

The template

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

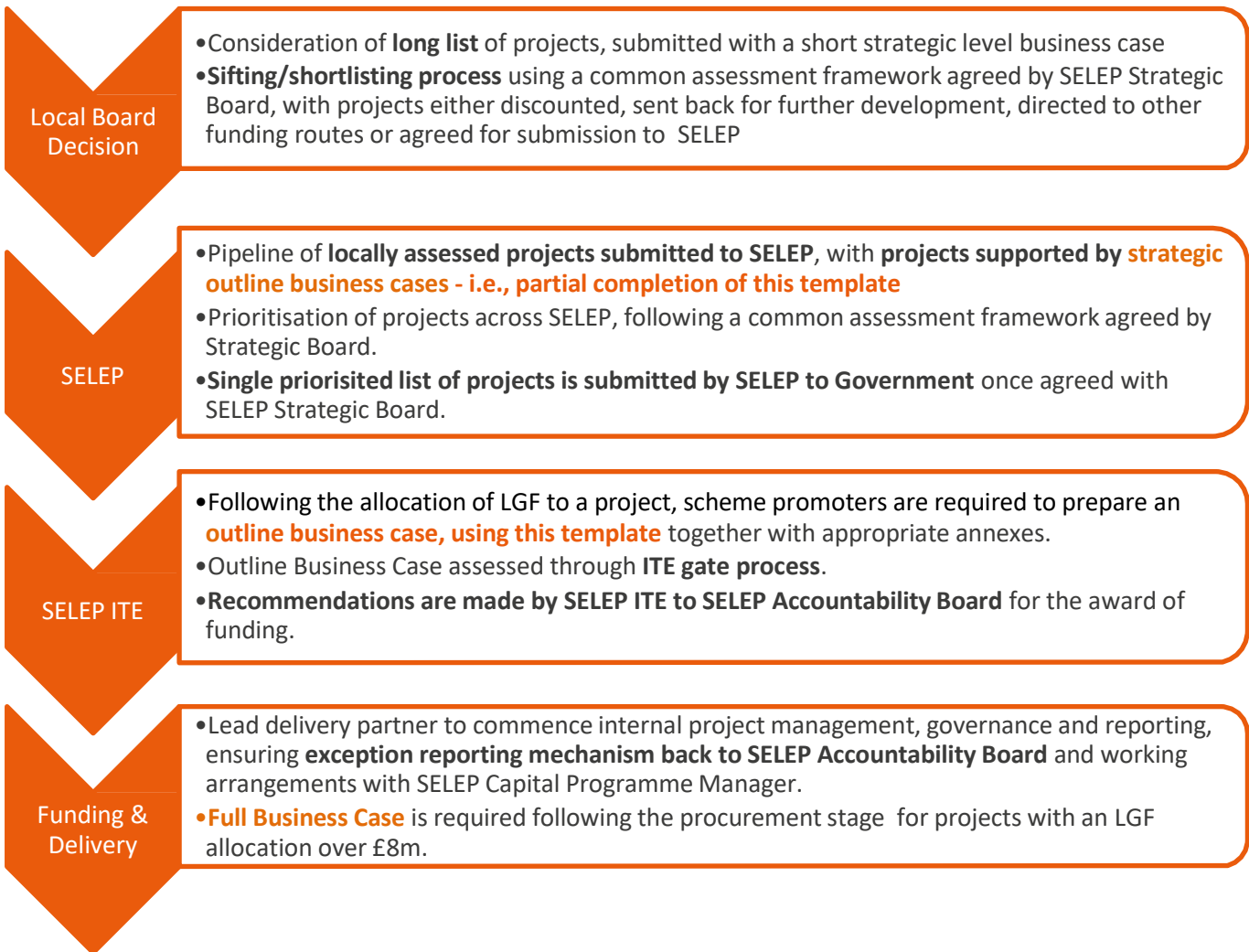
It is also designed to be applicable across all funding streams made available by Government through SELEP. It should be filled in by the scheme promoter – defined as the final beneficiary of funding. In most cases, this is the local authority; but in some cases the local authority acts as Accountable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

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

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

The process

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



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

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1. PROJECT OVERVIEW

1.1. Project name:

Eastbourne Fishermen's Quayside and Infrastructure Development Project

1.2. Project type:

Site development, tourism, and 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:

- Eastbourne Fishermen's Under10m Community Interest Company (Eu10CIC) was set up in 2013 to acquire and develop the land where we currently moor and land our catch, building a Fishermen's Quay 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. **Designs and planning permissions are in place for all 3 phases.**
- Phase one involves providing processing infrastructure and is essential to maintain and grow the fishing fleet by enabling fishermen to capture value through processing 'in-house' and becoming 'price makers' in local supply chains. **We successfully raised the £1,569,147 needed to complete Phase 1 through grants, loans and private capital¹.**
- **Phase 2** will house workshops as well as large storage areas on the ground floor, for both fishing and landing equipment. This will enable the fleet to safely store fishing gear and also allow the maintenance of gear and equipment in a more controlled environment.
- The final building (**Phase 3**) will be a heritage / visitor centre and would allow the fleet to actively engage with the local community, visitors and tourists. The building will link directly to the storage and processing facility and will be fundamental in hosting community groups (e.g. schools and local interest groups) and members of the public, engaging them with the fishery, 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.
- **We are seeking an LGF grant of £1,080,000 (80%) towards phases 2 and / or 3 of the project, with the CIC privately match funding the remaining 20%**, to tap into the potential of the visitor and tourism economy and local regeneration needs and to connect local consumers, buyers and restaurants, caterers and public bodies to the local seasonal supply of seafood.

¹ £1m European Maritime and Fisheries Fund (EMFF) Grant, £240k grant and loan from ESCC, £220k private match through CIC levies and a £1.15 'bridging loan' from GPF to enable build ahead of drawdown of EMFF grants.

1.7. Delivery partners:

Partner	Nature of involvement (financial, operational etc.)
Eastbourne under 10m fishermen's Community Interest Company (Eu10CIC)	Financial and operational
Eastbourne Borough Council	Planning permissions and support with negotiations with land owners.
East Sussex County Council	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

As well as the above-named partners, the project enjoys wide political, community and business support. Please see section 5.2 below for a full list of supporters and attached letters of support from Premier Marinas and Eastbourne Borough Council.

1.8. Promoting Body:

Eastbourne Under-10m Community Interest Company

1.9. Senior Responsible Owner (SRO):

Graham Doswell – Director, Eastbourne under-10 Community Interest Company
Michael Newton-Smith – Director, Eastbourne under-10 Community Interest Company

1.10. Total project value and funding sources:

Funding source	Amount (£)	Flexibility of funding scale or profile	Constraints, dependencies or risks and mitigation
SELEP (80% of total for phases 2 and 3)	1,080,000	Phase 2. 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	All designs and permissions are in place and contractors have been engaged for phase 1. A leasehold agreement has been reached with Premier Marinas (landowner of site) and has been signed.



		<p>and time of year. The funding amount includes the construction of the space. Final layouts and extent of fit out will be determined by the funding available.</p> <p>Phase 3. 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 original design incorporates a 60 seat 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 SELEP.</p>	<p>This leasehold is initially for 10 years and will convert to a 75 year lease, provided Phase 1 is completed before the end of that 10 year period. Site works are starting on Phase 1 and we are confident it will be finished on time in March 2021, i.e. well within the 10 year window.</p> <p>Phase 1 build includes the footings for the buildings in phases 2 & 3, so phases 2 and 3 will depend upon the phase 1 building being in place or under construction.</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>
Eu10CIC (private sector match 20%) and contribution from Premier Marina	270,000	Premier Marinas have indicated that they would consider a level of financial support for phase 3, the visitor's centre, due to the community and tourism offering it brings to the area.	Negotiations are at an early stage with Premier Marinas on this so figures have not been agreed, but the CIC will commit to providing the full £270k if a contribution does not materialise.
Total project value	1,350,000	Allowing for inflation this is the 2018 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.):

We are seeking a grant of £1,080,000 from LGF to deliver this entire project before the middle of 2021 (80% of the total project cost for Phases 2 and 3 combined, which is £1.35million allowing for inflation).

Whilst supporting the EU10CIC to apply for a previous GPF Loan, East Sussex County Council were advised that as fisheries come under a block-exemption, any aid awarded to the EU10CIC would not be subject to State Aid limitations. We will apply the same exemption to this current project.

1.12. Exemptions:

We are not aware that this project is subject to any exemptions as set out in the Accountability Framework.

1.13. Key dates:

Construction work for phases 2 & 3 are planned to begin on 7th September 2020, 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 7th October 2020, with the commencement of expenditure due on 21st October 2020 as per the terms of the contract.

It is anticipated that scheme completion date, or handover, for phases 2 & 3 will be 3rd June 2021. Phases 2 and 3 will be handed over together.

A detailed weekly construction programme is provided as a Gantt as a pdf.

1.14. Project development stage:

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	6 th October 2016.

Soil Investigation	Survey to determine the make-up of the soil conditions and position of services. Report to identify the site strata for foundation design and costing.	Survey completed and report issued	16 th January 2019
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Project development stages to be completed – Phases 2 & 3

Task	Description	Timescale
Design workshops	Review of overall design and costs to ensure Value for Money and alignment with available funds.	June 2020
Construction drawings	Production of detailed design for build process.	June-July 2020
Phase 1 construction period	Building number 1 and surrounding infrastructure built Completion of building number 1 and site infrastructure for phases 2 and 3.	3 rd March 2021
Construction phase plan	Preparation and agreement of CPP between the principal designer and principal contractor.	July 2020
Site mobilisation	Site set up and build process begins.	7 th September 2020
Construction phase	Works on site including ground, building and service works.	7 th September 2020
Construction completion	Completion of all works on site and demobilisation.	3 rd June 2021
Handover to client	Operational use of site begins.	10 th June 2021

1.15. Proposed completion of outputs:

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.
May/June 2020	This is the anticipated construction start for phase 1.
28 th March 2021	This is the anticipated construction completion date for phase 1.
5 th April 2021	Handover to client for operational use.
PHASES 2 & 3	
June 2020	Design workshops and cost analysis review.
June/ July 2020	Construction drawings
August 2020	Construction Phase Plan agreed and start of lead in period.
7 th September 2020	Anticipated start on site (mobilisation).
7 th September 2020	Construction period begins.
3 rd June 2021	This is the anticipated construction completion date for phases 2&3
10 th June 2021	Anticipated handover date for operational use

See attached GANTT chart for more detailed breakdown.

2. STRATEGIC CASE

2.1. Scope / Scheme Description:

The **Fishermen's Quay Development** at Sovereign Harbour, Eastbourne, is a capital investment project aimed at maximising the local economic benefits from fishing activity. 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 and preparation 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 fishermen to short-term swings in supply and demand. 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. Housing the fleet's fishing equipment within built storage facilities will improve safety on site, as well as the longevity of gear. 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.

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

➤ **Phase 1: Land purchase (£0.25m), groundworks (£0.50m), Building 1 (£0.47m) and capital equipment (£0.18m)**

The purchase (leasehold) of the site from Premier Marinas, the completion of site works, 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: Buildings 2 and 3 (£0.82m)**

Two buildings, joined on the upper floors, totalling 360m². The ground and first floors will provide storage space for fishing and landing equipment as well as a repair workshops.

➤ **Phase 3: Visitor Centre (£0.39m)**

A 150m² building adjoining the cold storage and processing facility (Building 1). The space will be used as a Visitor Centre and being a base for the CIC's outreach and engagement work. 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.

The CIC has secured an award of £1.255m 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 of £1.15m from SE LEP has facilitated the start of the Fishermen's Quay Development and pre-commencement planning conditions for the construction works are currently underway.

The proposal now is to deliver the remaining phases of the development – Buildings 2 and 3 and the visitor centre – for £1.35m (2013 cost estimate of £1.21m plus contingency for inflation).

The urgency behind this project, i.e. the need for the accelerated delivery of Phase 1 and now the continuous delivery of a combined Phase 2/3 scheme, is that the CIC expects the loss of 90% of the fishing fleet to Eastbourne if the development does not go ahead (This is even more critical due to current outbreak and its impact on the inshore fishing fleet) –See letter from New Economics Letter dated 30th March 2020. 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 CIC, therefore, has placed a 5% levy on the value of each boat's catch to provide match funding for Phases 2 and 3 and this is expected to raise in excess of £100,000 a year. In addition to this, once Phase 1 is complete by the spring of 2021 and the fishmongers is up and running, annual retained profits from wet fish sales are estimated at £42,000. These measures will contribute c. £270,000 to the cost of the scheme (20%) with an allowance for contingency.

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'.

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. Establishing a retail 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 further 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 area (The Waterfront) and 3,600 dwellings. Completing one of the final two undeveloped waterfront sites 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.

This project adds to the long-term benefits of the Sovereign Harbour development which includes the Business Innovation Park which is funded by SELEP.

2.2. Location description:

The Fishermen'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:

The Fishermen's Quay project directly meets a wide range of key strategic objectives at national, regional and local level and is supported by a wide range of key stakeholders, as evidenced below and in section 5.2.

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 2014 states the intention to invest in property projects that improve productivity in SELEP'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, SELEP 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 (CCWG), 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.

In addition SELEP has a new Coastal Communities Economic Prospectus, published Mar 2020, which will sit directly below and be fully aligned to the new Local Industrial Strategy, and which places even more importance on boosting coastal productivity.

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 fishermen 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', noting that '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 numbers 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 are referenced as 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. Currently the majority of shellfish caught by the EU10CIC goes to export markets. The strategy sets the ambition for the UK to lead in the use of renewable biological resources from land and sea to meet the challenges of rising global demand for food. Maximising the value of marine economy is presented as a key theme.

2.4. Need for intervention:

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 an end-to-end 'net-to-plate' style business model.

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.

Phase 1 was prioritised for an initial funding request as this element of the development – once complete by the spring of 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 in excess of the c. £140,000 per annum of identified match funding. £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.

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 identified socio-economic needs 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 project demonstrates the wide range of community, business and economic issues it is expected to address.

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.

There has clearly been an immediate and short-term impact on the fishing fleet of the CV19 restrictions.

In the medium term, the CIC are working to identify local markets to help move dependence away from overseas markets, to build up local supply chains and resilience to future shocks. This work was underway in response to the Brexit negotiations and detailed analysis of catch and markets was carried out (with a focus on Brexit) just prior to the CV19 pandemic, which will stand the CIC in good stead to move this forward and build on the Community Economic Development – CED -plan created collaboratively with fishers, local residents and local authority staff in 2017¹. We believe that the CV-19 crisis has highlighted issues of resilience and dependence which our CED plan sought to address which are now imperative and necessary to both ensure the survival of the fleet but equally importantly to provide fresh, healthy food locally. It is clear that there can in fact be major economic opportunities for the fleet moving forwards – the current crisis has highlighted the insecurity of long supply chains in the food sector and the CIC will be well placed to take part in the planned 'buy local' campaigns that are being developed as part of the economic response to the CV-19 crisis in East Sussex.

2.5. Sources of funding:

The estimated cost for the delivery of the project is £0.90m for Buildings 2 and 3 and £0.45m for the Visitor Centre. The CIC's income projections will support £270,000 of private sector match funding towards the project over two years, which is 20% of the project's total funding. This will 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. The remaining 80% of the funding needs to be externally funded.

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:

¹ http://www.eastbournefishermen.co.uk/images/EastbourneFishermenCED_PLAN_FINAL_May2017.pdf
South East LEP Capital Project Business Case

- 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).

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.

Phases 2 and 3 of the Fishermen's Quay Development can only be delivered through grant funding 80% of the project costs. 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):

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. In addition to this, each building brings either an additional revenue stream or source of cost savings to the operation of the fleet.

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.

The uncertainty and length of time involved in waiting for an alternative to SE LEP grant funding to become available or viable is 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. Should the fishermen's quay remain incomplete the CIC expects that 90% of the fleet would leave Eastbourne or exit the fishery entirely. Only a

handful of the larger vessels may relocate to Shoreham or Newhaven but this would not be a viable option for the vast majority.

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:

The objective of the overall Fishermen's Quay Development is to support the continuation and growth of 30 family-owned fishing businesses and safeguarding the jobs of 72 fishermen. 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 an export-oriented business, producing whelks and shellfish for the international market. 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

Objective 1: To construct Buildings 2 and 3 by summer 2021 to provide 360m² of storage space.

Objective 2: To construct the Visitor Centre by summer 2021 to provide 150m² of leisure space.

Objective 3: To attract 9,000 visitors a year to the Visitors Centre and an additional 10,000 event-based visitors to Fishermen's Quay and create at least four direct jobs in heritage/education activities.

Problems or opportunities the project is seeking to address

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.

Opportunity 3: In light of the major impacts resulting from the Coronavirus pandemic (See letter to ESCC from NEF (March 30th 2020) the construction of the processing unit and visitor centre offer opportunities to build resilience and change the local food supply chains for the benefits of local producers, consumers, and the local economy of Sovereign Harbour and Eastbourne.

	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:

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. The grant of a land lease from Premier Marinas was the only outstanding consent required for the project to go ahead, and this has now been agreed and signed by both parties in March 2020.

Financial – The proposed private sector funding mechanism will provide £135,000 in 2019 and £135,000 in 2020. The grant will likely need to be drawn down to meet a given year's funding gap to reflect this. The funding for this project can be regarded as secure and within the CIC's ability to pay but the CIC's capacity to cash-flow larger amounts is limited.

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 all currently viewed with uncertainty.

2.9. Scheme dependencies:

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. This project requires Premier Marina to grant 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.

Should the medium term outcome of Brexit have negative impacts on the fishing sector it is possible this may impact the CIC's ability to raise levy funds and contribute to the scheme.

2.10. Expected benefits:

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 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.

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

- The Visitor Centre will include a 60-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 the history of fishing and the marine environment as well as enabling staging of events to attract an estimated further 10,000 yearly.

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 SE LEP region. The cumulative GVA from the project's visitor economy impacts has been estimated at £2.79m.

These figures 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);
- Supporting 3.6 net additional visitor economy jobs annually from 2021-2030;
- Generating cumulative GVA of £2.79m (discounted).

2.11. Key risks:

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.

➤ **The land leasehold sale is refused**

Risk Score: 10/25

- The land lease is the enabling agreement for the development and securing it is considered to be the highest priority, highest impact action of the delivery process.
- A condition to the lease agreement is the Phase 1 works have to complete within a decade – these works are currently underway and the lease agreement will be signed imminently.

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) and ensuring the CIC has sufficient funds to meet proposed match funding contributions (levy calculations include a margin of error).

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.



In terms of visitors to the proposed site, it is strongly hoped that by the time the build is complete that lockdown measure within the UK will be much less stringent than currently, if not removed altogether. Indeed, again we feel there are opportunities available to the project to benefit from the proposed push to 'stay local' and potential lack of confidence among UK holiday makers to go abroad. We do not believe that, providing there is no further significant lockdown in Summer 2021, that viability of the visitor centre and visitor number predictions are unrealistic.

3. ECONOMIC CASE

3.1. Options assessment:

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.

Options with regard to 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 SELEP for both phases (2 and 3) in order to develop the Quay in one build of three phases, saving money, time and bringing the full benefits online within 18 months instead of what could be closer to a decade.

The second option, would be to obtain grant funding from SELEP for only phase 2 or only phase 3. It is felt that 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, or even 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 until January 2020 and the process can take

upwards of one year to realise (if successful) meaning the build could 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.

3.2. Preferred option:

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 Buildings 2 and 3 (Phase 2) and the construction of the Visitor Centre (Phase 3).

The approach chosen to deliver this project is 80% public sector grant funding as this will enable the continuous delivery of Phases 2 and 3 with the ongoing construction works for Phase 1. This is 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 SELEP 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 SELEP investment**, the CIC would either have to self-fund, delivering the project by approximately 2032, or take a loan from Charity Bank at c.6% interest. The former

option could negatively impact the fleet's ability to generate the funds to deliver phases 2 and 3 in a reasonable time frame (in which significant numbers of 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 SELEP investment** offers worse value for money than the preferred approach. In the **no SELEP investment** scenario, the project is not deliverable. The **preferred option** is therefore the only feasible approach to securing the delivery of Buildings 2 and 3 (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 2020 supporting the maximum additionality.

3.3. Assessment approach:

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 planned Phase 2 and 3 building footprints.

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, on which the development will have a positive 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 30 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 30-50 visitors per day is a realistic assumption, however we have based the modelling on 30 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 Additional jobs as a result of this spend is determined using the turnover per job, as determined for Heritage Tourism (The Impact Of Heritage Tourism For The UK Economy, August 2016).
 - o The GVA per additional job is based on the Tourism Direct Gross Value Added and the Estimates of employment in the Tourism Industries, (UK Tourism Satellite Accounts, ONS).
 - o A composite GVA 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.

- The light commercial buildings that would be constructed would have an approximate lifespan of 30 years.
- The deterioration in the asset value over that time will be approximately linear.
- 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.

See attached model EA. The benefits are the same as before the COVID-19 outbreak

3.4. Economic appraisal assumptions:

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 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.

- **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.

3.5. Costs:

Source	Prior to 2018/19	2018/19	2019/20	2020/21	2021/22 onwards
Public funding					
LGF 3B			P2 £720,000	P3 £360,000	
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			
Other sources of funding (please list below)					
Private funding					
Premier Marinas				In discussion re: contribution to P3	
Eu10CIC (5% commission to CIC)			P2&3 £135,000	P2&3 £135,000	
EU10CIC fishmongers profits to be reinvested			£42,000 = 30% profit (revenues estimated at around	£42,000 = 30% profit (revenues estimated at around	

			£140,000 per year)	£140,000 per year)	
Seafarers UK grant		P1 £25,000			

Phase 1 - funding is secured:

- EMFF funds are guaranteed until 2020 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

- Revenues and profits from processing and retail are estimated and likely although unsecured.
- Contributions from Premier Marinas for Phase 3 are currently unsecured.
- LGF grant support for Phases 2 and 3 is currently not secure.

Operational revenues for the Phase 3 visitor 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 centre 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.

In the economic modelling, a total cost of £1,377,000 is used, which includes a 2% optimism bias uplift on the costs presented above.

3.6. Benefits:

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, allowing for better maintenance, longer life of tools and gear, easier repairs, safer storage and ability to work safely and provide a place to innovate with new gear.
- 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.
- The addition of toilets and showers will provide better working conditions for the fishermen, therefore increasing their wellbeing.
- 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 there.
- The building will provide a central point of contact in the 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 £114billion.'²

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 While the total site under consideration 0.310 ha in size, the area that is being developed is 0.094 ha. The leasehold value for the whole site, as described in the description of the Phase 1 costs, is £250,000. This implies 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 £103,400; however, as per the guidelines this uplift will not occur until the construction concludes in 2020. **This means the non-residential land value has a discounted value of £96,525.**

- 2 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. Furthermore, 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 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 The initial Net Social Value, per MHCLG Guidance, is **£96,525 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 2.18:1 does not include the operational costs of running the visitor centre, however, those costs would have to exceed £153,442 between 2020 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.

3.7. Local impact:

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 and first floors for the Eu10CIC. 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 represents an exciting and innovative departure from simply a landings based fishery. 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.
- 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.
- Measurable outcomes include: net profits, numbers of retail customers 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
- Measureable 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.

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

3.8. Economic appraisal results:

As a small scheme (below £2m), there is no requirement for this project to complete a quantified economic appraisal in line with MHCLG guidance. Value for Money categories are informed by assessments of monetised and non-monetised impacts within the MHCLG framework and as such are not presented.

The assessment of the preferred option has demonstrated the potential to achieve a positive economic return on investment. The project offers significant core and wider monetised benefits, as well as extensive qualitative and strategic benefits. The overall position is that LGF investment in Phases 2 and 3 of the Fishermen's Quay development could deliver benefits exceeding the value of the contribution sought from SELEP.

The headline benefits of this project include:

- 4 direct visitor centre roles;
- 19,000 visitors to Fishermen's Quay;
- 3.6 net additional visitor economy jobs;
- £2.79m cumulative GVA (discounted);
- £0.27m leveraged private sector funding;
- Enhanced working conditions, business efficiency and growth potential;
- Improved amenity in a popular residential and commercial area; and
- Contribution to local planning ambitions, LEP area economic priorities and national sectoral strategy.

4. COMMERCIAL CASE

4.1. Procurement options:

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.

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.

4.2. Preferred procurement and contracting strategy:

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 to manage 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 re-negotiating 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.

4.3. Procurement experience:

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

SEE ATTACHED 'Fishing Quay – Gradient Project Governance'

Gradient's relevant experience is also listed in section 5.8 below.

4.4. Competition issues:

A stage 1 tender process has taken place in accordance with standard contract procedures to ensure prices from 3no Regional and local contractors within the Sussex/ Kent area, were obtained by competitive process.

4.5. Human resources issues:

The local authority Eastbourne Borough Council are advising on the local employment and training commitments and monitoring contribution for the development under its regeneration policy, to which the main contractor will have to adhere.

4.6. Risks and mitigation:

Phases 2 & 3 - Commercial Risk

We propose to use a JCT Intermediate Building Contract 2016 with Contractor M&E Design, with an agreed lump sum. This places a single point of responsibility for the detailed design and operations on site with the contractor. However, as we build up the detailed design prior to letting the contract, we acknowledge that risk is transferred back to the CIC.

Key to understanding commercial risk is the development of two key documents; the Employer's Requirement and Contractor's Proposals (ERs and CPs). Prior to signing any contract the design team consisting of the client, the project manager, the Principal Contractor and any specialist construction, structural, mechanical and electrical designers, together with the Principal Designer, shall meet to formulate and agree these documents (these will be known as the design workshops).

- The ERs are a statement of the client's requirements, which include the planning drawings, to be developed into more detailed requirements with the input of a contractor(s).
- The CPs are the contractor's solution to the ERs. At this stage to ensure the contractor can add value, the ERs are not overly detailed, as over specification at this stage lumps all the risk on the contractor and provides no benefit to the CIC in terms of VfM and buildability.

Mitigation of risk shall include the following:

- The principal contractor shall be bought in prior to signing any contract to add value and 'buildability' of these final two phases.

- The principal contractor is responsible for ‘design development’ for the Mechanical and Electrical works. However ‘changes’, entitling the contractor to additional monies will be clearly defined by reference to the ERs. The ERs will place the responsibility of design with the principal contractor.
- The JCT Design & Build contract shall be made suitably bespoke and one of the outcomes from the design workshops will be to record any divergences to both the ERs and CPs, prior to signing.
- Design liability is a part of the pre-contract agenda (design workshops) so that all parties fully understand what they are responsible for. This will result in opportunity to further reduce any financial risk to the CIC through additional design detail.
- Suitable time is allowed for in the programme to verify and confirm the final design, and agree any collateral warranties and ‘back to back contracts’ – where the contractor is responsible for an element of design but novates a designer over the CIC. A duty to use reasonable skill and care is owed by the designers at common law. However, the principal contractor will also owe a fit for purpose obligation in their contract.
- Lessons learnt from risk management during phase 1 shall be brought forward to the design and operations stages of phases 2 and 3.
- The buildings sub-structure foundations and infrastructure, which carry the largest unknown project and construction risks, will have been all but closed out for phases 2 and 3. Minimal risk will be left in place to account for anything found during any new excavation process.
- The buildings in phases 2 and 3 are regarded, and will remain, relatively simple in nature. This is to ensure they are functional and adaptable, as well as simple to repair and sustainable to run and maintain for the future.

Construction Risk

Risk	Mitigation
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 on behalf of the client by the project manager.
Soil conditions	Specialist investigations and report as 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.
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.
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4.7. Maximising social value:

This project will not involve public procurement, however social value will nonetheless be ensured through the following mechanisms:

- For all relevant procurement (through gradient), where all things are equal, preference will be given to local suppliers (e.g. s106 requirements require local contractors to be used).
- Local jobs created as described will generate social value for the area.
- Furthermore, training opportunities as a result of the scheme and the operation of the visitor center will provide local value and focus on often excluded social groups as well as educational opportunities.
- Whatever facilities are created need to give preference to local people and people who may otherwise struggle to find employment and this is a key focus for the CIC.
- For events and festivals, these will be inclusive and bring in local businesses and local entrepreneurs as an absolute priority.

5. FINANCIAL CASE

5.1. Total project value and funding sources:

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

Phase 1: FUNDING FOR THIS PHASE IS SECURED	
EQUIPMENT	£113,233
CONSTRUCTION	£1,426,637
LAND	£280,000
FINAL total	£1,819,870

A grant offer of £1 million was made under the EMFF following a successful application in October 2017. This was increased to £1.22m in December 2019.

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.

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)*].

Phase 3: £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).

Phases 2 and 3 combined: £1,214,300 (£1,350,000 allowing for inflation)

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

Eastbourne fishermen are requesting 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).

5.3. Costs by type:

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 1.8:1.

Cost type	Expenditure Forecast				Etc.
	17/18 £000	18/19 £000	19/20 £000	20/21 £000	
Capital	0	0	£720,000	£360,000	
Non-capital	0				
QRA	0*	0	0	0	
Monitoring and Evaluation	0**	0	0	0	
Total funding requirement	0	£	£720,000	£360,000	
Inflation (%)	0***	0	0	0	

*Within the stated capital costs of phases 2 and 3 for 19/20 and 20/21, a 5% contingency value has been included to cover unforeseen eventualities in respect of the build process. This is considered to be sufficient in terms of our QRA in Appendix B. The capital costs have been taken from the Formal Cost Plan issued in 2013 and uplifted for inflation.

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)-APPENDIX H*

Phase 1 included a contingency of £25,000.00 for the cost of piled foundations over and above the allowance for a reinforced raft foundation. This contingency covered the entire site, incorporating phases 2 and 3. This is considered the major construction risk and we are currently working on mitigation actions to manage out this risk within phase 1.

**East Sussex County Council are designing and will be resourcing a monitoring and evaluation framework which will be applied to this scheme. We will work with ESCC to ensure these requirements are met and any cost of doing so will be met through existing staff time funded through CIC levies.

***The contract will be let as a design and build contract and the principal contractor is under the terms of the contract to work to the agreed contract sum. Contingencies will be utilised where the client makes design changes during the build process.

The contract would not be let until the Employer's Requirements and Contractor's Proposals have been agreed in line with the budget allocation, agreed quality standards and programme.

5.4. Quantitative risk assessment (QRA):

The risk has been assessed by the project team and has resulted in the formation of the table set out in Appendix B of this document.

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

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			£720,000	£360,000		
EU10CIC Levy Payments			£135,000	£135,000		
Eu10CIC levy to finance running costs					£20,000	£20,000
Eu10CIC profits from fishmongers for covering costs					£42,000	£42,000
Total funding requirement			£855,000	£495,000	£62,000	£62,000

5.6. Funding commitment:

The directors of the EU10CIC undertake to bear any costs involved with over run of budgets or timelines. Private Sector Match funding from CIC reserves is committed and agreed by the CIC.

5.7. Risk and constraints:

Project Quantitative Risk

The first stage of quantifying risk is to ensure it has been identified in the first place. A decision making process has resulted in the production of Appendix B, and the descriptions and quantification of project risks have been considered by members of the project team with considerable experience in construction, funding and the fishing industries. Once a risk is identified then it is analysed in terms of probability of occurrence and the impact that it could have on the outcome of the fishing quay project.

We recognise that a quantitative output is influenced by individual's subjectivity and the likelihood and impact scores have been estimated based upon our expert opinions and past project experiences. The impact in terms of cost and time is taken into account but we are aware that unforeseen events can still occur and therefore risk will continue to be considered throughout the life of the project.



The fishing quay project has been carefully planned over a number of years and we have a clear understanding, between all the individuals involved, as to what risks exist which may have the biggest effect on time and cost. As more detail is added to the risk register and mitigation actions implemented, both integral elements of our risk management strategy, our continued learning reviews from phase 1 shall result in the reduction and elimination of impact scores and risk ratings for phases 2 and 3.

6. MANAGEMENT CASE

6.1. Governance:

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 in 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 and agreement of Health and Safety file.

SEE ATTACHED 'Fishing Quay – Gradient Project Governance'

6.2. Approvals and escalation procedures:

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

The project sponsor Graham Doswell of the Eastbourne U10 Fishermen CIC has appointed Gradient Consultants Limited to act as the Project Manager and the Principal Designer for the works, to deliver the completion of Building1 within budget and time targets. The client will receive update reports on a monthly basis. Gradient Consultants Ltd are appointed contractually to manage and deliver the project including appointment of all necessary contractors and suppliers. All valuations are required to be reviewed and approved by the project manager, who will in turn issue his valuation. The contractor will subsequently issue his invoice for payment to the client. No instructions or variations are valid unless approved by Gradient Consultants and the Client which is made explicit in the contract.

6.3. Contract management:

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

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

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

Quality; the project team will ensure form, function and operational objectives are met with the subsequent design stage not commenced until the previous design stage is signed off.

The design has been taken up to Planning and Building Regulation stages prior to hand over to the contractor. To further control quality schedules of appropriate and inappropriate materials, specifications and finishes are included. The Main Contractor has Design and Build responsibility for the mechanical and electrical works, as well as contract managers to ensure subsequent design and construction meets requisite standards.

Cost; with regard to cost Gradient Consultants Ltd have developed a cost plan and work closely with the design team as the design develops to ensure specifications and changes are within budget parameters rather than waiting to cost each design stage on completion. The contract form, coupled with the close management of variations is then used to report cost projections monthly which are reviewed by the Project Manager and reported to the Client. Finally, the team and contractor are required to keep a value engineering schedule maintained with a rolling target of 10% of contract value on a traffic light basis should costs need to be reduced.

6.4. Key stakeholders:

- 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 around heritage and fisheries]
- Pevensey Coastal Defence Ltd [funding provision via ex-gratia payments]

- New Economics Foundation [support with grant writing, CED and wider organisation]
- Residents association / Local residents
- Premier Marinas
- Eastbourne Chamber of Commerce
- Local restaurants
- Federation of small businesses
- Local enterprise partnership – Team East Sussex
- Seafarers UK
- Visit Eastbourne
- Ward Councillors
- Stephen Lloyd MP
- Local schools

6.5. Equality Impact:

Analysis of the scheme shows no intended or unintended discrimination, harassment or victimisation will ensue as a result of building phases 2 & 3 of the Fishermen's Quay project. In fact, the improvement in working conditions, increased visibility and sustainability of the fleet may well increase diversity in the current workforce. The opening up of the fleet to new entrants will help to advance equality of opportunity and fostering of good relations between people from different groups. The creation of a visitors centre will also contribute to this end. Furthermore, the securing of the fleet's future will prevent further economic disadvantage for a group (white males with lower than average skills and qualifications) which can experience less favourable outcomes than the general population.

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.

6.6. Risk management strategy:

The risk management strategy for the project is based upon the following principles:

- **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.

6.7. Work programme:

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, installation of ceilings and internal areas, first fix mechanical and electrical installations, closing up of all walls and ceilings ready to receive plastering and preparation for decoration. Installation of sanitary ware, tea points and second fix carpentry.

Second Fix – this includes second mechanical and electrical, final decorations to internal walls and ceilings, 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.

6.8. Previous project experience:

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:

- 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.

6.9. Monitoring and evaluation:

Inputs

The inputs to this project are £1.08m of public money and £0.28m of private sector investment 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

Buildings 2 and 3 will be used for ground and first floor storage. 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 for local events and exhibits 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, which are essential for building resilience and improving local supply chains which will be an essential change in the fishing industry as a whole and in Eastbourne specifically.

Outcomes

- **High level outcomes:** Commercial floorspace planned
GIA: 360m² ground and first floor storage space, 150m² visitor centre
- **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

The ambitions of the Fishermen's Quay Development are the creation of at least 8 direct jobs (4 through Phase 1 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 735m² new floorspace, 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.

The EU10CIC will work with East Sussex County Council's developing monitoring and evaluation framework to ensure impacts are assessed post intervention and furthermore at 2 and 5 years post implementation.

6.10. Benefits realisation plan:

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 summer 2021 to provide 150m² of leisure space.
- Construction of Buildings 2 and 3 by summer 2021 to provide 360m² of storage space.
- Attracting 9,000 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 reliant upon the improved business performance driven by this investment.

- 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).
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 £270,000 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.

A Benefits Realisation Plan is attached to this document

7. DECLARATIONS

<p><i>Has any director/partner ever been disqualified from being a company director under the Company Directors Disqualification Act (1986) or ever been the proprietor, partner or director of a business that has been subject to an investigation (completed, current or pending) undertaken under the Companies, Financial Services or Banking Acts?</i></p>	<p>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, 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.

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

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