal contractor confirming adequate levels of labour to deliver the build as programmed.

4.8. Previous project experience:

[Describe previous project experience and the track record of the project delivery team (as specified above) in delivering projects of similar scale and scope, including whether they were completed to time and budget and if they were successful in achieving objectives and in securing the expected benefits; max. 0.5 pages.]

The consultant's project team is highly experienced in managing this type of work, based only 2 miles from the site, and has the available resources to support their function. Richard Garland is Gradient Consultants project director and is a fellow of the Royal Institution of Chartered Surveyors. With over 25 years of industry experience, Richard has managed works to public and private projects throughout the UK. Richard is also experienced in the principles and use of PRINCE2 (PProjects IN a Controlled Environment) Notable projects have included:

- Project management of £1.2m high end residential refurbishment in Knightsbridge, delivered to budget and quality requirements of the client's exceptional standards.
- Project monitoring of £5m factory new build in Sussex. Providing on-going advice to the design team and end user on the costs, programme and quality. In addition, Richard led the hand over process and management of practical completion and collateral warranties. Richard's negotiation and commercial skills enabled occupation to take place during protracted completion negotiations.
- Project manager for £1m jewellery shop new build and fit out in Eastbourne. A major scheme for the Town requiring exceptional quality fit out, with budgetary constraints and specific programme.
- Commercial management for the Shangri-La hotel, The Shard. Providing commercial management skills to provide contractual advice to both parties. The claims process was bought to a successful conclusion due to Richard's diligent and trusted leadership.

Tim Hayles is an Associate surveyor who has over 48 years' experience in the construction industry working on a variety of projects both in this country and overseas. He has wide experience in surveying, design, project management, CDM and health & safety consultancy on refurbishment and new build projects for major client organisations including Government, Retail, Offices, MOD, Heritage, Healthcare, Leisure, and Residential.

- Project management of a £1m design and build 200 man unit at Strensall Barracks York for the MOD, delivered on time and within budget
- Project management of a £1.5m retail redevelopment at Alders Clapham Junction, delivered on time and within budget.
- Project management of a £1.5m development at Fishing Quay Eastbourne -Phase 1

4.9. Monitoring and evaluation:

[SELEP are required to submit detailed quarterly project monitoring reports to the Department for Business, Energy and Industrial Strategy for schemes that have been funded through the LGF to enable ongoing monitoring and evaluation of individual projects. Monitoring and evaluation metrics should be aligned to these reporting requirements (South East Local Enterprise Partnership Assurance Framework 2017, Section 5.8 – see SELEP Business Case Resources document). A proportionate

approach to Monitoring and Evaluation should be followed ensuring evaluation objectives relate back to the business case and build on assumptions used in the appraisal process.

Specify the following:

Inputs

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

The inputs to this project are £1.44m of public money to deliver a physical infrastructure project developed through a Community Economic Development Plan for the Eastbourne Under 10m Fishermen’s Community Interest Company. This plan was devised by the New Economics Foundation in partnership with the fishermen, representatives of the local community and the local authorities. The development scheme comprises groundworks and four buildings, each with a unique use aimed at supporting the resilience and growth of the Eastbourne fishing fleet. This project is to complete the last three buildings as the groundworks and first building are currently under construction. Delivery is managed by Gradient Consultants Ltd.

Outputs (delivering the scheme/project)

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

Buildings 2 and 3 will be used for a mix of ground floor storage and upper floor office space. The ground floor space will be available for the repair and maintenance of the fleet’s fishing equipment. The buildings will be joined on the upper floors, where the fleet’s administrative work will take place. This will enable the professionalisation of the CIC’s operation and facilitate its expansion into food manufacturing, food retail and service provision.

The Visitor Centre will provide a community space (‘the fishermen’s club’) as well as space for hosting heritage and education activity. Sovereign Harbour will gain a visitor draw as a result, cementing its role as a destination in Eastbourne. The CIC will be able to expand its revenues by moving into new areas of operation such as training, cookery classes, events and tourism.

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)*

➤ **High level outcomes:** Commercial floorspace planned

GIA: building 1 (150 m²) and building 2 (175 m², comprising phases 2 and 3) giving a total of 325 m²).

➤ **Transport (outputs):** Total planned length of newly built roads (km)

0.2km of internal access road

- **Land, Property and Flood Protection (outputs):** Length of cabling/piping planned (km)

0.1km of electric, water, sewage, telephone, fibre optic lines

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

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

Max. 1 page excluding table.

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

The ambitions of the Fishermen’s Quay Development are the creation of at least 8 direct jobs (4 through Phase1 and 4 through Phases 2 and 3) and the safeguarding 72 fishing industry jobs. The monitorable impacts of this project are 4 direct jobs in the visitor centre and 325m² new floorspace in total, an element of which will be used for delivering compulsory and voluntary seamanship training. Additional job creation will be supported indirectly and over time through visitor economy impacts and the growth and diversification of the fleet’s activities. This will include apprenticeship opportunities.

4.10. 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.]

Benefits realisation framework:

Critical Success Factors to realising project benefits –

1. Meeting the Phase 2 and 3 SMART objectives:

- Construction of the Visitor Centre by March 2022 to provide 175m² of leisure and storage space.



- Construction of Building 2 (phases 2 and 3) by March 2022 to provide 352m² of storage and office space.
 - Attracting 6,000 visitors a year to Fishermen's Quay and creating at least four direct jobs in heritage/education activities.
2. Meeting the *necessary conditions* for the project's success:
- That Phase 1 works complete in time and to budget and that the operational and financial improvements expected from this phase are achieved. This phase is a key element to the safeguarding effort and funding contributions towards Phases 2 and 3 are no longer reliant upon the improved business performance driven by this investment if the SELEP offer is available for this new combined option.
 - That the underlying performance of the fishery is not negatively impacted, such as through regulatory changes, changes to market access, or environmental changes (i.e. collapse of fish stock), including new lockdowns.
3. Meeting the *sufficient conditions* for the project's success:
- Translating the identified demand for seamanship and fish cookery courses into revenues that enable the CIC to support employment.
 - The availability of sufficiently skilled labour so that the provision of office space can be the catalyst for the professionalisation of the fleet's administration, accelerating the growth and diversification of the business into new products and markets.

Risks to realisation of benefits:

The most significant risks to monitor and guard against to ensure the benefits of this project are realised post-delivery are:

1. That the Fishermen's Quay doesn't achieve sufficient profile as a destination and is unable to attract the attention of visitors or course participants as a result.
2. That between financial obligations arising from Phase 1, the need to fund the £280,000 match contribution to Phases 2 and 3 and new operating costs from running Fishermen's Quay, the CIC is less able to deal with unexpected changes.

5. DECLARATIONS

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

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

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

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

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

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



I	Signature of applicant	
	Print full name	<i>Graham Doswell</i>
	Designation	<i>Director, Eu10CIC</i>

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

6. 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

7. 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
Grant withdrawn (EMFF)	High	Eu10CIC / MMO	MMO	2	5	10	HMT has Guaranteed all EMFF projects started before the 2020 deadline; MMO have stated this commitment	1 x 5 = 5
Grant withdrawn (ESI4)	Low	Eu10CIC	ESCC	2	1	2	Dialogue with ESCC; seek alternative loan from Charity Bank at 5% per annum to cover shortfall	1 x 1 = 1
Loans withdrawn (GPF and ESI4)	High	Eu10CIC ESCC SELEP	ESCC SELEP	2	5	10	Change of business plan and approaching other loan facilities; possibly seek to match with commercial loans but depending in interest rate may not be viable	1 x 5 = 5
Land leasehold sale refused due to delay / land sale price changes	High	Carillion Eu10CIC EBC	Eu10CIC	2	5	10	Ongoing dialogue with Premier Marinas, strong political support from ESCC and EBC. Agreement at point of being signed. Agreement signed in March 2020.	1 x 5 = 5
Delays in delivery of equipment	Medium	Eu10CIC	Eu10CIC	3	3	9	If equipment (e.g. ice maker) did not arrive at the agreed time, our business plan would be set back and delayed and the time taken to recover costs and repay loans would be longer. We would ensure our second preferred option is kept open and include a termination clause with our preferred supplier in case of delay.	1 x 3 = 3
Change in market conditions	Medium	Eu10CIC	Eu10CIC	3	1	3	If the market conditions, e.g. fish prices or fuel prices change dramatically over the coming 5 years this would affect our projections. However, as a low impact / low fuel use fleet we would be able to absorb higher fuel costs as it's a smaller percentage of our running costs. If the demand for local seafood were to reduce dramatically, we would shift the retail sales into wholesale markets, which are linked to a growing EU and global demand for seafood.	2 x 1 = 2
Changes in cost of construction	Medium	Eu10CIC	Eu10CIC ESCC SELEP	3	1	3	We do not foresee a major change in construction prices over the course of one year, and contractors will stick to their quoted prices for that duration (contractually bound to do so), however if costs rise it will take longer to repay loans and become profitable but this is not a barrier in the medium to long term.	2 x 1 = 1
Lack of suitably skilled staff	Low	Eu10CIC	Eu10CIC ESCC	2	2	4	Construction: Contractor obliged to use local labour as part of planning permission and Eastbourne has a number of reputable building contractors. Processing: Skilled processor is likely to be recruited from elsewhere in the UK, in the medium term we will run training schemes to identify suitable local staff. Sales: We can recruit from within a large catchment area and will be paying above market rates to ensure we can recruit suitable staff.	2 x 2 = 4
Loss of fleet before infrastructure comes online	High	Eu10CIC EBC ESCC	Eu10CIC EBC ESCC	3	5	15	If there are major delays and some vessels and fishermen leave the fishery, the overall landings will reduce. As a result there would be a correspondingly higher amount of fish available to catch which could be caught by other vessels (given necessary quota where applicable i.e. through the MMO quota pool). The CIC may also be able to sustain some vessels for a short period of time until the site is online.	1 x 5 = 5

Increase in cost as a result of land contamination (and delay as a result)	Medium	Eu10CIC EBC	Eu10CIC EBC	2	2	4	A soil test will be done early in the project to establish the depth/cost of the foundations and also the presence of contamination. The results of these tests will enable the contractor to revise the price if needed. The site report was done in January 2019, which confirmed that there was site contamination.	1 x 2 = 2
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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.

9. 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)	<i>[Add description where relevant to describe how the relevant KPIs will be used to monitor the outcomes]</i>
	Commercial floorspace planned - please state sqm and class	540m2
	Commercial floorspace constructed to date - please state sqm and class	N/a
	Housing unit starts (forecast over lifetime)	N/a
	Housing unit starts (to date)	N/a
	Housing units completed (forecast over lifetime)	N/a
	Housing units completed (to date)	N/a
Transport (outputs)	Total planned length of resurfaced roads (km)	N/a
	Total completed length of resurfaced roads (km)	N/a
	Total planned length of newly built roads (km)	0.2km
	Total completed length of newly built roads (km)	N/a
	Total planned length of new cycle ways (km)	N/a
	Total completed length of new cycle ways (km)	N/a
	Type of service improvement	N/a
Land, Property and Flood Protection (outputs)	Anticipated area of site reclaimed, (re)developed or assembled (ha)	N/a
	Actual area of site reclaimed, (re)developed or assembled (ha)	N/a
	Length of cabling/piping planned (km) - Please state if electricity, water, sewage, gas, telephone or fibre optic	0.1km -Electric, water, sewage telephone, fibre optic



Category	Key Performance Indicators	Description
	Length of cabling/piping completed (km) - Please state if electricity, water, sewage, gas, telephone or fibre optic	N/a
	Anticipated area of land experiencing a reduction in flooding likelihood (ha)	N/a
	Actual area of land experiencing a reduction in flooding likelihood (ha)	N/a
	Follow-on investment at site (£m) - Please state whether Local Authority, Other Public Sector, Private Sector or Third Sector	N/a
	Anticipated commercial floorspace refurbished - please state sqm and class	N/a
	Actual commercial floorspace refurbished - please state sqm and class	N/a
	Anticipated commercial floorspace occupied - please state sqm and class	N/a
	Actual commercial floorspace occupied - please state sqm and class	N/a
	Commercial rental values (£/sqm per month, by class)	N/a
		Anticipated number of enterprises receiving non-financial support (#, by type of support)
Actual number of enterprises receiving non-financial support (#, by type of support)		N/a
Anticipated number of new enterprises supported		N/a
Business, Support, Innovation and Broadband (outputs)	Actual number of new enterprises supported	N/a
	Anticipated number of potential entrepreneurs assisted to be enterprise ready	N/a
	Actual number of potential entrepreneurs assisted to be enterprise ready	N/a
	Anticipated number of enterprises receiving grant support	N/a
	Actual number of enterprises receiving grant support	N/a
	Anticipated number of enterprises receiving financial support other than grants	N/a

Category	Key Performance Indicators	Description
	Actual number of enterprises receiving financial support other than grants	N/a
	Anticipated no. of additional businesses with broadband access of at least 30mbps	N/a
	Actual no. of additional businesses with broadband access of at least 30mbps	N/a
	Financial return on access to finance schemes (%)	N/a

10. 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	
Real Growth	GDP Deflator and 2% inflation (no underlying real growth assumed)
Discounting	3.5% in first 30 years
Sensitivity Tests	<p>Sensitivity tests</p> <p>Core assumption effects on BCR.</p> <p>Switching values</p> <p>Visitor numbers: Visitor numbers would have to fall below 7070 per year before the CBR falls below 1. This is 44% of the value used in the core model.</p> <p>Visitor Spend: Visitor spend would have to be below £22.33 per day (2018) before the CBR falls below 1. This is 44% of the value used in the core model.</p> <p>Total Additionality factor: The core model uses an additionality of 16.875%, based on composite additionality factors. Additionality would need to fall to below 7.5% before the CBR falls below 1.</p>
Additionality	<p>Land Use Change:</p> <p>The land-use value uplift was determined to be fully additional. This is due to their being no alternative use to the site; local plans and permissions state that no alternative usage would be permitted while the fishermen were willing to use the site. With the funding of Phase 1, the future of the fishermen at the site is secured.</p> <p>External Impact - Tourism:</p>



	<p>Leakage: Leakage has been assessed as Low (10%). This is due to assessing at UK level, per guidance; the majority of businesses that will benefit from an uplift in visitor numbers will be local and UK based.</p> <p>Displacement: Displacement has been assessed as High (75%). This is due to the potential similarity of the Phase 3 offering with other attractions in the UK, particularly on the South Coast (such as Hastings). While there is evidence to suggest that Eastbourne has a unique offering in this space, the decision was made to use a conservative estimate of the displacement potential.</p> <p>Substitution: The public funding of Phase 2 and 3 is likely to result in some alteration in behaviour in order to take advantage of the public funding. This has therefore been assessed as Low (25%) between 2018 and 2030.</p> <p>Deadweight: From 2030, Phase 3 would be constructed by the CED, assuming that conditions were supportive of doing so. As such, from 2030 the model assumes 100% deadweight. This is a conservative assumption, as it is likely that running events and developing the visitor centre for the preceding years would result in higher visitor numbers than a newly opened facility in 2030.</p> <p>Multiplier effects: A composite multiplier of 1.3 was used. This represents the multiplier for “Heritage tourism”, identified and calculated in a report by Oxford Economics. However, tourism more broadly has been calculated with a composite multiplier of 2.2 in England (Visit Britain, Tourism: Jobs and growth. The economic contribution of tourism to the economy in the UK, 2013), so the usage of 1.3 is considered to be a conservative estimate used to prevent overstating benefits.</p> <p>2018 £ values have been used for the modelling</p>
Administrative costs of regulation	n/a
Appraisal period	30 years
Distributional weights	Not used
Employment	Not used in CBA
External impacts of development	See Section 3.3
GDP	HM Treasury GDP Deflator to 2022, then 2% from then on
House price index	Not used



Indirect taxation correction factor	Not used
Inflation	HM Treasury GDP Deflator to 2022, then 2% from then on
Land value uplift	DCLG Appraisal Guide Data Book Table C.0.3 - Industrial land value estimates, using the land value estimate for the South East
Learning rates	Not used
Optimism bias	Green Book: Standard Buildings, 2% to 24%. The costs are based on competitively tendered costings from 2012, updated for inflation, and so are considered to be very robust, justifying the usage of the 2% OB value
Planning applications	Not used (all applications already awarded)
Present value year	2018
Private sector cost of capital	Not used
Rebound effects	Not used
Regulatory transition costs	Not used

11. 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.*